

SB 993

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THE STATE SENATE
Wednesday, February 23, 2000

Senate Bill No. 993
As Amended

SENATE BILL NO. 993 - By: MORGAN of the Senate and ROBERTS of the House.

[retirement - Oklahoma Police Pension and Retirement System - modifying travel reimbursement provision - changes to status - effective date - emergency]

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

SECTION 1. AMENDATORY 11 O.S. 1991, Section 50-104.1, is amended to read as follows:

Section 50-104.1 A. The State Board shall hold regular meetings in Oklahoma City at least once each quarter, the dates, time, and place thereof to be fixed by the State Board. The State Board shall hold a regular meeting in July of each year which meeting shall be the annual meeting at which it shall elect its Chairman. Special meetings may be called upon written call of the Chairman or by agreement of any eight (8) members of the State Board. Notice of a special meeting shall be delivered to all State Board members in person or by registered or certified United States mail not less than seven (7) days prior to the date fixed for the meeting; provided, however, that notice of such meeting may be waived by any member either before or after such meeting and attendance at such meeting shall constitute a waiver of notice of

1 such meeting, unless a member participates therein solely to object
2 to the transaction of any business because the meeting has not been
3 legally called or convened. Notwithstanding any other provision of
4 law, all reasonable and necessary expenses in connection with any
5 meeting of the State Board, or a committee thereof, as determined by
6 the State Board shall be paid out of the Fund. These expenses shall
7 include, but are not limited to, meeting facilities, equipment, food
8 and related educational fees and expenses.

9 B. Seven (7) State Board members shall constitute a quorum for
10 the transaction of business, but any official action of the State
11 Board shall be based upon a favorable vote by at least seven (7)
12 State Board members at a regular or special meeting of the State
13 Board.

14 C. ~~Appointive~~ State Board members shall be reimbursed for
15 necessary travel expenses pursuant to the State Travel Reimbursement
16 Act.

17 SECTION 2. AMENDATORY 11 O.S. 1991, Section 50-105.1, is
18 amended to read as follows:

19 Section 50-105.1 A. The State Board shall appoint an Executive
20 Director. Subject to the policy direction of the State Board, the
21 Executive Director shall be the managing and administrative officer
22 of the System and as such shall have charge of the office, records,
23 and supervision and direction of the employees of the System.

1 B. The Executive Director shall recommend to the State Board
2 the administrative organization, the number and qualifications of
3 employees necessary to carry out the intent of this article, and the
4 policy direction of the State Board. Upon approval of the
5 organizational plan by the State Board, the Executive Director may
6 employ such persons as are deemed necessary to administer this
7 article.

8 C. The members of the State Board, the Executive Director and
9 the employees of the System shall not accept gifts or gratuities
10 from an individual organization with a value in excess of ~~Fifty~~
11 ~~Dollars (\$50.00)~~ the amount per year permitted by the Ethics
12 Commission for all state officials and employees pursuant to Rule
13 257:20-1-9(b) of the Ethics Commission Rules. The provisions of
14 this section shall not be construed to prevent the members of the
15 State Board, the Executive Director or the employees of the System
16 from attending educational seminars, conferences, meetings or
17 similar functions which are paid for, directly or indirectly, by
18 more than one organization.

19 D. The State Board may select and retain a qualified actuary
20 who shall serve at its pleasure as its technical advisor or
21 consultant on matters regarding the operation of the System. The
22 actuary may at the direction of the State Board:

1 1. Make an annual valuation of the liabilities and reserves of
2 the System, and a determination of the contributions required by the
3 System to discharge its liabilities and administrative costs under
4 this article, and recommend to the State Board rates of employer
5 contributions required to establish and maintain the System on an
6 adequate reserve basis;

7 2. As deemed necessary by the State Board, make a general
8 investigation of the actuarial experience under the System,
9 including mortality, retirement, employment turnover, and interest,
10 and recommend actuarial tables for use in valuations and in
11 calculating actuarial equivalent values based on such investigation;
12 and

13 3. Perform such other duties as may be assigned by the State
14 Board.

15 E. The State Board may retain an attorney licensed to practice
16 law in this state. The attorney shall serve at the pleasure of the
17 State Board for such compensation as set by the State Board. The
18 Attorney General shall furnish such legal services as may be
19 requested by the State Board.

