

ENROLLED HOUSE
BILL NO. 1191

By: Hiett, Armes, Balkman, Brannon,
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(Doug), Miller (Ken), Nations,
Richardson, Roggow, Smithson,
Terrill and Winchester of the
House

and

Hobson, Morgan, Crutchfield,
Gumm, Nichols, Coffee, Corn,
Mazzei, Brogdon and Lamb of the
Senate

An Act relating to higher education finance; enacting the Oklahoma Higher Education Promise of Excellence Act of 2005; stating legislative intent; defining terms; authorizing issuance of certain obligations by Oklahoma State Regents for Higher Education; authorizing issuance of certain obligations by Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma; authorizing issuance of obligations by Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University; authorizing pledge of lawfully available revenues; requiring affirmative approval by Oklahoma State Regents for Higher Education; specifying certain revenues not available for pledge; requiring statement of essential facts by Oklahoma State Regents for Higher Education; providing for communication of proposed issuances to certain elected officials; prescribing procedures related to disapproval of proposed issuance by Legislature; providing for use of Concurrent Resolution and prescribing procedures related thereto; imposing restriction related to maturity of obligations with respect to useful life of certain assets; amending Section 19, Chapter 2, O.S.L. 2002, as amended by Section 2, Chapter 448, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3206.6), which relates to certain master leases; modifying property types for which master lease available; modifying provisions related to useful life of real or personal property; designating sum for purposes of permanent revolving lease fund; authorizing powers to authorized issuers of obligations pursuant to the Oklahoma Higher Education Promise of Excellence Act of 2005 with respect to issuance of obligations; specifying powers; prescribing procedures related to issuance of obligations by authorized issuers; providing for instruments to be negotiable pursuant to Uniform Commercial Code; providing for facsimile signatures;

providing immunity from certain liability; providing for replacement bonds; stating character of obligations issued by authorized issuers; requiring application for certain credit rating by authorized issuers; providing for exclusion of interest from Oklahoma income tax; requiring financial statements; prescribing procedures related to deadlines for statements; requiring publication of financial statements; requiring authorized issuers to transmit lists of projects or capital assets to Governor, Speaker of the Oklahoma House of Representatives, President Pro Tempore of the State Senate and certain legislators; providing for issuance of obligations for certain designated capital outlay projects; specifying projects; providing for amount of projects; authorizing the Oklahoma Capitol Improvement Authority to acquire and construct certain property and to provide funding for certain repairs, refurbishments, improvements and projects; authorizing borrowing of certain amount of money for certain purposes; authorizing issuance of certain obligations; stating legislative intent; limiting costs for certain projects; providing for payment of certain fees and costs; prescribing procedures for issuance of certain obligations; authorizing certain agreements; providing for use of interest earnings; exempting certain obligations, transfers and interest from taxation; authorizing investment of funds; prescribing procedures for investment; authorizing Oklahoma Capitol Improvement Authority to issue obligations in certain circumstance; making certain provisions applicable to such Authority; authorizing refinancing of obligations; authorizing payment of fees and hiring of personnel; stating purpose for certain issuance of bonds; allowing maturity of obligations to be extended; providing terms and conditions for certain obligations; amending 70 O.S. 2001, Section 3206, which relates to the Oklahoma State Regents for Higher Education; authorizing issuance of obligations and imposing certain restrictions; amending 70 O.S. 2001, Section 3305, which relates to the Board of Regents for the University of Oklahoma; authorizing issuance of obligations and imposing certain restrictions; amending 70 O.S. 2001, Section 3412, as amended by Section 5, Chapter 194, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3412), which relates to the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges; authorizing issuance of obligations and imposing certain restrictions; stating legislative intent with respect to certain institutions of higher education and the Tulsa metropolitan area; providing for codification; providing for noncodification; providing for severability; 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 3980.1 of Title 70, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Higher Education Promise of Excellence Act of 2005".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.2 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. It is the intent of the Legislature to authorize the Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma, the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University, and the Oklahoma State Regents for Higher Education, acting for the benefit of other institutions within The Oklahoma State System of Higher Education, to become issuers of obligations according to the provisions and for the purposes authorized by this act.

B. Obligations issued by any of the authorized issuers pursuant to this act supported by appropriation of revenues from the Oklahoma Education Lottery Trust Fund pursuant to Section 41 of Article X of the Oklahoma Constitution shall be considered and deemed to have been authorized for the purposes of educational facilities owned by or under the control of the Oklahoma State Regents for Higher Education within the meaning of paragraph 4 of subsection B of Section 41 of Article X of the Oklahoma Constitution and capital outlay projects within the meaning of paragraph 5 of subsection B of Section 41 of Article X of the Oklahoma Constitution. In order to retire the obligations, it is the intent of the Legislature to appropriate revenues from the Oklahoma Education Lottery Trust Fund and any other source as may be necessary to the Oklahoma State Regents for Higher Education for allocation to the Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma, the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University and for use by the Oklahoma State Regents for Higher Education for the benefit of all other institutions within The Oklahoma State System of Higher Education.

C. Obligations issued pursuant to the authority of this act shall not be deemed or considered to be general obligations of the State of Oklahoma, but shall be limited and special obligations of the authorized issuer for the benefit of the applicable institutions within The Oklahoma State System of Higher Education under their respective auspices and control.

D. Neither the appropriations powers of the Legislature pursuant to Article V of the Oklahoma Constitution nor the powers described by Section 3 of Article XIII-A of the Oklahoma Constitution with respect to monies lawfully appropriated to the Oklahoma State Regents for Higher Education nor the power of the Legislature to impose taxes, generally, shall be pledged to the repayment of any obligations issued pursuant to the provisions of this act and any obligation issued by the Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma

or the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges shall affirmatively state this restriction.

E. It is the intent of the Legislature to improve the ability of the Oklahoma State Regents for Higher Education and the other specifically designated Boards of Regents within The Oklahoma State System of Higher Education to finance capital improvements and to provide a method by which the total revenues available to each respective authorized issuer of obligations, or revenues available within The Oklahoma State System of Higher Education as prescribed by this act, may be pledged to the repayment of the obligations, resulting in a higher credit rating and an interest cost savings to The Oklahoma State System of Higher Education.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.3 of Title 70, unless there is created a duplication in numbering, reads as follows:

As used in this act, and unless the context clearly requires otherwise:

1. "Authorized issuer" means:

- a. the Oklahoma State Regents for Higher Education acting for the benefit of any institution within The Oklahoma State System of Higher Education other than the University of Oklahoma or Oklahoma State University,
- b. the Board of Regents of the University of Oklahoma acting for the benefit of the University of Oklahoma, and
- c. the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University;

2. "Bonds" means any bonds, notes, obligations, debentures, interim certificates, grant and revenue anticipation notes, interest in a lease, lease certificates of participation, commercial paper, variable interest rate obligations of any kind, or other evidences of indebtedness, whether or not the interest on which is includable in the gross income of the recipients thereof for federal income tax purposes, issued by an authorized issuer pursuant to this act;

3. "Gross revenues" means any source of income, however derived;

4. "Regents" means either the Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma or the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges; and

5. "State Regents" means the Oklahoma State Regents for Higher Education.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.4 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma State Regents for Higher Education shall be authorized to issue indebtedness for capital projects to benefit each and every institution within The Oklahoma State System of Higher Education except the University of Oklahoma and Oklahoma State University. The Oklahoma State Regents for Higher Education shall be authorized to pledge any lawfully available source of revenue within The Oklahoma State System of Higher Education, other than revenues appropriated by the Legislature from tax receipts, but inclusive of revenues derived from the Oklahoma Education Lottery Act and other than revenues associated with either the University of Oklahoma or Oklahoma State University, to the repayment of obligations issued pursuant to this subsection.

