

1 STATE OF OKLAHOMA

2 2nd Session of the 56th Legislature (2018)

3 HOUSE BILL 3535

By: Caldwell

4
5
6 AS INTRODUCED

7 An Act relating to public finance; amending 62 O.S.
8 2011, Sections 695.2, as amended by Section 2,
9 Chapter 275, O.S.L. 2012, 695.3, as amended by
10 Section 3, Chapter 275, O.S.L. 2012, Section 4,
11 Chapter 275, O.S.L. 2012, as amended by Section 2,
12 Chapter 374, O.S.L. 2017, 695.7, as last amended by
13 Section 3, Chapter 374, O.S.L. 2017, 695.8, as
14 amended by Section 7, Chapter 275, O.S.L. 2012,
15 695.9, as amended by Section 8, Chapter 275, O.S.L.
16 2012, Section 5, Chapter 374, O.S.L. 2017 (62 O.S.
17 Supp. 2017, Sections 695.2, 695.3, 695.6a, 695.7,
18 695.8, 695.9, 695.10a), which relate to the Oklahoma
19 Bond Oversight and Reform Act; modifying reference;
20 modifying definitions; modifying references with
21 respect to the State Treasurer; modifying provision
22 related to requests for proposals; imposing
23 requirements with respect to bond or legal counsel;
24 modifying provision related to certain inducements;
modifying duties of State Bond Advisor with respect
to issuance of certain obligations; modifying duties
of the Council of Bond Oversight; modifying
restriction related to issuance of obligations by
certain entities; modifying provisions related to
advice and assistance of State Bond Advisor with
respect to local government entities; modifying
provisions related to disclosure by public finance
service providers; amending 62 O.S. 2011, Section
863, which relates to the Local Development Act;
modifying requirements related to approval of State
Bond Advisor with respect to certain obligations;
providing an effective date; and declaring an
emergency.

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

2 SECTION 1. AMENDATORY 62 O.S. 2011, Section 695.2, as
3 amended by Section 2, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2017,
4 Section 695.2), is amended to read as follows:

5 Section 695.2 The Legislature hereby finds and declares that
6 there is a need to establish procedures for the efficient sale and
7 issuance of bonds or other obligations by State Governmental
8 Entities which are hereby declared to be essential to the economic
9 well-being of the state. The Legislature further declares that
10 there are hereby adopted procedures, requirements and methods
11 allowing for significant systematic oversight of State Governmental
12 Entity issuers of bonds or other obligations of the State of
13 Oklahoma. The Legislature further declares such oversight is
14 essential to protect the public welfare of the State of Oklahoma.

15 SECTION 2. AMENDATORY 62 O.S. 2011, Section 695.3, as
16 amended by Section 3, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2017,
17 Section 695.3), is amended to read as follows:

18 Section 695.3 As used in the Oklahoma Bond Oversight and Reform
19 Act:

- 20 1. "Council" means the Council of Bond Oversight;
- 21 2. "State Governmental Entity" means the State of Oklahoma or
22 any agency, board, commission, authority, department, public trust
23 of which the state is the beneficiary ~~or other instrumentality of~~
24 ~~state government~~, other than a public trust with the state as

1 beneficiary whose jurisdiction is limited to one county, including,
2 but not limited to, the following:

- 3 a. Oklahoma Municipal Power Authority,
- 4 b. Oklahoma Development Authority,
- 5 c. Oklahoma Industrial Finance Authority,
- 6 d. Grand River Dam Authority,
- 7 e. Oklahoma Water Resources Board,
- 8 f. Northeast Oklahoma Public Facilities Authority,
- 9 g. Oklahoma Turnpike Authority,
- 10 h. Oklahoma Housing Finance Authority, and
- 11 i. Oklahoma Public, Industrial and Cultural Facilities
12 Authority;

13 3. "Local Governmental Entity" means counties, cities, and
14 towns, school districts, public trusts of which a county, city or
15 town ~~or school district~~ is the beneficiary or other political
16 subdivision of the state;