20 SECTION 3. AMENDATORY 11 O.S. 1991, Section 50-105.4, as
21 last amended by Section 2, Chapter 81, O.S.L. 1995 (11 O.S. Supp.
22 1999, Section 50-105.4), is amended to read as follows:

1 Section 50-105.4 A. The Oklahoma Police Pension and Retirement
2 Board shall discharge their duties with respect to the System solely
3 in the interest of the participants and beneficiaries and:

4 1. For the exclusive purpose of:

5 a. providing benefits to participants and their
6 beneficiaries, and

7 b. defraying reasonable expenses of administering the
8 System;

9 2. With the care, skill, prudence, and diligence under the
10 circumstances then prevailing that a prudent person acting in a like
11 capacity and familiar with such matters would use in the conduct of
12 an enterprise of a like character and with like aims;

13 3. By diversifying the investments of the System so as to
14 minimize the risk of large losses, unless under the circumstances it
15 is clearly prudent not to do so; and

16 4. In accordance with the laws, documents and instruments
17 governing the System.

18 B. The State Board may procure insurance indemnifying the
19 members of the State Board from personal loss or accountability from
20 liability resulting from a member's action or inaction as a member
21 of the State Board.

22 C. The State Board may establish an investment committee. The
23 investment committee shall be composed of not more than five (5)

1 members of the State Board appointed by the chairman of the State
2 Board. The committee shall make recommendations to the full State
3 Board on all matters related to the choice of custodians and
4 managers of the assets of the System, on the establishment of
5 investment and fund management guidelines, and in planning future
6 investment policy. The committee shall have no authority to act on
7 behalf of the State Board in any circumstances whatsoever. No
8 recommendation of the committee shall have effect as an action of
9 the State Board nor take effect without the approval of the State
10 Board as provided by law.

11 D. The State Board shall retain qualified investment managers
12 to provide for the investment of the monies of the System. The
13 investment managers shall be chosen by a solicitation of proposals
14 on a competitive bid basis pursuant to standards set by the State
15 Board unless the State Board deems it necessary and prudent to do
16 otherwise to fulfill its fiduciary responsibility or to avoid
17 financial loss. Subject to the overall investment guidelines set by
18 the State Board, the investment managers shall have full discretion
19 in the management of those monies of the System allocated to the
20 investment managers. The State Board shall manage those monies not
21 specifically allocated to the investment managers. The monies of
22 the System allocated to the investment managers shall be actively
23 managed by the investment managers, which may include selling

1 investments and realizing losses if such action is considered
2 advantageous to longer term return maximization. Because of the
3 total return objective, no distinction shall be made for management
4 and performance evaluation purposes between realized and unrealized
5 capital gains and losses.

6 E. Funds and revenues for investment by the investment managers
7 or the State Board shall be placed with a custodian selected by the
8 State Board. The custodian shall be a bank or trust company
9 offering pension fund master trustee and master custodial services.
10 The custodian shall be chosen by a solicitation of proposals on a
11 competitive basis pursuant to standards set by the State Board. In
12 compliance with the investment policy guidelines of the State Board,
13 the custodian bank or trust company shall be contractually
14 responsible for ensuring that all monies of the System are invested
15 in income-producing investment vehicles at all times. If a
16 custodian bank or trust company has not received direction from the
17 investment managers of the System as to the investment of the monies
18 of the System in specific investment vehicles, the custodian bank or
19 trust company shall be contractually responsible to the State Board
20 for investing the monies in appropriately collateralized short-term
21 interest-bearing investment vehicles.

1 F. By November 1, 1988, and prior to August 1 of each year
2 thereafter, the State Board shall develop a written investment plan
3 for the System.

4 G. The State Board shall compile a quarterly financial report
5 of all the funds of the System on a fiscal year basis. The report
6 shall be compiled pursuant to uniform reporting standards prescribed
7 by the Oklahoma State Pension Commission for all state retirement
8 systems. The report shall include several relevant measures of
9 investment value, including acquisition cost and current fair market
10 value with appropriate summaries of total holdings and returns. The
11 report shall contain combined and individual rate of returns of the
12 investment managers by category of investment, over periods of time.
13 The State Board shall include in the quarterly reports all
14 commissions, fees or payments for investment services performed on
15 behalf of the State Board. The report shall be distributed to the
16 Governor, the Oklahoma State Pension Commission, the Legislative
17 Service Bureau, the Speaker of the House of Representatives and the
18 President Pro Tempore of the Senate.

