

Oklahoma Senate Committee on Appropriations

2015-16 Performance Report

Oklahoma Development Finance Authority

AGENCY MISSION STATEMENT:

The mission of the Oklahoma Development Finance Authority is to provide technical advice and financing for Oklahoma's industrial, educational, agricultural, recreational, cultural, pollution control and governmental needs and to assist in the creation and retention of employment opportunities throughout Oklahoma on a basis that will not jeopardize the credit rating of the state at a minimum cost and minimal risk exposure to the taxpayers of the state.

LEAD ADMINISTRATOR:

Michael D. Davis, President
Oklahoma Development Finance Authority
9220 North Kelley
Oklahoma City, Oklahoma 73131
405-842-1145
mdavis@okfinance.com

GOVERNANCE:

In 1994, ODFA was authorized to amend its trust indenture to provide that its board shall be composed of the members of the board of directors of the OIFA except for the State Treasurer of Oklahoma and to provide identical terms and qualifications of the OIFA board. Even though the membership of each board shall be identical, the authorities shall be considered and treated as separate legal entities and the ODFA shall continue to exist as a public trust.

ODFA functions under the direction of a seven member Board of Directors. The Governor appoints six members who are subject to the advice and consent of the Senate, for overlapping six year terms. These six appointees, of which no two can be from the same congressional district, at least five must be from the financial community and have at least 15 years of experience. The remaining member of these six is an at-large recognized business person in the state of Oklahoma. The Director of the Oklahoma Department of Commerce is an ex-officio voting member. Only the Board of Directors has the authority to approve or deny projects. ***(See attached Board of Directors List)***

A CERF Committee exists to review and approve all program development uses of the Credit Enhancement Reserve Fund and make recommendations to the ODFA Board of Directors. The CERF Committee is made up of three members: 1) Designee of the ODFA Board of Directors, 2) Oklahoma State Bond Advisor, 3) Designee jointly selected by the two other members of the CERF Committee.

The day to day management of the ODFA is vested in the president & CEO who is an employee of the Authority and serves at the pleasure of the Board of Directors.

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GOVERNANCE ACCOUNTABILITY:

There is no statutory attendance policy for the Board of Directors. However, attendance by the six appointed Board of Directors has been 92% of meetings attended for the three most recent full fiscal years with five of the six Directors having near perfect attendance. The Board of Directors average 13 plus years of service on the Board with many serving under multiple appointed terms. One Director has served for 20 years, two for 16 years each, one for 14 years, one for 7 years and the most recently appointed for 6 years.

MODERNIZATION EFFORTS:

The ODFA is currently undertaking the following modernization initiatives:

- Business process reengineering to ensure that we are operating at maximum efficiency in delivering services and will not require additional FTE to maintain higher volumes of business
- Evaluating existing management reporting and improving quality and timeliness
- Imaging initiative designed to improve record accessibility, protect original documentation and reduce storage needs

CORE MISSION:

The ODFA provides technical advice and low cost capital financing for qualified private industry projects, public infrastructure, healthcare and higher education throughout the state of Oklahoma.

The ODFA is not required to provide services outside its core mission.

PRIVATE ALTERNATIVES:

Although local and county trusts exist that can perform a portion of the public financing ODFA is authorized to provide, no alternative general jurisdiction trusts exist to fulfill financing for the Credit Enhancement Reserve Fund, Higher Education Master Lease Program, or other transactions that require statewide jurisdiction.