17 4. "Purpose" means the issuer's principal intended use of the
18 funds derived from the issuance of bonds or other obligations; and

19 5. "State Governmental Entity Financing" ~~shall include local~~
20 ~~governmental~~ means transactions where the ~~project is leased by a~~
21 ~~State Governmental Entity~~ or debt service is paid directly ~~or~~
22 ~~indirectly~~ by a State Governmental Entity ~~or where the project or~~
23 ~~improvement is in direct support of or administered by a State~~
24 ~~Governmental Entity.~~

1 SECTION 3. AMENDATORY Section 4, Chapter 275, O.S.L.
2 2012, as amended by Section 2, Chapter 374, O.S.L. 2017 (62 O.S.
3 Supp. 2017, Section 695.6a), is amended to read as follows:

4 Section 695.6a A. The Council of Bond Oversight shall consist
5 of five (5) members as follows:

6 1. One member shall be appointed by the President Pro Tempore
7 of the Oklahoma State Senate;

8 2. One member shall be appointed by the Speaker of the Oklahoma
9 House of Representatives;

10 3. Two members shall be appointed by the Governor, with the
11 advice and consent of the Senate; and

12 4. The State Treasurer or his or her designee shall be a
13 member.

14 B. Three members shall constitute a quorum. The affirmative
15 vote of three members shall be necessary for any action to be taken
16 by the Council.

17 C. Members appointed to the Council shall serve a term of four
18 (4) years and may be removed for cause by the appointing authority.
19 Members may be reappointed for additional terms.

20 D. A vacancy on the Council shall be filled in the same manner
21 as the original appointment, to hold office during the unexpired
22 term for which the member was appointed. The Council shall elect
23 one of its members chair and may elect such other officers as it
24 deems necessary. No vacancy in the membership of the Council shall

1 impair the right of the Council to exercise all duties of the
2 Council.

3 E. The Oklahoma ~~State Bond Advisor, as provided in Section~~
4 ~~695.7 of this title~~ State Treasurer, shall provide support staff as
5 necessary to implement the purposes and functions of the Council.

6 F. The Attorney General shall provide legal counsel to the
7 Council.

8 G. No member of the Oklahoma State Legislature shall be
9 eligible to serve as a member of the Council.

10 SECTION 4. AMENDATORY 62 O.S. 2011, Section 695.7, as
11 last amended by Section 3, Chapter 374, O.S.L. 2017 (62 O.S. Supp.
12 2017, Section 695.7), is amended to read as follows:

13 Section 695.7 A. The State Treasurer shall engage the services
14 of a person knowledgeable in the current state of the art of
15 national and international standards for the issuance of obligations
16 by governmental entities and experienced in the negotiation of fees
17 for various goods and services requisite to or deemed desirable in
18 the issuance of such obligations as well as the negotiation of other
19 matters essential to provide the best current price and terms of the
20 issuance of such obligations for the benefit of the State of
21 Oklahoma, who shall have the title "Oklahoma State Bond Advisor".

22 When hiring a person to the position of Oklahoma State Bond
23 Advisor, the State Treasurer shall conduct a national search in
24 seeking requests for proposals for the position.

1 B. The Oklahoma ~~State Bond Advisor~~ State Treasurer may employ
2 the necessary staff to carry out the duties of the Bond Advisor and
3 the duties of the Council of Bond Oversight, ~~with approval of the~~
4 ~~State Treasurer.~~

5 C. 1. Except as provided in Section 695.8 of this title, prior
6 to engaging the services of underwriters, bond or other legal
7 counsel, financial advisors, consultants, a financial institution to
8 serve as trustee, paying agent or in any fiduciary capacity in
9 connection with any program, indenture or general resolution of the
10 State Governmental Entity, or any other experts, except as provided
11 in Section 5062.8 of Title 74 of the Oklahoma Statutes or in the
12 case of obligations issued pursuant to Section 5151 of Title 74 of
13 the Oklahoma Statutes, the State Governmental Entity shall, in
14 conjunction with a State Governmental Entity Financing, request
15 proposals for such services from a plurality of persons engaged in
16 the particular activity for such services and the selection of such
17 persons shall be made on the basis of the response to the request
18 which is the most economical and will provide competent service
19 which furthers the best interest of the State Governmental Entity
20 and the state. Any bond or legal counsel responding to the request
21 for proposals for such services must be, or associate with, counsel
22 licensed to practice law in the State of Oklahoma, and shall, in
23 their response to the request for proposal, specifically name those
24 attorneys or firms licensed to practice law in the State of

