

STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE BILL 123

By: Herbert

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 1991, Sections 351, 352, 353 and 354, which relate to issuance and sales of bonds by political subdivisions; modifying amount for which certain bonds may be sold; modifying definition; modifying method by which bids may be submitted for sales of certain bonds; modifying amount of interest which must be stipulated in bid; modifying form of deposit submitted with bid; clarifying language; providing an effective date; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 1991, Section 351, is amended to read as follows:

Section 351. It shall be unlawful for any board of county commissioners, ~~city council or city commissioners, town council, township board, school district board, board of education~~ governing body of any municipality or school district or any other officer of any such ~~municipal corporations, or any officer of any other political corporation, or~~ political subdivision of this state, to sell, agree to sell or contract to sell any bonds issued by a vote of the people for any sum less than ~~par~~ ninety-nine percent (99%) of the face amount thereof with accrued interest added, and any and all ~~Commission~~ commission allowed any firm, person or corporation for the sale of such bonds must, after being deducted from the sum total for which said bonds are sold, leave in the treasury the sum equal to ~~the par~~ at least ninety-nine percent (99%) of the face value of the bonds and accrued interest thereof.

SECTION 2. AMENDATORY 62 O.S. 1991, Section 352, is amended to read as follows:

Section 352. Any member of any board of county commissioners, any member of any ~~city council, or member of any board of city commissioners, any member of any town council, any member of any township board, any member of any city board of education, any member of any school district board~~ governing body of a municipality or school district, and any other officer of any of the aforesaid political ~~corporations or~~ subdivisions of this state, or any other officer of any political ~~corporation or~~ subdivision of this state, who shall sell, or agree to sell, or contract to sell at less than ninety nine percent (99%) of par, any bonds of ~~his respective county, city, town, township, school district, or other the~~ political ~~corporation or~~ subdivision, shall be guilty of a misdemeanor, forfeit and be removed from office, and in addition, be liable on ~~his~~ the person's official bond for the difference between the sum received and ninety-nine percent (99%) of the par value of the bonds with accrued interest thereon.

SECTION 3. AMENDATORY 62 O.S. 1991, Section 353, is amended to read as follows:

Section 353. A. Except as provided for in subsection B of this section, whenever any municipal corporation or political subdivision of ~~the State of Oklahoma~~ this state shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354 of this title shall be made to mature in equal annual installments, beginning not less than two (2) nor more than five (5) years after their date, except that the first maturing installment may be for such sum, not more than one installment and the last maturing installment may be for such sum not more than two installments, as will complete the full issue of such bonds notwithstanding the necessity of varying the amount thereof to complete the same.

B. 1. ~~On and after the effective date of this act, whenever~~ Whenever any municipal corporation or political subdivision of ~~the~~

~~State of Oklahoma~~ this state shall vote any bonds or issue any funding or refunding bonds, such bonds, or combined issue of bonds referred to in Section 354 of this title, may be made to mature pursuant to a schedule of annual installments which allows the bonds to be structured with level debt service payments. Such bonds shall mature beginning not less than two (2) years nor more than five (5) years after their date.

2. For purposes of this subsection:

- a. "level debt service" means that net total annual or fiscal debt service, except for short or stub periods, must be approximately equal for every annual or fiscal period, provided that all net annual or fiscal payments must be within a dollar amount range not to exceed the greater of two-tenths of one percent (0.2%) of the bond issue or twice the stated denomination of the bonds, and
- b. "short or stub periods" means the period preceding the beginning of full amortization of principal and payment of interest.

C. The denomination of bonds issued pursuant to the provisions of this section shall be One Hundred Dollars (\$100.00) or multiples thereof, not exceeding One Hundred Thousand Dollars (\$100,000.00) except the first numbered bond may be for such odd amount as will complete the full issue of ~~said~~ the bonds. Provided, when a book entry system is utilized, the issuer may issue and deliver one bond only, for the entire principal amount, to the book entry agent.

