

SB 909

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

THE STATE SENATE  
Tuesday, February 22, 2005

Senate Bill No. 909

As Amended

SENATE BILL NO. 909 - By: FISHER of the Senate and BINGMAN of the House.

[ public finance - State Bond Advisor - prohibiting proceeds - 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".

2. When appointing a person to the position of Oklahoma State Bond Advisor, the Council shall conduct a national search in seeking

1 requests for proposals for the position. The person selected as the  
2 Oklahoma State Bond Advisor shall be approved by an affirmative vote  
3 of three of the members of the Council and appointed to the  
4 position, subject to the advice and consent of the Senate.

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

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

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

1 and will provide competent service which furthers the best interest  
2 of the State Governmental Entity and the state. In negotiating  
3 requests for proposals to engage such services, the State  
4 Governmental Entity shall seek the advice and assistance of the  
5 Oklahoma State Bond Advisor. Under no circumstances shall  
6 proprietary inducements be granted. The Oklahoma State Bond Advisor  
7 shall provide assistance and advice to State Governmental Entities  
8 with respect to the issuance of obligations by said State  
9 Governmental Entities, review, negotiate, and approve or disapprove  
10 the fees and expenses for goods and services requisite to or deemed  
11 desirable in the issuance of State Governmental Entity obligations  
12 and represent the interests of the state before rating agencies and  
13 credit enhancement providers.

14 2. The provisions of this subsection shall apply to any Local  
15 Governmental Entity that proposes to issue obligations to fund  
16 capital additions or expenditures which obligations are to be  
17 retired by rental payments from the state, user fees from the state  
18 or any other such payment made by any officer, department, board,  
19 commission, institution or agency of the state. No Local  
20 Governmental Entity may utilize a lease, contract, or other  
21 agreement with a State Governmental Entity as collateral or security  
22 for a proposed Local Governmental Entity obligation unless such  
23 obligation has satisfied all of the provisions of this section. No

1 proceeds of any contract between a State Governmental Entity and a  
2 Local Governmental Entity shall be used to retire any obligations  
3 issued after the effective date of this act to fund capital  
4 additions or expenditures by the Local Governmental Entity unless  
5 such obligation has satisfied all of the provisions of this section.

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

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

22 SECTION 2. This act shall become effective November 1, 2005.

23 COMMITTEE REPORT BY: COMMITTEE ON FINANCE, dated 2-15-05 - DO PASS,  
24 As Amended and Coauthored.