1 Oklahoma. In negotiating requests for proposals to engage such
2 services for State Governmental Entity Financings, the State
3 Governmental Entity shall seek the advice and assistance of the
4 Oklahoma State Bond Advisor. ~~Under no circumstances shall~~
5 ~~proprietary inducements be granted.~~ The Oklahoma State Bond Advisor
6 shall provide assistance and advice to State Governmental Entities
7 with respect to the issuance of obligations by the State
8 Governmental Entities, ~~review, negotiate, and approve or disapprove~~
9 ~~the fees and expenses for goods and services requisite to or deemed~~
10 ~~desirable in the issuance of State Governmental Entity obligations~~
11 ~~and State Governmental Entity Financing~~ and shall represent the
12 interests of the state before rating agencies and credit enhancement
13 providers.

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

23 D. The Oklahoma State Bond Advisor shall serve as an advisor to
24 the Governor and to the Legislature with respect to issuance of

1 indebtedness reviewed by the Council and shall prepare an annual
2 report to be submitted to the Governor, the President Pro Tempore of
3 the Senate and the Speaker of the House of Representatives as of
4 January 15 each year. The report shall contain a summary of the
5 issuance of indebtedness for State Governmental Entity Financings by
6 State Governmental Entities during the preceding year.

7 E. ~~The~~ Neither the Oklahoma State Bond Advisor ~~or~~ nor any
8 member of the immediate family of the Oklahoma State Bond Advisor
9 shall not have any direct or indirect financial or contractual
10 relationship with any firm or corporation or any officer, partner or
11 principal stockholder of any firm or corporation directly involved
12 in public finance.

13 SECTION 5. AMENDATORY 62 O.S. 2011, Section 695.8, as
14 amended by Section 7, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2017,
15 Section 695.8), is amended to read as follows:

16 Section 695.8 A. The Council of Bond Oversight shall:

17 1. Make determinations as to whether the purposes for which
18 obligations proposed to be issued by a State Governmental Entity, ~~in~~
19 ~~conjunction with a State Governmental Entity Financing,~~ are for the
20 furtherance and accomplishment of authorized and proper public
21 functions or purposes of the state ~~or of any county or municipality,~~
22 ~~as specified in the statutes governing public trusts organized~~
23 ~~pursuant to Title 60 of the Oklahoma Statutes;~~

24

1 2. Review proposed issuance of debt by State Governmental
2 Entities for compliance with any applicable provisions of federal,
3 state or other laws;

4 3. Review such other matters as the Council deems relevant to
5 the Application, including, without limitation, sources of repayment
6 and security for the obligation. However, the Council shall not
7 review the merits of the project. The Council shall only determine
8 that the project has a legal and beneficial purpose which can be
9 legitimately funded by bond or similar indebtedness, issued by a
10 State Governmental Entity ~~or Local Governmental Entity~~;

11 4. a. Except as provided in subparagraph b of this
12 paragraph, review the findings of the Program
13 Development and Credit Review Committee to determine
14 if the Rules Regarding the Administration of the
15 Credit Enhancement Reserve Fund and related
16 regulations and policies as implemented by the
17 Oklahoma Development Finance Authority adequately and
18 sufficiently fulfill the intents and purposes of the
19 Credit Enhancement Reserve Fund Act, provided such
20 provision shall not apply to Credit Enhancement
21 Reserve Fund applications approved by the Bond
22 Oversight Commissions prior to May 30, 1990; and,
23 except as provided in subparagraph b of this
24 paragraph, approve or disapprove any bonds or

1 indebtedness being issued by the Oklahoma Development
2 Finance Authority to the extent said bonds or
3 indebtedness are enhanced or supported pursuant to the
4 Credit Enhancement Reserve Fund Act.