19 H. After July 1 and before October 1 of each year, the State
20 Board shall publish widely an annual report presented in simple and
21 easily understood language pursuant to uniform reporting standards
22 prescribed by the Oklahoma State Pension Commission for all state
23 retirement systems. The report shall be submitted to the Governor,

1 the Speaker of the House of Representatives, the President Pro
2 Tempore of the Senate, the Oklahoma State Pension Commission and the
3 members of the System. The annual report shall cover the operation
4 of the System during the past fiscal year, including income,
5 disbursements, and the financial condition of the System at the end
6 of the fiscal year. The annual report shall also contain the
7 information issued in the quarterly reports required pursuant to
8 subsection G of this section as well as a summary of the results of
9 the most recent actuarial valuation to include total assets, total
10 liabilities, unfunded liability or over funded status, contributions
11 and any other information deemed relevant by the State Board. The
12 annual report shall be written in such a manner as to permit a
13 readily understandable means for analyzing the financial condition
14 and performances of the System for the fiscal year.

15 SECTION 4. AMENDATORY 11 O.S. 1991, Section 50-133, is
16 amended to read as follows:

17 Section 50-133. All costs and expenses incurred in the
18 operation, administration and management of the System shall be paid
19 by the State Board from the monies of the fund, including but not
20 limited to commissions or other costs resulting from the purchase,
21 sale or other transfer of assets.

22 The State Board is ~~authorized~~ has exclusive authority to
23 purchase such equipment and supplies as it deems necessary for the

1 efficient operation, administration and management of the System
2 notwithstanding any other provision of law. Payment for such
3 equipment and supplies shall be made from the operating account of
4 the System. Such payments shall be considered an expense of the
5 System and the equipment and supplies so purchased shall be an asset
6 of the System.

7 SECTION 5. AMENDATORY 11 O.S. 1991, Section 50-134, is
8 amended to read as follows:

9 Section 50-134. The State Board shall be responsible for the
10 operation, administration and management of the System.

11 In order to carry out the responsibilities imposed upon them by
12 law, the State Board shall have the exclusive authority to appoint
13 such advisors, consultants, agents and employees, each of whom may
14 be such individual, firm or corporation as shall be deemed necessary
15 or advisable and approved by the State Board notwithstanding any
16 other provision of law. Such individuals, firms or corporations may
17 be retained or employed in such manner and upon such terms as shall
18 seem appropriate and proper to the State Board, either by contract
19 or retainer, by regular full- or part-time employment or by such
20 other arrangements as shall be satisfactory to the State Board and
21 shall be subject to such bonding requirements as shall be
22 established by the State Board. The fees, commissions, salaries or

1 other compensation of such advisors, consultants, agents or
2 employees shall be paid by the State Board from the Fund.

3 The Executive Director shall perform the duties and services
4 indicated below and such other duties and services as may, from time
5 to time, be requested or directed by the State Board, and who shall
6 be responsible to the State Board and shall attend all regular
7 meetings of the State Board.

8 The Executive Director shall be responsible to the State Board
9 for the day-to-day operation of the System, and shall on behalf of
10 the State Board:

11 1. Be responsible for the transmittal of communications from
12 the State Board to the local board;

13 2. Receive payroll and employment reports from participating
14 municipalities and maintain current employment, earnings and
15 contribution data on each covered member of each participating
16 municipality;

17 3. Coordinate the activities of all other advisors,
18 consultants, agents or employees appointed by the State Board;

19 4. Maintain all necessary records reflecting the operation and
20 administration of the System and submit detailed reports thereof to
21 the State Board at each regular meeting of the State Board and at
22 such other time or times as requested by the State Board;

1 5. Process all claims for payment of benefits or expenses for
2 approval by the State Board; and

3 6. File on behalf of the State Board such reports or other
4 information as shall be required by any state or federal law or
5 regulations.

6 SECTION 6. AMENDATORY Section 1, Chapter 412, O.S.L.
7 1997, as amended by Section 8, Chapter 388, O.S.L. 1998 (74 O.S.
8 Supp. 1999, Section 840-5.18), is amended to read as follows:

9 Section 840-5.18 A. All offices, positions and personnel of
10 the Oklahoma Public Employees Retirement System shall be classified
11 and subject to the provisions of the Merit System of Personnel
12 Administration as provided in the Oklahoma Personnel Act, Section
13 840.1 et seq. of this title. This section shall supersede and
14 repeal any and all executive orders issued pursuant to the Oklahoma
15 Personnel Act to place the agency under the Merit System.

