

ENGROSSED HOUSE
BILL NO. 1667

BY: McCORKELL of the HOUSE

and

FISHER of the SENATE

AN ACT RELATING TO PUBLIC FINANCE; AMENDING 62 O.S.
1991, SECTION 695.7, WHICH RELATES TO THE OKLAHOMA
STATE BOND ADVISOR; EXPANDING DUTIES OF THE
OKLAHOMA STATE BOND ADVISOR; REQUIRING CERTAIN
APPROVAL; AUTHORIZING THE OKLAHOMA STATE BOND
ADVISOR TO PROVIDE CERTAIN TRAINING; AMENDING 62
O.S. 1991, SECTION 695.11A, WHICH RELATES TO THE
COUNCIL OF BOND OVERSIGHT; MODIFYING THE POSITION
OF THE OKLAHOMA STATE BOND ADVISOR UNDER CERTAIN
CIRCUMSTANCES; MODIFYING THE TERM OF THE OKLAHOMA
STATE BOND ADVISOR; AND PROVIDING AN EFFECTIVE
DATE.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 1991, Section 695.7, is
amended to read as follows:

Section 695.7 A. The Commissions jointly shall engage the
services of a person knowledgeable in the current state of the art
of national and international standards for the issuance of
obligations by governmental entities and experienced in the
negotiation of fees for various goods and services requisite to or

deemed desirable in the issuance of such obligations as well as the negotiation of other matters essential to provide the best current price and terms of the issuance of such obligations for the benefit of Oklahoma firms, farms, individuals and local communities, with said consultant having the title "Oklahoma State Bond Advisor". The Commissions shall conduct a national search in seeking requests for proposals for the position of Oklahoma State Bond Advisor. The person selected as the Oklahoma State Bond Advisor shall be approved by an affirmative vote of the Executive Commission and the Legislative Commission at a joint meeting of the Commissions. The Oklahoma State Bond Advisor may be removed upon an affirmative vote of the Executive Commission and the Legislative Commission at a joint meeting of the Commissions.

B. The Oklahoma State Bond Advisor shall be an independent position within the Office of Public Affairs. The Oklahoma State Bond Advisor may employ the necessary staff to carry out the duties of the Bond Advisor and the duties of the Commissions, with approval of the Commissions.

C. 1. Prior to engaging the services of underwriters, bond or other legal counsel, financial advisors, consultants, a financial institution to serve as trustee, paying agent or in any fiduciary capacity in connection with any program, indenture or general resolution of the State Governmental Entity, or any other experts, except as provided in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State Governmental Entity shall request proposals for such services from a plurality of persons engaged in the particular activity for such services and the selection of such persons shall be made on the basis of the response to the request which is the most economical and will provide competent service which furthers the best interest of the State Governmental Entity and the state. In negotiating requests for proposals to engage such services, the State Governmental Entity shall seek the advice and assistance of

the Oklahoma State Bond Advisor. Under no circumstances shall proprietary inducements be granted. The Oklahoma State Bond Advisor shall provide assistance and advice to State Governmental Entities with respect to the issuance of obligations by said State Governmental Entities, review, negotiate, and approve or disapprove the fees and expenses for goods and services requisite to or deemed desirable in the issuance of State Governmental Entity obligations and represent the interests of the state before rating agencies and credit enhancement providers.

2. The provisions of this subsection shall apply to any Local Governmental Entity that proposes to issue obligations to fund capital additions or expenditures which obligations are to be retired by rental payments from the state, user fees from the state or any other such payment made by any officer, department, board, commission, institution or agency of the state when such payment is a direct and expressed pledge made by the state for the retirement of debt by a Local Governmental Entity. Provided, funds which are collected by the state for distribution to a Local Governmental Entity or are appropriated or dedicated by the state to a Local Governmental Entity without the expressed purpose of retiring debt of said Local Governmental Entity shall not constitute a pledge as provided in this subsection.

D. The Oklahoma State Bond Advisor shall be responsible for coordinating the disclosure efforts of State Governmental Entities in connection with their offerings of bonds and other obligations. The State Bond Advisor shall be responsible for the state's continuing disclosure efforts to ensure that investors in debt and other obligations of the state are kept fully informed of current developments to permit their appraisal of the state's credit quality. Prior to the issuance of bonds or other obligations, a Local Governmental Entity must obtain the Oklahoma State Bond Advisor's approval of the language in any disclosure and marketing

materials that describes the state's obligation to provide security, directly or indirectly, for the obligation. Bonds and other obligations subject to this approval include those which are to be retired by rental payments or user fees from the state or any other such payment by any officer, department, board, commission, institution or agency of the state.