- 5 b. The Council shall not be required to review or approve
6 individual projects or loans under the Small Business
7 Credit Enhancement Program created by Section 5063.4b
8 of Title 74 of the Oklahoma Statutes, or the Oklahoma
9 Beginning Agricultural Producer Pool Act, but may
10 approve a package of such projects or loans in
11 advance. Each project or loan shall be individually
12 listed in the package and the dollar amount of the
13 project or loan shall be specifically set out together
14 with the total dollar amount involved in the package.
15 The Council or the Oklahoma State Bond Advisor may, in
16 their discretion, remove any such individual project
17 or loan from the package submitted, for individual
18 action. Should the Oklahoma Development Finance
19 Authority submit an application to the Council for the
20 approval of an obligation or credit enhancement under
21 these two programs, the application shall be deemed
22 approved if not disapproved by the Council within
23 forty-five (45) days of filing such an application or,
24

1 as to an individual project or loan, removed from the
2 submitted package within such forty-five-day period.

3 c. The Council may establish maximum compensation levels
4 to be paid to individuals and firms acting in a
5 fiduciary capacity in connection with Credit
6 Enhancement Reserve Fund Program financings. The
7 Council may set such compensation levels for a one-
8 year period and such compensation will be applicable
9 to all individuals and firms participating in the
10 program for that period. Providers of such services
11 selected prior to making application may be employed
12 subject to the established maximum compensation
13 levels. Prior to December 31 of each year, the
14 Council shall review market conditions and set new
15 compensation levels for the program. Provided, such
16 compensation levels may not exceed the compensation
17 levels obtained by the Oklahoma Development Finance
18 Authority through its most recent invitation to bid
19 for the services of individuals and firms acting in a
20 fiduciary capacity in connection with Credit
21 Enhancement Reserve Fund Program financing; and

22 5. Adopt, amend and repeal rules to regulate affairs of the
23 Council and to implement the powers and purposes of the Council.
24

1 B. The Council may establish budgets in order to fulfill its
2 duties pursuant to the Oklahoma Bond Oversight and Reform Act and
3 shall be authorized to charge and collect a fee, in accordance with
4 the rules of the Council, derived from proceeds of bond issues
5 approved by the Council.

6 SECTION 6. AMENDATORY 62 O.S. 2011, Section 695.9, as
7 amended by Section 8, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2017,
8 Section 695.9), is amended to read as follows:

9 Section 695.9 A. No State Governmental Entity ~~or Local~~
10 ~~Governmental Entity~~ shall issue any State Governmental Entity
11 Financing obligations unless such obligations have been approved by
12 the Council of Bond Oversight as provided for in Section 695.8 of
13 this title; provided, however, that in no event shall the Council's
14 approval be required for the issuance of any obligations pursuant to
15 a remarketing or a change in interest rate or maturity under the
16 terms of indentures or agreements securing obligations heretofore
17 issued prior to July 1, 1987, or pursuant to the provisions of the
18 Oklahoma Bond Oversight and Reform Act.

19 B. 1. With respect to any State Governmental Entity Financing
20 proposed to be obtained through the issuance of its obligations, any
21 State Governmental Entity ~~or Local Governmental Entity~~ shall file
22 with the Council a written description of the nature, need and
23 purpose of such proposed financing. The Council shall review the
24 description of the proposed financing in order to either approve or

1 disapprove the purpose to be served by the issuance of said State
2 Governmental Entity Financing obligations and for compliance with
3 any applicable provisions of federal, state or other laws.

