

STATE OF OKLAHOMA

2nd Session of the 47th Legislature (2000)

CONFERENCE COMMITTEE SUBSTITUTE
FOR ENGROSSED
SENATE BILL 788

By: Fisher, Capps, Dunlap,
Herbert, Rozell, Leftwich,
Wilkerson, Price, Muegge
and Crutchfield of the
Senate

and

Wells, Kinnamon and Cox of
the House

CONFERENCE COMMITTEE SUBSTITUTE

An Act relating to higher education; amending 70 O.S. 1991, Section 4002, which relates to authorization to issue revenue bonds; removing limitation on prices for which certain revenue bonds may be sold; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 1991, Section 4002, is amended to read as follows:

Section 4002. (a) For the purpose of paying all or part of the cost of acquisition of any such lands, rights-of-way, easements, licenses and permits and the construction, acquisition, equipment and furnishing of any such building or buildings or structure or structures, plants or systems, or of any additions, improvements or extensions thereto, or any additions to existing buildings, the Board of Regents of the institution for which such buildings, structures, plants or systems, all of which lands, rights-of-way, easements, licenses and permits, buildings, structures, plants and systems constructed, acquired, added to, improved or extended hereunder as a single project are hereafter referred to as "the building", are to be constructed, acquired, added to, improved, extended, furnished or equipped, which Board of Regents or each of

them is hereinafter referred to as "the board", is authorized to borrow money on the credit of the income and revenues to be derived from the operation of the building, together with the income and revenue derived from any existing revenue-producing building or facility or facilities and, in anticipation of the collection of such income and revenues, to issue negotiable bonds in such amount as may in the opinion of the board be necessary for such purposes, and is authorized to provide for the payment of such bonds and the rights of the holders thereof as hereinafter provided. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty (40) years from their date, may be in such denomination or denominations, may be in such form, either coupon or registered, may carry such registration and conversion privileges, may be executed in such manner, may be payable in such medium of payment at such place or places, may be subject to such terms of redemption with or without premium, and may bear such rate or rates of interest, not exceeding twelve percent (12%) per annum, as may be provided by resolution or resolutions adopted by the board. Such bonds may be sold in such manner and at such price or prices ~~at not less than par~~ plus accrued interest to date of delivery, as may be considered by the board to be advisable, but interest cost to maturity for any bonds issued hereunder shall not exceed twelve percent (12%) per annum, computed on the basis of average maturities according to standard tables of bond values. Bonds payable to bearer shall have all the qualities and incidents of negotiable papers.

(b) The board may in any resolution authorizing bonds hereunder provide for the initial issuance of one or more bonds, in this section called "bond", aggregating the amount of the entire issue and make such provision for installment payments of the principal amount of any such bond as it may consider desirable, and may provide for the making of any such bond payable to bearer or

otherwise, registrable as to principal or as to both principal and interest, and where interest accruing thereon is not represented by interest coupons, for the endorsing of payments of interest on such bond. The board may further make provision in any such resolution for the manner and circumstances in and under which any such bond may in the future, at the request of the holder thereof, be converted into bonds of smaller denominations, which bonds of smaller denominations may in turn be either coupon bonds or bonds registrable as to principal or principal and interest.

(c) Bonds issued hereunder and interest thereon shall not be subject to taxation by the State of Oklahoma, or by any county, municipality or political subdivision therein. The board may in its discretion authorize one issue of bonds hereunder for constructing, acquiring, adding to, improving, extending, furnishing or equipping of more than one building, as "building" is above defined, and may make said bonds payable from the combined revenues of all buildings so constructed, acquired, added to, improved, extended, furnished or equipped, in whole or in part, with the proceeds thereof, together with revenues from the operation of any existing revenue-producing building or facility. The term "building" as herein used shall be construed to refer to all such "buildings". If more than one series of bonds shall be issued hereunder payable from the revenues of the buildings or facilities, priority of lien thereof on such revenues shall depend on the provisions of the proceedings authorizing the issuance of such bonds, it being within the discretion of the board, at the time it authorizes the first such series, to provide that subsequent series of bonds payable from such revenues shall not be issued, that subsequent series of bonds shall be subordinate as to lien, or that subsequent series of bonds shall enjoy parity of lien if such conditions and restrictions as may be specified in such proceedings can be met.