E. Upon request, the Oklahoma State Bond Advisor shall provide information and assistance to State and Local Governmental Entities in connection with their capital planning, debt issuance and debt management efforts. Information on the structuring, rating, marketing, pricing and delivery of debt and other obligations shall be made available. The Oklahoma State Bond Advisor may provide training in the area of debt issuance and management to State and Local Governmental Entities.

F. The Oklahoma State Bond Advisor shall serve as an advisor to the Governor and to the Legislature with respect to issuance of indebtedness reviewed by the Commissions and shall prepare an annual report to be submitted to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives as of January 15 each year. The report shall contain a summary of the issuance of indebtedness by State Governmental Entities and Local Governmental Entities during the preceding year and such other information as the State Bond Advisor may be required to submit or as may be relevant. The State Bond Advisor shall assist Oklahoma Futures with respect to information, advice or assistance as may be required.

~~E.~~ G. The Oklahoma State Bond Advisor or any member of the immediate family of the Oklahoma State Bond Advisor shall not have any direct or indirect financial or contractual relationship with any firm or corporation or any officer, partner or principal stockholder of any firm or corporation directly involved in public finance.

SECTION 2. AMENDATORY 62 O.S. 1991, Section 695.11A, is amended to read as follows:

Section 695.11A A. In the event either the Executive or Legislative Bond Oversight Commission is found unconstitutional by a final, unappealed order of a court of competent jurisdiction, all of the powers, duties and responsibilities of the Commissions shall devolve upon the Council of Bond Oversight, and previous joint or individual actions, approvals and disapprovals of the Executive and Legislative Bond Oversight Commissions are hereby confirmed, ratified, validated and deemed incontestable. In the event the Executive or the Legislative Bond Oversight Commission or the Council of Bond Oversight is found unconstitutional by a final, unappealed order of a court of competent jurisdiction, such determination shall not nullify joint or individual actions, approvals and disapprovals of the Executive and Legislative Bond Oversight Commissions or the Council of Bond Oversight and any obligations entered into by the Oklahoma Development Finance Authority pursuant to provisions of the Oklahoma Development Finance Authority Act and the Credit Enhancement Reserve Fund Act with approval by the Bond Oversight Commissions or the Council of Bond Oversight and such obligations are hereby confirmed, ratified, validated and deemed incontestable.

B. The Council shall consist of five (5) nonlegislative members. One member shall be appointed by the Speaker of the House of Representatives, one member shall be appointed by the President Pro Tempore of the Senate, two members shall be appointed by the Governor with the advice and consent of the Senate and one member shall be the Director of State Finance. Three members of the Council shall constitute a quorum. The affirmative vote of three members present and voting shall be necessary for any action taken by the Council. Appointed members shall serve a term of two (2)

years and may be removed for cause by the appointing authority.
Members may be appointed for additional terms.

C. A vacancy on the Council shall be filled in a like manner as the original appointment, but only for the remainder of the term. The Council shall elect one of its members chairman and may elect such other officers as it deems necessary. No vacancy in the membership of the Council shall impair the right of the Council to exercise all rights and duties of the Council.

D. If the powers, duties and responsibilities of the Commissions devolve upon the Council pursuant to this section, the person serving as the Oklahoma State Bond Advisor on the date of such devolution shall ~~continue to serve in that position until the Governor appoints a new Oklahoma State Bond Advisor from a list of candidates provided by the Council and said appointee has been confirmed by the Senate~~ as staff of the Council. Thereafter, and in the case of a vacancy, the Oklahoma State Bond Advisor shall be appointed, subject to the advice and consent of the Senate, by the Governor from a list of candidates provided by the Council ~~and shall serve a term of office coterminous with that of the appointing Governor~~. The Oklahoma State Bond Advisor may be removed by the Council for cause, after a public hearing.

SECTION 3. This act shall become effective September 1, 1992.

Passed the House of Representatives the 10th day of March, 1992.

Speaker of the House of
Representatives

Passed the Senate the ____ day of _____, 1992.

President of the Senate

