

1 STATE OF OKLAHOMA

2 1st Session of the 56th Legislature (2017)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 1583

6 By: Caldwell

7 COMMITTEE SUBSTITUTE

8 An Act relating to public finance; amending 62 O.S.
9 2011, Sections 695.7 and 695.7a, as amended by
10 Sections 5 and 6, Chapter 275, O.S.L. 2012 (62 O.S.
11 Supp. 2016, Sections 695.7 and 695.7a), which relate
12 to the Oklahoma State Bond Advisor; providing for
13 employment of the State Bond Advisor by the State
14 Treasurer; modifying provisions related to the
15 selection of the State Bond Advisor by the Council of
16 Bond Oversight; modifying provisions related to
17 confirmation; modifying provisions related to payroll
18 and other services; requiring approval by the State
19 Treasurer; defining terms; requiring certain
20 disclosure by public finance service providers;
21 imposing deadline; prescribing required content;
22 requiring public finance service providers to make
23 certain disclosure prior to entering into contracts;
24 providing for codification; and providing an
effective date.

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

SECTION 1. AMENDATORY 62 O.S. 2011, Section 695.7, as
amended by Section 5, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2016,
Section 695.7), is amended to read as follows:

1 Section 695.7 A. ~~1.~~ ~~The Council of Bond Oversight~~ State
2 Treasurer shall engage the services of a person knowledgeable in the
3 current state of the art of national and international standards for
4 the issuance of obligations by governmental entities and experienced
5 in the negotiation of fees for various goods and services requisite
6 to or deemed desirable in the issuance of such obligations as well
7 as the negotiation of other matters essential to provide the best
8 current price and terms of the issuance of such obligations for the
9 benefit of Oklahoma firms, farms, individuals and local communities,
10 who shall have the title "Oklahoma State Bond Advisor".

11 ~~2.~~ When ~~appointing~~ hiring a person to the position of Oklahoma
12 State Bond Advisor, the ~~Council~~ State Treasurer shall conduct a
13 national search in seeking requests for proposals for the position.
14 ~~The person selected as the Oklahoma State Bond Advisor shall be~~
15 ~~approved by an affirmative vote of three of the members of the~~
16 ~~Council and appointed to the position, subject to the advice and~~
17 ~~consent of the Senate.~~

18 ~~3.~~ ~~The Oklahoma State Bond Advisor may be removed for cause by~~
19 ~~an affirmative vote of three of the members of the Council, after a~~
20 ~~public hearing.~~

21 B. The Oklahoma State Bond Advisor may employ the necessary
22 staff to carry out the duties of the Bond Advisor and the duties of
23 the Council of Bond Oversight, with approval of the ~~Council.~~ ~~The~~
24

1 ~~Office of the State Bond Advisor shall be a separate state agency as~~
2 ~~set forth in Section 695.7a of this title~~ State Treasurer.

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

1 desirable in the issuance of State Governmental Entity obligations
2 and State Governmental Entity Financing and shall represent the
3 interests of the state before rating agencies and credit enhancement
4 providers.

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

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

23 E. The Oklahoma State Bond Advisor or any member of the
24 immediate family of the Oklahoma State Bond Advisor shall not have

1 any direct or indirect financial or contractual relationship with
2 any firm or corporation or any officer, partner or principal
3 stockholder of any firm or corporation directly involved in public
4 finance.

5 SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.7a, as
6 amended by Section 6, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2016,
7 Section 695.7a), is amended to read as follows:

8 Section 695.7a ~~A.~~ The Oklahoma State Bond Advisor may contract
9 with the Office of Personnel Management or another state agency for
10 payroll or other administrative services, subject to the approval of
11 the State Treasurer.

