

1 ENGROSSED SENATE
2 BILL NO. 635

By: Fields of the Senate

3 and

4 Watson of the House

5
6 An Act relating to the Grand River Dam Authority;
7 amending 82 O.S. 2011, Sections 870, and 874, which
8 relate to the Grand River Dam Authority; removing
9 certain duplicate notification requirements;
10 authorizing the district to purchase letter of credit
11 or financial instruments; repealing 82 O.S. 2011,
12 Section 864.2, which relates to the Director of
13 Investments; and declaring an emergency.

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

15 SECTION 1. AMENDATORY 82 O.S. 2011, Section 870, is
16 amended to read as follows:

17 Section 870. The district shall have power and is hereby
18 authorized to issue from time to time, as the need therefor arises,
19 revenue bonds for its corporate purposes in such amount or amounts
20 not to exceed One Billion Four Hundred Ten Million Dollars
21 (\$1,410,000,000.00) outstanding at any time as are necessary,
22 incidental or convenient to the exercise of the powers, rights,
23 privileges and functions conferred upon it by this act, or any other
24 act or law, and without limitations of the generality of the powers,
rights and privileges heretofore granted, for acquiring a steam
generating plant or plants and related facilities, and to extend,

1 improve and reconstruct the same; and for constructing, installing
2 and acquiring dams, reservoirs, hydroelectric power plants, or any
3 steam, oil, gas, coal-fired, thermal, geothermal, solar or waste or
4 refuse reclamation powered electrical generating plant or plants or
5 any other electrical power or generating facilities; or any plant or
6 plants for the production of steam for heating and processing
7 purposes; and all and any facilities of every kind necessary,
8 incidental or convenient for the production and generation of
9 electric power and energy; and for acquiring, constructing and
10 installing transmission lines, substations and all facilities
11 necessary, incidental or convenient to the sale, resale, interchange
12 and distribution of electric power and energy; and for carrying on
13 the business and functions of the district, as is now or hereafter
14 may be authorized by law; and for acquiring additions and
15 improvements to and extensions of facilities, at any time existing,
16 of the district; and for the acquisition of lands and rights-of-way
17 for such use as is now, or may be, authorized by law for the
18 construction, replacement and repair of any dams, plants or other
19 facilities of the district; and to enable it to finance, in
20 cooperation with any "public agency", as defined under the
21 Interlocal Cooperation Act, Sections 1001 through 1008 of Title 74
22 of the Oklahoma Statutes, any other agency of government, rural
23 electric co-op corporation, or any private or public corporation,
24 the development and utilization of electrical energy or the water

1 resources and rights in waters vested in said district for such
2 purposes as are, or may be, authorized by the laws of Oklahoma, and
3 for financing and refinancing present outstanding obligations of the
4 district, including the payment of any claims, charges or interest
5 on bonds required to be paid. The bonds herein authorized may
6 either be (1) sold for cash, at public or private sale, at such
7 price or prices as the Board shall determine, provided that the
8 interest cost of the money received computed to maturity in
9 accordance with standard bond tables in general use by banks and
10 insurance companies shall not exceed fifteen percent (15%) per year,
11 or (2) may be issued on such terms as the Board shall determine in
12 exchange for property of any kind, real, personal or mixed, or any
13 interest therein which the Board shall deem necessary, incidental or
14 convenient for any such corporate purposes, or (3) may be issued in
15 exchange for like principal amounts of other obligations of the
16 district, matured or unmatured, or (4) may be issued in such
17 principal amounts that when the proceeds thereof are invested in
18 legal and qualified investment, the proceeds together with the
19 resulting proceeds of such investments will be sufficient to retire
20 the outstanding initial indebtedness or any portion thereof at
21 maturity or at prior redemption. The proceeds of sale of such bonds
22 shall be deposited in such bank or banks or trust company or trust
23 companies, and shall be paid out pursuant to such terms and
24 conditions as may be agreed upon between the district and the