16 B. In addition to offices, positions, and personnel that are
17 unclassified pursuant to Section 840-5.5 of this title, the
18 following positions and personnel shall be in the unclassified
19 service:

- 20 1. The Chief Investment Officer;
- 21 2. One Administrative Assistant;
- 22 3. Two positions associated with the Severance Program;
- 23 4. One additional position; and

1 5. Four professional-level data processing positions.

2 C. Effective July 1, 2000, the Board of Trustees of the
3 Oklahoma Public Employees Retirement System shall adopt a personnel
4 plan which shall list, describe and justify which office, positions
5 and personnel shall be in the unclassified service. Any classified
6 employee who is serving in a position which is classified and
7 subject to the Merit System of Personnel Administration on July 1,
8 2000, shall have the option of retaining such classified status. An
9 incumbent who chooses to remain in the classified service shall be
10 subject to all provisions and conditions of the Merit System of
11 Personnel Administration. An incumbent who chooses to change status
12 from classified to unclassified shall so indicate in writing by
13 October 1, 2000. All future appointees to such positions shall be
14 in the accordance with the personnel plan adopted by the Board. In
15 the event of amendments to the personnel plan adopted by the Board
16 after July 1, 2000, which causes any classified position to be
17 placed in the unclassified service, the incumbent in that position
18 shall have ninety (90) days from the amendment to exercise in
19 writing the option to change status from classified to unclassified.

20 SECTION 7. AMENDATORY 74 O.S. 1991, Section 906, is
21 amended to read as follows:

22 Section 906. (1) The Board shall hold regular meetings in
23 Oklahoma City at least once each quarter, the dates, time, and place

1 thereof to be fixed by the Board. The Board shall hold a regular
2 meeting in July of each year which meeting shall be the annual
3 meeting and at which meeting it shall elect its Chairman. Special
4 meetings may be called upon written call of the Chairman or by
5 agreement of any seven members of the Board. Notice of a special
6 meeting shall be delivered to all trustees in person or by
7 registered or certified United States mail not less than seven (7)
8 days prior to the date fixed for the meeting; provided, however,
9 that notice of such meeting may be waived by any member either
10 before or after such meeting and attendance at such meeting shall
11 constitute a waiver of notice of such meeting, unless a member
12 participates therein solely to object to the transaction of any
13 business because the meeting has not been legally called or
14 convened. Notwithstanding any other provision of law, all
15 reasonable and necessary expenses as determined by the Board in
16 connection with any meeting of the Board or any committee thereof,
17 shall be paid from the operating fund of the System. These expenses
18 include, but are not limited to, meeting facilities, equipment, food
19 and related educational fees and expenses.

20 (2) Seven (7) trustees shall constitute a quorum for the
21 transaction of business, but any official action of the Board shall
22 be based upon a favorable vote by at least seven (7) trustees at a
23 regular or special meeting of the Board.

1 (3) The trustees shall serve the System without compensation
2 but shall receive their actual and necessary expenses, subject to
3 statutory limitations applying to other state employees, as are
4 incurred in the performance of their duties, which shall be paid as
5 an operating expense from the appropriate operating fund of the
6 System.

7 SECTION 8. AMENDATORY 74 O.S. 1991, Section 907, as last
8 amended by Section 18, Chapter 290, O.S.L. 1996 (74 O.S. Supp. 1999,
9 Section 907), is amended to read as follows:

10 Section 907. A. The principal office of the System shall be in
11 quarters at Oklahoma City, Oklahoma. ~~Offices shall be assigned to~~
12 ~~the System by the Department of Central Services. Upon the failure~~
13 ~~or inability of the Department of Central Services to provide~~
14 ~~adequate facilities, the~~ The Board is hereby exclusively authorized
15 to contract for necessary office space in suitable quarters.

16 B. The Board shall keep a record of all of its proceedings,
17 which shall be open at all reasonable hours to inspection. A
18 statement covering the operation of the System for the past fiscal
19 year, including income, disbursements, and the financial condition
20 of the fund at the end of each fiscal year and showing the valuation
21 of its assets, investments, and liabilities, shall be delivered to
22 the Governor after the end of each fiscal year and prior to December

1 1 of the next fiscal year and made readily available to the members
2 and participating employers.

