

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 HOUSE BILL 3336

By: Fugate

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5
6 AS INTRODUCED

7 An Act relating to public trusts; amending 60 O.S.
8 2021, Section 176, which relates to trusts for public
9 functions; defining term; and providing an effective
10 date.

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

13 SECTION 1. AMENDATORY 60 O.S. 2021, Section 176, is
14 amended to read as follows:

15 Section 176. A. Express trusts may be created to issue
16 obligations, enter into financing arrangements including, but not
17 limited to, lease-leaseback, sale-leaseback, interest rate swaps and
18 other similar transactions and to provide funds for the furtherance
19 and accomplishment of any authorized and proper public function or
20 purpose of the state or of any county or municipality or any and all
21 combinations thereof, in real or personal property, or either or
22 both, or in any estate or interest in either or both, with the
23 state, or any county or municipality or any and all combinations
24 thereof, as the beneficiary thereof by:

1 1. The express approval of the Legislature and the Governor if
2 the State of Oklahoma is the beneficiary;

3 2. The express approval of two-thirds (2/3) of the membership
4 of the governing body of the beneficiary if a county is a
5 beneficiary;

6 3. The express approval of two-thirds (2/3) of the membership
7 of the governing body of the beneficiary if a municipality is a
8 beneficiary; or

9 4. The express approval of two-thirds (2/3) of the membership
10 of the governing body of each beneficiary in the event a trust has
11 more than one beneficiary; provided, that no funds of a beneficiary
12 derived from sources other than the trust property, or the operation
13 thereof, shall be charged with or expended for the execution of the
14 trust, except by express action of the legislative authority of the
15 beneficiary prior to the charging or expending of the funds. The
16 officers or any other governmental agencies or authorities having
17 the custody, management or control of any property, real or personal
18 or mixed, of the beneficiary of the trust, or of a proposed trust,
19 which property shall be needful for the execution of the trust
20 purposes, are authorized and empowered to lease the property for
21 those purposes, after the acceptance of the beneficial interest
22 therein by the beneficiary as hereinafter provided.

23 B. Any trust created pursuant to the provisions of this
24 section, in whole or in part, may engage in activities outside of

1 the geographic boundaries of its beneficiary, so long as the
2 activity provides a benefit to a large class of the public within
3 the beneficiary's geographic area or lessens the burdens of
4 government of the beneficiary and which does not solely provide a
5 benefit by generating administrative fees.

6 C. A municipality may convey title to real property which is
7 used for an airport to the trustees of an industrial development
8 authority trust whose beneficiary is the municipality. The
9 industrial development authority trust must already have the
10 custody, management or control of the real property. The conveyance
11 must be approved by a majority of the governing body of the
12 municipality. A conveyance pursuant to this section may be made
13 only for the sole purpose of allowing the authority to sell the
14 property for fair market value when the property is to be used for
15 industrial development purposes. Conveyances made pursuant to this
16 subsection shall be made subject to any existing reversionary
17 interest or other restrictions burdening the property and subject to
18 any reversionary interest or other restriction considered prudent by
19 the municipality.

20 D. The trustees of a public trust having the State of Oklahoma
21 as beneficiary shall make and adopt bylaws for the due and orderly
22 administration and regulation of the affairs of the public trust.
23 All bylaws of a public trust having the State of Oklahoma as
24 beneficiary shall be submitted in writing to the Governor of the

1 State of Oklahoma. The Governor must approve the proposed bylaws
2 before they take effect.

3 E. No public trust in which the State of Oklahoma is the
4 beneficiary may be amended without a two-thirds (2/3) vote of
5 approval of the trustees of the trust; provided, that any amendment
6 is subject to the approval of the Governor of the State of Oklahoma.
7 Any amendments shall be sent to the Governor within fifteen (15)
8 days of their adoption.

