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The Oklahoma Capitol Improvement Authority ("OCIA" or "the Authority") serves as the primary mechanism for the state to access the capital markets and finance certain capital projects. The statutes governing the Authority are codified in Title 73, Section 151 et. seq. While OCIA was originally created to finance the construction of office buildings in the Capitol Complex, the purpose of the Authority has evolved over time. The Authority currently serves over 15 agencies by facilitating the bond issuance process for their capital needs.

## Summary Information for Bond Funded Projects



### Eligible Applicants

An eligible applicant is any department, board, commission, institution, or agency of the State of Oklahoma granted legislative authorization for bond financing with the Oklahoma Capitol Improvement Authority.



### Eligible Projects

To be eligible for OCIA bond funding, the client agency should submit an application to the Authority for approval. The project must meet the statutory provisions of Title 73, Section 151 et. seq. of the Oklahoma Statutes.

Eligible projects include, but are not necessarily limited to:

- Construction of a new building, modification of an existing building, or acquisition of a building;
- Acquisition of land on which there is to be construction of new buildings or expansion of existing buildings;
- Rehabilitation of existing buildings which may include, but is not limited to, energy conservation, environmental abatement, providing access for the disabled, and bringing facilities into compliance with current health and safety standards (the rehabilitation must be extensive and clearly not routine maintenance and repair); and
- Road, bridge and other highway improvements.

## **Bond Application Procedures**

The application will be reviewed by OCIA staff for completeness and compliance with law and IRS regulations. Authority staff may request additional information or clarification on matters within the application.

1. The process begins with a state agency making a request for bond funding of a capital project. Legislative staff, in consultation with agency personnel, will draft legislation authorizing the issuance of bonds through OCIA for consideration by the Oklahoma Legislature. The project and associated legislation may also be reviewed by the Attorney General's Office, as well as by OCIA staff.
2. If the legislation is signed into law, the client agency will need to obtain various board approvals, including approval by the Authority to solicit bids from various service professionals involved in the bond issuance process. These include bond counsel, underwriter(s), trustee, and financial printer. If authorized, OCIA staff will issue a Request for Proposals (RFP) to solicit those bids.
3. A subcommittee of Authority members, in consultation with OCIA staff, will review the RFP responses submitted and make recommendations to the full Authority. The Authority will then vote on the final selection of service providers. Upon selection, the service providers will prepare the documents necessary to issue the bonds, including but not limited to a Resolution for consideration and adoption by the Authority, the preliminary official statement (POS) for marketing to potential investors, and a Lease Agreement between the client agency and OCIA which provides for the lease rental payments securing the bonds.
4. After the Authority has approved the Resolution, the Council of Bond Oversight will consider the issuance for approval. Once all necessary approvals have been obtained and the selected financing team is ready to proceed with marketing and pricing the bonds, the sale of bonds to investors will occur. The client agency is welcome to be as involved as they would like in the issuance process.
5. Within 1-4 weeks of pricing the bonds, the bond closing will be held. At that time, the bond proceeds are received and deposited with OST/OCIA into designated accounts. The bond proceeds are then deposited into a construction account to be used to fund the needed goods and services to complete the capital improvement project. Funds that remain upon completion of the project are generally restricted to the retirement of the debt service. Investment earnings, too, are generally restricted in their uses.
6. The bond closing requires that the client agency sign the Lease Agreement, which provides for lease rental payments to be made to OCIA, which are pledged as security to the bondholders. Agencies make these payments directly to OCIA via ABS. OCIA then deposits these funds into designated accounts segregated by each bond issue. These funds are used to pay the principal and interest on the bond issue when due. Additional monies may be used to pay administrative costs related to bond administration, maintenance and operation of the capital improvements and other expenditures associated with the bond issue or capital improvement.

7. Once received by OCIA, lease revenues are disbursed to a sinking fund. The sinking fund is intended to service the debt payment of principal and interest and is paid to the paying agent of record (i.e., State Treasurer or Trustee) in regular intervals (i.e., monthly, quarterly, semi-annually, etc), depending upon the terms of the bond issue. Bondholders ultimately receive payment from the funds routed to the paying agent. Lease payments must continue to be made until the issue is paid in full or refinanced, and the bonds are no longer outstanding.
8. OCIA Revenue and Construction funds are enrolled in OKInvest. Sinking funds held with OST are also enrolled in OKInvest. The majority of the bond sinking funds are currently held at Bank of Oklahoma. All interest received in these accounts is calculated annually, with credits sent to the client agencies in January. Credits are made against agency principal payments beginning in July of the following fiscal year, as earned.