B. The Board of Regents of the University of Oklahoma shall be authorized to issue indebtedness for capital projects to benefit the University of Oklahoma as provided by paragraph (n) of Section 3305 of Title 70 of the Oklahoma Statutes. The Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma, shall be authorized to pledge any lawfully available source of revenue other than revenues appropriated by the Legislature from tax receipts, but inclusive of revenues derived from the Oklahoma Education Lottery Act accruing to the credit of the University of Oklahoma to the repayment of obligations issued pursuant to this subsection.

C. The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges shall be authorized to issue indebtedness for capital projects to benefit Oklahoma State University pursuant to paragraph 16 of Section 3412 of Title 70 of the Oklahoma Statutes. The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University, shall be authorized to pledge any lawfully available source of revenue, other than revenues appropriated by the Legislature from tax receipts, but inclusive of revenues derived from the Oklahoma Education Lottery Act, accruing to the credit of Oklahoma State University to the repayment of obligations issued pursuant to this subsection.

D. The Oklahoma State Regents for Higher Education shall be required to affirmatively approve the issuance of obligations pursuant to the provisions of this act by either the Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma or the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University. For each of the proposed bond issues authorized pursuant to this act, a Statement of Essential Facts shall be prepared by the issuing Board of Regents for the use and information of prospective bond purchasers. It shall be the duty of the Oklahoma State Regents for Higher Education to examine such Statement of Essential Facts and determine that, based upon such facts and projections, the projected revenue will satisfy the financial obligation to be incurred under the proposed bond issue. If the facts are found by the State Regents to be substantially accurate and if the State Regents find that, based upon such facts and projections, the projected revenue will satisfy the financial obligation to be incurred under the proposed bond issue, then the Oklahoma State Regents for Higher Education shall certify such to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate. The certificate shall be made in substantially the following form:

The Oklahoma State Regents for Higher Education do hereby certify that the provisions of this section have been complied with in proper order, for the bond issue mentioned above.

E. All obligations issued by the Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma or the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges pursuant to this act shall be subject to final approval by the Legislature as provided by this subsection. The authorized issuer shall communicate the proposed projects and the terms of the financing to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate prior to the time any such obligations are sold. The communication required by this subsection shall be made not later than January 31 each year. The communication to such elected officials shall occur upon the same date for purposes of computing the time within which action must be taken as further prescribed by this subsection. The Legislature shall have a period of forty-five calendar days from the date as of which the information is communicated to the presiding officers of both chambers in order to pass a Concurrent Resolution disapproving the proposed issuance. If the Concurrent Resolution has not received a majority of votes of those elected to and constituting both the Oklahoma House of Representatives and the Oklahoma State Senate by the end of the forty-fifth day following the date upon which the proposed issuance is communicated to the presiding officers of both chambers, the proposed issuance shall be deemed to have been approved by the Legislature.

F. With the approval of the Oklahoma State Regents for Higher Education, the total revenues described by subsection B and subsection C of this section may be pledged to the repayment of obligations issued by either the Board of Regents of the University of Oklahoma or obligations issued by the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges in order to obtain the highest possible credit rating. If the Board of Regents of the University of Oklahoma and the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges agree to the use of the total revenues available to each such Board of Regents pursuant to this subsection for a project that benefits either the University of Oklahoma or Oklahoma State University or both such comprehensive universities, there shall be an agreement executed by both such Boards of Regents describing the project, the principal amount of the indebtedness, the terms of the financing and such other matters as the two Boards of Regents may mutually agree. Such agreement shall be executed prior to the sale of any obligations by either Board of Regents with respect to the proposed project or projects. The agreement shall provide for one or the other Board of Regents to be the authorized issuer with respect to the project or projects. The agreement shall also provide for the ownership or control of any real or personal property to be improved or acquired with the proceeds from the sale of any such obligations, including any requirements for the transfer of real or personal property from one comprehensive university to the other comprehensive university if such transfer is required in order to promote or ensure the marketability of any obligations sold by either Board of Regents.

G. The Oklahoma State Regents for Higher Education may pledge all lawfully available revenues, other than revenues appropriated by the Legislature from tax receipts, but inclusive of revenues derived

from the Oklahoma Education Lottery Act, and other than the revenues described by subsection B or subsection C of this section, to the repayment of obligations issued by the State Regents.

H. The Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma, acting for the benefit of the University of Oklahoma, and the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for the benefit of Oklahoma State University, shall be subject to the following restrictions governing the issuance of the obligations authorized by this act:

1. Obligations used to pay for the following assets shall be repaid in a period not to exceed five (5) years:

- a. computers,
- b. portable telecommunications equipment costing less than Fifty Thousand Dollars (\$50,000.00),
- c. motor vehicles, and
- d. any other item of tangible personal property with an original useful life of six (6) years or less;

2. Obligations used to pay for the following assets shall be repaid in a period not to exceed ten (10) years:

- a. equipment with an original cost of less than One Hundred Thousand Dollars (\$100,000.00), per item, and
- b. renovation of existing structures, unless the cost of the renovation exceeds the fair market value of the existing structure or unless the improvement extends the useful life of the existing structure, but in no case shall the maturity period exceed the period by which the life of the existing structure is extended; and

3. Obligations used to pay for all other assets shall be repaid in a period not to exceed thirty (30) years and in no case shall the latest maturity date of an obligation exceed the expected useful life of the asset.

SECTION 5. AMENDATORY Section 19, Chapter 2, O.S.L. 2002, as amended by Section 2, Chapter 448, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3206.6), is amended to read as follows:

Section 3206.6 A. The Oklahoma State Regents for Higher Education may establish a master lease program to finance the acquisition of items of personal property and acquisition of or improvements to real property as may be required by or useful to institutions and entities within The Oklahoma State System of Higher Education in order to achieve cost-saving efficiencies. The Except as provided by subsection B of this section, the funds used by the Regents for the purposes authorized by this section shall be available for lease transactions having a minimum value of Fifty Thousand Dollars (\$50,000.00) and a maximum value of Ten Million Dollars (\$10,000,000.00). Such leases shall have a term that is no more than the useful life of the personal property acquired by

institutions pursuant to the provisions of this section or no, the useful life of any real property or improvements acquired by institutions pursuant to the provisions of this section and, in no event, more than ~~twenty (20)~~ thirty (30) years.