4 2. With respect to bonds or indebtedness proposed to be issued
5 by the Oklahoma Development Finance Authority which will be enhanced
6 or supported pursuant to the Credit Enhancement Reserve Fund Act,
7 the Council shall review the description of such proposed financing
8 in accordance with paragraph 1 of this subsection and additionally
9 shall approve or disapprove the proposed financing on a
10 determination of sufficient compliance with the Rules Regarding the
11 Administration of the Credit Enhancement Reserve Fund as implemented
12 by the Oklahoma Development Finance Authority. Such determinations
13 by the Council shall be based on a written report prepared for and
14 provided to the Council by the Program Development and Credit Review
15 Committee as provided in Section 5062.6a of Title 74 of the Oklahoma
16 Statutes, provided the Council shall not be bound to follow the
17 conclusions reached by the committee in such reports. All orders
18 issued by the Council approving or disapproving bonds or
19 indebtedness enhanced or supported pursuant to the Credit
20 Enhancement Reserve Fund Act shall be final and shall not be subject
21 to any type of appeal.

22 3. Except as provided in paragraph 4 of this subsection,
23 approval provided for in paragraph 1 of this subsection shall expire
24 one hundred eighty (180) days after such approval. Provided, if

1 such approval expires, nothing shall prevent the State Governmental
2 Entity from refileing with the Council for approval of such financing
3 and, if granted, any one subsequent approval of such financing shall
4 be valid for a period, not to exceed one hundred eighty (180) days,
5 as determined by the Council.

6 4. Applicants having received approval, as provided for in
7 paragraph 1 of this subsection, may request and the Oklahoma State
8 Bond Advisor may grant, at the Oklahoma State Bond Advisor's
9 discretion, a single one-hundred-eighty-day extension. Any request
10 for an extension must be made at least five (5) business days prior
11 to the expiration of the original approval. Applicants failing to
12 request an extension in this manner may refile with the Council as
13 provided for in paragraph 3 of this subsection.

14 5. In the event there is a substantial change in the nature or
15 purpose of a proposed financing after approval by the Council, the
16 prior approval shall be void and the State Governmental Entity shall
17 be required to seek approval from the Council in the manner provided
18 in paragraph 1 of this subsection.

19 C. Local Governmental Entities, within ten (10) days following
20 the date funds become available to the issuer from the sale of any
21 obligation for State Governmental Entity Financings, shall file with
22 the Council a copy of the official statement or notice of sale and
23 any other information concerning the proposed financing required by
24 the Council.

1 ~~D. Upon the request of a Local Governmental Entity, the~~
2 ~~Oklahoma State Bond Advisor may provide advice and assistance to the~~
3 ~~Local Governmental Entity with respect to the issuance of~~
4 ~~obligations. The Oklahoma State Bond Advisor may assess reasonable~~
5 ~~fees for such services.~~

6 SECTION 7. AMENDATORY Section 5, Chapter 374, O.S.L.
7 2017 (62 O.S. Supp. 2017, Section 695.10A), is amended to read as
8 follows:

9 Section 695.10A A. As used in this section, "public finance
10 service provider" means underwriters, bond or other legal counsel,
11 financial advisors, consultants, and financial institutions who
12 serve as trustee, paying agent or in any fiduciary capacity, who
13 seek to provide services to State Governmental Entities or Local
14 Governmental Entities with regard to the issuance of bonds, notes or
15 other evidences of indebtedness.

16 B. Any public finance service provider shall be required to
17 make a disclosure, upon such form as the State Bond Advisor may
18 prescribe, of any and all direct financial contributions made by the
19 public finance service provider which exceed Five Thousand Dollars
20 (\$5,000.00) in any calendar year on a cumulative basis to any
21 nonprofit organization, regardless of its exempt status pursuant to
22 the provisions of the Internal Revenue Code of 1986, as amended, the
23 primary purpose of which is to provide services to one or more
24 political subdivisions of the state or the membership of which

1 consists primarily of public school administrators, common school
2 districts or common school district boards of education, common
3 school superintendents, career technology districts or career
4 technology district governing boards, municipal government entities,
5 county commissioners or other public officials or local government
6 entity having authority to issue debt obligations either directly or
7 which is the beneficiary of a public trust organized pursuant to the
8 provisions of Section 176 et. seq. of Title 60 of the Oklahoma
9 Statutes.

