

1 STATE OF OKLAHOMA

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

3 SENATE BILL 406

By: Loveless

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5  
6 AS INTRODUCED

7 An Act relating to the State Bond Advisor;  
8 consolidating Office of the State Bond Advisor into  
9 Office of the State Treasurer; providing for transfer  
10 of funds, documents, personnel, rules and other  
11 actions; amending 62 O.S. 2011, Sections 695.7, as  
12 amended by Section 5, Chapter 275, O.S.L. 2012, and  
13 695.8a, as amended by Section 466, Chapter 304,  
14 O.S.L. 2012 (62 O.S. Supp. 2016, Sections 695.7 and  
15 695.8a), which relate to the Oklahoma State Bond  
16 Advisor; providing that the Council of Bond Oversight  
17 and the State Treasurer jointly appoint State Bond  
18 Advisor; providing that State Bond Advisor be  
19 employee of Office of the State Treasurer; clarifying  
20 procedures and vote requirements; transferring Bond  
21 Oversight Revolving Fund to Office of the State  
22 Treasurer; repealing 62 O.S. 2011, Section 695.7a, as  
23 amended by Section 6, Chapter 275, O.S.L. 2012 (62  
24 O.S. Supp. 2016, Section 695.7a), which relates to  
contracts for services and office space for the State  
Bond Advisor; 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 373 of Title 74, unless there is  
created a duplication in numbering, reads as follows:

1       A. The Office of the State Bond Advisor is hereby consolidated  
2 into the Office of the State Treasurer.

3       B. Any funds appropriated to, in the possession of, or  
4 allocated to the Office of the State Bond Advisor shall be deemed to  
5 be funds of and shall be transferred to the Office of the State  
6 Treasurer.

7       C. All books, papers, records, property, functions, powers,  
8 duties, and obligations of the Office of the State Bond Advisor are  
9 hereby transferred to the Office of the State Treasurer.

10       D. All personnel of the Office of the State Bond Advisor are  
11 hereby transferred to the Office of the State Treasurer.

12       E. All rules, regulations, acts, orders, determinations, and  
13 decisions pertaining to the functions and powers herein transferred  
14 and assigned to the Office of the State Treasurer, in force at the  
15 time of such transfer or assignment, shall continue in force and  
16 effect until duly modified or abrogated by the State Treasurer or  
17 until otherwise provided by law.

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

21       Section 695.7. A. 1. The Council of Bond Oversight and the  
22 State Treasurer shall jointly engage the services of a person  
23 knowledgeable in the current state of the art of national and  
24 international standards for the issuance of obligations by

1 governmental entities and experienced in the negotiation of fees for  
2 various goods and services requisite to or deemed desirable in the  
3 issuance of such obligations as well as the negotiation of other  
4 matters essential to provide the best current price and terms of the  
5 issuance of such obligations for the benefit of Oklahoma firms,  
6 farms, individuals and local communities, who shall have the title  
7 "Oklahoma State Bond Advisor". The State Bond Advisor shall be an  
8 employee of the Office of the State Treasurer.

9 2. When appointing a person to the position of Oklahoma State  
10 Bond Advisor, the Council and the State Treasurer shall conduct a  
11 national search in seeking requests for proposals for the position.  
12 The person selected as the Oklahoma State Bond Advisor shall be  
13 approved by an affirmative vote of not fewer than three of the  
14 members of the Council and appointed to the position, subject to the  
15 advice and consent of the Senate.

16 3. The Oklahoma State Bond Advisor may be removed for cause by  
17 an affirmative vote of not fewer than three of the members of the  
18 Council, after a public hearing.

19 B. The Oklahoma State Bond Advisor may employ the necessary  
20 staff to carry out the duties of the Bond Advisor and the duties of  
21 the Council, with approval of the Council and the State Treasurer.  
22 The Office of the State Bond Advisor shall be a ~~separate state~~  
23 ~~agency as set forth in Section 695.7a of this title~~ division of the  
24 Office of the State Treasurer.

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

1 interests of the state before rating agencies and credit enhancement  
2 providers.

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

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

21       E. The Oklahoma State Bond Advisor or any member of the  
22 immediate family of the Oklahoma State Bond Advisor shall not have  
23 any direct or indirect financial or contractual relationship with  
24 any firm or corporation or any officer, partner or principal

1 stockholder of any firm or corporation directly involved in public  
2 finance.

3 SECTION 3. AMENDATORY 62 O.S. 2011, Section 695.8a, as  
4 amended by Section 466, Chapter 304, O.S.L. 2012 (62 O.S. Supp.  
5 2016, Section 695.8a), is amended to read as follows:

6 Section 695.8a. There is hereby created in the State Treasury a  
7 revolving fund for the Office of the ~~State Bond Advisor~~ State  
8 Treasurer, to be designated the "Bond Oversight Revolving Fund".  
9 The fund shall be a continuing fund, not subject to fiscal year  
10 limitations, and shall consist of fees collected pursuant to Section  
11 695.8 of this title and any other monies provided for by law. All  
12 monies accruing to the credit of ~~said~~ the fund are hereby  
13 appropriated and may be budgeted and expended by the Office of the  
14 ~~State Bond Advisor~~ State Treasurer for expenses related to the  
15 Oklahoma Bond Oversight and Reform Act. Expenditures from ~~said~~ the  
16 fund shall be made upon warrants issued by the State Treasurer  
17 against claims filed as prescribed by law with the Director of the  
18 Office of Management and Enterprise Services for approval and  
19 payment.

20 SECTION 4. REPEALER 62 O.S. 2011, Section 695.7a, as  
21 amended by Section 6, Chapter 275, O.S.L. 2012 (62 O.S. Supp. 2016,  
22 Section 695.7a), is hereby repealed.

23 SECTION 5. This act shall become effective July 1, 2017.  
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1 SECTION 6. It being immediately necessary for the preservation  
2 of the public peace, health or safety, an emergency is hereby  
3 declared to exist, by reason whereof this act shall take effect and  
4 be in full force from or after its passage and approval.

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