

ENGROSSED SENATE
BILL NO. 694

By: Fisher, Hobson, Rabon and
Williams of the Senate

and

Rice of the House

[economic development - Oklahoma Institute of
Technology - Oklahoma Institute of Technology Trust
Fund - legislative intent - Oklahoma Rural Housing
Linked Deposit Program - Linked Deposit Program
procedures and qualifications - codification -
effective date -
emergency]

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

SECTION 1. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 5060.41 of Title 74, unless
there is created a duplication in numbering, reads as follows:

A. Recognizing the vast, underutilized human and capital
resources, both urban and rural, in the State of Oklahoma and the
opportunity for economic development through technological
advancement, the Legislature and the Governor hereby adopt the
following goals:

1. Establishing Oklahoma as a premier information technology
and biotechnology center for the twenty-first century; and

2. Enhancing the lives of, and expanding opportunities for, all
Oklahomans through growth of information technology and
biotechnology industries and infrastructure throughout the urban and
rural areas of the state.

B. To further the goals set forth in this act, there is hereby
created the Oklahoma Institute of Technology. The mission and
purposes of the Institute shall include:

1. Attracting and retaining outstanding faculty and graduate students at Oklahoma colleges and universities through public-private partnerships that will support the creation of endowed chairs, scholarships, and research grants in the fields of engineering, information technology, and biotechnology;

2. Partnering with the public and private universities of this state to set standards for a world-class curriculum for information technology and biotechnology disciplines;

3. Developing policies and procedures to facilitate joint public-private technology research and development projects using facilities of public higher education institutions;

4. Establishing a procedure for certifying courses and programs in information technology and biotechnology disciplines that meet the Institute's standards;

5. Coordinating and implementing through distance learning strategies the delivery of engineering and technology courses, to be provided by the University of Oklahoma, Oklahoma State University, and a private university located in Oklahoma that offers engineering degree programs, to public colleges and universities and Career Technology Centers of this state;

6. Developing strategies for providing workforce training in technology;

7. Developing strategies for providing leadership development programs to prepare rural residents for leadership in a technologically enhanced economy; and

8. Developing strategies for upgrading and enhancing rural technology infrastructure, including medical procedures, telemedicine capabilities, and emergency response capabilities.

C. The Institute shall be governed by a board of trustees appointed as follows:

1. One ranking research officer of the University of Oklahoma to be appointed by the president of the University of Oklahoma;

2. One ranking research officer of Oklahoma State University to be appointed by the president of Oklahoma State University;

3. One ranking research officer of a private Oklahoma university that offers engineering degrees to be appointed by the Governor;

4. One person representing a private foundation that has a history of providing grants for capital higher education funding and health research and delivery systems to be appointed by the Governor;

5. The president of the Oklahoma Center for the Advancement of Science and Technology; and

6. Six other persons appointed by the Governor who represent higher education or the information technology or biotechnology industries, at least two of whom may reside outside the State of Oklahoma.

All gubernatorial appointees shall be subject to confirmation by the Senate. All appointees serve at the pleasure of the appointing authority. The Governor shall select members of the board to serve as chair and vice-chair of the board. The members of the board shall not be subject to the dual office holding prohibitions set forth in Section 6 of Title 51 of the Oklahoma Statutes.

D. The board of trustees shall determine the qualifications of, appoint, and set the compensation of a chief executive officer of the Institute. The qualifications shall include administrative experience. The board shall appoint such other research and support staff as the board deems appropriate. The chief executive officer and all other Institute staff shall be exempt from the Oklahoma Merit System of Personnel Administration.