3 C. The Office of the State Auditor and Inspector shall make an
4 annual audit of the accounts of the System. The audit shall be
5 filed in accordance with the requirements for financial statement
6 audits in Section 212A of this title.

7 SECTION 9. AMENDATORY 74 O.S. 1991, Section 907.1, is
8 amended to read as follows:

9 Section 907.1 The Oklahoma Public Employees Retirement System
10 is authorized to maintain electronic data processing equipment for
11 their operations. The Board is granted the exclusive authority to
12 purchase and maintain such data processing equipment as the Board
13 deems necessary and suitable.

14 SECTION 10. AMENDATORY 74 O.S. 1991, Section 908, as
15 amended by Section 3, Chapter 381, O.S.L. 1994 (74 O.S. Supp. 1999,
16 Section 908), is amended to read as follows:

17 Section 908. (1) The Board of Trustees of the Oklahoma Public
18 Employees Retirement System shall appoint an Executive Director and
19 shall establish his compensation. Subject to the policy direction
20 of the Board, he shall be the managing and administrative officer of
21 the System and as such shall have charge of the office, records, and
22 supervision and direction of the employees of the System.

1 (2) The Executive Director shall recommend to the Board the
2 administrative organization, the number and qualifications of
3 employees necessary to carry out the intent of this act, and the
4 policy direction of the Board. Upon approval of the organizational
5 plan by the Board, the Executive Director may employ such persons as
6 are deemed necessary to administer this act.

7 (3) The members of the Board of Trustees, the Executive
8 Director and the employees of the System shall not accept gifts or
9 gratuities from an individual organization with a value in excess of
10 ~~Fifty Dollars (\$50.00)~~ the amount per year permitted by the Ethics
11 Commission for all state officials and employees pursuant to rule
12 257:20-1-9(b) of the Ethics Commission Rules. The provisions of
13 this section shall not be construed to prevent the members of the
14 Board of Trustees, the Executive Director or the employees of the
15 System from attending educational seminars, conferences, meetings or
16 similar functions which are paid for, directly or indirectly, by
17 more than one organization.

18 (4) The Board of Trustees shall select and retain a qualified
19 actuary who shall serve at its pleasure as its technical advisor or
20 consultant on matters regarding the operation of the System. The
21 actuary shall:

22 (a) make an annual valuation of the liabilities and reserves of
23 the System, and a determination of the contributions required by the

1 System to discharge its liabilities and administrative costs under
2 this act, and recommend to the Board rates of employer contributions
3 required to establish and maintain the System on an adequate reserve
4 basis.

5 (b) as soon after the effective date as practicable and once
6 every three (3) years thereafter, make a general investigation of
7 the actuarial experience under the System, including mortality,
8 retirement, employment turnover, and interest, and recommend
9 actuarial tables for use in valuations and in calculating actuarial
10 equivalent values based on such investigation.

11 (c) perform such other duties as may be assigned by the Board.

12 (5) The Board may retain an attorney licensed to practice law
13 in this state. The attorney shall serve at the pleasure of the
14 Board for such compensation as specified by the Board. The attorney
15 shall advise the Board and perform legal services for the Board with
16 respect to any matters properly before the Board. In addition, the
17 attorney shall advise and perform legal services for the State and
18 Education Employees Group Insurance Board with respect to any
19 matters properly before that Board as provided in Section 1301 et
20 seq. of this title.

21 (6) The Board shall decide in each instance the membership
22 status of member employees whose membership in the System becomes a

1 matter of conjecture on account of mergers or consolidations of
2 state agencies.

3 (7) The Board may retain an internal auditor to serve at the
4 pleasure of the Board for such compensation as specified by the
5 Board. In addition to the duties assigned by the Board, the
6 internal auditor is authorized to audit all records of any
7 participating employer in order to ensure compliance with the
8 provisions of Section 901 et seq. of this title.

9 (8) The Board shall be responsible for the operation,
10 administration and management of the System. In order to carry out
11 the responsibilities imposed upon them by law, the Board shall have
12 the exclusive authority to appoint such advisors, consultants,
13 agents, attorneys and employees, each of whom may be such
14 individual, firm or corporation as shall be deemed necessary or
15 advisable and approved by the Board, notwithstanding any other
16 provision of law. Such individuals, firms or corporations may be
17 retained or employed in such manner and upon such terms as shall
18 seem appropriate and proper to the Board, either by contract or
19 retainer, by regular full- or part-time employment or by such other
20 arrangements as shall be satisfactory to the Board and shall be
21 subject to such bonding requirements as shall be established by the
22 Board. The fees, commissions, salaries or other compensation of

1 such advisors, consultants, agents or employees shall be paid by the
2 Board as a normal operating expense from the Fund.

