

STATE OF OKLAHOMA

2nd Session of the 50th Legislature (2006)

SENATE BILL 1317

By: Gumm

AS INTRODUCED

An Act relating to public finance; defining term; authorizing the governing bodies of certain of Oklahoma's pension systems to borrow money under certain conditions; authorizing issuance of certain obligations; prescribing procedures for issuance of certain obligations; authorizing payment of fees and hiring of personnel; 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; providing terms and conditions for certain obligations; requiring court approval for issuance of certain obligations; providing for codification; and declaring an emergency.

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

SECTION 1. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 322 of Title 73, unless there is created a duplication in numbering, reads as follows:

A. For the purpose of this section, "retirement system" means the Oklahoma Public Employees Retirement System established pursuant to Section 901 et seq. of Title 74 of the Oklahoma Statutes, the Teachers' Retirement System of Oklahoma established pursuant to Section 17-101 et seq. of Title 70 of the Oklahoma Statutes, the Uniform Retirement System for Justices and Judges established pursuant to Section 1101 et seq. of Title 20 of the Oklahoma Statutes, the Oklahoma Firefighters Pension and Retirement System established pursuant to Section 49-100.1 et seq. of Title 11 of the Oklahoma Statutes and the Oklahoma Law Enforcement Retirement System established pursuant to Section 2-300 et seq. of Title 47 of the Oklahoma Statutes.

B. For the purpose of paying retirement benefits to employees of this state, the governing body of any retirement system which has an unfunded liability greater than thirty percent (30%) is hereby authorized to borrow monies on the credit of the pension contributions required by law to be paid into the funds of the system and the earnings to be derived from the monies in such funds and, in anticipation of the collection of such income and revenues, to enter into such agreements as may be necessary for the Oklahoma Capitol Improvement Authority to issue negotiable obligations in a total amount not to exceed twenty-five percent (25%) of the system's unfunded actuarial accrued liability outstanding at any one time whether issued in one or more series. Insofar as they are not in conflict with the provisions of this section, the provisions of Section 151 et seq. of Title 73 of the Oklahoma Statutes shall apply to the obligations issued under this section. The qualifying retirement system may invest the proceeds of the bonds in the same manner as other funds of the system.

C. The Oklahoma Capitol Improvement Authority may issue obligations in one or more series and may enter into such liquidity and other agreements as may be necessary to provide for the efficient financing of the bonds issued for the benefit of the qualifying retirement system of systems. The Authority with input from the qualifying retirement system 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 Authority, and in such form and at such prices and bearing interest

at a fixed or variable rate as may be authorized by the Authority. The 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 Authority.

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

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 qualifying retirement system 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 of other monies of the system.

SECTION 2. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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