E. The board of trustees shall be a body corporate and shall adopt and use an official seal. The board shall adopt rules as it deems necessary for the governing of the board and the discharge of its duties, and shall cause to be kept the minutes of all meetings

and transactions considered at each meeting. The board shall have the following powers and duties:

- a. to maintain an office at such place or places as it may designate,
- b. to make and execute contracts with any individual, corporation, association or any other entity and all other instruments necessary or convenient for the performance of its duties and the exercise of its powers and functions under this act,
- c. to receive funds from any source to carry out the purposes of this act, including, but not limited to, gifts or grants from any department, agency or instrumentality of the United States or of the state for any purpose consistent with the provisions of this act,
- d. to acquire or sell, convey, lease, exchange, transfer or otherwise dispose of its property or any interest therein, and
- e. such other powers as are necessary to carry out its duties under this act.

F. There is hereby created a trust fund to be known as the "Oklahoma Institute of Technology Trust Fund". The Trust Fund shall be administered as follows:

1. The board of trustees of the Oklahoma Institute of Technology shall be the trustees of the Trust Fund;
2. The Trust Fund shall be utilized to implement the provisions of this act;
3. The Trust Fund principal shall consist of monies received from any monies the Legislature appropriates or transfers to the Oklahoma Institute of Technology for the Trust Fund and any monies or assets contributed to the Trust Fund from any other source, public or private. Notwithstanding other provisions of law, income

and investment return on Trust Fund principal shall accrue to the Trust Fund for use as provided by authorization of the trustees for the purposes provided in this act. The Trust Fund principal shall not be used for any purpose except upon express authorization of the Legislature;

4. The trustees shall adopt rules for accomplishing transfer of income and investment return to appropriate accounts set up in the Office of the State Treasurer for operation of the Institute; and

5. The Trust Fund may be dissolved upon an act approved by three-fourths (3/4) of both houses of the Legislature. Upon the Trust Fund's dissolution, any funds in the Trust Fund shall be placed in the General Revenue Fund of the State Treasury.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.1 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Sections 2 through 9 of this act shall be known and may be cited as the "Oklahoma Rural Housing Linked Deposit Act".

B. Oklahoma's rural areas suffer from a lack of interim financing for builder-developers of housing in rural areas; inadequate profit incentives for builder-developers; economy of scale problems which work against economics of developing projects consistent with local market needs; and lack of available interim financing from local lenders to fund land acquisition, site development, or construction of housing in rural areas.

C. It is the purpose of the Oklahoma Rural Housing Linked Deposit Program to provide funding for eligible rural housing developers to build affordable housing in rural Oklahoma. It is the specific intent of the Legislature that any funding provided to eligible rural housing developers for the purpose of building affordable rural housing shall assist in the development of Oklahoma's rural areas in order to broaden Oklahoma's economic base.

D. The Rural Housing Linked Deposit Act will meet rural housing needs by creating a revolving capacity of no more than Twenty-five Million Dollars (\$25,000,000.00) to enable eligible rural housing developers to finance land acquisition, site development, or construction of single family or multi-family housing units in rural areas. For purposes of determining whether this Twenty-five Million Dollars (\$25,000,000.00) maximum is met, the State Treasurer shall consider amounts approved for link deposit participation, whether or not a borrower has actually drawn down the entire amount approved.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.2 of Title 62, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Rural Housing Linked Deposit Program:

1. "Eligible rural housing developer" means any individual, partnership, domestic limited liability company, or domestic corporation engaged in the construction, building or development or rural housing, within the State of Oklahoma as certified by a state agency or instrumentality selected by the State Treasurer to perform a certification process. Such certification shall be designed to select developers who will meet new construction needs in designated, underserved rural target markets;

2. "Eligible lending institution" means a financial institution that agrees to participate in the Oklahoma Rural Housing Linked Deposit Program, and:

- a. is eligible to make commercial loans, and
- b. is a public depository of state funds;

3. "Rural housing" means any single family or multi-family dwelling to be constructed in rural areas of Oklahoma;

4. "Rural areas" means areas of the state outside of high population centers and already well-developed metropolitan areas, identified by the certifying agency as not adequately served by existing home builders and developers in meeting supply needs for

adequate rural housing. The certifying agency shall adopt guidelines for identifying rural areas;

