

1 ENGROSSED HOUSE  
2 BILL NO. 3253

By: Pittman of the House

3 and

4 Eason McIntyre of the  
5 Senate

6  
7 An Act relating to the Teachers' Retirement System of  
8 Oklahoma; amending 70 O.S. 2001, Section 17-106,  
9 which relates to the board of trustees; authorizing  
designee for certain board members; and providing an  
effective date.

10

11

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

13 SECTION 1. AMENDATORY 70 O.S. 2001, Section 17-106, is  
14 amended to read as follows:

15 Section 17-106. (1) The general administration and  
16 responsibility for the proper operation of the retirement system and  
17 for making effective the provisions of the act are hereby vested in  
18 a Board of Trustees which shall be known as the Board of Trustees  
19 and shall be organized immediately after a majority of the trustees  
20 provided for in this section shall have qualified and taken the oath  
21 of office.

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

23 (a) The State Superintendent of Public Instruction, ex officio,  
24 or a designee.

1 (b) The Director of State Finance, ex officio, or a designee.

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

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

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

11 1. a representative of a school of higher education in Oklahoma  
12 whose term of office shall initially be one (1) year, and 2. a  
13 member of the System of the nonclassified optional personnel status  
14 whose initial term of office shall be two (2) years. After the said  
15 initial terms of office the terms of said members shall be four (4)  
16 years.

17 (f) Upon the expiration of the term of office of the  
18 stockbroker member of the Board, the Governor shall appoint a member  
19 to the Board whose initial term of office shall expire on January  
20 14, 1991. The members thereafter appointed by the Governor shall  
21 serve a term of office of four (4) years which is coterminous with  
22 the term of office of the office of the appointing authority.

23 (g) Upon the expiration of the term of office of the  
24 representative of the insurance industry member of the Board, the

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

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

12 (i) Upon the expiration of the term of office of the active  
13 classroom teacher member of the Board, the President Pro Tempore of  
14 the Senate shall appoint a member to the Board, who shall be an  
15 active classroom teacher and whose initial term of office shall  
16 expire on January 8, 1991. The members thereafter appointed by the  
17 President Pro Tempore of the Senate shall serve a term of office of  
18 four (4) years.

19 (j) Upon the expiration of the term of office of the retired  
20 classroom teacher member of the Board, the Speaker of the House of  
21 Representatives shall appoint a member to the Board, who shall be a  
22 retired member of the System and whose initial term of office shall  
23 expire on January 8, 1991. The members thereafter appointed by the  
24

1 Speaker of the House of Representatives shall serve a term of office  
2 of four (4) years.

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

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

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

16 (a) have demonstrated professional experience in investment or  
17 funds management, public funds management, public or private pension  
18 fund management or retirement system management; or

19 (b) have demonstrated experience in the banking profession and  
20 have demonstrated professional experience in investment or funds  
21 management; or

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

24

1 (d) be licensed by the Oklahoma State Board of Public  
2 Accountancy to 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 (4) No member of the Board of Trustees shall be a lobbyist  
9 registered in this state as provided by law.

10 (5) Notwithstanding any of the provisions of this section to  
11 the contrary, any person serving as an appointed member of the Board  
12 of Trustees on the operative date of this act shall be eligible for  
13 reappointment when the term of office of the member expires.

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

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

20 (8) Each trustee shall, within ten (10) days after his  
21 appointment or election, take an oath of office that, so far as it  
22 devolves upon him, he will diligently and honestly administer the  
23 affairs of the Board of Trustees and that he will not knowingly  
24 violate or willingly permit to be violated any of the provisions of

1 law applicable to the retirement system. Such oath shall be  
2 subscribed to by the member making it, certified by the officer  
3 before whom it is taken, and immediately filed in the office of the  
4 Secretary of State.

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

8 (10) Subject to the limitations of this act, the Board of  
9 Trustees shall, from time to time, establish rules and regulations  
10 for the administration of the funds created by this act and for the  
11 transaction of its business. Provided that such rules and  
12 regulations may include rules and regulations providing for the  
13 withholding from the retirement allowance due a retired person under  
14 the provisions of this act an amount requested in writing by the  
15 retiree for the purpose of paying:

16 (a) monthly premiums on group hospital and surgical insurance  
17 programs to which such retiree belongs, and for the transmitting of  
18 the sums so withheld to the insurance carrier designated by the  
19 retiree; and

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

24

1 (11) The Board of Trustees shall elect from its membership a  
2 chairman, and by a majority vote of all of its members shall appoint  
3 a secretary-treasurer, who may be, but need not be, one of its  
4 members. The Board shall employ an executive secretary and shall  
5 engage such actuarial and other service as shall be required to  
6 transact the business of the retirement system. The compensation of  
7 all persons engaged by the Board and all other expenses of the Board  
8 necessary for the operation of the retirement system shall be paid  
9 at such rates and in such amounts as the Board shall approve.