3 SECTION 11. AMENDATORY 74 O.S. 1991, Section 909, is
4 amended to read as follows:

5 Section 909. (1) The Board of Trustees shall be responsible
6 for the policies and rules for the general administration of the
7 system, subject to the provisions of this act.

8 (2) The Board shall establish rules and regulations for the
9 administration of the system and for the transaction of its business
10 consistent with law, which rules and regulations shall be filed in
11 the office of the Secretary of State.

12 (3) The Board shall be responsible for the installation or
13 provision of a complete and adequate system of accounts and records.

14 (4) All meetings of the Board shall be open to the public. The
15 Board shall keep a record of its proceedings.

16 (5) The Board shall prescribe rules for the determination of
17 the value of maintenance, board, lodging, laundry, and other
18 allowances to employees in lieu of money.

19 (6) The Board may adopt all necessary actuarial tables to be
20 used in the operation of the system as recommended by the actuary
21 and may compile such additional data as may be necessary for
22 required actuarial valuation calculations.

1 (7) The Board, as soon after the close of the fiscal year as
2 practical, shall publish for distribution among members a financial
3 statement showing the financial status of the system.

4 (8) All decisions of the Board as to questions of fact shall be
5 final and conclusive on all persons except for the right of review
6 as provided by law and except for fraud or such gross mistake of
7 fact as to have effect equivalent to fraud.

8 (9) All costs and expenses incurred in the operation,
9 administration and management of the System shall be paid by the
10 Board from the monies of the fund, including but not limited to
11 commissions or other costs resulting from the purchase, sale or
12 other transfer of assets. The Board is exclusively authorized to
13 purchase such equipment and supplies as it deems necessary for the
14 efficient operation, administration and management of the System,
15 notwithstanding any other provision of law. Payment for such
16 equipment and supplies shall be made from the operating account of
17 the System. Such payments shall be considered an expense of the
18 System and the equipment and supplies so purchased shall be an asset
19 of the System.

20 SECTION 12. AMENDATORY 74 O.S. 1991, Section 909.1, as
21 last amended by Section 31, Chapter 257, O.S.L. 1999 (74 O.S. Supp.
22 1999, Section 909.1), is amended to read as follows:

1 Section 909.1 A. The Oklahoma Public Employees Retirement
2 System Board of Trustees shall discharge their duties with respect
3 to the System solely in the interest of the participants and
4 beneficiaries and:

5 1. For the exclusive purpose of:

6 a. providing benefits to participants and their
7 beneficiaries, and

8 b. defraying reasonable expenses of administering the
9 System;

10 2. With the care, skill, prudence, and diligence under the
11 circumstances then prevailing that a prudent person acting in a like
12 capacity and familiar with such matters would use in the conduct of
13 an enterprise of a like character and with like aims;

14 3. By diversifying the investments of the System so as to
15 minimize the risk of large losses, unless under the circumstances it
16 is clearly prudent not to do so; and

17 4. In accordance with the laws, documents and instruments
18 governing the System.

19 B. The Board of Trustees may procure insurance indemnifying the
20 members of the Board of Trustees from personal loss or
21 accountability from liability resulting from a member's action or
22 inaction as a member of the Board of Trustees.

1 C. The Board of Trustees may establish an investment committee.
2 The investment committee shall be composed of not more than five (5)
3 members of the Board of Trustees appointed by the chairman of the
4 Board of Trustees. The committee shall make recommendations to the
5 full Board of Trustees on all matters related to the choice of
6 custodians and managers of the assets of the System, on the
7 establishment of investment and fund management guidelines, and in
8 planning future investment policy. The committee shall have no
9 authority to act on behalf of the Board of Trustees in any
10 circumstances whatsoever. No recommendation of the committee shall
11 have effect as an action of the Board of Trustees nor take effect
12 without the approval of the Board of Trustees as provided by law.