1 purchasers of such bonds. All such bonds shall be authorized by
2 resolutions of the Board concurred in by at least four of the
3 members thereof, and shall bear such date or dates, mature at such
4 time or times, bear interest at such rate or rates, not exceeding
5 fifteen percent (15%) per year payable annually or semiannually, be
6 in such denominations, be in such form, either coupon or registered,
7 carry such registration privileges as to principal only or as to
8 both principal and interest, and as to exchange of coupon bonds for
9 registered bonds or vice versa, and exchange of bonds of one
10 denomination for bonds of other denomination, be executed in such
11 manner and be payable at such place or places within or without the
12 State of Oklahoma as such resolution or resolutions may provide.
13 Any resolution or resolutions authorizing any bonds may contain
14 provisions which shall be part of the contract between the district
15 and the holders thereof from time to time (a) reserving the right to
16 redeem such bonds at such time or times, in such amounts and at such
17 prices, not exceeding one hundred five percent (105%) of the
18 principal amount thereof, plus accrued interest, as may be provided,
19 (b) providing for the setting aside of sinking funds or reserve
20 funds and the regulation and disposition thereof, (c) pledging to
21 secure the payment of the principal of and interest on such bonds
22 and of the sinking fund or reserve fund payments agreed to be made
23 in respect of such bonds all or any part of the gross or net
24 revenues thereafter received by the district in respect of the

1 property, real, personal or mixed, to be acquired or constructed
2 with such bonds or the proceeds thereof, or all or any part of the
3 gross or net revenues thereafter received by the district from
4 whatever source derived, (d) prescribing the purposes to which such
5 bonds or any bonds thereafter to be issued, or the proceeds thereof,
6 may be applied, (e) agreeing to fix and collect rates and charges
7 sufficient to produce revenues adequate to pay the items specified
8 in subparagraphs (a), (b), (c) and (d) of Section 868 of this title
9 and prescribing the use and disposition of all revenues, (f)
10 prescribing limitations upon the issuance of additional bonds and
11 upon the agreements which may be made with the purchasers and
12 successive holders thereof, (g) with regard to the construction,
13 extension, improvement, reconstruction, operation, maintenance and
14 repair of the properties of the district, carrying of insurance upon
15 all or any part of said properties covering loss or damage or loss
16 of use and occupancy resulting from specified risk, (h) fixing the
17 procedure, if any, by which, if the district shall so desire, the
18 terms of any contract with the holders of such bonds may be amended
19 or abrogated, the amount of bonds the holders of which must consent
20 thereto, and the manner in which such consent may be given, (i) for
21 the execution and delivery by the district to a bank or trust
22 company authorized by law to accept trusts, or to the United States
23 of America or any office or agency thereof, of indentures and
24 agreements for the benefit of the holders of such bonds setting

1 forth any or all of the agreements herein authorized to be made with
2 or from the benefit of the holders of such bonds and such other
3 provisions as may be customary in such indentures or agreements, and
4 (j) such other provisions, not inconsistent with the provisions of
5 the act, as the Board may approve.

6 Any such resolution and any indenture or agreement entered into
7 pursuant thereto may provide that in the event that (a) default
8 shall be made in the payment of the interest on any or all bonds
9 when and as the same shall become due and payable, or (b) default
10 shall be made in the payment of the principal of any or all bonds
11 when and as the same shall become due and payable, whether at the
12 maturity thereof, by call for redemption or otherwise, or (c)
13 default shall be made in the performance for any agreement made with
14 the purchasers or successive holders of any bonds, and such default
15 shall have continued such period, if any, as may be prescribed by
16 said resolution in respect thereof, the trustee under the indenture
17 or indentures entered into in respect of the bonds authorized
18 thereby, or if there shall be no such indenture, a trustee appointed
19 in the manner provided in such resolution or resolutions by the
20 holders of twenty-five percent (25%) in aggregate principal amount
21 of the bonds authorized thereby and at the time outstanding may,
22 and, upon the written request of the holders of twenty-five percent
23 (25%) in aggregate principal amount of the bonds authorized by such
24 resolution or resolutions at the time outstanding, shall, in his or

1 its own name, but for the equal and proportionate benefit of the
2 holders of all of such bonds, and with or without possession
3 thereof,

4 (1) By mandamus or other suit, action or proceeding at law or
5 in equity, enforce all rights of the holders of such bonds,

6 (2) Bring suit upon such bonds and/or the appurtenant coupons,

7 (3) By action or suit in equity, require the district to
8 account as if it were the trustee of an express trust for the
9 bondholders,

10 (4) By action or suit in equity, enjoin any acts or things
11 which may be unlawful or in violation of the rights of the holders
12 of such bonds, and/or

