

1 ENGROSSED SENATE
2 BILL NO. 668

By: Jolley of the Senate

3 and

4 McDaniel (Randy) of the
5 House

6
7 An Act relating to retirement boards, amending 70
8 O.S. 2011, Section 17-106, as last amended by Section
9 1, Chapter 13, O.S.L. 2014 (70 O.S. Supp. 2014,
10 Section 17-106), which relates to the Oklahoma
11 Teachers Retirement System Board of Trustees;
12 modifying membership; clarifying references; 74 O.S.
13 2011, Section 941, as amended by Section 930, Chapter
14 304, O.S.L. 2012 (74 O.S. Supp. 2014, Section 941),
15 which relates to the Oklahoma State Pension
16 Commission; adding certain persons to the Commission;
17 amending 74 O.S. 2011, Section 905, as last amended
18 by Section 2, Chapter 342, O.S.L. 2013 (74 O.S. Supp.
19 2014, Section 905), which relates to the Oklahoma
20 Public Employees Retirement System Board; modifying
21 membership; adding certain person to Board; making
22 gender neutral; providing an effective date; and
23 declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-106, as
last amended by Section 1, Chapter 13, O.S.L. 2014 (70 O.S. Supp.
2014, Section 17-106), is amended to read as follows:

Section 17-106. (1) The general administration and
responsibility for the proper operation of the retirement system and
for making effective the provisions of ~~the act~~ Section 17-101 et

1 seq. of this title are hereby vested in a Board of Trustees which
2 shall be known as the Board of Trustees and shall be organized
3 immediately after a majority of the trustees provided for in this
4 section shall have qualified and taken the oath of office.

5 (2) The Board shall consist of the following members:

6 (a) The State Superintendent of Public Instruction, ex officio
7 or a designee.

8 (b) The Director of the Office of Management and Enterprise
9 Services, ex officio or a designee.

10 (c) The Director of the Oklahoma Department of Career and
11 Technology Education, ex officio, or his or her designee.

12 (d) One member appointed by the Governor whose initial term of
13 office shall expire on January 14, 1991. The members thereafter
14 appointed by the Governor shall serve a term of office of four (4)
15 years which is coterminous with the term of office of the office of
16 the appointing authority.

17 (e) Two members shall be appointed by the Governor of the State
18 of Oklahoma and approved by the Senate. The two members shall be:

19 1. a representative of a school of higher education in Oklahoma
20 whose term of office shall initially be one (1) year, and 2. a
21 member of the System of the nonclassified optional personnel status
22 whose initial term of office shall be two (2) years. After the
23 initial terms of office the terms of the members shall be four (4)
24 years.

1 (f) Upon the expiration of the term of office of the
2 stockbroker member of the Board, the Governor shall appoint a member
3 to the Board whose initial term of office shall expire on January
4 14, 1991. The members thereafter appointed by the Governor shall
5 serve a term of office of four (4) years which is coterminous with
6 the term of office of the office of the appointing authority.

7 (g) Upon the expiration of the term of office of the
8 representative of the insurance industry member of the Board, the
9 Governor shall appoint a member to the Board whose initial term of
10 office shall expire on January 14, 1991. The members thereafter
11 appointed by the Governor shall serve a term of office of four (4)
12 years which is coterminous with the term of office of the office of
13 the appointing authority.

14 (h) Upon the expiration of the term of office of the investment
15 counselor member of the Board, the Governor shall appoint a member
16 to the Board whose initial term of office shall expire on January
17 14, 1991. The members thereafter appointed by the Governor shall
18 serve a term of office of four (4) years which is coterminous with
19 the term of office of the office of the appointing authority.

20 (i) Upon the expiration of the term of office of the active
21 classroom teacher member of the Board, the President Pro Tempore of
22 the Senate shall appoint a member to the Board, who shall be an
23 active classroom teacher and whose initial term of office shall
24 expire on January 8, 1991. The members thereafter appointed by the

1 President Pro Tempore of the Senate shall serve a term of office of
2 four (4) years.

3 (j) Upon the expiration of the term of office of the retired
4 classroom teacher member of the Board, the Speaker of the House of
5 Representatives shall appoint a member to the Board, who shall be a
6 retired member of the System and whose initial term of office shall
7 expire on January 8, 1991. The members thereafter appointed by the
8 Speaker of the House of Representatives shall serve a term of office
9 of four (4) years.

10 (k) The Speaker of the House of Representatives shall appoint a
11 member to the Board, who shall be an active classroom teacher and
12 whose initial term of office shall expire on January 3, 1989. The
13 members thereafter appointed by the Speaker of the House of
14 Representatives shall serve a term of office of four (4) years.

