

1 STATE OF OKLAHOMA

2 2nd Session of the 51st Legislature (2008)

3 SENATE BILL 1137

By: Lerblance

4
5 AS INTRODUCED

6 An Act relating to state finance; authorizing the
7 Oklahoma Capitol Improvement Authority to issue
8 obligations for certain acquisition, construction,
9 repairs, refurbishments and improvements; enumerating
10 projects and amounts; requiring transfer of property
11 upon occurrence of certain event; authorizing
12 borrowing of certain amount of money for certain
13 purposes; stating legislative intent; providing for
14 payment of certain fees and costs; providing
15 procedures for issuance of certain obligations;
16 authorizing certain agreements; providing for use of
17 certain interest earnings; exempting certain
18 obligations, transfers and interest from taxation;
19 authorizing investment of funds; providing for
20 codification; providing an effective date; and
21 declaring an emergency.

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

23 SECTION 1. NEW LAW A new section of law to be codified
24 in the Oklahoma Statutes as Section 333 of Title 73, unless there is
25 created a duplication in numbering, reads as follows:

26 A. The Oklahoma Capitol Improvement Authority is authorized to
27 issue obligations to provide funding to acquire real property,
28 together with improvements located thereon, and personal property to
29 construct buildings and other improvements to real property and to
30 provide funding for repairs, refurbishments and improvements to real

1 and personal property and for funding for the following capital
2 projects as described below:

3 1. Construction of an expansion project with a capacity of
4 approximately one thousand five hundred sixty-eight (1,568) maximum
5 security beds at the Oklahoma State Penitentiary in a total project
6 amount of approximately One Hundred Seventy-Six Million Two Hundred
7 Ninety Thousand Dollars (\$176,290,000.00);

8 2. Construction of a housing unit with a capacity of
9 approximately six hundred eight (608) minimum security beds at the
10 Charles E. "Bill" Johnson Correctional Center in a total project
11 amount of approximately Fifteen Million Three Hundred Thirty-two
12 Thousand Dollars (\$15,332,000.00);

13 3. Construction of an expansion project with a capacity of
14 approximately three hundred (300) medium security beds at the Dick
15 Conner Correctional Center in a total project amount of
16 approximately Twenty-One Million Five Hundred Ninety-three Thousand
17 Dollars (\$21,593,000.00);

18 4. Construction of an expansion project with a capacity of
19 approximately six hundred (600) medium security beds at the James
20 Crabtree Correctional Center in a total project amount of
21 approximately Thirty-three Million Six Hundred Forty-seven Thousand
22 Dollars (\$33,647,000.00);

23 5. Construction of an expansion project with a capacity of
24 approximately three hundred (300) medium security beds at the

1 Oklahoma State Reformatory in a total project amount of
2 approximately Eighteen Million Four Hundred Eighty-five Thousand
3 Dollars (\$18,485,000.00);

4 6. Construction of a facility expansion project for
5 approximately three hundred (300) additional medium security beds
6 and three hundred (300) minimum security beds at the Mack Alford
7 Correctional Center in a total project amount of approximately
8 Twenty-One Million Seven Hundred Ninety-one Thousand Dollars
9 (\$21,791,000.00);

10 7. Construction of a segregated housing unit of approximately
11 forty-two (42) beds at the William Key Correctional Center in a
12 total project amount of approximately Six Million One Hundred
13 Ninety-nine Thousand Dollars (\$6,199,000.00); and

14 8. Construction of facility expansion for approximately two
15 hundred (200) additional mental health beds and a segregated housing
16 unit of approximately one hundred (100) beds at the Lexington
17 Assessment and Reception Center/Joe Harp Correctional Center in a
18 total project amount of approximately Sixteen Million Two Hundred
19 Twenty-six Thousand Dollars (\$16,226,000.00).

20 B. The Authority may hold title to the new real and personal
21 property and improvements and place liens on improved existing
22 property until such time as any obligations issued for this purpose
23 are retired or defeased and may lease the real property and
24 improvements to the Department of Corrections. Upon final

1 redemption or defeasance of the obligations created pursuant to this
2 section, title to the real and personal property and improvements
3 shall be transferred from the Authority to the Department of
4 Corrections.

5 C. For the purpose of paying the costs for acquisition and
6 construction of the real property and improvements and personal
7 property and making the repairs, refurbishments, and improvements to
8 real and personal property, and providing funding for the projects
9 authorized in subsection A of this section, and for the purposes
10 authorized in subsection D of this section, the Authority is hereby
11 authorized to borrow monies on the credit of the income and revenues
12 to be derived from the leasing of such real and personal property
13 and improvements and, in anticipation of the collection of such
14 income and revenues, to issue negotiable obligations in a total
15 amount sufficient to generate Three Hundred Nine Million Five
16 Hundred Sixty-three Thousand Dollars (\$309,563,000.00) in one or
17 more series. It is the intent of the Legislature to appropriate to
18 the Department sufficient monies to make rental payments for the
19 purposes of retiring the obligations created pursuant to this
20 section.

21 D. To the extent funds are available from the proceeds of the
22 borrowing authorized by subsection C of this section, the Authority
23 shall provide for the payment of professional fees and associated
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1 costs related to the projects authorized in subsection A of this
2 section.

3 E. The Authority may issue obligations in one or more series
4 and in conjunction with other issues of the Authority. The
5 Authority is authorized to hire bond counsel, financial consultants,
6 and such other professionals as it may deem necessary to provide for
7 the efficient sale of the obligations and may utilize a portion of
8 the proceeds of any borrowing to create such reserves as may be
9 deemed necessary and to pay costs associated with the issuance and
10 administration of such obligations.

11 F. The obligations authorized under this section may be sold at
12 either competitive or negotiated sale, as determined by the
13 Authority, and in such form and at such prices as may be authorized
14 by the Authority. The Authority may enter into agreements with such
15 credit enhancers and liquidity providers as may be determined
16 necessary to efficiently market the obligations. The obligations
17 may mature and have such provisions for redemption as shall be
18 determined by the Authority, but in no event shall the final
19 maturity of such obligations occur later than twenty-five (25) years
20 from the first principal maturity date. The first principal
21 maturity date of any series of obligations issued under this section
22 must occur no later than thirty (30) months from the date of
23 issuance.

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1 G. Any interest earnings on construction or acquisition funds
2 created for the purposes of this section may be utilized for the
3 projects authorized in subsection A of this section. Any interest
4 earnings on other funds or accounts created for the purposes of this
5 section may be utilized as partial payment of the annual debt
6 service or for the purposes directed by the Authority.

7 H. The obligations issued under this section, the transfer
8 thereof and the interest earned on such obligations, including any
9 profit derived from the sale thereof, shall not be subject to
10 taxation of any kind by the State of Oklahoma, or by any county,
11 municipality or political subdivision therein.

12 I. The Authority may direct the investment of all monies in any
13 funds or accounts created in connection with the offering of the
14 obligations authorized under this section. Such investments shall
15 be made in a manner consistent with the investment guidelines of the
16 State Treasurer. The Authority may place additional restrictions on
17 the investment of such monies if necessary to enhance the
18 marketability of the obligations.

19 J. Insofar as they are not in conflict with the provisions of
20 this section, the provisions of Section 151 et seq. of Title 73 of
21 the Oklahoma Statutes shall apply to this section.

22 SECTION 2. This act shall become effective July 1, 2008.

23 SECTION 3. It being immediately necessary for the preservation
24 of the public peace, health and safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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