

**OKLAHOMA INDUSTRIAL FINANCE AUTHORITY**  
**REGULAR MEETING**  
**OCTOBER 26, 2022**

The Directors of the Oklahoma Industrial Finance Authority held a Regular Meeting at 10:30 a.m. on Wednesday, October 26, 2022, in the Conference Room of the Oklahoma Industrial Finance Authority, 9220 North Kelley Avenue, Oklahoma City, Oklahoma.

The following members of the Authority were PRESENT:

Mr. Keith Ventris, Chairman  
Mr. Bridge Cox, Vice Chairman  
Mr. Pete Carey, Secretary-Treasurer  
Mr. Hank Bradley, Member  
Mr. Matthew Caldwell - Member  
Mr. Brent Kisling, Member  
Mr. D.R. Shipley, Member

The following members of the Authority were ABSENT:

Mr. Randy McDaniel, non-voting member

Others attending the meeting were members of the Oklahoma Industrial Finance Authority staff and other guests representing firms doing business with OIFA, 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.

## **READING OF THE MINUTES**

Reading of the minutes of the September 28, 2022, meeting was waived. Mr. Shipley made a motion to approve the minutes and was seconded by Mr. Cox. All members present voted AYE.

## **FINANCIAL REPORT**

Ms. Dobbins reported that on pages 7 and 8 of the board packets are the financial statements for the month ending September 30, 2022. On the balance sheet the investments have increased from \$16,000 to \$4 million. This is a result of an SBA purchase. There will also be an additional \$2.4 million SBA purchase next month. The notes receivable has been trending up month over month since this time last year. In the current fiscal year \$1.46 million of new loan production has been added including the Claremore Industrial & Economic Development Authority's \$798,000 loan that was closed last month. Ms. Dobbins continued down the balance sheet and said that the other asset account balance decreased because of the Woodward Industrial Foundation note that paid off.

Ms. Dobbins then moved on to the income statement on page 8, stating the interest income is up 32% at \$258,000. This was mainly due to the increased loan activity. The interest expense was also up at 43% at \$187,000. This left OIFA with a net interest income of \$71,000 after miscellaneous income of \$2,500 in closing fees, operating expenses of \$53,000 left OIFA with \$20,000 in income for the year.

Mr. Cox made a motion to approve the financial report, as presented. Mr. Shipley seconded the motion. All members present voted AYE.

## **PRESENTATION AND POSSIBLE VOTE TO APPROVE THE OIFA AUDIT FOR FISCAL YEAR ENDED JUNE 30, 2022.**

Mr. Davis introduced Ms. Tracy Keel, Managing Partner for Finley & Cook, to present the audit report. Ms. Keel stated that Tim Barnes was not available, and she was asked to come on his behalf. She stated that for the year ending June 30, 2022, a clean and unmodified opinion was issued on the financial statements. This is the best opinion that you can get.

Ms. Keel stated that the focus of their audit was on significant balances and transactions, cash investments, notes receivable, debt, and related items were all reconciled to supporting documentation. During the audit review, they evaluate internal controls, and they did not identify any material weaknesses nor any significant deficiencies with internal controls to bring before the board.

Ms. Keel stated that one thing that Tim wanted her to point out is that on page 21 of the board packet GASB 58 on the OPERS liability. This year with the market the measurement date is a year behind, so it moved to being a pension asset. With the market in 2022 it is expected that they

will fall back to a liability. Ms. Keel stated that the audit went very well and that the staff was well prepared for them.

Mr. Davis thanked the staff and specifically Ms. Dobbins for all the work getting information to the auditors. Ms. Dobbins is a tremendous asset when the report comes back and reviewing it.

Mr. Caldwell made a motion to approve the OIFA audit for fiscal year ended June 30, 2022, as presented. Mr. Carey seconded the motion. Upon Roll Call, the vote was as follows:

AYE: Bradley, Carey, Caldwell, Cox, Kisling, Shipley, Ventris

NAY: NONE

## **PRESIDENT'S REPORT**

Mr. Davis introduced and welcomed the new director Mr. Matthew Caldwell. Mr. Davis asked Mr. Caldwell to introduce himself. Mr. Caldwell stated that he is President of the National Bank of Sallisaw, a division of First National Bank of Fort Smith. Since they are a division of First Fort Smith, they are an affiliate with the First National Bank of Northwest Arkansas. He has been in Eastern Oklahoma his entire life. He started banking in 1981 with Mick Thompson and Bill Anthony at Central National in Poteau, OK. He received his degree in accounting from Oklahoma State University. He has been with the First National Bank of Sallisaw since 1998. He stated that he is happy and honored to be on the Board.