15 (l) The President Pro Tempore of the Senate shall appoint a
16 member to the Board, who shall be a retired member of the System and
17 whose initial term of office shall expire on January 3, 1989. The
18 members thereafter appointed by the President Pro Tempore of the
19 Senate shall serve a term of office of four (4) years.

20 (m) A statewide organization representing retired educators
21 shall appoint a member to the Board who shall be a nonvoting member.

22 (n) The Oklahoma State Treasurer, ex officio or a designee.

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1 (3) Persons who are appointed to the Board of Trustees by the
2 Governor pursuant to paragraphs (d), (f), (g) and (h) of subsection
3 (2) of this section shall:

4 (a) have demonstrated professional experience in investment or
5 funds management, public funds management, public or private pension
6 fund management or retirement system management; or

7 (b) have demonstrated experience in the banking profession and
8 have demonstrated professional experience in investment or funds
9 management; or

10 (c) be licensed to practice law in this state and have
11 demonstrated professional experience in commercial matters; or

12 (d) be licensed by the Oklahoma Accountancy Board to practice
13 in this state as a public accountant or a certified public
14 accountant.

15 The appointing authorities, in making appointments that conform
16 to the requirements of this subsection, shall give due consideration
17 to balancing the appointments among the criteria specified in
18 paragraphs (a) through (d) of this subsection.

19 (4) No member of the Board of Trustees shall be a lobbyist
20 registered in this state as provided by law.

21 (5) Notwithstanding any of the provisions of this section to
22 the contrary, any person serving as an appointed member of the Board
23 of Trustees on July 1, 1988, shall be eligible for reappointment
24 when the term of office of the member expires.

1 (6) If a vacancy occurs in the office of a trustee, the vacancy
2 shall be filled for the unexpired term in the same manner as the
3 office was previously filled.

4 (7) Each of the trustees, except those who are state officials
5 serving ex officio, shall receive travel expenses in accordance with
6 the State Travel Reimbursement Act.

7 (8) Each trustee shall, within ten (10) days after his or her
8 appointment or election, take an oath of office that, so far as it
9 devolves upon him or her, the trustee will diligently and honestly
10 administer the affairs of the Board of Trustees and that he or she
11 will not knowingly violate or willingly permit to be violated any of
12 the provisions of law applicable to the retirement system. Such
13 oath shall be subscribed to by the member making it, certified by
14 the officer before whom it is taken, and immediately filed in the
15 office of the Secretary of State.

16 (9) Each trustee shall be entitled to one vote on the Board of
17 Trustees. Seven votes shall be necessary for a decision by the
18 trustees at any meeting of the Board.

19 (10) Subject to the limitations of ~~this act~~ Section 17-101 et
20 seq. of this title, the Board of Trustees shall, from time to time,
21 establish rules and regulations for the administration of the funds
22 created by ~~this act~~ Section 17-101 et seq. of this title and for the
23 transaction of its business. Provided that such rules and
24 regulations may include rules and regulations providing for the

1 withholding from the retirement allowance due a retired person under
2 the provisions of ~~this act~~ Section 17-101 et seq. of this title an
3 amount requested in writing by the retiree for the purpose of
4 paying:

5 (a) monthly premiums on group hospital and surgical insurance
6 programs to which such retiree belongs, and for the transmitting of
7 the sums so withheld to the insurance carrier designated by the
8 retiree; and

9 (b) membership dues in any statewide association limited to
10 retired educator membership with a minimum membership of one
11 thousand (1,000) dues-paying members and for the transmitting of the
12 sums so withheld.

13 (11) The Board of Trustees shall elect from its membership a
14 chair, and by a majority vote of all of its members shall appoint a
15 secretary-treasurer, who may be, but need not be, one of its
16 members. The Board shall employ an executive director and shall
17 engage such actuarial and other service as shall be required to
18 transact the business of the retirement system. The compensation of
19 all persons engaged by the Board and all other expenses of the Board
20 necessary for the operation of the retirement system shall be paid
21 at such rates and in such amounts as the Board shall approve.

22 (12) The members of the Board of Trustees, the Executive
23 Director and the employees of the System shall not accept gifts or
24 gratuities from an individual organization with a value in excess of

1 Fifty Dollars (\$50.00) per year. The provisions of this section
2 shall not be construed to prevent the members of the Board of
3 Trustees, the Executive Director or the employees of the System from
4 attending educational seminars, conferences, meetings or similar
5 functions which are paid for, directly or indirectly, by more than
6 one organization.

7 (13) The Board of Trustees shall keep in convenient form such
8 data as shall be necessary for actuarial valuation of the various
9 funds of the retirement system and for checking the experience of
10 the system.

11 (14) The Board of Trustees shall keep a record of all of its
12 proceedings which shall be open to public inspection. It shall
13 publish annually a report showing the fiscal transactions of the
14 retirement system for the preceding school year, the amount of the
15 accumulated cash and securities of the system, and the last balance
16 sheet showing the financial condition of the system by means of an
17 actuarial valuation of the assets and liabilities of the retirement
18 system and a detailed accounting of its administrative expenses.

