

1 STATE OF OKLAHOMA

2 1st Session of the 51st Legislature (2007)

3 CONFERENCE COMMITTEE SUBSTITUTE

4 FOR ENGROSSED

5 SENATE BILL 407

By: Mazzei of the Senate

and

Jackson of the House

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9 CONFERENCE COMMITTEE SUBSTITUTE

10 An Act relating to the Grand River Dam Authority;
11 amending 82 O.S. 2001, Sections 870 and 873, which
12 relate to issuance of revenue bonds by the Authority;
13 clarifying total amount of revenue bonds that may be
14 issued by the Authority; authorizing the Authority to
15 enter into certain transactions for certain purposes;
16 requiring certain approval; creating the Joint
17 Legislative Task Force on the Grand River Dam
18 Authority; stating purpose of the task force;
19 providing for membership; specifying certain criteria
20 for eligibility for membership; providing for
21 appointment of cochairs, quorum, and staffing;
22 providing for appointment of subsequent members;
23 authorizing task force to adopt recommendations or
24 issue reports; providing for distribution of reports;
providing for travel reimbursement; requiring
appointment to be made by a certain date; providing
for codification; and providing for noncodification.

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

SECTION 1. AMENDATORY 82 O.S. 2001, Section 870, is
amended to read as follows:

1 Section 870. The district shall have power and is hereby
2 authorized to issue from time to time, as the need therefor arises,
3 revenue bonds for its corporate purposes ~~of not to exceed One~~
4 ~~Billion Four Hundred Ten Million Dollars (\$1,410,000,000.00)~~, in
5 such amount or amounts not to exceed One Billion Four Hundred Ten
6 Million Dollars (\$1,410,000,000.00) outstanding at any time as are
7 necessary, incidental or convenient to the exercise of the powers,
8 rights, privileges and functions conferred upon it by this act, or
9 any other act or law, and without limitations of the generality of
10 the powers, rights and privileges heretofore granted, for acquiring
11 a steam generating plant or plants and related facilities, and to
12 extend, improve and reconstruct the same; and for constructing,
13 installing and acquiring dams, reservoirs, hydroelectric power
14 plants, or any steam, oil, gas, coal-fired, thermal, geothermal,
15 solar or waste or refuse reclamation powered electrical generating
16 plant or plants or any other electrical power or generating
17 facilities; or any plant or plants for the production of steam for
18 heating and processing purposes; and all and any facilities of every
19 kind necessary, incidental or convenient for the production and
20 generation of electric power and energy; and for acquiring,
21 constructing and installing transmission lines, substations and all
22 facilities necessary, incidental or convenient to the sale, resale,
23 interchange and distribution of electric power and energy; and for
24 carrying on the business and functions of the district, as is now or

1 hereafter may be authorized by law; and for acquiring additions and
2 improvements to and extensions of facilities, at any time existing,
3 of the district; and for the acquisition of lands and rights-of-way
4 for such use as is now, or may be, authorized by law for the
5 construction, replacement and repair of any dams, plants or other
6 facilities of the district; and to enable it to finance, in
7 cooperation with any "public agency", as defined under the
8 Interlocal Cooperation Act, Sections 1001 through 1008 of Title 74
9 of the Oklahoma Statutes, any other agency of government, rural
10 electric co-op corporation, or any private or public corporation,
11 the development and utilization of electrical energy or the water
12 resources and rights in waters vested in said district for such
13 purposes as are, or may be, authorized by the laws of Oklahoma, and
14 for financing and refinancing present outstanding obligations of the
15 district, including the payment of any claims, charges or interest
16 on bonds required to be paid. The bonds herein authorized may
17 either be (1) sold for cash, at public or private sale, at such
18 price or prices as the Board shall determine, provided that the
19 interest cost of the money received computed to maturity in
20 accordance with standard bond tables in general use by banks and
21 insurance companies shall not exceed fifteen percent (15%) per year,
22 or (2) may be issued on such terms as the Board shall determine in
23 exchange for property of any kind, real, personal or mixed, or any
24 interest therein which the Board shall deem necessary, incidental or

