

1 THE STATE SENATE
2 Monday, February 22, 2010
3 Committee Substitute for
4 Senate Bill No. 1319

CS for SB 1319

5 COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 1319 - By: Gumm of the
6 Senate and Terrill of the House.

7 [Teachers' Retirement System of Oklahoma - modifying
8 membership of Board of Trustees - effective date -
9 emergency]

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

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

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

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

21 (a) The State Superintendent of Public Instruction, ex officio.

22 (b) The Director of State Finance, ex officio.

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

1 (d) One member appointed by the Governor 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 (e) Two members shall be appointed by the Governor of the State
7 of Oklahoma and approved by the Senate. The two members shall be:
8 1. a representative of a school of higher education in Oklahoma
9 whose term of office shall initially be one (1) year, and 2. a
10 member of the System of the nonclassified optional personnel status
11 whose initial term of office shall be two (2) years. After the ~~said~~
12 initial terms of office the terms of ~~said~~ the members shall be four
13 (4) years.

14 (f) Upon the expiration of the term of office of the
15 stockbroker 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 (g) Upon the expiration of the term of office of the
21 representative of the insurance industry member of the Board, the
22 Governor shall appoint a member to the Board whose initial term of
23 office shall expire on January 14, 1991. The members thereafter

1 appointed by the Governor shall serve a term of office of four (4)
2 years which is coterminous with the term of office of the office of
3 the appointing authority.

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

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

17 (j) Upon the expiration of the term of office of the retired
18 classroom teacher member of the Board, the Speaker of the House of
19 Representatives shall appoint a member to the Board, who shall be a
20 retired member of the System and whose initial term of office shall
21 expire on January 8, 1991. The members thereafter appointed by the
22 Speaker of the House of Representatives shall serve a term of office
23 of four (4) years.

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

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

11 (m) The statewide organization representing retired educators
12 and having at least seven thousand five hundred (7,500) members, in
13 existence on the effective date of this act, shall appoint a member
14 to the Board.

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

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

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

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

3 (d) be licensed by the Oklahoma State Board of Public
4 Accountancy to practice in this state as a public accountant or a
5 certified public accountant.

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

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

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

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

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

22 (8) Each trustee shall, within ten (10) days after his or her
23 appointment or election, take an oath of office that, so far as it

1 devolves upon him or her, he or she will diligently and honestly
2 administer the affairs of the Board of Trustees and that he or she
3 will not knowingly violate or willingly permit to be violated any of
4 the provisions of law applicable to the retirement system. Such
5 oath shall be subscribed to by the member making it, certified by
6 the officer before whom it is taken, and immediately filed in the
7 office of the Secretary of State.

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

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

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

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

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

14 (12) The members of the Board of Trustees, the Executive
15 Secretary and the employees of the System shall not accept gifts or
16 gratuities from an individual organization with a value in excess of
17 Fifty Dollars (\$50.00) per year. The provisions of this section
18 shall not be construed to prevent the members of the Board of
19 Trustees, the Executive Secretary or the employees of the System
20 from attending educational seminars, conferences, meetings or
21 similar functions which are paid for, directly or indirectly, by
22 more than one organization.

1 (13) The Board of Trustees shall keep in convenient form such
2 data as shall be necessary for actuarial valuation of the various
3 funds of the retirement system and for checking the experience of
4 the system.

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

13 (15) The Board of Trustees shall retain an attorney who is
14 licensed to practice law in this state. The attorney shall serve at
15 the pleasure of the Board of Trustees for such compensation as may
16 be provided by the Board of Trustees. The attorney shall advise the
17 Board of Trustees and perform legal services for the Board of
18 Trustees with respect to any matters properly before the Board of
19 Trustees. When requested by the Board of Trustees, the Attorney
20 General of the state also shall render legal services to the Board
21 of Trustees. In addition to the above, the Board of Trustees may
22 employ hearing examiners to conduct administrative grievance
23 hearings under the provisions of the Oklahoma Administrative

1 ~~Procedures Act, Sections 301 through 325 of Title 75 of the Oklahoma~~
2 ~~Statutes.~~

3 (16) Suitable offices shall be furnished by the Department of
4 Central Services. Upon the failure or inability of the Department
5 of Central Services to provide adequate facilities, the Board of
6 Trustees may contract for necessary office space in suitable
7 quarters.

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

22 (18) The Board of Trustees shall designate an actuary who shall
23 be the technical advisor of the Board of Trustees on matters

1 regarding the operation of funds created by the provisions of this
2 act and shall perform such other duties as are required in
3 connection therewith.

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

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

17 (21) Subject to the funds available under the provisions of
18 Section 1004 of Title 68 of the Oklahoma Statutes, the employer
19 contributions to the retirement system for the fiscal year beginning
20 July 1, 1987, and for each fiscal year thereafter, shall be
21 determined by the Board of Trustees on the basis of the most recent
22 actuarial valuation, which amount shall be calculated as the sum of
23 the normal cost for the fiscal year plus the payment required to

1 amortize the unfunded accrued liability at a rate of level dollar
2 payments not to exceed forty (40) years.

3 SECTION 2. This act shall become effective July 1, 2010.

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

8 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT & INSURANCE, dated
9 2-18-10 - DO PASS, As Amended and Coauthored.