19 (15) The Board of Trustees shall retain an attorney who is
20 licensed to practice law in this state. The attorney shall serve at
21 the pleasure of the Board of Trustees for such compensation as may
22 be provided by the Board of Trustees. The attorney shall advise the
23 Board of Trustees and perform legal services for the Board of
24 Trustees with respect to any matters properly before the Board of

1 Trustees. When requested by the Board of Trustees, the Attorney
2 General of the state also shall render legal services to the Board
3 of Trustees. In addition to the above, the Board of Trustees may
4 employ hearing examiners to conduct administrative grievance
5 hearings under the provisions of the Administrative Procedures Act.

6 (16) Suitable offices shall be furnished by the Office of
7 Management and Enterprise Services. Upon the failure or inability
8 of the Office of Management and Enterprise Services to provide
9 adequate facilities, the Board of Trustees may contract for
10 necessary office space in suitable quarters.

11 (17) The Board of Trustees shall designate a Medical Board to
12 be composed of three physicians not eligible to participate in the
13 retirement system. The physicians so appointed by the Board of
14 Trustees shall be legally qualified to practice medicine in Oklahoma
15 and shall be physicians of good standing in the medical profession.
16 If required, other physicians may be employed to report on special
17 cases. The Medical Board shall pass upon all medical examinations
18 required under the provisions of ~~this act~~ Section 17-101 et seq. of
19 this title and shall investigate all essential statements and
20 certificates by or on behalf of a member in connection with an
21 application for disability retirement and shall report in writing to
22 the Board of Trustees its conclusion and recommendation upon all the
23 matters referred to it. The Board of Trustees shall adopt such

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1 rules and regulations as may be necessary to properly administer
2 this benefit.

3 (18) The Board of Trustees shall designate an actuary who shall
4 be the technical advisor of the Board of Trustees on matters
5 regarding the operation of funds created by the provisions of ~~this~~
6 ~~act~~ Section 17-101 et seq. of this title and shall perform such
7 other duties as are required in connection therewith.

8 (19) At least once each five (5) years the actuary shall make
9 an actuarial investigation of the experience of the retirement
10 system, including the mortality, service and compensation experience
11 of members and beneficiaries. Based on the results of such
12 investigation the actuary shall recommend for adoption by the Board
13 of Trustees such tables and rates as are required for the operation
14 of the retirement system and for the preparation of annual actuarial
15 valuations.

16 (20) On the basis of such tables and rates as the Board of
17 Trustees shall adopt, the actuary shall prepare an annual actuarial
18 valuation of the assets and liabilities of the retirement system and
19 certify the rates of contribution payable by the state under the
20 provisions of law concerning the Teachers' Retirement System.

21 SECTION 2. AMENDATORY 74 O.S. 2011, Section 941, as
22 amended by Section 930, Chapter 304, O.S.L. 2012 (74 O.S. Supp.
23 2014, Section 941), is amended to read as follows:

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1 Section 941. A. There is hereby created the Oklahoma State
2 Pension Commission. The Commission shall consist of ~~seven (7)~~ eight
3 (8) members as follows:

4 1. The State Auditor and Inspector or that person's designee;

5 2. The Director of the Office of Management and Enterprise
6 Services or that person's designee;

7 3. The State Treasurer or that person's designee;

8 4. One member who shall be a member of the Senate appointed by
9 the President Pro Tempore of the Senate who shall serve at the
10 pleasure of the appointing authority and who shall be an ex officio
11 nonvoting member;

12 5. One member who shall be a member of the House of
13 Representatives appointed by the Speaker of the House of
14 Representatives who shall serve at the pleasure of the appointing
15 authority and who shall be an ex officio nonvoting member;

16 6. One person to be appointed by the Governor who shall have at
17 least ten (10) years of demonstrated experience in the banking
18 industry; ~~and~~

19 7. One person to be appointed by the Governor who shall have at
20 least ten (10) years of experience in professional pension planning,
21 including demonstrated experience with defined benefit retirement
22 plan design; and

23 8. The Superintendent of Public Instruction or a designee.
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1 No member of the governing body of a state retirement system
2 shall be eligible to be appointed to the Commission.

3 B. The Commission shall hold regular meetings at least once
4 each quarter, the dates, time and place to be set by the Commission.
5 The Commission shall hold its first meeting prior to September 30,
6 1988.

7 C. The Office of the State Auditor and Inspector shall provide
8 the administrative support required by the Commission.