9 F. No trust in which a county or municipality is the
10 beneficiary shall hereafter create an indebtedness or obligation
11 until the indebtedness or obligation has been approved by a two-
12 thirds (2/3) vote of the governing body of the beneficiary. In the
13 event a trust has more than one beneficiary, as authorized by this
14 section, the trust shall not incur an indebtedness or obligation
15 until the indebtedness or obligation has been approved by a two-
16 thirds (2/3) vote of the governing body of two-thirds (2/3) of the
17 beneficiaries of the trust. Provided, however, a municipality with
18 a governing body consisting of fewer than seven (7) members shall be
19 required to approve the creation of an indebtedness or obligation
20 under this subsection by a three-fifths (3/5) vote of the governing
21 body.

22 G. All bonds described in subsection F of this section, after
23 December 1, 1976, except bonds sold to the federal government or any
24 agency thereof or to any agency of the State of Oklahoma, shall be

1 awarded to the lowest and best bidder based upon open competitive
2 public offering, advertised at least once a week for two (2)
3 successive weeks in a newspaper of general circulation in the county
4 where the principal office of the trust is located prior to the date
5 on which bids are received and opened; provided, competitive bidding
6 may be waived on bond issues with the approval of three-fourths
7 ($\frac{3}{4}$) of the trustees, unless the trust has fewer than four
8 trustees, in which case a two-thirds ($\frac{2}{3}$) approval shall be
9 required, and a three-fourths ($\frac{3}{4}$) vote of the governing body of
10 the beneficiary, unless the beneficiary is a county in which case a
11 two-thirds ($\frac{2}{3}$) vote of the members of the governing body shall be
12 required, or three-fourths ($\frac{3}{4}$) vote of the governing bodies of
13 each of the beneficiaries of the trust, unless one of the
14 beneficiaries is a county in which case a two-thirds ($\frac{2}{3}$) vote of
15 the members of the governing body of such county shall be required.
16 No bonds shall be sold for less than par value, except upon approval
17 of three-fourths ($\frac{3}{4}$) of the trustees, unless the beneficiary is a
18 county in which case a two-thirds ($\frac{2}{3}$) vote of the members of the
19 governing body shall be required. In no event shall bonds be sold
20 for less than sixty-five percent (65%) of par value; provided,
21 however, in no event shall the original purchaser from the issuer of
22 any bonds issued by any public trust for any purpose receive
23 directly or indirectly any fees, compensation or other remuneration
24 in excess of four percent (4%) of the price paid for the bonds by

1 the purchaser of the bonds from the original purchaser; and further
2 provided, that the average coupon rate thereon shall in no event
3 exceed fourteen percent (14%) per annum. No public trust shall sell
4 bonds for less than ninety-six percent (96%) of par value until the
5 public trust has received from the underwriter or financial advisor
6 or, in the absence of an underwriter or financial advisor, the
7 initial purchaser of the bonds, an estimated alternative financing
8 structure or structures showing the estimated total interest and
9 principal cost of each alternative. At least one alternative
10 financing structure shall include bonds sold to the public at par.
11 Any estimates shall be considered a public record of the public
12 trust. Bonds, notes or other evidences of indebtedness issued by
13 any public trust shall be eligible for purchase by any state banking
14 association or corporation subject to such limitations as to
15 investment quality as may be imposed by regulations, rules or
16 rulings of the State Banking Commissioner.

17 H. Public trusts created pursuant to this section shall file
18 annually, with their respective beneficiaries, copies of financial
19 documents and reports sufficient to demonstrate the fiscal activity
20 of such trust, including, but not limited to, budgets, financial
21 reports, bond indentures and audits. Amendments to the adopted
22 budget shall be approved by the trustees of the public trust and
23 recorded as such in the official minutes of such trust.