1 convenient for any such corporate purposes, or (3) may be issued in
2 exchange for like principal amounts of other obligations of the
3 district, matured or unmatured, or (4) may be issued in such
4 principal amounts that when the proceeds thereof are invested in
5 legal and qualified investment, the proceeds together with the
6 resulting proceeds of such investments will be sufficient to retire
7 the outstanding initial indebtedness or any portion thereof at
8 maturity or at prior redemption. The proceeds of sale of such bonds
9 shall be deposited in such bank or banks or trust company or trust
10 companies, and shall be paid out pursuant to such terms and
11 conditions as may be agreed upon between the district and the
12 purchasers of such bonds. All such bonds shall be authorized by
13 resolutions of the Board concurred in by at least four of the
14 members thereof, and shall bear such date or dates, mature at such
15 time or times, bear interest at such rate or rates, not exceeding
16 fifteen percent (15%) per year payable annually or semiannually, be
17 in such denominations, be in such form, either coupon or registered,
18 carry such registration privileges as to principal only or as to
19 both principal and interest, and as to exchange of coupon bonds for
20 registered bonds or vice versa, and exchange of bonds of one
21 denomination for bonds of other denomination, be executed in such
22 manner and be payable at such place or places within or without the
23 State of Oklahoma as such resolution or resolutions may provide.
24 Any resolution or resolutions authorizing any bonds may contain

1 provisions which shall be part of the contract between the district
2 and the holders thereof from time to time (a) reserving the right to
3 redeem such bonds at such time or times, in such amounts and at such
4 prices, not exceeding one hundred five percent (105%) of the
5 principal amount thereof, plus accrued interest, as may be provided,
6 (b) providing for the setting aside of sinking funds or reserve
7 funds and the regulation and disposition thereof, (c) pledging to
8 secure the payment of the principal of and interest on such bonds
9 and of the sinking fund or reserve fund payments agreed to be made
10 in respect of such bonds all or any part of the gross or net
11 revenues thereafter received by the district in respect of the
12 property, real, personal or mixed, to be acquired or constructed
13 with such bonds or the proceeds thereof, or all or any part of the
14 gross or net revenues thereafter received by the district from
15 whatever source derived, (d) prescribing the purposes to which such
16 bonds or any bonds thereafter to be issued, or the proceeds thereof,
17 may be applied, (e) agreeing to fix and collect rates and charges
18 sufficient to produce revenues adequate to pay the items specified
19 in subparagraphs (a), (b), (c) and (d) of Section 868 of ~~Title 82 of~~
20 ~~the Oklahoma Statutes~~ this title and prescribing the use and
21 disposition of all revenues, (f) prescribing limitations upon the
22 issuance of additional bonds and upon the agreements which may be
23 made with the purchasers and successive holders thereof, (g) with
24 regard to the construction, extension, improvement, reconstruction,

1 operation, maintenance and repair of the properties of the district,
2 carrying of insurance upon all or any part of said properties
3 covering loss or damage or loss of use and occupancy resulting from
4 specified risk, (h) fixing the procedure, if any, by which, if the
5 district shall so desire, the terms of any contract with the holders
6 of such bonds may be amended or abrogated, the amount of bonds the
7 holders of which must consent thereto, and the manner in which such
8 consent may be given, (i) for the execution and delivery by the
9 district to a bank or trust company authorized by law to accept
10 trusts, or to the United States of America or any office or agency
11 thereof, of indentures and agreements for the benefit of the holders
12 of such bonds setting forth any or all of the agreements herein
13 authorized to be made with or from the benefit of the holders of
14 such bonds and such other provisions as may be customary in such
15 indentures or agreements, and (j) such other provisions, not
16 inconsistent with the provisions of the act, as the Board may
17 approve.

18 Any such resolution and any indenture or agreement entered into
19 pursuant thereto may provide that in the event that (a) default
20 shall be made in the payment of the interest on any or all bonds
21 when and as the same shall become due and payable, or (b) default
22 shall be made in the payment of the principal of any or all bonds
23 when and as the same shall become due and payable, whether at the
24 maturity thereof, by call for redemption or otherwise, or (c)

1 default shall be made in the performance for any agreement made with
2 the purchasers or successive holders of any bonds, and such default
3 shall have continued such period, if any, as may be prescribed by
4 said resolution in respect thereof, the trustee under the indenture
5 or indentures entered into in respect of the bonds authorized
6 thereby, or if there shall be no such indenture, a trustee appointed
7 in the manner provided in such resolution or resolutions by the
8 holders of twenty-five percent (25%) in aggregate principal amount
9 of the bonds authorized thereby and at the time outstanding may,
10 and, upon the written request of the holders of twenty-five percent
11 (25%) in aggregate principal amount of the bonds authorized by such
12 resolution or resolutions at the time outstanding, shall, in his or
13 its own name, but for the equal and proportionate benefit of the
14 holders of all of such bonds, and with or without possession
15 thereof,

