

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY
REGULAR MEETING
December 14, 2022

The Directors of the Oklahoma Industrial Finance Authority held a Regular Meeting at 10:00 a.m. on Wednesday, December 14, 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. D.R. Shipley, Member

The following members of the Authority were ABSENT:

Mr. Brent Kisling, Member
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 October 26, 2022, meeting was waived. Mr. Shipley made a motion to approve the minutes and was seconded by Mr. Carey. All members present voted AYE.

FINANCIAL REPORT

Ms. Dobbins reported that on pages 17 through 20 of the board packets are the financial statements for the month ending October 31st and November 30, 2022. On the November balance sheet on page 19, shows an increase in the investments account beginning in September. This is a result of the SBA investments that were purchased over the last 3 months, \$4 million in September, \$2.4 million in October and \$3.6 million in November. These purchases have contributed to the increases in the interest on investments that are shown over the last few months on the income statement. The overall interest income is up 47% at \$474,000. The interest expense is also up 61% at \$349,000 leaving the Authority with a net interest income of \$125,000. Then after the miscellaneous income of \$6,750 from closing fees and operating expenses of \$93,000 the net income for the year is \$39,000.

Ms. Dobbins pointed out that the rate of interest that the OIFA has paid on the outstanding bonds increased this fiscal year. At the beginning of the fiscal year, it was 1.65% and the prior quarter that began August 1st was 2.77%. Now, the current quarter that began November 1st is at 3.52%. When you look at the bond interest expense line from month to month it is constant until you get to August and there is the \$28,000 increase per month. In November there was an \$18,000 increase. There will be another increase in February.

Mr. Davis added that 3.52% that OIFA is paying today does not include the last 75 basis point increase and we are getting another 50 basis points today. This is what prompted the Authority to go out and put the excess liquidity to work for approximately \$10 million. We have locked in about a 33-35 basis point spread over the cost of funds and the nice thing is that this is match maturity fund price. It is prime minus just like the bonds are and we also bought these at a discount. If the Authority had not done this you can see the interest expenses up 62%, we could drain the Authority's net asset position quickly. Mr. Davis stated that he hates to give up the liquidity because it is expensive to go and get back. All \$30 million is held by the Oklahoma State Treasurer's Office. This will keep net income in the black and he doesn't necessarily need to have a huge number, but he doesn't want any red numbers.

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

PRESIDENT'S REPORT

Mr. Davis reported that calendar year 2022 production was solid doing 4 new loans at \$4.5 million. For context we were talking about what is being paid on debt and what the Authority is yielding on SBA's, the alternative to that is the OKInvest cash management program which was at 1.65% in October. It was 1.77% in November, and it is going up but not very quickly.

Mr. Davis then added that it is legislative season, and we are already following a couple of things. Last year there was a bill that we watched closely that did not make it across the finish line. This bill would prohibit the State and municipalities from contracting with financial institutions that discriminate against the 2nd amendment. Last year there was a similar bill that passed prohibiting contracting with financial institutions that were discriminatory against oil and gas. Mr. Davis has talked to Bond Counsel and this one has created some issues and people are trying to figure out how we can work with that as it goes into effect. Certainly, the 2nd amendment deal could be an issue for the Authorities, as many big banks are considered on that list, and they refuse to do business with businesses that are selling certain firearms to people of 18 years of age. Texas had similar legislation like this a couple of years ago and Bank of America no longer does any work in Texas. One of the major financial press outlets ran an article that said that it probably cost the taxpayers in Texas about \$320 million in extra fees not being able to work with some of the larger financial institutions. Mr. Davis stated that that bill is there for sure and a request deadline for bills was last Friday. The filing of the bills will be January 19th and that is when we compile a list of everything that hits our key words and see what we need to work on and look at.

Mr. Davis added that he is also following the Oklahoma Turnpike Authority, not the Supreme Court bond issuance side but with open meeting act issues. He also spoke to bond counsel about and is hoping to get the A.G.'s opinion. This also could have significant ramifications for the Authority as well. He is not sure whether the OTA will go back and correct the meeting deficiencies, and maybe the Supreme Court decides, and it ends there. Mr. Davis stated that his view is that they were found at fault for not being very clear on the agenda items in the description. If this is the case the language on our agenda items would grow significantly, the other thing that concerns him is that when he gives the President's report and if there are questions that come up what is allowable, what isn't. If you step in it and it wasn't on the agenda in a very detailed format, is that a problem? Mr. Davis asked Ms. Batt from the Attorney General's Office if she had anything to add. Ms. Batt stated that the A.G.'s advice that anytime that you are looking at holding a meeting is to have counsel review your agenda and your team does a great job of sending those agendas out to review. So, if we know all the directions that this body might want to go then we would make sure that is on the agenda. With regards to the Turnpike there was an action item that wasn't included. This is something that the A.G. constantly looks for. As far as the Directors report, that is always an area that counsel gets concerned about because if you're dialoging with the public at large on an issue that wasn't on the agenda then that can turn into an open meeting violation. Ms. Batt stated that if that were something the Board would like to learn more about, she could give a long or as limited presentation that the Board would like to receive.

Chairman Ventris asked if there was concern about too specific of discussions in the President's report or something like that? Ms. Batt stated that the only concern is that something truly important that came up in the Director's report that wasn't on the agenda and people would then have an argument to say that it was an open meeting violation because the public at large didn't have advance notice. As a practical matter that is why Ms. Batt sits in front of the Board and normally doesn't say anything, but it is to make sure that something doesn't come up or an action item wasn't taken that didn't give the public advance notice.

Lastly, Mr. Davis pointed out that in the folders were the meeting dates for 2023. There is also a current roster of the director's contact information.

Mr. Davis stated that this concludes his 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. Caldwell seconded the motion. All members present voted AYE, and the meeting was adjourned.

These minutes officially approved and adoption this ____ day of _____, 2023.

Chairman

SEAL

Secretary