10 (12) The members of the Board of Trustees, the Executive  
11 Secretary and the employees of the System shall not accept gifts or  
12 gratuities from an individual organization with a value in excess of  
13 Fifty Dollars (\$50.00) per year. The provisions of this section  
14 shall not be construed to prevent the members of the Board of  
15 Trustees, the Executive Secretary 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 (13) The Board of Trustees shall keep in convenient form such  
20 data as shall be necessary for actuarial valuation of the various  
21 funds of the retirement system and for checking the experience of  
22 the system.

23 (14) The Board of Trustees shall keep a record of all of its  
24 proceedings which shall be open to public inspection. It shall

1 publish annually a report showing the fiscal transactions of the  
2 retirement system for the preceding school year, the amount of the  
3 accumulated cash and securities of the system, and the last balance  
4 sheet showing the financial condition of the system by means of an  
5 actuarial valuation of the assets and liabilities of the retirement  
6 system and a detailed accounting of its administrative expenses.

7 (15) The Board of Trustees shall retain an attorney who is  
8 licensed to practice law in this state. The attorney shall serve at  
9 the pleasure of the Board of Trustees for such compensation as may  
10 be provided by the Board of Trustees. The attorney shall advise the  
11 Board of Trustees and perform legal services for the Board of  
12 Trustees with respect to any matters properly before the Board of  
13 Trustees. When requested by the Board of Trustees, the Attorney  
14 General of the state also shall render legal services to the Board  
15 of Trustees. In addition to the above, the Board of Trustees may  
16 employ hearing examiners to conduct administrative grievance  
17 hearings under the provisions of the Oklahoma Administrative  
18 Procedures Act, Sections 301 through 325 of Title 75 of the Oklahoma  
19 Statutes.

20 (16) Suitable offices shall be furnished by the Department of  
21 Central Services. Upon the failure or inability of the Department  
22 of Central Services to provide adequate facilities, the Board of  
23 Trustees may contract for necessary office space in suitable  
24 quarters.

1           (17) The Board of Trustees shall designate a Medical Board to  
2 be composed of three physicians not eligible to participate in the  
3 retirement system. The physicians so appointed by the Board of  
4 Trustees shall be legally qualified to practice medicine in Oklahoma  
5 and shall be physicians of good standing in the medical profession.  
6 If required, other physicians may be employed to report on special  
7 cases. The Medical Board shall pass upon all medical examinations  
8 required under the provisions of this act and shall investigate all  
9 essential statements and certificates by or on behalf of a member in  
10 connection with an application for disability retirement and shall  
11 report in writing to the Board of Trustees its conclusion and  
12 recommendation upon all the matters referred to it. The Board of  
13 Trustees shall adopt such rules and regulations as may be necessary  
14 to properly administer this benefit.

15           (18) The Board of Trustees shall designate an actuary who shall  
16 be the technical advisor of the Board of Trustees on matters  
17 regarding the operation of funds created by the provisions of this  
18 act and shall perform such other duties as are required in  
19 connection therewith.

20           (19) At least once each five (5) years the actuary shall make  
21 an actuarial investigation of the experience of the retirement  
22 system, including the mortality, service and compensation experience  
23 of members and beneficiaries. Based on the results of such  
24 investigation the actuary shall recommend for adoption by the Board

1 of Trustees such tables and rates as are required for the operation  
2 of the retirement system and for the preparation of annual actuarial  
3 valuations.

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

9 (21) Subject to the funds available under the provisions of  
10 Section 1004 of Title 68 of the Oklahoma Statutes, the employer  
11 contributions to the retirement system for the fiscal year beginning  
12 July 1, 1987, and for each fiscal year thereafter, shall be  
13 determined by the Board of Trustees on the basis of the most recent  
14 actuarial valuation, which amount shall be calculated as the sum of  
15 the normal cost for the fiscal year plus the payment required to  
16 amortize the unfunded accrued liability at a rate of level dollar  
17 payments not to exceed forty (40) years.

18 SECTION 2. This act shall become effective November 1, 2008.  
19  
20  
21  
22  
23  
24

1 Passed the House of Representatives the 13th day of March, 2008.

2  
3  
4 Presiding Officer of the House of  
Representatives  
5

6 Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2008.

7  
8  
9 Presiding Officer of the Senate  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24