13 D. The Board of Trustees shall retain qualified investment
14 managers to provide for the investment of the monies of the System.
15 The investment managers shall be chosen by a solicitation of
16 proposals on a competitive bid basis pursuant to standards set by
17 the Board of Trustees, unless the Board deems it necessary and
18 prudent to do otherwise for the preservation of the funds' assets or
19 to avoid financial loss. Subject to the overall investment
20 guidelines set by the Board of Trustees, the investment managers
21 shall have full discretion in the management of those monies of the
22 System allocated to the investment managers. The Board of Trustees
23 shall manage those monies not specifically allocated to the

1 investment managers. The monies of the System allocated to the
2 investment managers shall be actively managed by the investment
3 managers, which may include selling investments and realizing losses
4 if such action is considered advantageous to longer term return
5 maximization. Because of the total return objective, no distinction
6 shall be made for management and performance evaluation purposes
7 between realized and unrealized capital gains and losses.

8 E. Funds and revenues for investment by the investment managers
9 or the Board of Trustees shall be placed with a custodian selected
10 by the Board of Trustees. The custodian shall be a bank or trust
11 company offering pension fund master trustee and master custodial
12 services. The custodian shall be chosen by a solicitation of
13 proposals on a competitive basis pursuant to standards set by the
14 Board of Trustees. In compliance with the investment policy
15 guidelines of the Board of Trustees, the custodian bank or trust
16 company shall be contractually responsible for ensuring that all
17 monies of the System are invested in income-producing investment
18 vehicles at all times. If a custodian bank or trust company has not
19 received direction from the investment managers of the System as to
20 the investment of the monies of the System in specific investment
21 vehicles, the custodian bank or trust company shall be contractually
22 responsible to the Board of Trustees for investing the monies in

1 appropriately collateralized short-term interest-bearing investment
2 vehicles.

3 F. By November 1, 1988, and prior to August 1 of each year
4 thereafter, the Board of Trustees shall develop a written investment
5 plan for the System.

6 G. The Board of Trustees shall compile a quarterly financial
7 report of all the funds of the System on a fiscal year basis. The
8 report shall be compiled pursuant to uniform reporting standards
9 prescribed by the Oklahoma State Pension Commission for all state
10 retirement systems. The report shall include several relevant
11 measures of investment value, including acquisition cost and current
12 fair market value with appropriate summaries of total holdings and
13 returns. The report shall contain combined and individual rate of
14 returns of the investment managers by category of investment, over
15 periods of time. The Board of Trustees shall include in the
16 quarterly reports all commissions, fees or payments for investment
17 services performed on behalf of the Board. The report shall be
18 distributed to the Governor, the Oklahoma State Pension Commission,
19 the Legislative Service Bureau, the Speaker of the House of
20 Representatives and the President Pro Tempore of the Senate.

21 H. After July 1 and before October 1 of each year, the Board of
22 Trustees shall publish widely an annual report presented in simple
23 and easily understood language pursuant to uniform reporting

1 standards prescribed by the Oklahoma State Pension Commission for
2 all state retirement systems. The report shall be submitted to the
3 Governor, the Speaker of the House of Representatives, the President
4 Pro Tempore of the Senate, the Oklahoma State Pension Commission and
5 the members of the System. The annual report shall cover the
6 operation of the System during the past fiscal year, including
7 income, disbursements, and the financial condition of the System at
8 the end of the fiscal year. The annual report shall also contain
9 the information issued in the quarterly reports required pursuant to
10 subsection G of this section as well as a summary of the results of
11 the most recent actuarial valuation to include total assets, total
12 liabilities, unfunded liability or over funded status, contributions
13 and any other information deemed relevant by the Board of Trustees.
14 The annual report shall be written in such a manner as to permit a
15 readily understandable means for analyzing the financial condition
16 and performance of the System for the fiscal year.

17 I. The Board shall distribute the corpus and income of the
18 System to the members and their beneficiaries in accordance with the
19 System's laws and rules and regulations. At no time prior to the
20 satisfaction of all liabilities with respect to members and their
21 beneficiaries shall any part of the corpus and income be used for,
22 or diverted to, purposes other than the exclusive benefit of the
23 members and their beneficiaries.

1 SECTION 13. AMENDATORY 74 O.S. 1991, Section 3601, as
2 last amended by Section 1, Chapter 306, O.S.L. 1999 (74 O.S. Supp.
3 1999, Section 3601), is amended to read as follows:

4 Section 3601. A. For purposes of Sections 3601 through 3603 of
5 this title, the term employee means a full-time employee or any
6 number of part-time employees whose combined weekly hours of
7 employment equal those of a full-time employee, but shall not
8 include temporary employees working on a seasonal basis between May
9 1 and October 31.