B. Within the master lease program, the Legislature hereby designates the sum of Twenty-five Million Dollars (\$25,000,000.00) to be a permanent revolving lease fund to be funded by bonds to be issued under the master lease program. It is the intent of the Legislature to make annual appropriations as may be necessary from the Oklahoma Education Lottery Trust Fund to retire such bonded indebtedness.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.6 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma, for the benefit of the University of Oklahoma, and the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, for the benefit of Oklahoma State University, are for purposes of this act hereby granted, have and may exercise all powers necessary or appropriate to carry out and effectuate their respective corporate purposes, including, without limiting the generality thereof, the following:

1. To make and execute contracts with any individual, corporation, whether profit or nonprofit, 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 pursuant to the provisions of this act;

2. To employ 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 Regents, or any other experts and to determine their qualifications, duties and compensation subject to the provisions of this act for advice and oversight of the State Bond Advisor;

3. To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;

4. To borrow money and to issue bonds, whether or not the interest thereon is to be includable in the gross income of the recipients thereof for federal income tax purposes, including, without limitation, to provide on a pooled or consolidated basis financing for the purposes and projects herein provided and to provide for the security and sources of payments therefor;

5. To receive and accept aid or contributions from any source of money, property, labor, or other things of value to be held, used and applied to carry out the purposes of this act subject to the conditions upon which the grants and contributions are made, 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 this act;

6. To obtain from any department or agency of the United States of America or nongovernmental insurer any insurance or guaranty, to the extent now or hereafter available, as to, or of, or for, the payment or repayment of, interest or principal, or both, or any part thereof, on any bonds issued by the Regents, or on any municipal securities of political subdivisions purchased or held by the Regents, pursuant to this act; and, notwithstanding any other provisions of this act, to enter into any agreement or contract whatsoever with respect to any such insurance or guaranty, except to the extent that the same would in any way impair or interfere with the ability of the Regents to perform and fulfill the terms of any agreement made with the owners of the bonds of the Regents;

7. To sell, convey, lease, exchange, transfer or otherwise dispose of, all or any of its property or any interest therein, wherever situated;

8. To provide financing assistance for the purposes and projects herein provided;

9. To acquire, purchase, hold, store, advertise, market, sell, trade, barter, exchange, distribute, transport, process, utilize and contract in all manner with respect thereto and for commodities, products and services, and real or personal property or any interest therein and to contract for, issue and utilize letters of credit and other credit facilities and incur indebtedness and to arrange, form, make, guarantee, issue, remit, receive, receipt, process and collect payments and equivalents, howsoever nominated, in connection with or for purposes of any of the foregoing and for the purpose of executing and fulfilling the purposes of the Regents as prescribed by this act;

10. To acquire, reacquire, construct, reconstruct, extend, rent, lease, purchase, use, loan, borrow, install, equip, maintain, operate, renovate, refurbish, enlarge, remodel, convey, sell, at public or private sale, encumber, alleviate, transfer, exchange, dispose of and/or resell, any property, real, personal or mixed, improvements, buildings, equipment, chattels, furnishings, fixtures, trade fixtures, and any and all other facilities and/or property of whatever nature, including any and all rights to or therein for use by corporations, individuals, cooperatives, partnerships, associations or proprietary companies for any of or for the purpose of executing and/or fulfilling the purposes of the Regents, and to plan, establish, develop, construct, enlarge, improve, extend, maintain, equip, operate, lease, furnish, provide, supply, regulate, hold, store and administer property, buildings, improvements, and facilities of every nature, which may be useful in pursuing, promoting, executing and/or fulfilling the aforementioned purposes;

11. To the extent permitted under its contract with the owners of bonds, to consent to any modification with respect to rate of interest, time, and payment of any installment of principal or interest security or any other term of any contract, mortgage, contract or agreement of any kind to which the Regents are a party;

12. To purchase its own bonds at such price or prices as the Regents shall determine, subject to any agreement with the owners of bonds;

13. To enter into financial documents with others for the purpose of receiving revenues to pay the bonds authorized by this act; to lease, sell, or otherwise dispose of any or all of its projects to others for such revenues and upon such terms and conditions as the Regents may deem advisable; and to grant options to renew any financing agreement with respect to project and to grant options to buy any project at such price or prices as the Regents deem desirable;

14. To lend money to the state or political subdivisions through the purchase by the Regents of obligations of the state or political subdivisions;

15. To collect fees and charges in connection with its loans, commitments and servicing, including, but not limited to, reimbursement of costs of financing as the Regents shall determine to be reasonable and as shall be approved by the Regents;

16. To provide services, technical assistance and advice to this state and political subdivisions and to enter into contracts with this state and political subdivisions to provide such services. The State of Oklahoma and its political subdivisions are hereby authorized to enter into contracts with the Regents for such services and to pay for such services as may be provided them;

17. To contract, cooperate, or join with any one or more other governments or public agencies, or with the state, any political subdivisions of this state, or the United States, to perform any administrative service, activity, or undertaking which any such contracting party is authorized by law to perform, including the issuance of bonds;

18. To lend money or otherwise extend credit to any person and exercise all powers of a lender or creditor;

19. To invest any funds available to the Regents, whether or not from the proceeds of bonds, in such securities or pursuant to such agreements or other arrangements as the Regents shall determine, subject to any agreements with bond owners or other creditors of the Regents; and

20. To exercise all other powers and functions necessary or appropriate to carry out the duties and purposes set forth in this act, including, but not limited to, the power to enter into transactions involving variable interest rates and interest rate swaps.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.7 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. An authorized issuer shall have the power and is hereby authorized to borrow money and to issue bonds in such principal amounts as the authorized issuer determines shall be necessary to provide sufficient funds for:

1. The providing of financing for all or any part of any projects of the Regents as authorized under this act;

2. The payment of principal and interest on bonds of the authorized issuer;

3. The establishment of reserves to secure the bonds; and

4. All other expenditures of the authorized issuer incident to and necessary or convenient to carry out its purposes and powers, including the payment of any credit enhancement fees and costs of issuance incurred in connection with the issuance of bonds. The authorized issuer shall have the power to make expenditures for purposes of insuring and securing holders of bonds as provided in this act.

B. The authorized issuer shall have the power to refund any bonds and any bonds, notes or other obligations heretofore or hereafter issued by any other issuer of bonds in the state if the authorized issuer is authorized hereunder to issue bonds for the purpose the refunded bonds were issued by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its corporate purposes. Refunding bonds may be issued in such amount as the authorized issuer may determine, but not exceeding an amount sufficient to refund the principal amount of the bonds or notes to be refunded, together with any unpaid interest accrued and to accrue thereon and any premiums, expenses and commissions incurred in connection with the issuance of such refunding bonds and any reserve established in connection with the issuance of such refunding bonds. The refunding bonds may be sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded or exchanged for the bonds to be refunded, all as determined by the authorized issuer.

C. All bonds of the authorized issuer shall be special and limited obligations of the authorized issuer, secured and payable solely out of the revenues and receipts derived pursuant to a financing agreement, but in no case shall such obligations be general obligations of the State of Oklahoma.

D. The bonds shall be authorized by resolution or resolutions of the authorized issuer, shall be dated such date or dates, and shall mature at such time or times as such resolution or resolutions may provide. The bonds shall bear interest at such rate or rates or contain terms providing for the means of determining such rate or rates, including variations in such rates, be in such denomination, be in such form, either coupon or registered, or in book-entry form, carry such registration privileges, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such term of redemption, including redemptions prior to maturity, as such resolution or resolutions may provide. The bonds of the authorized issuer may be sold by the authorized issuer at public or private sale, and at the price or prices as the authorized issuer shall determine.