5. "Rural housing linked deposit" means a certificate of deposit placed by the State Treasurer with an eligible lending institution for the purpose of carrying out the intent of this act;

6. "Rural housing linked deposit loan package" means the forms provided by the State Treasurer for the purpose of applying for a rural housing linked deposit; and

7. "Certifying agency" means the state agency or instrumentality selected by the State Treasurer to perform the certification process for rural housing developers, to develop guidelines required by this act, and to review individual rural housing linked deposit loan packages.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.3 of Title 62, unless there is created a duplication in numbering, reads as follows:

The State Treasurer shall disseminate information about the Oklahoma Rural Housing Linked Deposit Program to builders, developers, and financial institutions throughout this state.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.4 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Treasurer is hereby authorized to administer the Oklahoma Rural Housing Linked Deposit Program. The State Treasurer and the certifying agency shall be exempt from Articles I and II of the Administrative Procedures Act when taking actions pursuant to this act. The State Treasurer and the certifying agency are authorized to issue guidelines in a manner similar to the Administrative Procedures Act, Section 250 et seq. of Title 75 of the Oklahoma Statutes.

B. The certifying agency will develop guidelines which, after review and approval by the State Treasurer, will address maximum

possible participation amounts per each unit of single family or multi-family housing for land acquisition, site development, and construction, as well as eligibility requirements as to sale or rental price limitations and type of housing.

C. The State Treasurer shall submit an annual report outlining the state of the Oklahoma Rural Housing Linked Deposit Program to the Governor, the Lieutenant Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.5 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Treasurer shall provide rural housing linked deposit loan packages upon request to the lending institutions eligible for participation in the Oklahoma Rural Housing Linked Deposit Program.

B. The rural housing linked deposit loan package shall be completed by the borrower before being forwarded to the lending institution for consideration.

C. 1. An eligible lending institution that desires to receive a rural housing linked deposit shall accept and review applications for loans from eligible rural housing developers. The lending institution shall apply all usual lending standards to determine the credit worthiness of each eligible developer. No single linked deposit for an Oklahoma Rural Housing Link Deposit Loan shall exceed Two Million Dollars (\$2,000,000.00).

2. Only one linked deposit loan shall be made and be outstanding at any one time to any developer. However, the linked deposit loan may be renewed subject to the time limitations for participation set forth in subsection C of Section 7 of this act.

3. No loan shall be made to any officer or director of the lending institution making the loan.

D. An eligible rural housing developer shall certify on its loan application that the reduced rate loan will be used exclusively for the purposes outlined in Section 2 of this act.

E. In considering which eligible rural housing developers to include in the rural housing linked deposit loan package for reduced rate loans, the eligible lending institution shall give priority to the economic needs of the area in which the development to be financed is located and other factors it considers appropriate to determine the relative financial need of the developer.

F. 1. The eligible lending institution shall forward to the State Treasurer a rural housing linked deposit loan package, in the form and manner prescribed and approved by the State Treasurer. The package shall include information regarding the amount of the loan requested by each eligible developer and such other information regarding each development the State Treasurer requires. The institution shall, for each development, certify the present borrowing rate applicable to similar borrowers for similar projects, as well as the rate that would be charged to the applicant but for participation in the link program.

2. The institution and application shall certify that each applicant is an eligible rural housing developer.

3. Whoever knowingly makes a false statement concerning a linked deposit loan application shall be prohibited from participating in the linked deposit loan program.