1 I. Contracts for construction, labor, equipment, material or
2 repairs in excess of Fifty Thousand Dollars (\$50,000.00) shall be
3 awarded by public trusts to the lowest and best competitive bidder,
4 pursuant to public invitation to bid, which shall be published in
5 the manner provided in subsection G of this section; the
6 advertisements shall appear in the county where the work, or the
7 major part of it, is to be done, or the equipment or materials are
8 to be delivered, or the services are to be rendered; provided,
9 however, should the trustee or the trustees find that an immediate
10 emergency exists, which findings shall be entered in the journal of
11 the trust proceedings, by reason of which an immediate outlay of
12 trust funds in an amount exceeding Seventy-five Thousand Dollars
13 (\$75,000.00) is necessary in order to avoid loss of life,
14 substantial damage to property or damage to the public peace or
15 safety, then the contracts may be made and entered into without
16 public notice or competitive bids; provided that the provisions of
17 this subsection shall not apply to contracts of industrial and
18 cultural trusts. Notwithstanding the provisions of this subsection,
19 equipment or materials may be purchased by a public trust directly
20 from any contract duly awarded by this state or any state agency
21 under the Oklahoma Central Purchasing Act, or from any contract duly
22 awarded by a governmental entity which is the beneficiary of the
23 public trust. Furthermore, any construction contract issued under
24 this section may provide for a local bid preference of not more than

1 five percent (5%) of the bid price if the public trust governing
2 body determines that there is an economic benefit to the local area
3 or economy. Provided, however, the local bidder or contractor must
4 agree to perform the contract for the same price and terms as the
5 bid proposed by the nonlocal bidder or contractor. Any bid
6 preference granted hereunder must be in accordance with an
7 established policy adopted by the governing body of the trust to
8 clearly demonstrate the economic benefit to the local area or
9 economy. Provided, further, no local bid preference shall be
10 granted unless the local bidding entity is the second lowest
11 qualified bid on the contract. The bid specifications shall clearly
12 state that the bid is subject to a local bidder preference law. For
13 purposes of this section, "local bid" means the bidding person is
14 authorized to transact business in this state and maintains a bona
15 fide establishment for transacting such business within this state.
16 This provision does not apply to any construction contract for which
17 federal funds are available for expenditure when its provisions may
18 be in conflict with federal law or regulation.

19 J. Any public trust created pursuant to the provisions of this
20 section shall have the power to acquire lands by use of eminent
21 domain in the same manner and according to the procedures provided
22 for in Sections 51 through 65 of Title 66 of the Oklahoma Statutes.
23 Any exercise of the power of eminent domain by a public trust
24 pursuant to the provisions of this section shall be limited to the

1 furtherance of public purpose projects involving revenue-producing
2 utility projects of which the public trust retains ownership;
3 provided, for public trusts in which the State of Oklahoma is the
4 beneficiary the exercise of the power of eminent domain may also be
5 used for public purpose projects involving air transportation.
6 Revenue-producing utility projects shall be limited to projects for
7 the transportation, delivery, treatment or furnishing of water for
8 domestic purposes or for power, including, but not limited to, the
9 construction of lakes, pipelines and water treatment plants or for
10 projects for rail transportation. Any public trust formed pursuant
11 to this section which has a county as its beneficiary shall have the
12 power to acquire, by use of eminent domain, any lands located either
13 inside the county, or contiguous to the county pursuant to the
14 limitations imposed pursuant to this section.

15 K. Provisions of this section shall not apply to entities
16 created under Sections 1324.1 through 1324.26 of Title 82 of the
17 Oklahoma Statutes.

18 L. Any trust created under Section 176 et seq. of this title,
19 in whole or in part, to operate, administer or oversee any county
20 jail facility shall consist of not less than five members and
21 include a county commissioner and the county sheriff, or their
22 designee, and one member appointed by each of the county
23 commissioners. The appointed members shall not be elected
24 officials.

1 M. As used in this section, "any authorized and proper public
2 function or purpose" includes, for municipalities which have a
3 population of more than six hundred seventy-five thousand (675,000)
4 persons according to the Federal Decennial Census or most recent
5 population estimate, allowing endowments earmarked for social
6 services, rendering services in partnership with state agencies,
7 leveraging federal matching dollars for social services, providing
8 more efficient or effective services for the municipality, or any
9 other purpose that may result in cost savings for the municipality.

10 SECTION 2. This act shall become effective November 1, 2022.

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12 58-2-9585 AQH 12/28/21
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