E. Any resolution or resolutions authorizing any bonds or any issue thereof may contain provisions, which shall be a part of the contract or contracts with the owners thereof, as to:

1. Pledging all or any part of the revenues to secure the payment of the bonds or of any issue thereof, subject to such agreements with bondowners as may then exist;

2. Pledging all or any part of the assets of the authorized issuer, including mortgages and obligations securing the same, to secure the payment of the bonds or of any issue of bonds, subject to the agreements with bondowners as may then exist;

3. The use and disposition of the gross income from assets of any type owned by the authorized issuer and payment of principal of assets of any type owned by the authorized issuer;

4. The setting aside of reserves or sinking funds and the regulations and disposition thereof;

5. Limitations on the purpose to which the proceeds of sale of bonds may be applied and pledging the proceeds to secure the payment of the bonds;

6. Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds;

7. The procedure, if any, by which the terms of any contract with bondowners may be amended or abrogated, the amount of bonds the owners of which must consent thereto, and the manner in which the consent may be given;

8. Vesting in a trustee such property, rights, powers and duties in trust as the authorized issuer may determine, which may include any or all of the rights, powers, and duties of the trustee appointed by the bondowners pursuant to this act and limiting or abrogating the right of bondowners to appoint a trustee under this act or limiting the rights, powers, and duties of the trustee;

9. Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the authorized issuer to the owners of the bonds and providing for the rights and remedies of the owners of the bonds in the event of default, including as a matter of right the appointment of a receiver; but the rights and remedies shall not be inconsistent with the general laws of the state and other provisions of this act; and

10. Any other matters, of like or different character, which in any way affect the security or protection of the owners of the bonds.

F. Any pledge made by the authorized issuer shall be valid and binding from the time when the pledge is made. The revenues, monies, or property so pledged and thereafter received by the authorized issuer shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authorized issuer, irrespective of trust indenture whether the parties have notice thereof. Neither the resolution, trust indenture nor any other instrument by which a pledge is created need be recorded.

G. Bonds of the authorized issuer may be secured by resolution of the authorized issuer or a trust indenture or similar document by and between the authorized issuer and a corporate trustee, which may

be any bank having the power of a trust company or any trust company as provided by law. Such resolution, trust indenture or similar document may contain such provisions for protecting and enforcing the rights and remedies of the bondowners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the authorized issuer in relation to the exercise of its corporate powers and the custody, safeguarding and application of all monies. The authorized issuer may provide by the resolution or trust indenture for the payment of the proceeds of the bonds and the revenues to the trustee under the trust indenture or other depository, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine.

H. Whether or not the bonds are of the form and character as to be negotiable instruments under the terms of the Uniform Commercial Code, the bonds are hereby made negotiable instruments within the meaning of and for all the purposes of the Uniform Commercial Code, subject only to the provisions of the bonds relating to registration.

I. In the event that any of the members or officers of the authorized issuer shall cease to be members or officers of the authorized issuer prior to the delivery of any bonds or coupons signed by them, their signatures or facsimiles thereof shall nevertheless be valid and sufficient for all purposes, the same as if such members or officers had remained in office until such delivery.

J. Neither the members of the authorized issuer nor any other person executing the bonds issued under this act shall be subject to personal liability or accountability by reason of the issuance thereof.

K. The authorized issuer shall have the power to provide for the replacement of lost, destroyed, or mutilated bonds.

L. Except as otherwise provided by this act, bonds issued pursuant to the provisions of this act shall never constitute an indebtedness of the state within the meaning of any state constitutional provision or statutory limitation, but such bonds shall be indebtedness payable solely from sources indicated on the bond documents, and shall never constitute nor give rise to a pecuniary liability of this state or unspecified funds of the authorized issuer or a charge against the general credit of the state or taxing powers of the state, and such fact shall be plainly stated on the face of each bond.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.8 of Title 70, unless there is created a duplication in numbering, reads as follows:

All interest derived from any obligations issued pursuant to the authority of this act, whether the obligation is issued by the Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma, acting for the University of Oklahoma, or the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting for Oklahoma State University, shall be exempt from the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.9 of Title 70, unless there is created a duplication in numbering, reads as follows:

The Oklahoma State Regents for Higher Education, the Board of Regents of the University of Oklahoma and the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges shall make application for a credit rating from a nationally recognized rating agency with expertise in the evaluation of obligations issued by governmental entities at least once each two (2) years.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.10 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. Each authorized issuer and each institution within The Oklahoma State System of Higher Education that receives proceeds from the sale of any obligations issued pursuant to the authority of this act shall issue financial statements audited by an independent certified public accountant according to the following schedule:

1. For the period ending June 30, 2006, within one hundred twenty (120) days after the close of the fiscal year;

2. For the period ending June 30, 2007, within one hundred five (105) days after the close of the fiscal year; and

3. For the period ending June 30, 2008, and for each fiscal year thereafter, within ninety (90) days after the close of the fiscal year.

B. Within thirty (30) days after completion of the audited financial statements pursuant to subsection A of this section, each institution shall cause the audited financial statement or a summary thereof to be published in a newspaper of general circulation within the county in which the institution is located at least once for two (2) consecutive weeks.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.11 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. At least thirty (30) days prior to the date as of which any authorized issuer sells any obligations as authorized pursuant to this act, the authorized issuer shall prepare a list of the projects or capital assets proposed to be funded with the proceeds from the sale of such obligations and shall cause a complete list of all such projects to be transmitted to the Governor, the Speaker of the Oklahoma House of Representatives, and the President Pro Tempore of the State Senate.

B. At least thirty (30) days prior to the date as of which any authorized issuer sells any obligations as authorized pursuant to this act, the authorized issuer shall provide a list of the capital projects or other asset to the member or members of the Oklahoma House of Representatives and to each State Senator or Senators in whose legislative districts, respectively, the project or capital asset will be constructed, improved or located.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 3980.12 of Title 70, unless there is created a duplication in numbering, reads as follows:

A. For the purpose of paying the costs for acquisition and construction of real and personal property and making repairs, refurbishments and improvements to real and personal property, and providing funding for the herein enumerated capital projects at institutions of higher education which are part of The Oklahoma State System of Higher Education and for the purpose authorized in subsection B of this section, the Oklahoma Capitol Improvement Authority is hereby authorized to borrow monies on the credit of the income and revenues to be derived from the leasing of such real and personal property and improvements and, in anticipation of the collection of such income and revenues, to issue negotiable obligations in a total amount sufficient to generate Four Hundred Seventy-five Million Dollars (\$475,000,000.00) to be expended on the projects enumerated herein whether issued in one or more series. It is the intent of the Legislature to appropriate to the Oklahoma State Regents for Higher Education for allocation to the various institutions enumerated herein from the Oklahoma Education Lottery Trust Fund and from such other sources as may be necessary sufficient monies to make rental payments for the purposes of retiring the obligations created pursuant to this section. Bonds issued pursuant to this section shall be used for financing for the following projects in the indicated amounts:

1. Projects at the University of Oklahoma not to exceed One Hundred Eight Million One Hundred Eighty Thousand Nine Hundred Fifty-six Dollars (\$108,180,956.00) to include:

