An Act

ENROLLED SENATE
BILL NO. 704

By: Haste of the Senate

and

Roe of the House

An Act relating to the Oklahoma State University Medical Authority; amending 63 O.S. 2021, Section 3275, which relates to members; modifying qualifications; adding member; removing obsolete language; amending 63 O.S. 2021, Section 3276, which relates to powers and duties of the Authority; adding certain power and duty; amending 63 O.S. 2021, Section 3290, which relates to the Oklahoma State University Medical Trust; increasing certain asset limit for purpose of certain determination; repealing 63 O.S. 2021, Section 3287, which relates to the Oklahoma State University Medical Authority; providing for codification; and providing an effective date.

SUBJECT: Oklahoma State University Medical Authority

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

SECTION 1. AMENDATORY 63 O.S. 2021, Section 3275, is amended to read as follows:

Section 3275. A. There is hereby created the Oklahoma State University Medical Authority, an agency of the State of Oklahoma, a body corporate and politic, with powers of government and with the authority to exercise the rights, privileges and functions as specified in the Oklahoma State University Medical Authority Act.

The Oklahoma State University Medical Authority is covered by the Governmental Tort Claims Act.

B. The Authority shall consist of ~~seven (7)~~ eight (8) members as follows:

1. One member shall be appointed by the Governor, with the advice and consent of the Senate;

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

3. One member shall be appointed by the Speaker of the Oklahoma House of Representatives;

4. One member shall be the Chief Executive Officer of the Oklahoma Health Care Authority, or a designee;

5. One member shall be the President of the Oklahoma State University Center for Health Sciences;

6. One member ~~to~~ shall be appointed by the President of Oklahoma State University ~~who shall be the Chief Executive Officer of any entity, other than the Oklahoma State University Medical Trust, with whom the Oklahoma State University College of Osteopathic Medicine has entered into an Academic Affiliation Agreement to serve as the primary site of practice and teaching hospital for medical residency programs, or a designee; and~~;

7. One member shall be a member of the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges, or his or her designee, as selected by the chair of the Board of Regents; and

8. One member shall be the Chief Executive Officer of the Oklahoma State University Medical Authority who shall be an ex officio, nonvoting member.

C. ~~All appointed members shall be appointed by June 1, 2006. Of the members of the Authority initially appointed, the member appointed by the President Pro Tempore of the Senate shall serve a term of three (3) years; the member appointed by the Speaker of the House of Representatives shall serve a term of two (2) years; and~~

~~the member appointed by the Governor shall serve a term of one (1) year. Successors~~ Members shall be appointed for terms of three (3) years.

D. Each member of the Authority, prior to appointment, shall be a resident of the state and a qualified elector.

E. Members shall be removable only for cause by the appointing authority. Any vacancy occurring on the Authority shall be filled by the original appointing authority.

F. The members of the Authority shall serve without compensation but may be reimbursed for all actual and necessary travel expenses incurred in performance of their duties in accordance with the provisions of the State Travel Reimbursement Act.

G. All members of the Authority and administrative personnel of the Authority shall be subject to the provisions of the Oklahoma Ethics Commission Rules, Chapter 62 Appendix of Title 74 of the Oklahoma Statutes.

H. A quorum of the Authority shall be four (4) voting members. The Authority shall elect a chair and vice chair from among its members. The chair must be an appointed member of the Authority.

I. The Authority shall be exempt from the Oklahoma Central Purchasing Act but shall be subject to the purchasing policies of Oklahoma State University Center for Health Sciences and shall be subject to the Oklahoma Open Meeting Act and the Oklahoma Open Records Act, except as otherwise provided by this act. Any information submitted to or compiled by the Authority except for budgetary information related to appropriations or the appropriations process with respect to the marketing plans, financial statements, trade secrets, research concepts, methods or products, or any other proprietary information of the Authority, persons, firms, associations, partnerships, agencies, corporations, institutions of higher education, nonprofit research institutions or other entities shall be confidential, except to the extent that the person or entity which provided the information or which is the subject of the information consents to disclosure. Executive

sessions may be held to discuss such materials if deemed necessary by the Authority.

SECTION 2. AMENDATORY 63 O.S. 2021, Section 3276, is amended to read as follows:

Section 3276. A. ~~On and after July 1, 2006, the~~ The Oklahoma State University Medical Authority shall have the power and duty to:

1. Adopt bylaws and promulgate rules for the regulation of its affairs and the conduct of its business;

2. Adopt an official seal;

3. Maintain an office at a location to be determined by the Authority;

4. Sue and be sued, subject to the provisions of The Governmental Tort Claims Act;

5. Enter into cooperative agreements with the Board of Regents for the Oklahoma Agricultural and Mechanical Colleges for educational programs, professional staffing, research and other medical activities;

6. Make and enter into all contracts necessary or incidental to the performance of its duties and the execution of its powers pursuant to the Oklahoma State University Medical Authority Act;

7. Purchase or lease equipment, furniture, materials and supplies, and incur such other expenses as may be necessary to maintain and operate hospitals or clinics, or to discharge its duties and responsibilities or to make any of its powers effective;