16 (1) By mandamus or other suit, action or proceeding at law or
17 in equity, enforce all rights of the holders of such bonds,

18 (2) Bring suit upon such bonds and/or the appurtenant coupons,

19 (3) By action or suit in equity, require the district to
20 account as if it were the trustee of an express trust for the
21 bondholders,

22 (4) By action or suit in equity, enjoin any acts or things
23 which may be unlawful or in violation of the rights of the holders
24 of such bonds, and/or

1 (5) After such notice to the district as such resolution may
2 provide, declare the principal of all of such bonds due and payable,
3 and if all defaults shall have been made good, then with the written
4 consent of the holder or holders of twenty-five percent (25%) in
5 aggregate principal amount of such bonds at the time outstanding
6 annul such declaration and its consequence; provided, however, that
7 the holders of more than a majority in principal amount of the bonds
8 authorized thereby and at the time outstanding by instrument or
9 instruments in writing delivered to such trustee have the right to
10 direct and control any and all action taken or to be taken by such
11 trustee under this paragraph. Any such resolution, indenture or
12 agreement may provide that in any such suit, action or proceeding,
13 any such trustee, whether or not all of such bonds shall have been
14 declared due and payable, and with or without possession of any
15 thereof, shall be entitled as of right to the appointment of a
16 receiver who may enter and take possession of all or any part of the
17 properties of the district and operate and maintain the same, and
18 fix, collect and receive rates and charges sufficient to provide
19 revenues adequate to pay the items set forth in subparagraphs (a),
20 (b), (c) and (d) of Section 868 of ~~Title 82 of the Oklahoma Statutes~~
21 this title and the costs and disbursements of such suit, action or
22 proceeding, and to apply such revenues in conformity with the
23 provisions of this act and the resolution or resolutions authorizing
24 such bonds. In any suit, action or proceeding by any such trustee,

1 the reasonable fees, counsel fees and expense of such trustee and of
2 the receiver or receivers, if any, shall constitute taxable
3 disbursements and all costs and disbursements, and all costs and
4 disbursements allowed by the court shall be a first charge upon any
5 revenues pledged to secure the payment of such bonds. Subject to
6 the provisions of the Constitution of the State of Oklahoma, the
7 courts of the County of Craig, or other county wherein the domicile
8 may be situated, shall have jurisdiction of any such suit, action or
9 proceeding by any such trustee on behalf of the bondholders and of
10 all property involved therein. In addition to the powers
11 hereinabove specifically provided for, each such trustee shall have
12 and possess all powers necessary or appropriate for the exercise of
13 any thereof, or incident to the general representation of the
14 bondholders in the enforcement of their right.

15 Before any bonds shall be sold by the district, a certified copy
16 of the proceedings for the issuance thereof, including the form of
17 such bonds, together with any other information which the Attorney
18 General of the State of Oklahoma may require, shall be submitted to
19 the Attorney General and if he shall find that such bonds have been
20 issued in accordance with law he shall approve such bonds and
21 execute a certificate to that effect which shall be filed in the
22 Office of the State Auditor and Inspector of the State of Oklahoma
23 and be recorded in a record kept for that purpose. No bonds shall
24 be issued until the same shall have been registered by the State

1 Auditor and Inspector, who shall so register the same if the
2 Attorney General shall have filed with the State Auditor and
3 Inspector his certificate approving the bonds and the proceedings
4 for the issuance thereof as hereinabove provided. All bonds
5 approved by the Attorney General as aforesaid, and registered by the
6 State Auditor and Inspector as aforesaid, and issued in accordance
7 with the proceedings so approved shall be valid and binding
8 obligations of the district and shall be incontestable for any cause
9 from and after the time of such registration.

10 The Board shall advise the Attorney General of all meetings and
11 conferences which concern the issuance of bonds by the Grand River
12 Dam Authority for the Coal-Fired Plant No. 2. The Attorney General
13 or his designee shall attend all such meetings and provide to the
14 Speaker of the House of Representatives and the President Pro
15 Tempore of the Senate a report on the progress of the bond issuance
16 and any recommendations for legislative action necessary for the
17 proper issuance of such bonds.