13 (5) After such notice to the district as such resolution may
14 provide, declare the principal of all of such bonds due and payable,
15 and if all defaults shall have been made good, then with the written
16 consent of the holder or holders of twenty-five percent (25%) in
17 aggregate principal amount of such bonds at the time outstanding
18 annul such declaration and its consequence; provided, however, that
19 the holders of more than a majority in principal amount of the bonds
20 authorized thereby and at the time outstanding by instrument or
21 instruments in writing delivered to such trustee have the right to
22 direct and control any and all action taken or to be taken by such
23 trustee under this paragraph. Any such resolution, indenture or
24 agreement may provide that in any such suit, action or proceeding,

1 any such trustee, whether or not all of such bonds shall have been
2 declared due and payable, and with or without possession of any
3 thereof, shall be entitled as of right to the appointment of a
4 receiver who may enter and take possession of all or any part of the
5 properties of the district and operate and maintain the same, and
6 fix, collect and receive rates and charges sufficient to provide
7 revenues adequate to pay the items set forth in subparagraphs (a),
8 (b), (c) and (d) of Section 868 of this title and the costs and
9 disbursements of such suit, action or proceeding, and to apply such
10 revenues in conformity with the provisions of this act and the
11 resolution or resolutions authorizing such bonds. In any suit,
12 action or proceeding by any such trustee, the reasonable fees,
13 counsel fees and expense of such trustee and of the receiver or
14 receivers, if any, shall constitute taxable disbursements and all
15 costs and disbursements, and all costs and disbursements allowed by
16 the court shall be a first charge upon any revenues pledged to
17 secure the payment of such bonds. Subject to the provisions of the
18 Constitution of the State of Oklahoma, the courts of the County of
19 Craig, or other county wherein the domicile may be situated, shall
20 have jurisdiction of any such suit, action or proceeding by any such
21 trustee on behalf of the bondholders and of all property involved
22 therein. In addition to the powers hereinabove specifically
23 provided for, each such trustee shall have and possess all powers
24 necessary or appropriate for the exercise of any thereof, or

1 incident to the general representation of the bondholders in the
2 enforcement of their right.

3 Before any bonds shall be sold by the district, a certified copy
4 of the proceedings for the issuance thereof, including the form of
5 such bonds, together with any other information which the Attorney
6 General of the State of Oklahoma may require, shall be submitted to
7 the Attorney General and if he shall find that such bonds have been
8 issued in accordance with law he shall approve such bonds and
9 execute a certificate to that effect which shall be filed in the
10 Office of the State Auditor and Inspector of the State of Oklahoma
11 and be recorded in a record kept for that purpose. No bonds shall
12 be issued until the same shall have been registered by the State
13 Auditor and Inspector, who shall so register the same if the
14 Attorney General shall have filed with the State Auditor and
15 Inspector his certificate approving the bonds and the proceedings
16 for the issuance thereof as hereinabove provided. All bonds
17 approved by the Attorney General as aforesaid, and registered by the
18 State Auditor and Inspector as aforesaid, and issued in accordance
19 with the proceedings so approved shall be valid and binding
20 obligations of the district and shall be incontestable for any cause
21 from and after the time of such registration.

22 ~~The Board shall advise the Attorney General of all meetings and~~
23 ~~conferences which concern the issuance of bonds by the Grand River~~
24 ~~Dam Authority for the Coal-Fired Plant No. 2. The Attorney General~~

1 ~~or his designee shall attend all such meetings and provide to the~~
2 ~~Speaker of the House of Representatives and the President Pro~~
3 ~~Tempore of the Senate a report on the progress of the bond issuance~~
4 ~~and any recommendations for legislative action necessary for the~~
5 ~~proper issuance of such bonds.~~

6 SECTION 2. AMENDATORY 82 O.S. 2011, Section 874, is
7 amended to read as follows:

8 Section 874. A. Nothing in Sections 861 through 890 of this
9 title shall be construed as authorizing the district and it shall
10 not be authorized to mortgage or otherwise encumber any of its
11 property of any kind, real, personal or mixed, or any interest
12 therein, or to acquire any property or interest subject to a
13 mortgage or conditional sale, provided that this section shall not
14 be construed as preventing the pledging of the revenues of the
15 district as herein authorized.

16 B. Nothing in Sections 861 through 890 of this title shall be
17 construed as authorizing the sale, lease or other disposition of any
18 property or interest of the district by the district or any receiver
19 of any of its properties or through any court proceeding or
20 otherwise.

21 C. 1. The district may sell for cash, subject to competitive
22 bidding as provided by the Board of Directors of the Grand River Dam
23 Authority, any property or interest in an aggregate value not
24 exceeding the sum of Five Hundred Thousand Dollars (\$500,000.00) in

1 any one (1) year, except that the district may sell any or all
2 surplus property that the district may have acquired without regard
3 to the limitations herein, if the Board, by the affirmative vote of
4 five or more of the members, shall have determined that the same is
5 not necessary to the business of the district and shall have
6 approved the terms of any sale.