10 B. The maximum number of full-time-equivalent employees for
11 each of the following agencies, boards, commissions, departments, or
12 programs shall not exceed the numbers specified in this section
13 during the fiscal year ending June 30, ~~2000~~ 2001, except as may be
14 authorized pursuant to the provisions of Section 3603 of this title.
15 The salary of the chief executive officer for each of the following
16 agencies, boards, commissions, departments, or programs shall not
17 exceed the amount specified, per annum, payable monthly, for the
18 fiscal year ending June 30, ~~2000~~ 2001.

19		MAXIMUM ANNUAL
20	MAXIMUM NUMBER OF	SALARY FOR
21	FULL-TIME-EQUIVALENT	CHIEF EXECUTIVE
22	EMPLOYEES	OFFICER
23	Board of Managers of the	

1	State Insurance Fund	591	\$94,000.00
2	Oklahoma Employment		
3	Security Commission	1150	\$81,000.00
4	Oklahoma Accountancy Board	8	\$53,552.00
5	Board of Governors of		
6	Licensed Architects and		
7	Landscape Architects	4	\$42,396.00
8	Board of Chiropractic		
9	Examiners	2	\$29,496.00
10	Cosmetology Board	16	\$36,396.00
11	Board of Governors of		
12	Registered Dentists	5	\$37,226.00
13	Embalmers and Funeral		
14	Directors Board	5	\$57,000.00
15	Professional Engineers		
16	and Land Surveyors Board	7	\$44,500.00
17	Oklahoma State Board of		
18	Medical Licensure and		
19	Supervision/Podiatry		
20	Board/State Board of		
21	Examiners of Perfusionists	29	\$75,000.00
22	Commission on Marginally		
23	Producing Oil and Gas Wells	4	\$54,000.00

1	Oklahoma Motor Vehicle		
2	Commission	4	\$49,931.00
3	Oklahoma Board of		
4	Nursing	20	\$57,991.00
5	Nursing Homes Board	4	\$42,943.00
6	Optometry Board	1	
7	Board of Osteopathic		
8	Examiners	5	\$61,000.00
9	Oklahoma Peanut Commission	2	\$45,121.00
10	State Board of Pharmacy	9	\$63,000.00
11	Psychologists Board	2	\$32,656.00
12	Real Estate Commission	26	\$58,000.00
13	Speech Pathology and		
14	Audiology Board	1	\$22,250.00
15	Oklahoma Used Motor		
16	Vehicle and Parts		
17	Commission	10	\$51,905.00
18	Board of Veterinary		
19	Medical Examiners	6	\$30,750.00
20	Oklahoma Wheat Commission	7	\$51,931.00
21	Firefighters Pension and		
22	Retirement System	11	\$77,000.00
23	Police Pension and		

1	Retirement System	9	\$77,000.00
2	Oklahoma Teachers'		
3	Retirement System	46	\$85,000.00
4	Oklahoma Public Employees		
5	Retirement System	51	\$85,000.00
6	Student Loan Authority	45	\$94,741.00
7	Oklahoma Industrial		
8	Finance		
9	Authority/Oklahoma		
10	Development Finance		
11	Authority	15	\$91,178.00
12	State and Education		
13	Employees Group		
14	Insurance Board	173	\$91,494.00
15	Oklahoma Capital		
16	Investment Board	4	\$74,000.00
17	Social Workers Board	1	\$32,760.00
18	State Employees Benefit		
19	Council	28	\$72,291.00
20	Grand River Dam Authority	524	\$97,658.00

21 C. The duties and compensation of employees, not otherwise
22 prescribed by law, necessary to perform the duties imposed upon the

1 Oklahoma Public Employees Retirement System Board of Trustees by law
2 shall be set by the said Board of Trustees.

3 D. Temporary employees of the Oklahoma Used Motor Vehicle and
4 Parts Commission between the dates of November 1 and January 31
5 annually shall not be counted toward the maximum number of full-
6 time-equivalent employees provided for in this section.

7 SECTION 14. This act shall become effective July 1, 2000.

8 SECTION 15. It being immediately necessary for the preservation
9 of the public peace, health and safety, an emergency is hereby
10 declared to exist, by reason whereof this act shall take effect and
11 be in full force from and after its passage and approval.

12 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS, dated 2-16-00 - DO
13 PASS, As Amended and Coauthored.