An Act

ENROLLED SENATE
BILL NO. 1373

By: Johnson (Mike), Crutchfield, Myers, Adelson and Sparks of the Senate

and

Miller, Jones and Winchester of the House

An Act relating to higher education; amending 70 O.S. 2001, Section 3952, which relates to the Oklahoma State Regents' Endowment Trust Fund; providing procedures for use of certain state matching monies; setting limits; amending 70 O.S. 2001, Section 4019, as last amended by Section 1, Chapter 214, O.S.L. 2007 (70 O.S. Supp. 2007, Section 4019), which relates to the Oklahoma Capitol Improvement Authority; modifying authority to issue obligations for certain purpose; modifying maturity date; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2001, Section 3952, is amended to read as follows:

Section 3952. A. The principal held in the Oklahoma State Regents' Endowment Trust Fund shall be made available for the establishment of and allocation to endowment accounts within the Trust Fund for the benefit of individual public institutions of higher education within this state.

B. Investment return on each of the accounts constituting the principal of the Trust Fund shall be allocated for the benefit of individual institutions for which the accounts are respectively

designated and shall be remitted to such institutions for the support of endowed chairs, professorships, lectureships and positions for artists in residence approved by the Oklahoma State Regents for Higher Education. The State Regents shall develop, adopt, and publish the criteria to be used in the evaluation of proposals for support of endowed chairs, professorships, lectureships and positions for artists in residence on a competitive and priority basis according to merit. Such criteria shall be based on the goal of improving the overall quality of education and research. The endowed chairs, distinguished professorships, lectureships and positions for artists in residence should be established in academic areas which will contribute to the enhancement of the overall cultural, business, and/or economic development of Oklahoma. The individually endowed chairs and professorships should be established in areas for which the institution has on-going, approved academic programs. Any trust income and any investment return on any amount in the Trust Fund not designated for remittance to an institution as provided in Section 3951 et seq. of this title shall become part of the principal of the Trust Fund.

C. Trust Fund endowment accounts created pursuant to subsection A of this section shall be in a minimum amount of Two Hundred Fifty Thousand Dollars ($250,000.00) for the support of endowed chairs, a minimum amount of Fifty Thousand Dollars ($50,000.00) for the support of professorships or a minimum amount of Twenty-five Thousand Dollars ($25,000.00) for lectureships and artists in residence. The number and size of endowment accounts shall be determined by the amount of matching monies that the institution commits to endowment accounts. To be initially eligible for an endowment account within the Trust Fund, an institution shall have on deposit as provided in subsection F of this section an amount equal to at least one-half (1/2) of the requested account. Provided, the regional and special purpose universities and two-year institutions in The Oklahoma State System of Higher Education shall have priority in qualifying for the endowment accounts of Twenty-five Thousand Dollars ($25,000.00) for lectureships and positions for artists in residence.

D. 1. The total matching requirement for monies received prior to July 1, 2008 shall be equal to the amount of the requested endowment account in each instance and shall be deposited within a

period to be established by the State Regents. Said period shall not be greater than three (3) years in length; provided, an institution may deposit in an endowment account matching monies in an amount which exceeds the required matching amount.

2. After July 1, 2008, state matching monies must be used to complete the state matching requirements for all endowment accounts in place as of that date, before state matching monies may be used for any accounts created after that date. After completion of such requirements no more than a total of Five Million Dollars ($5,000,000.00) of state matching monies may be used each year, subject to the following provisions:

a. not more than a total of Four Million Dollars ($4,000,000.00) each year may be used for the combined benefit of comprehensive universities within The Oklahoma State System of Higher Education, and

b. not more than a total of One Million Dollars ($1,000,000.00) each year may be used for the combined benefit of other eligible institutions within The Oklahoma State System of Higher Education.

3. All Trust Fund endowment accounts created after July 1, 2008, shall be subject to the following provisions:

a. Trust Fund endowment accounts with matching monies of Two Hundred Fifty Thousand Dollars ($250,000.00) or less shall be matched with state matching monies according to a 1:1 ratio, with One Dollar ($1.00) of state matching monies to be matched with every One Dollar ($1.00) of matching monies received, and

b. Trust Fund endowment accounts with matching monies of more than Two Hundred Fifty Thousand Dollars ($250,000.00) shall be matched with state matching monies according to a 1:4 ratio, with One Dollar ($1.00) of state matching monies to be matched with every Four Dollars ($4.00) of matching monies received.

4. Any endowment account for which an institution fails to provide the full required matching amount within the time established shall be available to be awarded to another public institution of higher education. No investment return shall be remitted to any institution from an endowment account before the institution has deposited the total required match for the endowment account as provided in subsection F of this section.

E. 1. Monies which an institution provides for matching purposes must originate from monies contributed to the institution after July 1, 1988, from private sources, which monies are specifically designated by the private source to be used for purposes specified in this act, or from private contributions made after July 1, 1988, to a foundation for which the sole beneficiary is that institution, which monies are specifically designated by the private contributor to be used for purposes specified in this act, and may not be drawn from allocations of appropriated funds received from the State Regents, proceeds of fees or charges authorized by law, or from federal grants or reimbursements.

