ENGROSSED SENATE
BILL NO. 1590

By: David and Fields of the Senate

and

Wallace and Casey of the House

An Act relating to public finance; authorizing the Oklahoma Capitol Improvement Authority to issue obligations in certain net amount to provide funding for making improvements to existing correctional facilities; directing deposit of certain funds; directing use of funds for specified purpose as identified; providing for debt retirement payments; directing how title is to be held and when it is to be transferred; authorizing capitalization of certain interest for a specified period of time; stating legislative intent; authorizing payment of certain fees and costs by certain entity; providing methods for issuance of obligations; authorizing hiring certain professionals for certain purposes; providing for sale of obligations by certain methods; limiting maturity of obligations; providing for use of certain interest earnings; exempting certain obligations, transfers, and interest from taxation; providing for investment and oversight; requiring compliance with certain statutory provisions; and providing for codification.

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 348 of Title 73, unless there is created a duplication in numbering, reads as follows:

A. In addition to any other authorization provided by law, the Oklahoma Capitol Improvement Authority is authorized to issue notes, bonds or other evidences of obligation in an amount necessary to generate net proceeds of One Hundred Sixteen Million Five Hundred Thousand Dollars ($116,500,000.00) after providing for costs of issuance, credit enhancement, reserves and other associated expenses related to the financing. Net proceeds of the financing will be deposited into a construction fund to provide for the financing of maintenance, repairs, equipment and improvements of existing correctional facilities for the Oklahoma Department of Corrections with debt retirement payments to be made as provided in this section.

B. The Authority may hold title to the real and personal property and improvements thereon until such time as any obligations issued for this purpose are retired or defeased and may lease the real property and improvements to the Oklahoma Department of Corrections. Upon final redemption or defeasance of the obligations created pursuant to this section, title to the real and personal property and improvements shall be transferred from the Authority to the Oklahoma Department of Corrections.

C. For the purposes authorized in subsections A and D of this section, the Authority is hereby authorized to borrow monies on the credit of the income and revenues to be derived from the leasing of such properties and, in anticipation of the collection of such income and revenues, to issue negotiable obligations whether issued in one or more series. The Authority is authorized to capitalize interest on the obligations issued pursuant to this section for a period of time not to exceed one (1) year from the date of issuance. Excluding any capitalized interest period, it is the intent of the Legislature to appropriate to the Oklahoma Department of Corrections sufficient monies to make debt service payments for the purpose of retiring the obligations created pursuant to this section. To the extent funds are available from the proceeds of the borrowing authorized by this subsection, the Oklahoma Capitol Improvement Authority shall provide for the payment of professional fees and associated costs related to the project authorized in subsection A of this section.

D. The Authority may issue obligations in one or more series and in conjunction with other issues of the Authority. The Authority 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 proceed 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.

E. 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 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, but in no event shall the final maturity of such obligations occur later than twenty (20) years from the first principal maturity date.

F. Any interest earnings on funds or accounts created for the purposes of this section may be utilized as partial payment of the annual debt service or for the purposes directed by the Authority.

G. 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.

H. The Authority 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 guidelines of the State Treasurer. The Authority may place additional restrictions on the investment of such monies if necessary to enhance the marketability of the obligations.

I. 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 this section.

Passed the Senate the 1st day of May, 2018.

Presiding Officer of the Senate

Passed the House of Representatives the ____ day of __________, 2018.

Presiding Officer of the House of Representatives