8. Acquire by purchase, lease, gift, or by any other manner, and to maintain, use and operate or to contract for the maintenance, use and operation of or lease of any and all property of any kind, real, personal, or mixed or any interest therein unless otherwise provided by the Oklahoma State University Medical Authority Act;

9. Appoint such officers, agents and employees, including but not limited to attorneys, as it deems necessary and to prescribe their duties and to fix their compensation;

10. Accept grants from the United States of America, or from any corporation or agency created or designed by the United States of America, and, in connection with any grant, to enter into such agreements as the United States of America or such corporation or agency may require;

11. Make and issue bonds and to pledge revenues of the Authority subject to the Oklahoma Bond Oversight and Reform Act. Nothing in the Oklahoma State University Medical Authority Act shall authorize the issuance of any bonds of the Authority payable other than from revenues of the Authority. Funds appropriated to the Authority shall not be used for issuance of bonds. Authority revenue bonds issued under the provisions of this act shall not at any time be deemed to constitute a debt of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any political subdivision, but such bonds shall be payable solely from the funds herein provided. Such revenue bonds shall contain on the face thereof a statement to the effect that neither the state nor the Authority shall be obligated to pay the same or the interest thereon except from the revenues of the project or projects for which they are issued and that neither the faith and credit nor the taxing power of the state or any political subdivision thereof is pledged, or may hereafter be pledged, to the payment of the principal of or the interest on such bonds. The maximum amount of outstanding bonds at any time shall not exceed Fifty Million Dollars ($50,000,000.00) unless a greater amount is expressly approved by the Legislature by a concurrent resolution adopted prior to commencing any action in anticipation of issuance of revenue bonds of the Oklahoma State University Medical Authority for the greater amount;

12. Provide for complete financial audits on all accounts of the Oklahoma State University Medical Authority and to authorize periodic audits by an independent external auditing agency. Such audits shall be performed annually in a format approved by the State Auditor and Inspector, and all such audits shall be submitted to the State Auditor and Inspector for review. Such audits shall be made in accordance with generally accepted auditing standards and

government auditing standards. Financial statements shall be prepared in accordance with generally accepted accounting principles. In addition to said audits, whenever the State Auditor and Inspector deems it appropriate, and at least once each five (5) years, or upon receipt of a request to do so from the Governor, the Attorney General, the President Pro Tempore of the Oklahoma State Senate, the Speaker of the Oklahoma House of Representatives or the Authority, the State Auditor and Inspector shall conduct a special audit of the Authority;

13. Engage in long-term planning for the operation and management of the Authority;

14. Establish petty cash funds and provide for appropriate accounting procedures and controls;

15. Contract with national manufacturers and distributors of drugs and medical supplies when appropriate to carry out the purposes of this act;

16. Provide funding to other entities for purposes related to public health, teaching, research, and the purposes of the Oklahoma State University Medical Authority Act when provided funding for such purposes by the Legislature;

17. Do all other things necessary and proper to implement the provisions of the Oklahoma State University Medical Authority Act;

~~17.~~ 18. Waive, by such means as the Authority deems appropriate, the exemption from federal income taxation of interest on the Authority's bonds provided by the Internal Revenue Code of 1986, as amended, or any other federal statute providing a similar exemption;

~~18.~~ 19. Arrange for guaranties or insurance of its bonds by the federal government or by any private insurer, and to pay any premiums therefor; and

~~19.~~ 20. Make a declaration of necessity as provided in Section 3273 of this title. The Authority may, in its exclusive judgment, make a declaration of necessity when such a declaration is deemed

necessary to effectuate the purposes of the Oklahoma State University Medical Authority Act.

B. The Oklahoma State University Medical Authority shall be subject to the Oklahoma Budget Law of 1947.

C. The Authority shall prepare monthly a "budget vs. actual" report which shows by budget activity the monthly and year-to-date revenues and expenditures compared to budgeted revenues and expenditures. Such report shall be submitted to the Office of Management and Enterprise Services and to the Directors of the House of Representatives Fiscal Division and the Senate Fiscal Division.

D. The Authority shall be subject to the professional risk management program provided for in Section 85.58A of Title 74 of the Oklahoma Statutes.

SECTION 3. AMENDATORY 63 O.S. 2021, Section 3290, is amended to read as follows:

Section 3290. A. The State of Oklahoma expressly approves the creation of a public trust to be named the "Oklahoma State University Medical Trust", of which the State of Oklahoma shall be the beneficiary, provided such approval shall be contingent upon satisfaction of the following conditions:

1. Finalizing of the declaration of trust;

2. Adoption of the declaration of trust by an official action of the trustees of the Trust;

3. Submission of the Trust for acceptance of the beneficial interest and approval as required by Section 177 of Title 60 of the Oklahoma Statutes; and