2. The State Regents may accept the transfer of endowed chairs and any associated funds from the MOST Eminent Scholars and Research Equipment Account created pursuant to the provisions of Section 5060.13 of Title 74 of the Oklahoma Statutes for the purpose of the establishment as endowed chairs in the Oklahoma State Regents' Endowment Trust Fund. Such endowed chairs shall be subject to and administered in accordance with the statutes and regulations applicable to the Trust Fund; provided, however, the monies provided by an institution for matching purposes may have originated from private monies contributed to the institution or a foundation before or after July 1, 1988.

F. Any institution which provides matching monies shall deposit the matching monies in one of the following:

1. The Trust Fund;

2. An endowment matching fund of the institution; or

3. A fund of a foundation whose sole beneficiary is that institution.

All investment return on matching monies which are deposited in a fund specified in paragraphs 2 or 3 of this subsection shall be retained in the fund. If such matching monies are not deposited in the Trust Fund, the institution shall submit a report annually to the State Regents in which the investments of the matching funds, earned interest and income, including capital gains and losses, and expenditures including the costs of managing the investments are detailed. Diminution of the original matching sum may at the discretion of the State Regents constitute a forfeiture of the state-origin monies which the private-origin institutional monies were to match.

G. An institution may recommend to the State Regents that monies benefiting the institution in an endowment account pursuant to the purposes of the Trust Fund be dedicated to an alternative academic discipline or area. If the State Regents approve such action, the investment return from the endowment account may be utilized for such program.

SECTION 2. AMENDATORY 70 O.S. 2001, Section 4019, as last amended by Section 1, Chapter 214, O.S.L. 2007 (70 O.S. Supp. 2007, Section 4019), is amended to read as follows:

Section 4019. A. The Oklahoma Capitol Improvement Authority is hereby authorized, consistent with the statutes pertaining to the Oklahoma State Regents' Endowment Trust Fund, to establish a program to provide for the advance funding of the state's contribution to endowed chairs, professorships, lectureships and positions for artists in residence as provided in Section 3952 of this title at the various institutions in The Oklahoma State System of Higher Education. The Oklahoma State Regents for Higher Education are authorized to enter into agreements with the Authority to provide security for any obligations issued for such purpose.

B. The Authority is hereby authorized to issue and sell obligations in such amounts as shall be needed from time to time for the purposes of obtaining funds for the state's matching contribution for endowed chairs, professorships, lectureships and positions for artists in residence; provided, however, that the total principal amount of such obligations shall not exceed in the aggregate ~~One Hundred Million Dollars ($100,000,000.00)~~ One Hundred Fifty Million Dollars ($150,000,000.00) outstanding at any one time

for the purpose of funding endowed chairs. At least fifty percent (50%) of the endowed chair, professorship or lectureship positions funded as provided for in this subsection shall be for positions that involve research and development. No obligations shall be issued for any endowment account for which matching monies specified in subsection E of Section 3952 of this title have not been received.

C. It is the intent of the Legislature that payments for the purpose of retiring the obligations created pursuant to this section be made by the State Regents from the lump-sum appropriation made pursuant to Section 3 of Article XIII-A of the Oklahoma Constitution. Further, it is the intent of the Legislature to appropriate to the State Regents sufficient monies to allow the State Regents to make payments for the purpose of retiring the obligations created pursuant to this section.

D. The Authority may issue obligations in one or more series and in conjunction with other issues of the Authority.

E. The obligations authorized under this section may be sold at either competitive or negotiated sale, as determined by the Authority, and in such form and at such prices as may be authorized by the Authority. The Authority may enter into agreements with such credit enhancers and liquidity providers as may be determined necessary to efficiently market the obligations. The obligations may mature and have such provisions for redemption as shall be determined by the Authority, but in no event shall the final maturity of such obligations occur later than ~~ten (10)~~ fifteen (15) years from the first principal maturity date of any given series.

F. Any interest earnings on funds or accounts created for purposes of this section may be utilized as partial payment of the annual debt service or for purposes directed by the Authority.

G. The obligations issued under this section, the transfer thereof and the interest earned on such obligations, including any profit derived from the sale thereof, shall not be subject to taxation of any kind by the State of Oklahoma, or by any county, municipality or political subdivision therein.

H. The Authority may direct the investment of all monies in any funds or accounts created in connection with the offering of the obligations authorized under this section. This shall not include monies in the Oklahoma State Regents Endowment Trust Fund. The State Regents may place additional restrictions on the investment of such monies if necessary to enhance the marketability of the obligations.

SECTION 3. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

Passed the Senate the 23rd day of May, 2008.

Presiding Officer of the Senate

Passed the House of Representatives the 23rd day of May, 2008.

Presiding Officer of the House of Representatives

OFFICE OF THE GOVERNOR

Received by the Governor this 23rd

day of May, 2008,

at 11:00 o'clock P M.

By: [signature]

Approved by the Governor of the State of Oklahoma the 2nd day of

June, 2008, at 8:00 o'clock P M.

[signature]

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this

16th day of June, 2008

at 12:40 o'clock P M.

By: [signature]