

EHB 1265

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THE STATE SENATE
Monday, April 4, 2005

ENGROSSED
House Bill No. 1265
As Amended

ENGROSSED HOUSE BILL NO. 1265 - By: BALKMAN of the House and GUMM of the Senate.

[public finance - Oklahoma Bond Oversight and Reform Act - providing inducements - effective date]

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

SECTION 1. AMENDATORY 62 O.S. 2001, Section 695.7, as amended by Section 1, Chapter 215, O.S.L. 2003 (62 O.S. Supp. 2004, Section 695.7), is amended to read as follows:

Section 695.7 A. 1. The Council of Bond Oversight shall engage the services of a person knowledgeable in the current state of the art of national and international standards for the issuance of obligations by governmental entities and experienced in the negotiation of fees for various goods and services requisite to or deemed desirable in the issuance of such obligations as well as the negotiation of other matters essential to provide the best current price and terms of the issuance of such obligations for the benefit of Oklahoma firms, farms, individuals and local communities, who shall have the title "Oklahoma State Bond Advisor".

1 2. When appointing a person to the position of Oklahoma State
2 Bond Advisor, the Council shall conduct a national search in seeking
3 requests for proposals for the position. The person selected as the
4 Oklahoma State Bond Advisor shall be approved by an affirmative vote
5 of three of the members of the Council and appointed to the
6 position, subject to the advice and consent of the Senate.

7 3. The Oklahoma State Bond Advisor may be removed for cause by
8 an affirmative vote of three of the members of the Council, after a
9 public hearing.

10 B. The Oklahoma State Bond Advisor may employ the necessary
11 staff to carry out the duties of the Bond Advisor and the duties of
12 the Council, with approval of the Council. Effective July 1, 2003,
13 the Office of the State Bond Advisor shall be a separate state
14 agency as set forth in Section ~~2~~ 695.7a of this ~~act~~ title.

15 C. 1. Except as provided in Section 695.8 of this title, prior
16 to engaging the services of underwriters, bond or other legal
17 counsel, financial advisors, consultants, a financial institution to
18 serve as trustee, paying agent or in any fiduciary capacity in
19 connection with any program, indenture or general resolution of the
20 State Governmental Entity, or any other experts, except as provided
21 in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State
22 Governmental Entity shall request proposals for such services from a
23 plurality of persons engaged in the particular activity for such

1 services and the selection of such persons shall be made on the
2 basis of the response to the request which is the most economical
3 and will provide competent service which furthers the best interest
4 of the State Governmental Entity and the state. In negotiating
5 requests for proposals to engage such services, the State
6 Governmental Entity shall seek the advice and assistance of the
7 Oklahoma State Bond Advisor. Under no circumstances shall tax-
8 exempt proprietary inducements be granted. The Oklahoma State Bond
9 Advisor shall provide assistance and advice to State Governmental
10 Entities with respect to the issuance of obligations by said State
11 Governmental Entities, review, negotiate, and approve or disapprove
12 the fees and expenses for goods and services requisite to or deemed
13 desirable in the issuance of State Governmental Entity obligations
14 and represent the interests of the state before rating agencies and
15 credit enhancement providers. Proprietary taxable inducements may
16 be granted if approved by the State Governmental Entity and the
17 Council of Bond Oversight. The Oklahoma State Bond Advisor shall
18 negotiate and approve the fees for goods and services requisite to
19 or deemed desirable in the issuance of proprietary taxable
20 inducements.

21 2. The provisions of this subsection shall apply to any Local
22 Governmental Entity that proposes to issue obligations to fund
23 capital additions or expenditures which obligations are to be

1 retired by rental payments from the state, user fees from the state
2 or any other such payment made by any officer, department, board,
3 commission, institution or agency of the state. No Local
4 Governmental Entity may utilize a lease, contract, or other
5 agreement with a State Governmental Entity as collateral or security
6 for a proposed Local Governmental Entity obligation unless such
7 obligation has satisfied all of the provisions of this section.

8 D. The Oklahoma State Bond Advisor shall serve as an advisor to
9 the Governor and to the Legislature with respect to issuance of
10 indebtedness reviewed by the Council and shall prepare an annual
11 report to be submitted to the Governor, the President Pro Tempore of
12 the Senate and the Speaker of the House of Representatives as of
13 January 15 each year. The report shall contain a summary of the
14 issuance of indebtedness by State Governmental Entities and Local
15 Governmental Entities during the preceding year and such other
16 information as the State Bond Advisor may be required to submit or
17 as may be relevant.

18 E. The Oklahoma State Bond Advisor or any member of the
19 immediate family of the Oklahoma State Bond Advisor shall not have
20 any direct or indirect financial or contractual relationship with
21 any firm or corporation or any officer, partner or principal
22 stockholder of any firm or corporation directly involved in public
23 finance.

1 SECTION 2. This act shall become effective November 1, 2005.
2 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 3-29-05 - DO PASS,
3 As Amended.