4. The approved declaration of trust shall:

   a. clearly state that the principal purpose of the Oklahoma State University Medical Trust is to effectuate the purposes of the Oklahoma State University Medical Authority as established in the Oklahoma State University Medical Authority Act,

b. except as otherwise provided by law, provide that the title to real property held by the Oklahoma State University Medical Authority shall not be transferred, conveyed, or assigned to the Oklahoma State University Medical Trust without the express consent of the Legislature as the governing entity of the beneficiary pursuant to Section 176 of Title 60 of the Oklahoma Statutes,

c. provide that any indebtedness incurred by the Oklahoma State University Medical Trust or the trustees of the Trust shall not be secured with or create a lien upon real property to which title is held by the Oklahoma State University Medical Authority and shall not involve the bonding capacity of the Oklahoma State University Medical Authority,

d. provide that the trust estate of the Oklahoma State University Medical Trust shall not include fee simple title to real property owned by the Oklahoma State University Medical Authority,

e. clearly state that the creation of the Oklahoma State University Medical Trust shall not in any way reduce, limit or interfere with the power granted to the Oklahoma State University Medical Authority in the Oklahoma State University Medical Authority Act,

f. provide that any lease or contractual agreement involving use of the real property to which title is held by the Oklahoma State University Medical Authority and any improvements thereto shall contain a provision and covenants requiring the proper maintenance and upkeep of the real property and improvements,

g. provide that the trustees of the Oklahoma State University Medical Trust shall be the acting members of the Oklahoma State University Medical Authority as provided in the Oklahoma State University Medical Authority Act, and

h. provide that the trustees of the Oklahoma State University Medical Trust shall have the duty to submit an annual report to the Governor, the President Pro Tempore of the Oklahoma State Senate and the Speaker of the Oklahoma House of Representatives. The report shall be submitted by January 1 of each year and shall include an account of all operations, actions of the Trust, account of all revenue received and disbursed by the Trust for the previous fiscal year. The report shall also provide a complete accounting of how the Trust meets its primary function of effectuating the purposes of the Oklahoma State University Medical Authority, as established in the Oklahoma State University Medical Authority Act.

B. The Oklahoma State University Medical Trust shall require any agreements which it enters into with any entity pursuant to Section ~~22~~ 3292 of this ~~act~~ title for the operations of facilities leased by the Oklahoma State University Medical Authority to the Trust to include, but not be limited to:

1. The inclusion of all the members of the Trust, except the Chief Executive Officer of the Oklahoma Health Care Authority, as five of the six members representing the State of Oklahoma in a governing committee, and the sixth member of the governing committee representing the State of Oklahoma to be designated by the President of Oklahoma State University;

2. Binding arbitration shall not be required by such agreements for resolving issues under consideration by the governing committee; and

3. Major decisions shall be resolved by the governing committee, and approval of any major decision by the governing committee must include the approval of a majority of the state appointees and the approval of a majority of the private entity appointees to the governing committee. Major decisions shall include:

a. approval of the operating and capital budgets,

b. sale or disposition of assets over ~~Two Hundred Fifty Thousand Dollars ($250,000.00)~~ Five Hundred Thousand Dollars ($500,000.00),

c. the termination or transfer or material addition or material diminution of medical services at the Oklahoma State University Medical Center related to and part of a teaching program of the Oklahoma State University Center for Health Sciences, and

d. other major decisions as may be agreed upon by the Trust and the private entity.

C. To the extent it is determined by legislative enactment that the Trust has expended funds in contravention of its mission as set forth in this section, the Trust shall remit, upon thirty (30) days' written notice from the Oklahoma State University Medical Authority, such sum or sums to the Oklahoma State University Medical Authority.

D. In the event the Trust enters into a joint venture or acquires an interest in a not-for-profit entity to effectuate the administration of the mission of the Trust, that entity shall not be subject to the Oklahoma Open Meeting Act and the Oklahoma Open Records Act. Any information submitted to or compiled by the Trust with respect to marketing plans, financial statements, trade secrets, research concepts, methods or products or any other proprietary information submitted to or compiled by the Trust, persons, firms, associations, partnerships, agencies, corporations, institutions of higher education, nonprofit research institutions or other entities shall be confidential, except to the extent that the person or entity which provided such information or which is the subject of such information consents to disclosure. Executive sessions may be held to discuss such materials if deemed necessary by the Trust. The provisions of this subsection shall not apply to budgetary information related to appropriations or the appropriations process.

SECTION 4. REPEALER 63 O.S. 2021, Section 3287, is hereby repealed.

SECTION 5. This act shall become effective November 1, 2023.

Passed the Senate the 24th day of May, 2023.

Brent Howard
Presiding Officer of the Senate

Passed the House of Representatives the 26th day of April, 2023.

Presiding Officer of the House
of Representatives

OFFICE OF THE GOVERNOR

Received by the Office of the Governor this 24th
day of May, 20 23, at 6:42 o'clock p. M.
By: Quinn Cussy

Approved by the Governor of the State of Oklahoma this 6th
day of June, 20 23, at 4:22 o'clock p. M.

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Office of the Secretary of State this 6th
day of June, 20 23, at 5:16 o'clock P. M.
By: Brian Bingman