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BOARD OF DIRECTORS:

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>	<u>Years of Service</u>	<u>Principal Occupation</u>
Don L. Smith	Chairman	October, 2020	7	Attorney At Law; Lawton, OK
Hugh Jones	Vice Chairman	October, 2015	6	Retired, Banker; Woodward, OK
G. Bridger Cox	Secretary - Treasurer	October, 2017	16	President, Citizens Bank & Trust Company of Ardmore; Ardmore, OK
D.R. Shipley	Director	October, 2018	20	Retired, First United Bank & Trust Co.; Tecumseh, OK
Hank Bradley	Director	October, 2019	14	Executive Vice President, BancFirst; Oklahoma City, OK
Chris Condley	Director	October, 2016	16	Chief Executive Officer, Firststar Bank; Muskogee, OK
Deby Snodgrass	Ex-Officio - Voting Member			Director of Oklahoma Department of Commerce

Oklahoma Development Finance Authority

Lead Administrator: Michael Davis

Lead Financial Officer:

FY'15 Projected Division/Program Budget By Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
General Operations		\$0	\$0	\$0	\$752,259	\$752,259
Total	\$0	\$0	\$0	\$0	\$752,259	\$752,259

Source of "Other" and % of "Other" total for each. Other is 100% of actual to date and budgeted amounts for April, May and June 2015.

FY'14 Carryover by Funding Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
FY'14 Carryover	\$0	\$0	\$0	\$0	\$0	\$0

*Source of "Other" and % of "Other" total for each.

What Changes did the Agency Make between FY'14 and FY'15
<p>1.) Are there any services no longer provided because of budget cuts? NO</p> <p>2.) What services are provided at a higher cost to the user? Effective January 1, 2015 increased acceptance fees and annual admin fees to bring them to market rates - last increase was in 2004.</p> <p>3.) What services are still provided but with a slower response rate? NONE</p> <p>4.) Did the agency provide any pay raises that were not legislatively/statutorily required? YES</p>

FY'16 Expected Division/Program Budget By Source						
	Appropriations	Federal	Revolving	Other	Total	% Change
General Operations		\$0	\$0	\$769,902	\$769,902	2.35%
Total	\$0	\$0	\$0	\$769,902	\$769,902	

*Source of "Other" and % of "Other" total for each.

FY'16 Top Five Budget Adjustments/Needs (if applicable)	
	\$ Amount
<u>NOT APPLICABLE</u>	

Total Increase above FY-15 Budget 0

How would the agency handle a 3% appropriation reduction in FY'16?

How would the agency handle a 5% appropriation reduction in FY'16?

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Is the agency seeking any fee increases for FY'16?	
	\$ Amount
Increase 1	\$0
Increase 2	\$0
Increase 3	\$0

What are the agency's top 2-3 capital or technology (one-time) needs, if applicable?
<u>NOT APPLICABLE</u>

Federal Government Impact
1.) How much federal money received by the agency is tied to a mandate by the Federal Government? NOT APPLICABLE
2.) Are any of those funds inadequate to pay for the federal mandate? NOT APPLICABLE
3.) What would the consequences be of ending all of the federal funded programs for your agency? NOT APPLICABLE
4.) How will your agency be affected by federal budget cuts in the coming fiscal year? NOT APPLICABLE
5.) Has the agency requested any additional federal earmarks or increases? NOT APPLICABLE

Division and Program Descriptions	
General Operations	Provide technical advice and low cost capital for Oklahoma's private industry, higher education, healthcare and state and local governmental entities
Division II	
Division III	

FY'16 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
General Operations	ODFA does not have any employees. ODFA's work is conducted under a shared employee base with employees of the Oklahoma Industrial Finance Authority of which there are five full time employees.					
Division II						
Division III						
Total	0	0	0	0	0	0

FTE History					
	2015 Budgeted	2014	2010	2009	2004
General Operations	0	0	0	0	0
Division II	*See note above regarding ODFA FTE				
Division III					
Total	0	0	0	0	0

Oklahoma Development Finance Authority

Performance Measure Review					
	FY'14	FY'13	FY'12	FY'11	FY'10
Measure I					
Conduit Financing Activity					
Issuance Amount	\$201,113,000	\$102,465,000	\$479,408,621	\$100,010,000	\$281,160,000
Number of Transactions	12	13	17	8	14

Revolving Funds (200 Series Funds)			
	FY'12-14 Avg. Revenues	FY'12-14 Avg. Expenditures	June '14 Balance
Revolving Fund I			
NOT APPLICABLE	\$0	\$0	\$0