9 D. The cost of providing the administrative support shall be
10 apportioned by the State Auditor and Inspector among the Oklahoma
11 Firefighters Pension and Retirement System, the Oklahoma Police
12 Pension and Retirement System, the Uniform Retirement System for
13 Justices and Judges, the Oklahoma Law Enforcement Retirement System,
14 the Teachers' Retirement System of Oklahoma, the Oklahoma Public
15 Employees Retirement System and the Department of Wildlife
16 Conservation on behalf of the retirement plan adopted by the
17 Wildlife Conservation Commission in proportion to the percentage
18 that the assets of each system at the end of the preceding fiscal
19 year were to the combined total of the assets of the systems.

20 SECTION 3. AMENDATORY 74 O.S. 2011, Section 905, as last
21 amended by Section 2, Chapter 342, O.S.L. 2013 (74 O.S. Supp. 2014,
22 Section 905), is amended to read as follows:

23 Section 905. (1) There shall be a Board of Trustees which
24 shall consist of ~~thirteen (13)~~ fourteen (14) members as follows: a

1 member of the Corporation Commission or the Commission's designee
2 selected by the Corporation Commission, the Director of the Office
3 of Management and Enterprise Services or the Director's designee,
4 the State Insurance Commissioner or the Commissioner's designee, the
5 Director of Human Capital Management of the Office of Management and
6 Enterprise Services, a member of the Oklahoma Tax Commission
7 selected by the Tax Commission, three members appointed by the
8 Governor, one member appointed by the Supreme Court, two members
9 appointed by the Speaker of the House of Representatives and two
10 members appointed by the President Pro Tempore of the State Senate.
11 One member appointed by the Governor shall be an active member of
12 the System. One member appointed by the Speaker shall be an active
13 member of the System. One member appointed by the President Pro
14 Tempore shall be a retired member of the System. One member shall
15 be the Oklahoma State Treasurer or the Treasurer's designee.

16 (2) The member of the Board of Trustees on July 1, 1988, who
17 was appointed by the Supreme Court shall complete the term of office
18 for which the member was appointed. The members thereafter
19 appointed by the Supreme Court shall serve terms of office of four
20 (4) years.

21 (3) Members of the Board of Trustees on July 1, 1988, who were
22 appointed by the Speaker of the House of Representatives or by the
23 President Pro Tempore of the Senate shall complete their term of
24 office for which they were appointed. The initial term of office of

1 members appointed thereafter shall expire on January 8, 1991. The
2 members thereafter appointed by the Speaker of the House of
3 Representatives and by the President Pro Tempore of the Senate shall
4 serve terms of office of four (4) years.

5 (4) The initial term of office of the members appointed by the
6 Governor shall expire on January 14, 1991. The members thereafter
7 appointed by the Governor shall serve a term of office of four (4)
8 years which is coterminous with the term of office of the office of
9 the appointing authority.

10 (5) One of the members appointed to the Board by the Speaker of
11 the House of Representatives and by the President Pro Tempore of the
12 Senate and two members appointed to the Board by the Governor shall:

13 (a) have demonstrated professional experience in
14 investment or funds management, public funds
15 management, public or private pension fund management
16 or retirement system management,

17 (b) have demonstrated experience in the banking profession
18 and have demonstrated professional experience in
19 investment or funds management,

20 (c) be licensed to practice law in this state and have
21 demonstrated professional experience in commercial
22 matters, or
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1 (d) be licensed by the Oklahoma Accountancy Board to
2 practice in this state as a public accountant or a
3 certified public accountant.

4 The appointing authorities, in making appointments that conform
5 to the requirements of this subsection, shall give due consideration
6 to balancing the appointments among the criteria specified in
7 paragraphs (a) through (d) of this subsection.

8 (6) No member of the Board of Trustees shall be a lobbyist
9 registered in this state as provided by law.

10 (7) Any vacancy that occurs on the Board of Trustees shall be
11 filled for the unexpired term in the same manner as the office was
12 previously filled.

13 (8) Notwithstanding any of the provisions of this section to
14 the contrary, any person serving as an appointed member of the Board
15 on July 1, 1988, shall be eligible for reappointment when the term
16 of office of the member expires.

17 (9) The Board shall elect one of its members as ~~Chairman~~ Chair
18 of the Board at its annual meeting. He or she shall preside over
19 meetings of the Board and perform such other duties as may be
20 required by the Board.

21 (10) The Board shall also elect another member to serve as Vice
22 ~~Chairman~~ Chair, and the Vice ~~Chairman~~ Chair shall perform duties of
23 ~~Chairman~~ Chair in the absence of the latter or upon his or her
24 inability or refusal to act.

1 SECTION 4. This act shall become effective July 1, 2015.

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

6 Passed the Senate the 12th day of March, 2015.

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9 Presiding Officer of the Senate

10 Passed the House of Representatives the ____ day of _____,
11 2015.

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14 Presiding Officer of the House
15 of Representatives