- a. construction of a chemistry and biochemistry teaching and research-laboratory complex,
- b. installation of fire detection and suppression systems in library areas,
- c. classroom renovation and improvements,
- d. construction of library and learning center facilities and parking structure at the OU-Tulsa campus,
- e. construction of a College of Allied Health Phase II Building and parking structure,
- f. infrastructure improvements for the University Research Campus,
- g. construction of new engineering and technology facilities,
- h. construction of a student learning center for University College,
- i. renovation and expansion of Gould Hall,
- j. renovation of Hester Hall,
- k. renovation of Rhyne Hall,

- l. renovation of Science Hall,
- m. completion of construction of weather center,
- n. renovation of Ellison Hall,
- o. construction of a cancer center,
- p. construction of a speech and hearing facility, and
- q. renovation of Schusterman Center at OU-Tulsa;

2. Projects at the Oklahoma State University not to exceed Seventy-six Million One Hundred Sixty-eight Thousand Two Hundred Sixty-two Dollars (\$76,168,262.00) to include:

- a. construction of a new science and technology research center and renovation of existing research laboratory and office space,
- b. restoration and renovation of South Murray Hall, and
- c. construction of a new classroom building;

3. Projects at OSU-Okmulgee not to exceed Six Million Four Hundred Sixty-two Thousand Three Hundred Seventy Dollars (\$6,462,370.00) to include:

- a. creation of a rural health science and technology center,
- b. renovation and expansion of culinary facility, and
- c. resurfacing of campus streets and parking lots;

4. Projects at the OSU College of Veterinary Medicine not to exceed One Million One Hundred Seven Thousand Eight Hundred Thirty-five Dollars (\$1,107,835.00) to include:

- a. renovation of McElroy Hall, and
- b. renovation of Boren Veterinary Teaching Hospital;

5. Projects at OSU-Oklahoma City not to exceed Seven Million Three Hundred Eighty-five Thousand Five Hundred Sixty-six Dollars (\$7,385,566.00) to include:

- a. construction of an addition to the agriculture resource center,
- b. construction of a physical plant building,
- c. acquisition of real property within existing campus area, and
- d. construction of a public safety training facility;

6. Projects at the OSU-Center for Health Science not to exceed Four Million Sixty-two Thousand Sixty-one Dollars (\$4,062,061.00) to include renovation of existing facilities;

7. Projects at OSU-Tulsa not to exceed Twelve Million Nine Hundred Ninety-four Thousand Eight Hundred Sixty-two Dollars (\$12,994,862.00) to include construction of an advanced technology research center;

8. Projects at the University of Central Oklahoma not to exceed Nineteen Million Six Hundred Ninety-five Thousand Three Hundred Twenty-nine Dollars (\$19,695,329.00) to include:

- a. renovation of Old North Building,
- b. construction of a new classroom building, and
- c. construction of a forensic science building;

9. Projects at East Central University not to exceed Ten Million Eight Hundred Ten Thousand One Hundred Eighty-two Dollars (\$10,810,182.00) to include:

- a. construction of a fine arts center, and
- b. construction of a criminal justice skills training center;

10. Projects at Northeastern State University not to exceed Twenty-two Million Nine Hundred Seventy-two Thousand Seven Hundred Sixty Dollars (\$22,972,760.00) to include:

- a. renovation of the Science Building,
- b. renovation and repair of classroom buildings,
- c. renovation of the Industrial Arts Building, and
- d. completion of construction on classrooms, other buildings and parking lots at the Broken Arrow campus;

11. Projects at Northwestern Oklahoma State University not to exceed Six Million Eight Hundred Thirteen Thousand Four Hundred Thirty-two Dollars (\$6,813,432.00) to include:

- a. construction of Education Building,
- b. renovation of Science Building and upgrading of science equipment, and
- c. renovation of the Health and Physical Education Building;

12. Projects at Rogers State University not to exceed Thirteen Million Nine Hundred Twenty-two Thousand Seven Hundred Two Dollars (\$13,922,702.00) to include:

- a. construction and renovation of classrooms and other buildings at the Bartlesville campus,
- b. construction and furnishing of a classroom building and parking lot,

- c. general infrastructure upgrades and improvements,
- d. expansion and renovation of Thunderbird and Post Hall, including furnishings and parking lot improvements,
- e. construction of a building and parking lot at the Pryor Campus, and
- f. renovation and repairs to other buildings on campus;

13. Projects at Southeastern Oklahoma State University not to exceed Ten Million Sixty-two Thousand Seven Hundred Fifty-eight Dollars (\$10,062,758.00) to include:

- a. renovation of the Aviation Science Building,
- b. installation of an ADA elevator within the athletic facility,
- c. construction and renovation of classrooms,
- d. renovation and construction of Academic Support Services Building,
- e. improvements to the Administration Building,
- f. renovation of the Theatre Building,
- g. renovation of the Science Building, and
- h. renovation of the Morrison Building;

14. Projects at Southwestern Oklahoma State University not to exceed Twelve Million Three Thousand Sixty-five Dollars (\$12,003,065.00) to include:

- a. renovation of the Chemistry, Pharmacy and Physics Building,
- b. renovation of existing theatre and construction of new theatre,
- c. upgrade of instructional equipment and elevators,
- d. energy efficiency improvements for various buildings,
- e. renovation and improvements to buildings on the Sayre campus,
- f. construction of outdoor classroom area, relocation of university observatory and other improvements,
- g. renovation of the Art Building, and
- h. renovation and addition to the Industrial Technology and Engineering Building;

15. Projects at Cameron University not to exceed Twelve Million Fifty-nine Thousand Two Hundred Forty-seven Dollars (\$12,059,247.00) to include:

- a. renovation and expansion of Business Building,
- b. improvements to the Shepler Center and the Fitness Center,
- c. improvements on campus-wide scale needed to achieve ADA compliance,
- d. improvements to parking areas and access roads,
- e. improvements to campus buildings, and
- f. improvements to gymnasium;

16. Projects at Langston University not to exceed Eighteen Million Three Hundred Seventy Thousand One Hundred Eighty-seven Dollars (\$18,370,187.00) to include:

- a. construction of a Student Success Center,
- b. renovation and construction of the Allied Health Complex,
- c. construction of a Performing Arts Center, and
- d. construction of an Oklahoma African-American Museum;

17. Projects at Oklahoma Panhandle State University not to exceed Seven Million Two Hundred Eighty Thousand Dollars (\$7,280,000.00) to include:

- a. construction of a science and agriculture building, and
- b. construction of the Noble Activity and Cultural Center;

18. Projects at the University of Science and Arts of Oklahoma not to exceed Six Million Sixty-eight Thousand Eight Hundred Thirty-two Dollars (\$6,068,832.00) to include:

- a. renovation of Canning Hall,
- b. improvements to parking areas and roofing of various buildings,
- c. renovation of performing arts and academic lecture venues,
- d. renovation of art annex, and
- e. acquisition of classroom, laboratory and library equipment;

19. Projects at Carl Albert State College not to exceed Eight Million Six Hundred Forty-seven Thousand Six Hundred One Dollars (\$8,647,601.00) to include:

- a. construction of a new classroom building and parking lot,
- b. construction of CASC Sallisaw Classroom and Library,
- c. renovation and expansion of Joe E. White Library, and
- d. renovation and expansion of the Mick Thompson Convocational Center;

