

ENROLLED SENATE
BILL NO. 200

By: Morgan, Robinson, Nichols,
Riley, Coates, Wilcoxson
and Reynolds of the Senate

and

Mitchell and Bonny of the
House

An Act relating to public finance; providing authority to the Oklahoma Building Bonds Commission to issue bonds for the purpose of refunding and/or restructuring outstanding obligations; providing for the determination of the method of sale, maximum maturity and other terms and conditions of sale of such bonds; providing authority to the Oklahoma Capitol Improvement Authority to issue bonds for the purpose of refunding and/or restructuring outstanding obligations; providing for determination of the method of sale, maximum maturity, and other terms and conditions of sale for such bonds; providing for codification; and declaring an 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 57.316 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Building Bonds Commission is authorized to issue bonds, notes, or other obligations for the purpose of refinancing or restructuring its outstanding obligations regarding bonds issued under the 1992 Oklahoma Building Bond and College Savings Bond Act.

B. To the extent funds are available from the proceeds of the borrowing authorized by this section, the Oklahoma Building Bonds Commission shall provide for the payment of professional fees and associated costs approved by the Oklahoma State Bond Advisor. The Commission is authorized to hire bond counsel, financial consultants, and such other professionals as it may deem necessary to provide for the efficient sale of the obligations and may utilize a portion of the proceeds of any borrowing to create such reserves as may be deemed necessary and to pay costs associated with the issuance and administration of such obligations.

C. An issuance of bonds under this section may be undertaken to achieve an overall debt service savings, modify restrictive bond document covenants, or reduce payment requirements during periods of

fiscal stress. To achieve these objectives, the Commission is authorized to extend the final maturity of its outstanding obligations if necessary, but in no event shall the final maturity of an individual bond issue be extended more than ten (10) years without the approval of the Legislature.

D. The obligations authorized under this section may be sold at either competitive or negotiated sale, as determined by the Commission, and in such form and at such prices as may be authorized by the Commission. The Commission may issue obligations in one or more series and may set such other terms and conditions as may be necessary, in its judgment to achieve an efficient financing. The Commission may enter into agreements with such credit enhancers and liquidity providers as may be determined necessary to efficiently market the obligations, including the purchase of surety policies or other financial instruments to be utilized in lieu of reserve funds. The obligations may mature and have such provisions for redemption as shall be determined by the Commission, but in no event shall the final maturity of such obligations occur later than thirty (30) years from the delivery date.

E. Any interest on the funds or accounts created for the purposes of this section may be utilized as partial payment of the annual debt service or for the purposes directed by the Commission.

F. The obligations issued under this section, the transfer thereof and the interest earned on such obligations, including any profit derived from the sale thereof, shall not be subject to taxation of any kind by the State of Oklahoma, or by any county, municipality or political subdivision therein.

G. It is hereby expressly provided and pledged for the benefit of the purchasers, owners and holders of bonds issued pursuant to this section that the tax on each package of cigarettes levied by Section 302 of Title 68 of the Oklahoma Statutes, constituting the remainder of revenue available from the revenues lawfully levied and collected by the State of Oklahoma on the sale of cigarettes not already committed to other obligations of the State of Oklahoma, and the tax levy on cigarettes pursuant to Sections 302-2 and 302-4 of Title 68 of the Oklahoma Statutes, or so much as may be necessary, shall be devoted irrevocably to the payment and discharge of the interest on, and the principal of, the bonds issued hereunder as the same become due, and to create an adequate reserve to assure such payments when due; and said revenue shall be, and hereby are, irrevocably pledged for such purposes.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 156.1 of Title 73, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Capitol Improvement Authority is authorized to issue bonds, notes, or other obligations for the purpose of refinancing or restructuring its outstanding obligations.

B. The bonds or other obligations issued pursuant to this section shall not at any time be deemed to constitute a debt of the

state or of any political subdivision thereof or a pledge of the faith and credit of the state or any such political subdivision.