## **Authority Members**

Pursuant to Title 73, Oklahoma Statutes 2011, Section 152, as amended, the Authority consists of eight members including the Governor (serves as Chairman), Lieutenant Governor (serves as Vice Chairman), Director of the Office of Management and Enterprise Services, Director of the Department of Human Services, Secretary Member of the Oklahoma Tax Commission, the State Treasurer, the Director of the Department of Tourism & Recreation and the Director of the Department of Transportation.

### **Current Authority Members:**

Governor Kevin Stitt, Chairman  
Lt. Governor Matt Pinnell, Vice Chairman  
Treasurer Randy McDaniel, Secretary  
Steven Harpe  
Charles Prater  
Tim Gatz  
Justin Brown  
Jerry Winchester

Bond Issuing Checklist			
Action / Event	Responsible Party	Estimated Timeframe	Done
Legislative Authority is passed and signed by Governor (new money)	House & Senate		
Refunding is advised (OS 73, sec 156.1)	OCIA STAFF	periodically	
Contact agency (if refunding) to determine if they would like to defease their portion of the bonds. For instance if they would like to sell the property and create a defeasance escrow account.	OCIA STAFF	This should be set up prior to the refunding	
Contact Agency to gather information on the project and determine a timeline for construction and delivery of bond proceeds	OCIA STAFF		
Request Board Approval to issue RFP's to Hire Service providers (1 <sup>st</sup> OCIA Meeting)	OCIA STAFF		
Draft and Distribute RFPs for Service Providers	OCIA STAFF	Provide 10 days to 2 weeks for responses	
Evaluation Subcommittee Meets to Review Bids and Make Recommendations to the Full Board	OCIA STAFF/Evaluation Committee Members	Schedule at least one week after responses are due but as soon as practicable	
Present the recommendations of the Evaluation Committee to the Board for Approval  (2 <sup>nd</sup> OCIA Meeting)	OCIA STAFF	Usually allow for at least a week between review and meeting for approval	
Request for approval prepared and submitted to Council of Bond Oversight (Bond Advisor)	Letter from AG, application signed by Secretary of OCIA (State Treasurer)	2+ days depending on AG and signature	
Notify finance team of selection (announce results to other bidders)	OCIA STAFF	Day after 2 <sup>nd</sup> OCIA meeting	
Bond resolution drafted	Bond Counsel	1 week after notified of selection	
Circulation of resolution and other documents	Finance team (UW and BC) as well as AG, OCIA Admin, UW counsel		
Approve Bond Resolution  (3 <sup>rd</sup> OCIA Meeting)	OCIA, Bond Counsel, AG	ASAP (BC resolution is prepared)	
Council of Bond Oversight Meeting	Deputy Treasurer and Council	3 <sup>rd</sup> Thursday of the month	
Submit rating request	Deputy Treasurer (Fitch and S&P)	Once all bond documents are ready and a timeline has been established	
Receive ratings	Deputy Treasurer	Usually, 2-4 weeks after submission	
File transcript with AG to Start 30 Day Contestability Period	BC and AG	As soon as POS is finalized	
Print POS	PRINTER	As soon as POS is finalized	
Price Bonds	Financial Advisor, UW, OCIA STAFF	Usually, 10 days after printing POS	
Execute PBA	AG and Governor	Immediately after the bid to underwrite is made and Attorneys have signed off on the BPA	
Print final OS		1 week after pricing	
Distribute closing docs for review	Bond Counsel and UW Counsel	Same day as OS is printed	
Fee approval form	UW, Bond Advisor and OCIA admin	A few days prior to closing	
Distribute (and approve) closing memo	UW, Financial Advisor	Week after OS	
Pre-closing meeting	BC office (OCIA stamp required)	After contestability period ends	
Close	Call with UW, paying agent, OST	Typically, day after pre-closing	
Post EMMA notices –  Refundings require a notice to defease immediately after closing and possibly a notice to redeem when the bonds will be called (if at a future date due to advanced or near term current refundings).  New money bonds require posting to EMMA	OCIA / UW/ Financial Advisor	At closing and possibly a month prior to call date if advanced or current refunding (if within 90 days)	