20. Projects at Connors State College not to exceed Seven Million Twenty-five Thousand Dollars (\$7,025,000.00) to include:

- a. renovation of the Classroom Building, Library and Education Buildings,
- b. renovation of the Fine Arts Building,
- c. renovation of a building to become one-stop enrollment center,
- d. renovation and addition to Haskell Building on Muskogee campus, and
- e. renovation and expansion of existing buildings for the expansion of Allied Health and Technical programs;

21. Projects at Eastern Oklahoma State College not to exceed Seven Million Nine Hundred Ten Thousand One Hundred One Dollars (\$7,910,101.00) to include:

- a. construction of a student life and learning center,
- b. repair and improvements to various campus facilities, and
- c. campus-wide software replacement;

22. Projects at Murray State College not to exceed Seven Million Twenty-five Thousand Dollars (\$7,025,000.00) to include:

- a. renovation and improvements to various campus facilities,
- b. construction of a building for customer service and laboratory facilities,
- c. construction of a maintenance building,
- d. landscaping and parking and street improvements,
- e. acquisition of technology equipment, and
- f. acquisition of equipment to address instructional needs and campus security and safety issues;

23. Projects at Northern Oklahoma College not to exceed Fourteen Million Two Hundred Ninety-three Thousand Two Hundred Thirty-five Dollars (\$14,293,235.00) to include:

- a. renovation and repair of buildings, parking areas and infrastructure on Enid campus,
- b. renovation of and furnishing and equipment for Wilkin Hall,
- c. construction of Allied Health and Educational Communication Center,
- d. renovation and expansion of the Vineyard Library Administration Building, and
- e. construction in conjunction with OSU of a new classroom building in Stillwater;

24. Projects at Northeastern Oklahoma A&M College not to exceed Six Million Dollars (\$6,000,000.00) to include:

- a. renovation, expansion and equipment for Health Science Building,
- b. renovation of Commons Hall, and
- c. renovation and restoration of Science Building;

25. Projects at Oklahoma City Community College not to exceed Fifteen Million Three Hundred Thirty-five Thousand One Hundred One Dollars (\$15,335,101.00) to include:

- a. construction of the Arts Education Center, and
- b. expansion of the Health Professions Education Center;

26. Projects at Redlands Community College not to exceed Six Million Seven Hundred Seventy Thousand Dollars (\$6,770,000.00) to include:

- a. construction of the Darlington Agricultural Center,
- b. construction of a health, math and science facility,
- c. renovation and automation of library,
- d. acquisition of real property for Darlington Production facility,
- e. construction of facility to house International and Entrepreneurship Business Institute, and
- f. infrastructure improvements and upgrades;

27. Projects at Rose State College not to exceed Eleven Million Seven Hundred Seventy-five Thousand Dollars (\$11,775,000.00) to include construction of a Health Sciences Center;

28. Projects at Seminole State College not to exceed Six Million Seven Hundred Fifty Thousand Dollars (\$6,750,000.00) to include:

- a. construction of a wellness and athletic training facility,
- b. renovation and equipment acquisition necessary to accommodate persons with disabilities,
- c. acquisition and improvement of computer network equipment,
- d. renovation and expansion of facilities to develop a student success center,
- e. construction of maintenance building and affiliated roads and parking,
- f. acquisition of building for office space and storage, and
- g. construction and expansion of roads and parking facilities;

29. Projects at Tulsa Community College not to exceed Sixteen Million Twenty-five Thousand Dollars (\$16,025,000.00) to include:

- a. construction of a distance learning center, and
- b. construction of a math and science building;

30. Projects at Western Oklahoma State College not to exceed Six Million Dollars (\$6,000,000.00) to include:

- a. construction of a cooperative higher education and training center,
- b. construction and repair of parking lots, roads and walkways, and
- c. acquisition of software and information technology equipment;

31. Projects at the Ardmore Higher Education Center not to exceed Six Hundred Thousand Dollars (\$600,000.00) to include:

- a. construction of classrooms to be connected to existing facility, and
- b. renovation and remodeling of existing facility;

32. Projects at the McCurtain County Higher Education Center not to exceed Six Hundred Thousand Dollars (\$600,000.00) to include renovation and expansion of chemistry laboratory and classroom and acquisition of equipment;

33. Projects at the Quartz Mountain Arts and Conference Center not to exceed Three Million One Hundred Seventy-three Thousand Five Hundred Fifty-six Dollars (\$3,173,556.00) to include:

- a. renovation and remediation of lodge, walkways, parking lots and sidewalks,

- b. construction of a student dormitory and family reunion center,
- c. repair and renovation of Performing Arts Hall and Arts Pavilions,
- d. completion of construction of a comprehensive pedestrian trail system,
- e. improvements and upgrades of infrastructure, and
- f. improvement and acquisition of land; and

34. Projects for the Oklahoma Climatological Survey not to exceed Six Hundred Fifty Thousand Dollars (\$650,000.00) to include acquisition and installation of equipment for the Oklahoma Mesonet to monitor atmospheric conditions in and around Oklahoma City.

B. To the extent funds are available from the proceeds of the borrowing authorized by subsection A of this section, the Oklahoma Capitol Improvement Authority shall provide for the payment of professional fees and associated costs related to the projects authorized in subsection A of this section.

C. The Oklahoma Capitol Improvement Authority may issue obligations in one or more series and in conjunction with other issues of the Oklahoma Capitol Improvement Authority. The Oklahoma Capitol Improvement Authority may issue short-term obligations in anticipation of the sale of the bonds authorized by this section and enter into such liquidity and other agreements as may be necessary to provide for the efficient financing of the projects. The Oklahoma Capitol Improvement 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.

D. The obligations authorized under this section may be sold at either competitive or negotiated sale, as determined by the Oklahoma Capitol Improvement Authority, and in such form and at such prices and bearing interest at a fixed or variable rate as may be authorized by the Oklahoma Capitol Improvement Authority. The Oklahoma Capitol Improvement Authority may enter into agreements with such credit enhancers and liquidity providers as may be determined necessary to efficiently market the obligations. The obligations may mature and have such provisions for redemption as shall be determined by the Oklahoma Capitol Improvement Authority.

E. Any interest earnings on 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 Oklahoma Capitol Improvement Authority.

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. The Oklahoma Capitol Improvement 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 Oklahoma Capitol Improvement Authority may place additional restrictions on the investment of such monies if necessary to enhance the marketability of the obligations.

H. The Oklahoma Capitol Improvement Authority is authorized to issue bonds, notes, or other obligations for the purpose of refinancing or restructuring obligations issued pursuant to this section. To the extent funds are available from the proceeds of the borrowing authorized by this subsection, the Oklahoma Capitol Improvement Authority shall provide for the payment of professional fees and associated costs approved by the Oklahoma State Bond Advisor. The Oklahoma Capitol Improvement Authority is authorized to hire bond counsel, financial consultants, and such other professionals as may be deemed 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. An issuance of bonds under this subsection 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 Oklahoma Capitol Improvement Authority is authorized to extend the final maturity of 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. The obligations authorized under this subsection may be sold at either competitive or negotiated sale, as determined by the Oklahoma Capitol Improvement Authority, and in such form and at such prices as may be authorized by the Oklahoma Capitol Improvement Authority. The Oklahoma Capitol Improvement 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 refinancing. The Oklahoma Capitol Improvement 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 Oklahoma Capitol Improvement Authority. The Oklahoma Capitol Improvement 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.

