STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 895 By: Loveless

AS INTRODUCED

An Act relating to the State Bond Advisor; consolidating Office of the State Bond Advisor into Office of the State Treasurer; providing for transfer of funds, documents, personnel, rules and other actions; amending 62 O.S. 2011, Sections 695.7, as amended by Section 5, Chapter 275, O.S.L. 2012, and 695.8a, as amended by Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Sections 695.7 and 695.8a), which relate to the Oklahoma State Bond Advisor; providing that the Council of Bond Oversight and the State Treasurer jointly appoint State Bond Advisor; providing that State Bond Advisor be employee of Office of the State Treasurer; clarifying procedures and vote requirements; transferring Bond Oversight Revolving Fund to Office of the State Treasurer; repealing 62 O.S. 2011, Section 695.7a, as amended by Section 6, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2015, Section 695.7a), which relates to contracts for services and office space for the State Bond Advisor; providing for codification; providing an effective date; 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 373 of Title 74, unless there is created a duplication in numbering, reads as follows:

A. The Office of the State Bond Advisor is hereby consolidated into the Office of the State Treasurer.

B. Any funds appropriated to, in the possession of, or allocated to the Office of the State Bond Advisor shall be deemed to be funds of and shall be transferred to the Office of the State Treasurer.

C. All books, papers, records, property, functions, powers, duties, and obligations of the Office of the State Bond Advisor are hereby transferred to the Office of the State Treasurer.

D. All personnel of the Office of the State Bond Advisor are hereby transferred to the Office of the State Treasurer.

E. All rules, regulations, acts, orders, determinations, and decisions pertaining to the functions and powers herein transferred and assigned to the Office of the State Treasurer, in force at the time of such transfer or assignment, shall continue in force and effect until duly modified or abrogated by the State Treasurer or until otherwise provided by law.

SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.7, as amended by Section 5, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2015, Section 695.7), is amended to read as follows:

Section 695.7. A. 1. The Council of Bond Oversight <u>and the State Treasurer</u> shall <u>jointly</u> 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". The State Bond Advisor shall be an employee of the Office of the State Treasurer.

2. When appointing a person to the position of Oklahoma State Bond Advisor, the Council and the State Treasurer shall conduct a national search in seeking requests for proposals for the position. The person selected as the Oklahoma State Bond Advisor shall be approved by an affirmative vote of not fewer than three of the members of the Council and appointed to the position, subject to the advice and consent of the Senate.

3. The Oklahoma State Bond Advisor may be removed for cause by an affirmative vote of not fewer than three of the members of the Council, after a public hearing.

B. The Oklahoma State Bond Advisor may employ the necessary staff to carry out the duties of the Bond Advisor and the duties of the Council, with approval of the Council and the State Treasurer. The Office of the State Bond Advisor shall be a ~~separate state agency as set forth in Section 695.7a of this title~~ division of the Office of the State Treasurer.

C. 1. Except as provided in Section 695.8 of this title, prior to engaging the services of underwriters, bond or other legal counsel, financial advisors, consultants, a financial institution to serve as trustee, paying agent or in any fiduciary capacity in connection with any program, indenture or general resolution of the State Governmental Entity, or any other experts, except as provided in Section 5062.8 of Title 74 of the Oklahoma Statutes, the State Governmental Entity shall, in conjunction with a State Governmental Entity Financing, request proposals for such services from a plurality of persons engaged in the particular activity for such services and the selection of such persons shall be made on the basis of the response to the request which is the most economical and will provide competent service which furthers the best interest of the State Governmental Entity and the state. In negotiating requests for proposals to engage such services, the State Governmental Entity shall seek the advice and assistance of the Oklahoma State Bond Advisor. Under no circumstances shall proprietary inducements be granted. The Oklahoma State Bond Advisor shall provide assistance and advice to State Governmental Entities with respect to the issuance of obligations by the State Governmental Entities, review, negotiate, and approve or disapprove the fees and expenses for goods and services requisite to or deemed desirable in the issuance of State Governmental Entity obligations and State Governmental Entity Financing and shall represent the

interests of the state before rating agencies and credit enhancement providers.

2. Any State Governmental Entity or Local Governmental Entity proposing to make a significant modification to the terms of any State Governmental Entity Financing, including modification of collateral by substitution, swap, or other derivative product shall first obtain the written approval of the Oklahoma State Bond Advisor. If the Oklahoma State Bond Advisor denies approval, the State Governmental Entity or Local Governmental Entity may request the Council to review and approve proposed modifications.

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

E. The Oklahoma State Bond Advisor or any member of the immediate family of the Oklahoma State Bond Advisor shall not have any direct or indirect financial or contractual relationship with any firm or corporation or any officer, partner or principal

stockholder of any firm or corporation directly involved in public finance.

SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8a, as amended by Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp. 2015, Section 695.8a), is amended to read as follows:

Section 695.8a. There is hereby created in the State Treasury a revolving fund for the Office of the ~~State Bond Advisor~~ State Treasurer, to be designated the "Bond Oversight Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of fees collected pursuant to Section 695.8 of this title and any other monies provided for by law. All monies accruing to the credit of said fund are hereby appropriated and may be budgeted and expended by the Office of the ~~State Bond Advisor~~ State Treasurer for expenses related to the Oklahoma Bond Oversight and Reform Act. Expenditures from said fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

SECTION 4. REPEALER 62 O.S. 2011, Section 695.7a, as amended by Section 6, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2015, Section 695.7a), is hereby repealed.

SECTION 5. This act shall become effective July 1, 2016.

SECTION 6. 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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