Mr. Davis stated that the month of October was extremely full and most of our time was spent on ODFAs and events around the State. The focus on OIFA in the month of September and October was the general market of interest rates that were going through the roof. The feds have been making extraordinary moves and they are set to meet November 2, 2022. He fully expects another 75-basis point hike. The Fed Futures has the probability of a 75-basis point hike at 97%. They will meet again on December 14, 2022, and the Fed Futures is split 50/50 on whether it is a 25-basis point or a 50-basis point hike. The OIFA cost of funds are tied to prime minus 2.73. There is \$30 million of outstanding bonds that is held entirely by the Oklahoma State Treasurer. The state cash management program is OKInvest and the rate in September was 1.52%, the October projected rate is 1.65%. The rate is climbing but not as fast as the feds are making decisions. The prime rate on August 1, 2022, was 5.5%, the current prime is 6.25%. Fortunately, our bonds reset on Wall Street Journal prime rate as published the first business day of February, May, August, and November. Although the prime is up another seventy-five basis points the prime rate that our cost of funds is based on today goes back to August 1, 2022, at 5.50%; therefore, our cost of funds August through September was set at 2.77%. Cash is yielding 1.65% and we are paying 2.77%. The prime rate is projected to go to 7% November 2<sup>nd</sup>, and that will put the cost of funds at 3.52%. This is an additional annualized increase of \$225,000. Looking ahead, the prime rate could easily be at 8% in early 2023 which would drive the cost of funds up to 5.27%. This would be an additional \$525,000 annual increase over what we will be paying from November to January. Mr. Davis stated that he had met with the Treasurer and had renegotiated the structure of the bonds, the rates, and the floors previously. At that time, it was July, and the rate hikes were just beginning,

and the Treasurer did not want to make any changes at that time, and he wanted to take a wait and see approach. Mr. Davis stated that he did not have the opportunity to wait. He mentioned that historically the OIFA has been an investor in SBA pools, and he had been investigating that once again. Mr. Davis stated that he was happy to report that in September OIFA bought its first pool of \$4 million and locked in about thirty-two basis points of positive spread over cost of funds. Mr. Davis stated that he continues to look at other SBA pools and was able to purchase approximately \$2.4 million in October. This brings the Authority close to \$7 million in SBA investments and there may be an additional \$3-\$4 million dollars that will be put to work in SBA pools when the right ones are found. Mr. Davis feels this strategy is working and they are not sitting back and taking the negative arbitrage.

Mr. Davis shared that Mr. Tom Francis passed away October 11<sup>th</sup>. Mr. Francis had helped the authorities as a contract employee and had even helped the OIFA with SBA investments in the past. At one time he had an office in the OIFA offices. In July when he saw the tsunami or negative arbitrage coming, he reached out to Mr. Francis. Mr. Davis was fortunate to get to work with Mr. Francis when he first came to the Authority and in July, he met with him to talk to him about SBA pools.

Mr. Davis then reported that the September Operations and Business Development report was in the Board Packet on pages 23-24. Mr. Davis added that he has been with the Authorities for 12-13 years and the Authorities have done a great deal of work with the Port of Muskogee. Our board member that just rolled off the Board is from Muskogee. The work and relationships with the Port of Muskogee predates Mr. Davis' tenure. There has been new leadership with the Port of Muskogee, and they have maintained the relationships with the new leadership. Mr. Davis stated in October he attended a business and industry awards banquet, and he was happy to report that the Port of Muskogee honored the authorities as their 2022 Partner of the Year. Mr. Davis stated that was all for the President's report and he was happy to answer any questions.

## **ADJOURNMENT**

Chairman Ventris asked if there was any further business. Mr. Cox made a motion to adjourn the meeting. Mr. Shipley seconded the motion. All members present voted AYE, and the meeting was adjourned.

These minutes officially approved and adoption this \_\_\_\_ day of \_\_\_\_\_, 2022.

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Chairman

SEAL

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Secretary