(d) The board may issue bonds hereunder for the purpose of refunding any obligations of the board payable from the revenues of any building, as "building" is hereinabove defined, together with revenues derived from any existing revenue-producing building or facility or facilities, or may authorize and deliver a single issue of bonds hereunder for the purpose in part of refunding obligations of the board payable from the revenues derived from any building or buildings and in part for the making of additions, improvements and extensions to such building or buildings, or the construction or acquisition of additional buildings, and the furnishing and equipping of such buildings or additions, together with revenues derived from any existing revenue-producing building or facility or facilities. Where bonds are issued under this paragraph solely for refunding purposes, such bonds may either be sold as above provided or delivered in exchange for the outstanding obligations. If sold, the proceeds may be either applied to the payment of the obligations, refunded or deposited in escrow for the retirement thereof. Nothing herein contained shall be construed to authorize the refunding of any outstanding obligations which are not either maturing, callable for redemption under their terms, or voluntarily surrendered by their holders for cancellation, unless the board covenants that sufficient funds to pay all remaining interest and principal payments of the outstanding bonds when due will be placed in escrow as hereinafter set out for such purpose at the time of delivery of and payment for the new bonds issued hereunder.

In any case where refunding bonds are issued and sold six (6) months or more before the earliest date on which all bonds to be refunded thereby mature or are called for redemption in accordance with their terms, the proceeds of the refunding bonds, other than the amount included therein incidental to the issuance of the bonds, shall be deposited, together with any other funds available and appropriated by the board for the purpose, in escrow with a suitable

banking institution having trust powers within the state, whose deposits are insured by the Federal Deposit Insurance Corporation. Such monies shall be invested in securities maturing or callable at the option of the holder on such dates and bearing interest at such rates as shall be required to provide funds sufficient, with any cash retained in the escrow account, to pay when due the interest to accrue on each obligation refunded to its maturity, or if prepayable, to an earlier designated date on which it may be called for redemption, and to pay the principal amount of each such bond at maturity, or, if prepayable at its designated earlier redemption date, and to pay any premium required for redemption on such date. Before the refunding bonds are delivered, the board shall by resolution irrevocably appropriate for these purposes the escrow account and all payments of principal and interest on the securities held therein, and shall provide for the call of all bonds directed to be prepaid, in accordance with their terms, on the redemption date or dates designated. Securities purchased from the escrow account shall be limited to direct obligations of the United States or obligations whose principal and interest payments are guaranteed by the United States. Such securities shall be purchased simultaneously with the delivery of the refunding bonds. No refunding bonds shall be issued more than ten (10) years before the last date on which the bonds to be refunded thereby mature or are directed to be prepaid in accordance with their terms. All bonds issued under this paragraph and the preceding paragraph shall in all respects be authorized, issued and secured in the manner provided for other bonds issued under this article, and shall have all of the attributes of such bonds. The board may provide that any such refunding bonds shall have the same priority of lien on the revenues pledged for their payment as was enjoyed by the bonds refunded thereby.

(e) All proceedings heretofore adopted by said Board of Regents for the issuance of revenue bonds on a parity as to payment with other existing revenue bonds or which provide for the pledging of revenues from the building to be constructed, improved and furnished from the proceeds of revenue bonds and income and revenue derived from any existing revenue-producing building or facility, or facilities, and the bonds issued pursuant thereto are hereby validated, ratified and confirmed, and such revenue bonds constitute valid and binding obligations in accordance with the terms of such proceedings.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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