C. Such bonds or other obligations shall contain on the face thereof a statement that neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged, or may hereafter be pledged to the payment of the principal of or the interest on such bonds.

D. To the extent funds are available from the proceeds of the borrowing authorized by this section, the Oklahoma Capitol Improvement Authority shall provide for the payment of professional fees and associated costs approved by the Oklahoma State Bond Advisor. The Authority is authorized to hire bond counsel, financial consultants, and such other professionals as it may deem necessary to provide for the efficient sale of the obligations and may utilize a portion of the proceeds of any borrowing to create such reserves as may be deemed necessary and to pay costs associated with the issuance and administration of such obligations.

E. An issuance of bonds under this section may be undertaken to achieve an overall debt service savings, modify restrictive bond document covenants, or reduce payment requirements during periods of fiscal stress. To achieve these objectives, the Authority is authorized to extend the final maturity of its outstanding obligations if necessary, but in no event shall the final maturity of an individual bond issue be extended more than ten (10) years without the approval of the Council of Bond Oversight.

F. The obligations authorized under this section may be sold at either competitive or negotiated sale, as determined by the Authority, and in such form and at such prices as may be authorized by the Authority. The Authority may issue obligations in one or more series and may set such other terms and conditions as may be necessary, in its judgment to achieve an efficient financing. The Authority may enter into agreements with such credit enhancers and liquidity providers as may be determined necessary to efficiently market the obligations, including the purchase of surety policies or other financial instruments to be utilized in lieu of reserve funds. The obligations may mature and have such provisions for redemption as shall be determined by the Authority, but in no event shall the final maturity of such obligations occur later than thirty (30) years from the delivery date.

G. Any interest on the funds or accounts created for the purposes of this section may be utilized as partial payment of the annual debt service or for the purposes directed by the Authority.

H. The obligations issued under this section, the transfer thereof and the interest earned on such obligations, including any profit derived from the sale thereof, shall not be subject to taxation of any kind by the State of Oklahoma, or by any county, municipality or political subdivision therein.

I. The Authority may direct the investment of all monies in any funds or accounts created in connection with the offering of the obligations authorized under this section. Such investments shall

be made in a manner consistent with the investment guidelines of the State Treasurer. The Authority may place additional restrictions on the investment of such monies if necessary to enhance the marketability of the obligations.

J. The obligations issued under this section shall be retired by payments made to the Oklahoma Capitol Improvement Authority from the various agencies that entered into leases and other agreements in connection with the original financings. To the extent required by the Authority, such agencies are authorized and directed to enter into new lease agreements with the Authority.

K. The Authority is hereby specifically authorized to purchase surety policies or other financial instruments to replace existing debt service reserves. Any payment for such policies or other instruments may be made from the cash reserves being replaced or any other legally available source.

L. The Oklahoma Department of Transportation shall make payments from the State Transportation Fund to pay obligations incurred pursuant to agreements with the Oklahoma Capitol Improvement Authority. It is the intent of the Oklahoma Legislature to maintain the funding level of the State Transportation Fund as required in order for the Department of Transportation to fully pay any and all obligations incurred by the Department of Transportation with respect to agreements entered into by the Department of Transportation and the Oklahoma Capitol Improvement Authority. With respect to other state agencies that have entered into agreements with the Oklahoma Capitol Improvement Authority, it is the intent of the Oklahoma Legislature to appropriate sufficient monies to make rental payments for the purposes of retiring the obligations created pursuant to this section.

M. Insofar as they are not in conflict with the provisions of this section, the provisions of Section 151 et seq. of Title 73 of the Oklahoma Statutes shall apply to bonds issued pursuant to this section, including the provision relating to the exclusive original jurisdiction of the Supreme Court of the State of Oklahoma.

SECTION 3. 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 16th day of April, 2003.

Presiding Officer of the Senate

Passed the House of Representatives the 15th day of April, 2003.

Presiding Officer of the House
of Representatives