SECTION 13. AMENDATORY 70 O.S. 2001, Section 3206, is amended to read as follows:

Section 3206. As provided in Article XIII-A of the Constitution of Oklahoma, the State Regents shall constitute a coordinating board of control for all state educational institutions, with the following specific powers:

(a) It shall prescribe standards of higher education applicable to each institution.

(b) It shall determine the functions and courses of study in each of the institutions to conform to the standards prescribed.

(c) It shall grant degrees and other forms of academic recognition for completion of the prescribed courses in all of such institutions.

(d) It shall recommend to the State Legislature the budget allocations to each institution.

(e) It shall have the power to recommend to the Legislature proposed fees for all of such institutions, and any such fees shall be effective only within the limits prescribed by the Legislature, after taking due cognizance of expressed legislative intent.

(f) It shall allocate funds to each institution according to its needs and functions from appropriations made by the Legislature.

(g) It may coordinate private, denominational and other institutions of higher learning with the State System under regulations set forth by the State Regents.

Among other powers and duties, the State Regents shall:

(h) Prescribe standards for admission to, retention in, and graduation from state educational institutions.

(i) Accept federal funds and grants and use the same in accordance with federal requirements; and accept and disburse grants, gifts, devises, bequests and other monies and property from foundations, corporations and individuals; and establish, award and disburse scholarships and scholarship funds and rewards for merit from any funds available for such purpose.

(j) Allocate revolving and other non-state-appropriated educational and general funds.

(k) Transfer from one institution to another any property belonging to such institution when no longer needed by it and when needed by another institution to accomplish its functions.

(l) Prepare and publish annually a report to the Governor, the Legislature, and institutions, setting forth the progress, needs, and recommendations of state educational institutions and of the State Regents; conduct studies, surveys and research projects to gather information about the needs of state educational institutions and make such additional reports and recommendations as it deems necessary or as the Governor or the Legislature may direct, and publish such information obtained as may be considered worthy of dissemination.

(m) Any monies which it is authorized to invest shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

(n) Issue, on behalf of institutions within The Oklahoma State System of Higher Education, other than the University of Oklahoma and Oklahoma State University, and with the powers enumerated by this act, its obligations for purposes of such capital projects as the Regents may deem to be proper for the benefit of such institutions. The obligations issued pursuant to the authority of this paragraph shall be part of a comprehensive program for capital maintenance of such institutions and the obligations shall be special and limited obligations of the Oklahoma State Regents for Higher Education and shall not constitute general obligations of the State of Oklahoma.

(o) Exercise all powers necessary or convenient to accomplish the purposes and objectives of Article XIII-A of the Constitution of Oklahoma.

SECTION 14. AMENDATORY 70 O.S. 2001, Section 3305, is amended to read as follows:

Section 3305. The Board of Regents of the University of Oklahoma shall have the supervision, management and control of the University of Oklahoma and all its integral parts, of Cameron University, and of Rogers State University and shall have the following additional powers and duties:

(a) Adopt such rules and regulations as it deems necessary to govern the University of Oklahoma, Cameron University, and Rogers State University.

(b) Employ and fix the compensation and duties of such personnel as it deems necessary, including architects, attorneys, engineers and other professional and technical persons, for its operation and for the operation of the University of Oklahoma, Cameron University, and Rogers State University. Any of such personnel having custody of public funds or other public property may be required to furnish corporate surety bonds in such amounts as may be deemed necessary by the Board, payable to the State of Oklahoma and conditioned upon a faithful accounting of all such funds and property.

(c) Enter into contracts, purchase supplies, materials and equipment, and incur such other expenses as may be necessary to make any of its powers effective.

(d) Authorize officials of the University of Oklahoma, Cameron University, and Rogers State University to act in its behalf in the making of contracts, or in carrying out the powers conferred upon it.

(e) Receive and make disposition of monies, grants, and property from federal agencies, and administer the same in accordance with federal requirements.

(f) Accept gifts of real and personal property, monies and other things, and use or dispose of the same in accordance with the directions of the donors or grantors thereof.

(g) Direct the disposition of all monies appropriated by the Legislature or by the Congress or derived from the sale of bonds or

received from any other source by the University of Oklahoma, Cameron University, and Rogers State University.

(h) Acquire and take title to real and personal property in its name, on behalf of the University of Oklahoma or any agency thereof, on behalf of Cameron University, and on behalf of Rogers State University and convey, exchange or dispose of, or otherwise manage or control, such property in the interest of the University of Oklahoma or agency thereof, Cameron University, and Rogers State University, including the granting of leases, permits, easements and licenses over or upon such real property. The Board shall have the power to institute legal action in the name of the Board before any court having jurisdiction of such actions. The Board shall have the custody and control of abstracts of title and instruments affecting the ownership of or title to real property belonging to the Board, and being held by the Board on behalf of the University of Oklahoma or any agency thereof, on behalf of Cameron University, and on behalf of Rogers State University.

(i) Have supervision and charge of the construction of all buildings at the University of Oklahoma, Cameron University, and Rogers State University.

(j) Determine the need for and cause to be constructed, dormitories and other buildings, on a self-liquidating basis, at the University of Oklahoma or any branch or facility thereof, at Cameron University, and at Rogers State University.

(k) Establish and maintain plans for tenure and retirement of employees of the Board and of the University of Oklahoma, Cameron University, and Rogers State University and for payment of deferred compensation of such employees; and provide hospital and medical benefits, accident, health and life insurance, and annuity contracts, for such employees and their dependents. The Board may pay for all or a part of the cost thereof for employees, with funds available for the operation of the institution. Amounts payable by an employee for such insurance or annuity contracts may, with the consent of the employee, be deducted from his salary.

(l) Audit all accounts against the funds appropriated for the use and maintenance of the University of Oklahoma, Cameron University, and Rogers State University and the State Treasurer shall issue his warrant for the amount of all accounts, including salaries and expenses of said Board, which shall have been audited and allowed by the Board of Regents and attested by the President and Secretary of the University of Oklahoma, the President of Cameron University, and the President of Rogers State University.

(m) Provide penalties and forfeitures by way of damages and otherwise for the violation of rules and regulations of the Board, which may be sued for and collected in the name of the Board before any court having jurisdiction of such actions.

(n) Issue, on behalf of the University of Oklahoma, and with the powers enumerated by this act, subject to the approval of the Oklahoma State Regents for Higher Education, its obligations for purposes of such capital projects as the Regents may deem to be proper. The obligations issued pursuant to the authority of this paragraph shall be part of a comprehensive program for capital maintenance for the benefit of the University of Oklahoma and the

obligations shall be special and limited obligations of the Board of Regents of the University of Oklahoma and shall not constitute general obligations of the State of Oklahoma.

(o) Do all things necessary and convenient to carry out the powers expressly granted to it by the Constitution and the laws of the state, or to make the University of Oklahoma, Cameron University, and Rogers State University effective for the purposes for which they are maintained and operated and the enumeration herein of certain powers and immunities of the Board of Regents of the University shall not be construed as in derogation or as a limitation of the powers and immunities properly belonging to the Board in the government of the University of Oklahoma, Cameron University, and Rogers State University by virtue of Section 8, Article XIII of the Constitution.