SECTION 4. AMENDATORY 62 O.S. 1991, Section 354, is amended to read as follows:

Section 354. A. Whenever any municipal corporation or political subdivision of the State of Oklahoma shall by separate propositions vote bonds for two or more purposes, the governing ~~board~~ body thereof may combine and offer for sale in one issue of

bonds all of ~~said~~ the purposes so voted, and shall set out in the ordinance or resolution providing for the issuance of the bonds and in the printed bond for the ~~said~~ combined purposes the amount authorized to be expended for each purpose as set out in each proposition submitted and approved by the electors, and ~~said~~ the bonds may be designated general obligation bonds or as may be determined by the governing board of the municipal corporation or political subdivision.

B. When one or more issues of bonds, including a combined bond issue referred to herein, except funding or refunding bonds, shall be made or ordered by any county, city, town, board of education, school district, or other political subdivision of the state, the proper officers shall, before selling such bonds cause at least ten (10) days' notice to be given of the time and place when and where bids therefor will be received and the methods by which bids may be submitted, which, in the discretion of the governing body, may be by sealed bid, facsimile bid, electronic mail bid or other bidding method. Such notice shall be signed by the county clerk if issued by a county, and by the clerk of any city, town, board of education, school district, or other subdivision of the state, as the case may be, and shall be published once a week for two (2) consecutive weeks in a legally-qualified newspaper published in such political subdivision and if there be no such newspaper then in a legally-qualified newspaper of general circulation in such political subdivision. ~~Provided, that the~~ The date mentioned in such notice for the sale of such bonds, shall not be less than ten (10) days after the first publication thereof. ~~Provided, however, that in~~ In the event a municipal corporation or political subdivision has by separate propositions voted bonds for two or more purposes, the proper officers shall set out in such notice of sale whether bids will be received for a combined bond issue for all of such purposes

as one unit, or bids will be received for separate bond issues for each purpose.

C. All bonds shall be sold to the bidder ~~who will pay therefor par and accrued interest,~~ and who shall stipulate in ~~his~~ the bid the lowest ~~rate of interest~~ cost which such bonds shall bear. ~~And, upon which,~~ at the option of the governing body, may be determined based on true interest cost. Upon the acceptance of such bid, the bonds shall be issued in accordance therewith and shall be delivered to ~~said~~ the purchaser upon payment of the purchase price thereof. ~~Provided, that each~~ Each bidder shall submit with ~~his~~ the bid a sum in cash, cashier's check, surety bond or its equivalent similar security undertaking as stipulated by the governing body, equal to two percent (2%) of ~~his bid~~ the principal amount of the bond issue, and upon the acceptance of any bid, such deposit shall become the property of the county, or municipality selling ~~said~~ the bonds, and shall be accredited on the purchase price thereof, upon the understanding that if the purchaser shall fail for five (5) days after tender of the bonds to pay the balance of the purchase price, ~~said~~ the sale shall be thereby annulled and ~~said~~ the deposit shall in such event be retained by the governing body of such county or municipality and credited to the account for which such bonds are being issued and shall be used accordingly. ~~Provided, that no~~ No tender of the bonds shall be valid until after the expiration of the period of contestability, as ~~now~~ provided by law. All other deposits shall be returned. The governing body, selling such bonds, shall have the right to reject all bids and readvertise the bonds for sale. ~~Provided, however, that no~~ No funding or refunding bonds issued hereunder shall bear a higher rate of interest than the indebtedness which is funded or refunded. ~~Provided that the~~

D. The provisions of Section 351 et seq. of this act title shall not apply to sale of bonds issued by a vote of the people to the United States Government, or any agency thereof, and the

governing board of a municipal corporation or political subdivision of the state is hereby authorized to sell such bonds to the United States Government or any agency thereof at a private sale for a sum of not less than par with accrued interest added, and the governing board shall fix the rate of interest which such bonds shall bear which shall not be a larger rate of interest than that authorized by the electors voting at the bond election.

SECTION 5. This act shall become effective July 1, 2001.

SECTION 6. 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.

48-1-354

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