ENGROSSED HOUSE
BILL NO. 2387 By: Osborn (Leslie) and Wallace of the House

and

David and Fields of the Senate

An Act relating to the Office of Juvenile Affairs; stating intent with regard to the Office of Juvenile Affairs for certain modifications to assets; imposing duty on the Office of Juvenile Affairs; authorizing assistance by the Office of Management and Enterprise Services and the Commissioners of the Land Office; providing for options with respect to assets; providing for selection of certain option; providing remaining option not to be operative; prescribing procedures for selection of best-value option; requiring memorandum; providing for transmission of memorandum to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate; providing for transmission of memorandum to members of the governing board of the Oklahoma Capitol Improvement Authority based upon certain option selection; providing for inoperability of provisions related to issuance of obligations; authorizing Office of Juvenile Affairs to sell certain property; requiring fair market value for sale; providing for negotiation of public-private partnership; requiring request for proposal; requiring negotiation of lease and sublease agreement; stating intent with respect to appropriations; requiring development of certain plans related to assets of the Office of Juvenile Affairs; requiring report to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate; imposing time limit for report; authorizing Oklahoma Capitol Improvement Authority to issue obligations; providing for approval process in order to authorize issuance of obligations; authorizing acquisition of real and personal property; providing for net proceeds amount; authorizing holding of title by the Oklahoma Capitol Improvement Authority; providing for transfer of title to the Office of Juvenile Affairs upon final redemption or defeasance; authorizing borrowing of monies based upon certain revenues; authorizing capitalization of interest; stating legislative intent regarding appropriations; authorizing payment of certain fees or costs; providing exception; authorizing issuance of obligations in series; authorizing professional advisors; providing for competitive or negotiated sale; providing for agreements related to liquidity; providing for maturity and redemption; authorizing certain use of interest; providing for exempt treatment with respect to taxes; authorizing investment of monies or funds; imposing standard for investment; authorizing restrictions; providing for applicability of certain statutory provisions related to the Oklahoma Capitol Improvement Authority; 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 2-7-618 of Title 10A, unless there is created a duplication in numbering, reads as follows:

A. It is the intent of the State of Oklahoma for the Office of Juvenile Affairs (OJA) to plan, develop, redevelop and occupy campus modifications to serve Oklahoma youth in need of secure care and specialty residential services. In furtherance of this intent, OJA shall plan and execute a construction strategy through a best-value analysis of two financing sources. The Oklahoma Office of Management and Enterprise Services (OMES) and the Commissioners of the Land Office (CLO) are authorized to assist OJA in assessing the best option and proceeding with necessary steps. OJA is authorized to pursue one of these two options based upon the input from the OJA governing board, OMES and the CLO.

B. The option that is determined to be best-value for the State of Oklahoma pursuant to subsection C of this section will be selected and the authorization for the other financing strategy shall not be operative.

C. Not later than March 31, 2018, or one hundred eighty (180) days from such date if the provisions of this act become effective as law later than July 1, 2017, pursuant to recommendations for the best-value option agreed upon by a majority vote of the governing board of OJA, a majority vote of the Commissioners of the Land Office and the agreement of the Director of the Office of Management and Enterprise Services, a memorandum reflecting the decision of the participating agencies shall be transmitted to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the Oklahoma State Senate. If the best-value option selected is for the issuance of obligations by the Oklahoma Capitol Improvement Authority pursuant to the provisions of Section 4 of this act, a copy of the signed and executed memorandum shall be transmitted to the members of the governing board of the Oklahoma Capitol Improvement Authority. If the best-value option selected does not require the issuance of obligations by the Oklahoma Capitol Improvement Authority, the provisions of Section 4 of this act shall not be operative and the Oklahoma Capitol Improvement Authority shall not have the power or legal authority to issue any obligations pursuant to the provisions of Section 4 of this act.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-7-619 of Title 10A, unless there is created a duplication in numbering, reads as follows:

If the best-value option for the state is to enter into an agreement with CLO and a public/private partnership for the development of the designated campus then OJA is authorized to sell a to-be-determined amount of property on the OJA campus of the Central Oklahoma Juvenile Center to the CLO. The amount of property to be transferred will be determined by the footprint of the proposed construction/refurbishment. In exchange for the property, OJA will receive from the CLO fair market value for the land. The CLO, on behalf of OJA, will negotiate a public/private partnership for the construction of juvenile justice assets. The CLO will develop a Request For Proposal (RFP) to select a private development company to construct the necessary facilities for the operation of a juvenile justice secure care facility. OMES will negotiate on behalf of OJA the necessary lease and sublease terms for the continued operation of the facility for up to twenty-five (25) years. It is the intent of the Legislature to make appropriations as required in order for the Office of Juvenile Affairs to make required lease and sublease payments related to real property or improvements or both, as provided by this act.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2-7-620 of Title 10A, unless there is created a duplication in numbering, reads as follows:

Concurrent with the OJA campus consolidation process as contemplated by this act, OJA is directed to develop, in collaboration with other executive branch agencies and such other entities as OJA deems necessary in furtherance of the requirements of this act, plans for the repurposing of the Southwest Oklahoma Juvenile Center and the Oklahoma Juvenile Center for Girls campuses. The agency shall provide a report to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the State Senate on recommendations for future use of those facilities not later than March 31, 2018, or one hundred eighty (180) days from such date if the provisions of this act become effective as law later than July 1, 2017.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 701 of Title 73, unless there is created a duplication in numbering, reads as follows:

A. In addition to any other authorization provided by law, but subject to the approval process prescribed by Section 1 of this act and the delivery of a memorandum as described by subsection C of Section 1 of this act authorizing the issuance of obligations, the

Oklahoma Capitol Improvement Authority is authorized to issue obligations to acquire real property, together with improvements located thereon, and personal property to construct improvements to real property and to provide funding for repairs, refurbishments and improvements to real and personal property of the Office of Juvenile Affairs sufficient to generate net proceeds in the amount of Forty-five Million Dollars ($45,000,000.00).

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

C. For the purposes of paying the costs for construction of the real property and improvements, and providing funding for the project authorized in subsection A of this section, and for the purpose authorized in subsection 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 property and improvements and, in anticipation of the collection of such income and revenues, to issue negotiable obligations in a total amount sufficient to generate net proceeds of Forty-five Million Dollars

($45,000,000.00) 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 not to exceed one (1) year from the date of issuance. For subsequent fiscal years, it is the intent of the Legislature to appropriate to the Office of Juvenile Affairs sufficient monies to make rental 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; provided, that no such fees or costs may be paid if such payments would jeopardize the tax-advantaged status of the bonds under federal law.

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 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.

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-five (25) 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.

SECTION 5. This act shall become effective July 1, 2017.

SECTION 6. It being immediately necessary for the preservation of the public peace, health or 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.

Passed the House of Representatives the 15th day of May, 2017.

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Presiding Officer of the House of Representatives

Passed the Senate the ___ day of __________, 2017.

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Presiding Officer of the Senate