

STATE OF OKLAHOMA

1st Session of the 49th Legislature (2003)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL 722

By: Fisher

COMMITTEE SUBSTITUTE

An Act relating to public finance; amending 62 O.S. 2001, Sections 695.7, 695.8a and 695.11, which relate to the Oklahoma State Bond Advisor and the Bond Oversight Revolving Fund; deleting obsolete language and updating language; modifying process for appointing and removing Oklahoma State Bond Advisor; creating Office of the State Bond Advisor as a separate state agency; providing for transfer of funds, property records, personnel, financial obligations and encumbrances from Department of Central Services; providing for retention of employment status and benefits; authorizing State Bond Advisor to contract for certain services; providing for coordination of transfers; authorizing Office to rent, lease or own office space; creating revolving fund; authorizing State Government Entities to issue refunding bonds without further legislative authority if certain conditions are met; conforming language; providing for codification; and declaring an emergency.

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

SECTION 1. AMENDATORY 62 O.S. 2001, Section 695.7, is amended to read as follows:

Section 695.7 A. 1. The ~~Executive and Legislative Bond Oversight Commissions jointly~~ Council of Bond Oversight 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, who shall have the title "Oklahoma State Bond Advisor".

~~The Commissions~~ 2. When appointing a person to the position of Oklahoma State Bond Advisor, the Council 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 three of the members of the Executive Commission and the Legislative Commission at a joint meeting of the Commissions Council and appointed to the position, subject to the advice and consent of the Senate.

3. 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 for cause by an affirmative vote of three of the members of the Council, after a public hearing.

B. ~~The Oklahoma State Bond Advisor shall be an independent position within the Department of Central Services.~~ 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. Effective July 1, 2003, the Office of the State Bond Advisor shall be a separate state agency as set forth in Section 2 of this act.

C. 1. Except as provided in Section 695.8 of this title, 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. No Local Governmental Entity may utilize a lease, contract, or other agreement with a State Governmental Entity as collateral or security for a proposed Local Governmental Entity obligation unless such obligation has satisfied all of the provisions of this section.

D. 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~~ Council 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. 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. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 695.7a of Title 62, unless there is created a duplication in numbering, reads as follows:

A. Beginning July 1, 2003, the Oklahoma State Bond Advisor shall cease to be a position within the Department of Central Services, and the Office of the State Bond Advisor shall be deemed a separate and distinct agency of this state. All unexpended funds, property, records, personnel, and outstanding financial obligations and encumbrances related to the position and Office of the State Bond Advisor within the Department of Central Services shall be transferred to the Office of the State Bond Advisor. All personnel shall retain their employment position and status as classified or unclassified employees, any leave, sick and annual time earned, and any retirement and longevity benefits which have accrued during tenure with the Department of Central Services.

B. The Oklahoma State Bond Advisor may contract with the Office of Personnel Management or another state agency for payroll or other administrative services.

C. The Director of State Finance is hereby directed to coordinate the transfer of funds, allotments, purchase orders, and outstanding financial obligations or encumbrances provided for in

subsection A of this section. The transfer of personnel shall be coordinated with the Office of Personnel Management.

D. The Office of the State Bond Advisor is authorized to rent, lease, or own appropriate office space and property to conduct its business.

SECTION 3. AMENDATORY 62 O.S. 2001, Section 695.8a, is amended to read as follows:

Section 695.8a There is hereby ~~re-created~~ created in the State Treasury a revolving fund for the ~~Department of Central Services~~ Office of the State Bond Advisor, to be designated the "Bond Oversight Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of fees collected ~~by the Executive Bond Oversight Commission and the Legislative Bond Oversight Commission as authorized by~~ pursuant to Section 695.8 of ~~Title 62 of the Oklahoma Statutes~~ this title and any other monies provided for by law. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the ~~Department of Central Services~~ Office of the State Bond Advisor for expenses related to the Oklahoma Bond Oversight and Reform Act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of State Finance for approval and payment.

SECTION 4. AMENDATORY 62 O.S. 2001, Section 695.11, is amended to read as follows:

Section 695.11 The provisions of the Oklahoma Central Purchasing Act shall not be applicable to any actions of a State Governmental Entity in regard to the sale and issuance of its obligations, including any contracts and undertakings relating thereto; however, such issuance, contracts and undertakings shall be subject to the provisions of this act regarding review or approval of such matters by the Oklahoma State Bond Advisor ~~within the Department of Central Services~~.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 695.19 of Title 62, unless there is created a duplication in numbering, reads as follows:

Notwithstanding any other provision of law, a State Governmental Entity, as such term is defined in Section 695.3 of Title 62 of the Oklahoma Statutes, is authorized to issue refunding bonds for the purpose of refinancing existing bonds or obligations without further authorization from the Legislature provided the issuance of the refunding bonds and any services, fees and expenses related thereto are reviewed and approved by the Oklahoma State Bond Advisor and the Council of Bond Oversight pursuant to the provisions of the Oklahoma Bond Oversight and Reform Act.

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.

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