SECTION 15. AMENDATORY 70 O.S. 2001, Section 3412, as amended by Section 5, Chapter 194, O.S.L. 2002 (70 O.S. Supp. 2004, Section 3412), is amended to read as follows:

Section 3412. The Board of Regents for the Oklahoma Agricultural and Mechanical Colleges shall have the supervision, management and control of Oklahoma State University, Panhandle State University, Langston University, Connors State College, and Northeastern Oklahoma Agricultural and Mechanical College; and shall have the following additional powers and duties:

1. Adopt such rules and regulations as it deems necessary to govern each of the institutions under its jurisdiction;

2. Employ and fix the compensation and duties of such personnel as it deems necessary, including architects, attorneys, engineers, and other professional and technical persons deemed necessary by the Board, for its operation and for the operation of the institutions under its jurisdiction. Any of such personnel having custody of public funds or other public property may be required to furnish corporate surety bonds in such amounts as may be deemed necessary by the Board, payable to the State of Oklahoma and conditioned upon a faithful accounting of all such funds and property;

3. Enter into contracts, purchase supplies, materials and equipment, and incur such other expenses as may be necessary to make any of its powers effective;

4. Authorize officials at the several institutions under its jurisdiction to act in its behalf in the making of contracts, or in carrying out the powers conferred upon it;

5. Receive and make disposition of monies, grants and property from federal agencies, and administer the same in accordance with federal requirements;

6. Accept gifts of real and personal property, money and other things, and use or dispose of the same in accordance with the directions of the donors or grantors thereof;

7. Direct the disposition of all monies appropriated by the Legislature or by the Congress or derived from the sale of bonds or received from any other source by institutions under its jurisdiction;

8. Acquire and take title to real and personal property in its name, on behalf of any of the institutions under its jurisdiction, and convey, exchange or dispose of, or otherwise manage or control, such property in the interest of such institutions, including the granting of leases, permits, easements and licenses over or upon any such real property. The Board shall have the power to institute any legal action in the name of the Board before any court having jurisdiction of such actions. The Board shall have the custody and control of abstracts of title and instruments affecting the ownership of or title to real property belonging to the Board, and being held by the Board on behalf of a particular state educational institution;

9. Have supervision and charge of the construction of all buildings at the institutions under its jurisdiction;

10. Determine the need for and cause to be constructed, dormitories and other buildings, on a self-liquidating basis, at any institution under its jurisdiction;

11. Establish and maintain plans for tenure and retirement of employees of the Board and of the institutions under its jurisdiction, and for payment of deferred compensation of such employees; and provide hospital and medical benefits, accident, health and life insurance, and annuity contracts, for such employees and their dependents. The Board may pay for all or a part of the cost for employees thereof with funds available for the operation of the institution. Amounts payable by an employee for such insurance or annuity contracts may, with the consent of the employee, be deducted from the employee's salary;

12. The Board shall cause a complete inventory to be made of all properties belonging to each of the agricultural colleges or universities within the State of Oklahoma before the last Monday in December, next preceding each biennial session of the State Legislature, and accompanying the inventories shall be a financial statement showing in detail the condition of all funds appropriated for the use of the agricultural colleges and experimental stations, also the money expended and the purposes for which the same were expended and the condition of the institution; and, the results of experiments carried on, together with their recommendations concerning remedial legislation or rules for the betterment of the institution;

13. The Board shall audit all accounts against the funds appropriated for the use and maintenance of the Oklahoma State University and the other state agricultural colleges, including experimental stations, and the State Treasurer shall issue a warrant for the amount of all accounts, including salaries and expenses;

14. Provide penalties and forfeitures by way of damages and otherwise for the violation of rules of the Board, which may be sued for and collected in the name of the Board before any court having jurisdiction of such actions; ~~and~~

15. The Legislature further recognizes and confirms, that the Oklahoma State University is an institution corporate under the constitution and statutes of Oklahoma with full power and authority, acting through its constitutional Board of Regents, to do all things

necessary or convenient to accomplish the corporate objects of the institution, and the institution, acting through its constitutional Board of Regents, is hereby recognized to be such public corporation and to have such powers; and

16. Issue, on behalf of Oklahoma State University and with the powers enumerated by this act, subject to the approval of the Oklahoma State Regents for Higher Education, its obligations for purposes of such capital projects as the Regents may deem to be proper. The obligations issued pursuant to the authority of this paragraph shall be part of a comprehensive program for capital maintenance for the benefit of Oklahoma State University and the obligations shall be special and limited obligations of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges and shall not constitute general obligations of the State of Oklahoma.

Without limiting the generality of the foregoing, the powers of the board of regents to control and use monies accruing to the institutions under their jurisdiction and control, from nontax sources, including institutional earnings, and proceeds of sales of surplus properties heretofore authorized to be sold, and revenues derived by way of bonuses and rentals from oil and gas leases, for any lawful institutional purpose, is hereby specifically confirmed.

The enumeration herein of certain powers and immunities of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges shall not be construed as in derogation or as a limitation of other powers and immunities properly belonging to the Board by virtue of any provisions of the Constitution of Oklahoma or of any provision of law. The Board, is hereby, expressly granted every power necessary or convenient to make institutions under its jurisdiction effective for the purposes for which they were created and are maintained and operated.

Nothing in this section shall be construed as in derogation of the constitutional powers and responsibilities of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, acting as the Board of Regents for Connors State College, Northeastern Oklahoma Agricultural and Mechanical College, Panhandle State University, and Langston University.

SECTION 16. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

It is the intent of the Legislature that the Oklahoma State Regents for Higher Education ensure that the degree offerings in Tulsa be expanded, and each university be able to fulfill its role serving the Tulsa community for the mutual benefit of each institution and for the benefit of the citizens in the Tulsa metropolitan area.

SECTION 17. The provisions of this act are severable and if any part or provision shall be held void the decision of the court so holding shall not affect or impair any of the remaining parts or provisions of this act.

SECTION 18. The provisions of Section 5 of this act shall be severable from all other provisions of this act and notwithstanding any final judgment of a court of competent jurisdiction that invalidates any other provision of this act, the Legislature states

its intent that the provisions of Section 5 of this act should be considered severable from the remaining provisions of this act.

SECTION 19. The provisions of Section 12 of this act shall be severable from all other provisions of this act and notwithstanding any final judgment of a court of competent jurisdiction that invalidates any other provision of this act, the Legislature states its intent that the provisions of Section 12 of this act should be considered severable from the remaining provisions of the act.

SECTION 20. The provisions of this act authorizing the pledging, for purposes of obligations issued pursuant to the authority of this act, all lawfully available revenues to the University of Oklahoma and to Oklahoma State University and the pledging, for purposes of obligations issued pursuant to the authority of this act, all lawfully available revenues to the Oklahoma State Regents for Higher Education shall be severable from all other provisions of this act notwithstanding any final judgment of a court of competent jurisdiction that invalidates any other provisions of this act, and the Legislature states its intent that such provisions should be considered severable from the remaining provisions of this act.

SECTION 21. 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 House of Representatives the 17th day of March, 2005.

Presiding Officer of the House of
Representatives

Passed the Senate the 29th day of March, 2005.

Presiding Officer of the Senate