12 ~~B. The Office of the State Bond Advisor is authorized to rent,~~
13 ~~lease, or own appropriate office space and property to conduct its~~
14 ~~business.~~

15 SECTION 3. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 695.10A of Title 62, unless
17 there is created a duplication in numbering, reads as follows:

18 A. As used in this section, "public finance service provider"
19 means:

20 1. An underwriter for a general obligation bond issued by a
21 political subdivision of the state;

22 2. An underwriter for a revenue bond issued by a trust formed
23 pursuant to the provisions of Section 176 et seq. of Title 60 of the
24 Oklahoma Statutes if a political subdivision is a beneficiary or a

1 combination of political subdivisions are the beneficiaries of such
2 public trust;

3 3. An underwriter for any other type of debt obligation not
4 specifically identified in paragraph 1 or 2 of this subsection to be
5 issued by or on behalf of a county, city, town, school district,
6 career technology district, or any other unit of local government
7 having the ability to issue any form of debt obligation;

8 4. A financial advisor providing services in connection with
9 any issuance of obligations described in paragraphs 1 through 3 of
10 this subsection;

11 5. A consultant or other advisor, however denominated,
12 providing advice or services in connection with any issuance of
13 obligations described in paragraphs 1 through 3 of this subsection;

14 6. A financial institution that provides services as a paying
15 agent in connection with any issuance of obligations described in
16 paragraphs 1 through 3 of this subsection; and

17 7. Any person or lawfully recognized business entity acting in
18 a fiduciary capacity in connection with the issuance of any
19 obligations described by paragraphs 1 through 3 of this subsection.

20 B. Prior to engaging in any business transaction for which a
21 public finance service provider will be compensated by a county,
22 city, town, school district, career technology district or any other
23 local government entity having the power to issue debt obligations
24 as described in subsection A of this section, the public finance

1 service provider shall be required to make a disclosure, upon such
2 form as the State Bond Advisor may prescribe, of any and all direct
3 financial contributions made by the public finance service provider
4 to any nonprofit organization, regardless of its exempt status
5 pursuant to the provisions of the Internal Revenue Code of 1986, as
6 amended, the primary purpose of which is to provide services to one
7 or more political subdivisions of the state or the membership of
8 which consists primarily of public school administrators, common
9 school districts or common school district boards of education,
10 common school superintendents, career technology districts or career
11 technology district governing boards, municipal government entities,
12 county commissioners or other public officials or local government
13 entity having authority to issue debt obligations either directly or
14 which is the beneficiary of a public trust organized pursuant to the
15 provisions of Section 176 et seq. of Title 60 of the Oklahoma
16 Statutes.

17 C. The disclosure shall be filed annually with the State Bond
18 Advisor not later than January 15, or the first business day after
19 such date if January 15 is not a date upon which the State Bond
20 Advisor's office is open for business, and shall include an itemized
21 description of all direct financial contributions made to any and
22 all of the entities described by subsection B of this section by the
23 public finance service provider during the immediately preceding
24 calendar year.

1 D. Any public finance service provider shall submit a copy of
2 the most recent disclosure document on file with the State Bond
3 Advisor as required pursuant to subsection C of this section at
4 least ten (10) days prior to the date as of which any county, city,
5 town, common school district, career technology district or other
6 local government entity or any public trust organized pursuant to
7 the provisions of Section 176 et seq. of Title 60 of the Oklahoma
8 Statutes having one or more political subdivisions as its
9 beneficiary or beneficiaries may enter into contract with such
10 public finance service provider with respect to the issuance of any
11 obligations described by subsection A of this section. The
12 disclosure document shall be provided to each member of the
13 governing board of the unit of local government to which services
14 will be provided and, if applicable, to each member of the board of
15 trustees of any public trust as described in this subsection to
16 which public finance services will be provided. If the board of
17 trustees of such public trust is comprised of persons who are also
18 members of the governing board of the unit of local government, the
19 disclosure document may be provided to the members of the governing
20 board of the unit of local government and the document will not be
21 required to be provided to any member of the board of trustees of
22 the public trust unless such person is not a member of the governing
23 board of the unit of local government.

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1 SECTION 4. This act shall become effective November 1, 2017.

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