10 C. In addition, the public finance service provider shall be
11 required to make disclosure of any and all direct financial
12 contributions which exceed ~~One Hundred Dollars (\$100.00)~~ Five
13 Hundred Dollars (\$500.00) on a cumulative basis during any calendar
14 year made to any ~~elected officials or~~ employees of a State
15 Governmental Entity or Local Governmental Entity to which financial
16 services are to be provided during the calendar year in connection
17 with issuance of debt obligations or contributions made to any
18 individuals associated with any of the nonprofit organizations
19 described by subsection B of this section.

20 D. The disclosure shall be filed annually with the Oklahoma
21 State Bond Advisor not later than January 15, or the first business
22 day after such date if January 15 is not a date upon which the State
23 Treasurer's office is open for business, and shall include an
24 itemized description of all direct financial contributions made to

1 any and all of the entities described by subsections B and C of this
2 section by the public finance service provider during the
3 immediately preceding calendar year.

4 E. Any public finance service provider shall submit a copy of
5 the most recent disclosure document on file with the Oklahoma State
6 Bond Advisor as required pursuant to subsection D of this section
7 prior to the selection of a public finance service provider by any
8 county, city, town, common school district, career technology
9 district or other local government entity or any public trust
10 organized pursuant to the provisions of Section 176 et seq. of Title
11 60 of the Oklahoma Statutes having one or more political
12 subdivisions as its beneficiary or beneficiaries, with respect to
13 the issuance of any obligations described by subsection A of this
14 section. The disclosure document shall be provided to each member
15 of the governing board of the unit of local government to which
16 services will be provided and, if applicable, to each member of the
17 board of trustees of any public trust as described in this
18 subsection to which public finance services will be provided. If
19 the board of trustees of such public trust is comprised of persons
20 who are also members of the governing board of the unit of local
21 government, the disclosure document may be provided to the members
22 of the governing board of the unit of local government and the
23 document will not be required to be provided to any member of the
24

1 board of trustees of the public trust unless such person is not a
2 member of the governing board of the unit of local government.

3 SECTION 8. AMENDATORY 62 O.S. 2011, Section 863, is
4 amended to read as follows:

5 Section 863. A. With the approval of the governing body, a
6 public entity, other than a city, town or county, may issue tax
7 apportionment bonds or notes, other bonds or notes, or both, the
8 proceeds of which may be used to pay project costs pursuant to the
9 plan notwithstanding any other statutory provision to the contrary.
10 Subject to the approval of the governing body, such public entity
11 may issue refunding bonds or notes for the payment or retirement of
12 bonds or notes previously issued by the public entity to pay project
13 costs pursuant to the plan.

14 B. The public entity issuing tax apportionment bonds or notes
15 may, as authorized by the governing body pursuant to Section 6C of
16 Article X of the Constitution of the State of Oklahoma, irrevocably
17 pledge all or part of the apportioned increments and other revenue
18 for payment of the tax apportionment bonds or notes. The part of
19 the apportioned increments pledged in payment may be used only for
20 the payment of the bonds or notes or interest on the bonds or notes
21 until the bonds or notes have been fully paid. A holder of the
22 bonds or notes or of coupons issued on the bonds has a lien to the
23 extent authorized by the pledge against the apportionment fund and
24 the future increments for payment of the bonds or notes and interest

1 on the bonds or notes and may protect or enforce the lien at law or
2 in equity.

3 C. The issuing public entity may provide in the contract with
4 the owners or holders of tax apportionment bonds that they will pay
5 into the apportionment fund all or any part of the revenue produced
6 or received from the operation or sale of a facility acquired,
7 improved, or constructed pursuant to a project plan, to be used to
8 pay principal and interest on the bonds. If the public entity
9 agrees, the owners or holders of these bonds may have a lien or
10 mortgage on a facility acquired, improved, or constructed with the
11 proceeds of the bonds.

