

SENATE FLOOR VERSION

February 24, 2014

SENATE BILL NO. 1114

By: Ellis of the Senate

and

McDaniel (Curtis) of the
House

An Act relating to the Board of Trustees of the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-106, as amended by Section 606, Chapter 304, O.S.L. 2012 (70 O.S. Supp. 2012, Section 17-106), which relates to the membership of the Board of Trustees; updating statutory references; modifying membership; providing for selection of person by certain organization; specifying additional member to be nonvoting; and declaring an emergency.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-106, as amended by Section 606, Chapter 304, O.S.L. 2012 (70 O.S. Supp. 2012, 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 seq. of this title are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized

1 immediately after a majority of the trustees provided for in this
2 section shall have qualified and taken the oath of office.

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

4 (a) The State Superintendent of Public Instruction, ex officio
5 or a designee.

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

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

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

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

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

23 (f) Upon the expiration of the term of office of the
24 stockbroker member of the Board, the Governor shall appoint a member

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

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

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

18 (i) Upon the expiration of the term of office of the active
19 classroom teacher member of the Board, the President Pro Tempore of
20 the Senate shall appoint a member to the Board, who shall be an
21 active classroom teacher and whose initial term of office shall
22 expire on January 8, 1991. The members thereafter appointed by the
23 President Pro Tempore of the Senate shall serve a term of office of
24 four (4) years.

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

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

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

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

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

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1 (a) have demonstrated professional experience in investment or
2 funds management, public funds management, public or private pension
3 fund management or retirement system management; or

4 (b) have demonstrated experience in the banking profession and
5 have demonstrated professional experience in investment or funds
6 management; or

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

9 (d) be licensed by the Oklahoma Accountancy Board to practice
10 in this state as a public accountant or a certified public
11 accountant.

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

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

18 (5) Notwithstanding any of the provisions of this section to
19 the contrary, any person serving as an appointed member of the Board
20 of Trustees on ~~the operative date of this act~~ July 1, 1988, shall be
21 eligible for reappointment when the term of office of the member
22 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, the Board of
20 Trustees shall, from time to time, establish rules and regulations
21 for the administration of the funds created by this act and for the
22 transaction of its business. Provided that such rules and
23 regulations may include rules and regulations providing for the
24 withholding from the retirement allowance due a retired person under

1 the provisions of this act an amount requested in writing by the
2 retiree for the purpose of paying:

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

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

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

20 (12) The members of the Board of Trustees, the Executive
21 Director and the employees of the System shall not accept gifts or
22 gratuities from an individual organization with a value in excess of
23 Fifty Dollars (\$50.00) per year. The provisions of this section
24 shall not be construed to prevent the members of the Board of

1 Trustees, the Executive Director or the employees of the System from
2 attending educational seminars, conferences, meetings or similar
3 functions which are paid for, directly or indirectly, by more than
4 one organization.

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

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

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

1 of Trustees. In addition to the above, the Board of Trustees may
2 employ hearing examiners to conduct administrative grievance
3 hearings under the provisions of the Administrative Procedures Act.

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

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

23 (18) The Board of Trustees shall designate an actuary who shall
24 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 SECTION 2. It being immediately necessary for the preservation
18 of the public peace, health and safety, an emergency is hereby
19 declared to exist, by reason whereof this act shall take effect and
20 be in full force from and after its passage and approval.

21 COMMITTEE REPORT BY: COMMITTEE ON PENSIONS
22 February 24, 2014 - DO PASS
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