G. Upon receipt of a completed rural housing linked deposit loan package, the State Treasurer may review or audit the information contained in the completed rural housing linked deposit loan package. The State Treasurer shall forward the completed rural housing linked deposit loan package to the certifying agency for the purpose of review and possible certification. The certifying agency shall review the linked deposit loan package to determine whether the package satisfies the requirements of this act and guidelines

adopted pursuant to this act. The certifying agency shall make a recommendation concerning the package within ten (10) business days. The certifying agency shall return the package to the State Treasurer with a written recommendation of approval or rejection. If the certifying agency recommends rejection, the written recommendation shall include reasons for the rejection. The certifying agency shall forward a copy of its rejection notice to the lending institution and the borrower. The State Treasurer shall keep a chronological list of applications forwarded by the certifying agency for approval or rejection.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.6 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The State Treasurer may accept or reject a rural housing linked deposit loan package or any portion thereof, based on the State Treasurer's evaluation of the eligible rural housing developer included in the package, and the amount of the package. If the State Treasurer recommends rejection, the written recommendation shall include reasons for the rejection in a report to the certifying agency. The treasurer shall also forward a copy of the rejection notice to the lending institution and the borrower. The borrower may be allowed to bring the application into compliance with the State Treasurer's requirements and resubmit the application. If the State Treasurer rejects the loan because sufficient funds are not available for a linked deposit, then the applications may be considered in the order received when funds are available subject to a review by the certifying agency and the lending institution. In evaluating the eligible rural housing developers, the State Treasurer shall consider the recommendation of the certifying agency and the economic needs of the area where the business is located.

B. Upon acceptance of the rural housing linked deposit loan package or any portion thereof, the State Treasurer shall notify the certifying agency, the lending institution and the borrower. Upon acceptance, the State Treasurer may place certificates of deposit with the eligible lending institution at a rate no more than three percent (3%) below current market rates. When necessary, the State Treasurer may place certificates of deposit prior to acceptance of a rural housing linked deposit loan package.

C. The eligible lending institution shall enter in a rural housing linked deposit agreement with the State Treasurer, which shall include requirements necessary to implement the purposes of the Oklahoma Rural Housing Linked Deposit Program. Such requirements shall include an agreement by the eligible lending institution to lend an amount equal to the rural housing linked deposit to eligible rural housing developers at an interest rate that reflects a percentage rate reduction below the present borrowing rate applicable to each specific rural housing developer in the accepted loan package that is equal to the percentage rate reduction below market rates at which the certificates of deposit that constitute the rural housing linked deposit were placed. Such requirements shall also reflect the market conditions prevailing in the eligible lending institution's lending area. The agreement may include a specification of the period of time in which the lending institution is to lend funds upon the placement of a linked deposit, and shall include provisions for the certificates of deposit to be placed for any maturity considered appropriate by the State Treasurer not to exceed two (2) years and may be renewed once for up to an additional year, at the option of the State Treasurer. Interest on certificates of deposit shall be paid at the times determined by the State Treasurer.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.7 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Upon the placement of a rural housing linked deposit with an eligible lending institution, the institution shall fund the loan to each approved eligible rural housing developer listed in the rural housing linked deposit loan package in accordance with the rural housing linked deposit agreement between the institution and the State Treasurer. The loan shall be at a rate that reflects a percentage rate reduction below the present borrowing rate applicable to each developer that is equal to the percentage rate reduction below market rates at which the certificates of deposit that constitute the rural housing linked deposit were placed. A certification of compliance with this section in the form and manner as prescribed by the State Treasurer shall be required of the eligible lending institution.

B. The State Treasurer shall take any and all steps necessary to implement the Oklahoma Rural Housing Linked Deposit Program and monitor compliance of eligible lending institutions and eligible rural housing developers, including the development of guidelines as necessary.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 91.8 of Title 62, unless there is created a duplication in numbering, reads as follows:

The State of Oklahoma and the State Treasurer shall not be liable to any eligible lending institution in any manner for payment of the principal or interest on the loan to an eligible rural housing developer. Any delay in payments or default on the part of an eligible rural housing developer does not in any manner affect the rural housing linked deposit agreement between the eligible lending institution and the State Treasurer.

SECTION 10. This act shall become effective July 1, 2001.

SECTION 11. 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.

Passed the Senate the 8th day of March, 2001.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of _____,
2001.

Presiding Officer of the House
of Representatives