7 2. Notwithstanding any other provision of law, the district may
8 sell real and personal property used for an electrical substation,
9 transformer station, switch station, or similar purpose to a rural
10 electric cooperative corporation which has an ownership interest in
11 an electricity generating station in which the district also has an
12 ownership interest. Sales pursuant to this paragraph shall be
13 exempt from the requirements and limitations of paragraph 1 of this
14 subsection and from the requirements of Section 129.4 of Title 74 of
15 the Oklahoma Statutes.

16 3. If approved by affirmative vote of five or more members, the
17 Board may authorize the district to enter into agreements to
18 purchase letters of credit or other financial instruments to
19 facilitate the exercise of the powers, rights, and privileges
20 granted it.

21 D. The district may lease any of its lands if the Board, by the
22 affirmative vote of five or more of the members, shall have
23 determined that the same can be leased without injury to or without
24 interference with the operations of the project, and shall have

1 approved the terms of any lease. Except as otherwise provided, no
2 shorelands (lands lying between the low and high water marks) shall
3 be leased for a term longer than two (2) years and not more than
4 one-fourth (1/4) mile of the lake front shall be leased to any one
5 person, firm or corporation. The district may lease shorelands for
6 a term longer than two (2) years and more than one-fourth (1/4) mile
7 of lake front may be leased to any one person, firm, or corporation
8 without regard to the limitations herein, if the Board, by the
9 affirmative vote of a majority of the members, determines that the
10 lease is necessary or beneficial to the business of the district.
11 The district may lease shorelands to political subdivisions,
12 agencies of the State of Oklahoma, or tax-exempt public trusts, for
13 any public purpose, on such terms as are mutually satisfactory to
14 the parties, notwithstanding the limitations herein. No lease shall
15 deprive the owner of any land adjacent to the shorelands or lake
16 front, or abutting thereon, of ingress or egress to and from the
17 water of the lakes and shall not deprive the owner of any wharf,
18 dock or boat anchorage privileges that would belong to the owner if
19 the shorelands or lake front were not leased.

20 E. It is the intention of Sections 861 through 890 of this
21 title that, except by sale, lease or agreement as expressly
22 authorized in Sections 861 through 890 of this title, no property or
23 interest of the district shall ever come into the ownership or
24 control, directly or indirectly, of any person, firm or corporation

1 other than a public authority created under the laws of the State of
2 Oklahoma.

3 F. Nothing in this section shall be construed as preventing the
4 district from contracting with the United States or any agency
5 thereof for the temporary possession, control and use of properties
6 by the United States or any agency thereof for the safety and
7 defense of the United States in time of a national emergency or in
8 anticipation thereof.

9 G. All property of the district shall be at all times exempted
10 from forced sale, and nothing contained in Sections 861 through 890
11 of this title shall authorize the sale of any of the property of the
12 district under any judgment rendered in any suit, and such sales are
13 hereby prohibited and forbidden. The provisions of this subsection
14 shall not apply to any property constructed on a lease or the
15 interest in a lease of shoreland that has been entered into by the
16 district pursuant to subsection B of this section for a term of
17 longer than two (2) years, provided the provisions of the lease
18 authorizing the mortgage and forced sale of the property or lease
19 interest has been approved by an affirmative vote of a majority of
20 the members of the Board.

21 H. The provisions of this section shall not apply to any sale
22 agreement, lease agreement or other agreement entered into by the
23 district pursuant to paragraphs (f) or (g) of Section 862 of this
24 title, provided that the agreement is in compliance with any

1 applicable provision restricting the sale or leasing of property by
2 the district contained in any resolution of the district providing
3 for the issuance of revenue bonds.

4 SECTION 3. REPEALER 82 O.S. 2011, Section 864.2, is
5 hereby repealed.

6 SECTION 4. It being immediately necessary for the preservation
7 of the public peace, health and safety, an emergency is hereby
8 declared to exist, by reason whereof this act shall take effect and
9 be in full force from and after its passage and approval.

10 Passed the Senate the 3rd day of March, 2015.

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12 _____
13 Presiding Officer of the Senate

14 Passed the House of Representatives the ____ day of _____,
15 2015.

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17 _____
18 Presiding Officer of the House
19 of Representatives