18 SECTION 2. AMENDATORY 82 O.S. 2001, Section 873, is
19 amended to read as follows:

20 Section 873. A. The Grand River Dam Authority is hereby
21 authorized to fund and refund any and all lawful obligations and any
22 and all revenue bonds issued, or contracted to be sold, by it by the
23 issuance of new revenue bonds, or from the proceeds of sale of new
24 revenue bonds, or by the exchange of new revenue bonds and to

1 renegotiate any agreement of indenture whereunder said obligations
2 or revenue bonds authorized to be funded and refunded hereby may be
3 outstanding, or contracted, but any new revenue bonds issued,
4 exchanged or sold to fund or refund said outstanding obligations and
5 revenue bonds and all agreements and indentures providing for the
6 payment and securing thereof shall conform to the provisions of the
7 Grand River Dam Authority Act, as amended; provided, that no
8 outstanding obligations or revenue bonds shall be funded or refunded
9 or exchanged on the basis of a price in excess of principal, accrued
10 interest, redemption premium, or charges in excess of those provided
11 by said obligations or revenue bonds or the indenture or agreement
12 whereunder issued or incurred, plus the necessary and reasonable
13 costs of funding, refunding or exchange thereof; provided, further
14 that said Authority shall have the power to purchase any revenue
15 bonds issued, or contracted to be issued, by it at a price not
16 exceeding the redemption price applicable at the time of purchase
17 thereof, or, if no redemption price is fixed, then at principal plus
18 accrued interest, from any funds available and provided for the
19 payment of said revenue bonds and when purchased said bonds shall be
20 canceled.

21 B. The Authority is further authorized to enter into interest
22 rate swaps and other derivative products, and other financial
23 instruments intended to hedge interest rate risk or manage interest
24 rate costs, including any option to enter into or terminate any of

1 them, that the Authority deems to be necessary or desirable in
2 connection with any bonds issued prior to, at the same time as, or
3 after entering into such arrangement, and containing such terms and
4 provisions, and may be with such parties, as determined by the
5 Authority. Provided, any action taken by the Authority pursuant to
6 this subsection must first be approved by the Office of the State
7 Bond Advisor and the Council of Bond Oversight pursuant to the
8 provisions of the Oklahoma Bond Oversight and Reform Act.

9 SECTION 3. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 863.3 of Title 82, unless there
11 is created a duplication in numbering, reads as follows:

12 A. There is hereby created the Joint Legislative Task Force on
13 the Grand River Dam Authority for the purpose of studying the
14 functions, activities, policies, procedures and expenditures
15 performed by the district and any related issues the task force
16 deems appropriate. Members of the task force shall be appointed in
17 January of each year following a state general election by the
18 President Pro Tempore of the Senate and the Speaker of the House of
19 Representatives. Membership shall be made up of all Senate and
20 House members whose legislative districts include a portion of the
21 Grand River Dam Authority district. The President Pro Tempore and
22 Speaker shall each designate one of their members to be cochairs of
23 the task force. Meetings of the task force shall be called by the
24 cochairs. A majority of the appointed members shall constitute a

1 quorum for any meeting of the task force. Staffing assistance shall
2 be provided by the staff of the Senate and House of Representatives.

3 B. The members of the task force created herein shall continue
4 to serve until new members are appointed pursuant to the provisions
5 of subsection A of this section. Such task force is authorized to
6 adopt any recommendations or issue any report it deems necessary.

7 Any recommendations or reports shall be approved by a majority of
8 the appointed members. Copies of any recommendations or reports
9 issued by the task force shall be distributed to the Governor, the
10 President Pro Tempore of the Senate and the Speaker of the House of
11 Representatives, the members of the Grand River Dam Authority Board
12 of Directors and the General Manager of the Grand River Dam
13 Authority.

14 C. Members serving on this task force shall be entitled to
15 travel reimbursement as provided by Section 456 of Title 74 of the
16 Oklahoma Statutes.

17 SECTION 4. NEW LAW A new section of law not to be
18 codified in the Oklahoma Statutes reads as follows:

19 Initial appointments to the task force created pursuant to the
20 provisions of Section 3 of this act shall be made no later than
21 thirty (30) days following the enactment of this act.

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