12 D. Tax apportionment bonds may be issued to mature in a period
13 not to exceed twenty-five (25) years in one or more series;
14 provided, however, that for any increment district established after
15 November 1, 1992, such time period shall be tolled for a period of
16 time equal to the pendency of any litigation directly or indirectly
17 challenging the increment district or apportionment or disbursement.
18 The trust indenture, ordinance, or resolution approved, issued in
19 connection with such bond or note, shall provide:

- 20 1. The date that the bond or note bears;
- 21 2. That the bond or note is payable on demand or at a specified
22 time;
- 23 3. The interest rate that the bond or note bears;
- 24 4. The denomination of the bond or note;

1 5. Whether the bond or note is in coupon or registered form;

2 6. The conversion or registration privileges of the bond or
3 note;

4 7. The manner of execution of the bond or note;

5 8. The medium of payment in which and the place or places at
6 which the bond or note is payable;

7 9. The terms of redemption, with or without premium, to which
8 the bond or note is subject;

9 10. The manner in which the bond or note is secured; and

10 11. Any other characteristic of the bond or note.

11 E. A bond or note issued pursuant to the provisions of the
12 Local Development Act is fully negotiable. In a suit, action, or
13 other proceeding involving the validity or enforceability of a bond
14 or note issued pursuant to the provisions of the Local Development
15 Act or the security of a bond or note issued pursuant to the
16 provisions of the Local Development Act, if the bond or note recites
17 in substance that it was issued by the public entity pursuant to the
18 Local Development Act, the bond or note is deemed to have been
19 issued for that purpose, and the recital shall be conclusive of its
20 validity and the regularity of its issuance.

21 F. A bank, trust company, savings bank or institution, savings
22 and loan association, investment company or other person carrying on
23 a banking or investment business; an insurance company, insurance
24 association, or other person carrying on an insurance business; or

1 an executor, administrator, curator, trustee, or other fiduciary may
2 invest any sinking funds, money, or other funds belonging to it or
3 in its control in tax apportionment bonds or notes issued under the
4 Local Development Act. This act does not relieve any person of the
5 duty to exercise reasonable care in selecting securities or of
6 complying with other applicable laws.

7 G. A tax apportionment bond or note issued pursuant to the
8 provisions of this section is not a debt, liability, or obligation
9 of the city, town or county creating or approving the plan, project
10 or increment district. The bond or note does not give rise to a
11 charge against the general credit or taxing powers of such city,
12 town or county and is not payable except as provided by the Local
13 Development Act. Bonds or notes issued pursuant to the provisions
14 of this section are not general obligations of the state and have no
15 claim on the revenues or resources of the state. A bond or note
16 issued pursuant to the provisions of this section must state the
17 restrictions of this subsection on its face.

18 H. A tax apportionment bond or note issued pursuant to the
19 provisions of this section may not be included in any computation of
20 the general obligation debt of the city, town or county creating or
21 approving the plan, project or increment district.

22 I. A public entity may not issue bonds or notes, pursuant to
23 the provisions of this section, providing for repayment of any
24 portion of the principal from apportioned tax increments in an

1 amount that exceeds the total cost of implementing the project plan
2 for which the bonds or notes are issued except to the extent that
3 bond or notes issues may be sized to include costs of issuance,
4 credit enhancement fees or premiums, and reasonably required
5 reserves or amounts to be repaid from sources other than apportioned
6 tax increments.

7 ~~J. All bonds issued pursuant to the provisions of this section~~
8 ~~shall be reviewed by the Oklahoma State Bond Advisor who will give a~~
9 ~~recommendation on such bonds to the issuing entity.~~

10 SECTION 9. This act shall become effective July 1, 2018.

11 SECTION 10. It being immediately necessary for the preservation
12 of the public peace, health or safety, an emergency is hereby
13 declared to exist, by reason whereof this act shall take effect and
14 be in full force from and after its passage and approval.

15

16 56-2-9467 MAH 01/08/18

17

18

19

20

21

22

23

24