

1 ENGROSSED SENATE
2 BILL NO. 396

By: Sparks of the Senate

and

Perryman of the House

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7 An Act relating to state retirement systems; amending
8 70 O.S. 2011, Section 17-106, as last amended by
9 Section 1, Chapter 13, O.S.L. 2014 (70 O.S. Supp.
10 2014, Section 17-106), which relates to the Board of
11 Trustees of the Teachers' Retirement System of
12 Oklahoma; 74 O.S. 2011, Section 905, as last amended
13 by Section 2, Chapter 342, O.S.L. 2013 (74 O.S. Supp.
14 2013, Section 905), which relates to the Board of
15 Trustees of the Oklahoma Public Employees Retirement
16 System; adding qualifications for designees of
17 members of the Boards; updating language; providing
18 an effective date; and declaring an emergency.

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

20 SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-106, as
21 last amended by Section 1, Chapter 13, O.S.L. 2014 (70 O.S. Supp.
22 2014, Section 17-106), is amended to read as follows:

23 Section 17-106. (1) The general administration and
24 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
5 officio or a designee who shall be a full-time
6 employee of the State Department of Education.

7 (b) The Director of the Office of Management and
8 Enterprise Services, ex officio or a designee who
9 shall be a full-time employee of the Office of
10 Management and Enterprise Services.

11 (c) The Director of the Oklahoma Department of Career and
12 Technology Education, ex officio, ~~or his or her~~ a
13 designee who shall be a full-time employee of the
14 Oklahoma Department of Career and Technology
15 Education.

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

22 (e) Two members shall be appointed by the Governor of the
23 State of Oklahoma and approved by the Senate. The two
24 members shall be: 1. a representative of a school of

1 higher education in Oklahoma whose term of office
2 shall initially be one (1) year, and 2. a member of
3 the System of the nonclassified optional personnel
4 status whose initial term of office shall be two (2)
5 years. After the initial terms of office the terms of
6 the members shall be four (4) years.

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

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

23 (h) Upon the expiration of the term of office of the
24 investment counselor member of the Board, the Governor

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

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

15 (j) Upon the expiration of the term of office of the
16 retired classroom teacher member of the Board, the
17 Speaker of the House of Representatives shall appoint
18 a member to the Board, who shall be a retired member
19 of the System and whose initial term of office shall
20 expire on January 8, 1991. The members thereafter
21 appointed by the Speaker of the House of
22 Representatives shall serve a term of office of four
23 (4) years.
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1 (k) The Speaker of the House of Representatives shall
2 appoint a member to the Board, who shall be an active
3 classroom teacher and whose initial term of office
4 shall expire on January 3, 1989. The members
5 thereafter appointed by the Speaker of the House of
6 Representatives shall serve a term of office of four
7 (4) years.

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

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

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

20 (a) have demonstrated professional experience in
21 investment or funds management, public funds
22 management, public or private pension fund management
23 or retirement system management; or
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- 1 (b) have demonstrated experience in the banking profession
2 and have demonstrated professional experience in
3 investment or funds management; or
- 4 (c) be licensed to practice law in this state and have
5 demonstrated professional experience in commercial
6 matters; or
- 7 (d) be licensed by the Oklahoma Accountancy Board to
8 practice in this state as a public accountant or a
9 certified public accountant.

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

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

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

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

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

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

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

16 (10) Subject to the limitations of ~~this act~~ Section 17-101 et
17 seq. of this title, the Board of Trustees shall, from time to time,
18 establish rules and regulations for the administration of the funds
19 created by this act and for the transaction of its business.

20 Provided that such rules and regulations may include rules and
21 regulations providing for the withholding from the retirement
22 allowance due a retired person under the provisions of ~~this act~~
23 Section 17-101 et seq. of this title an amount requested in writing
24 by the retiree for the purpose of paying:

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

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

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

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

1 functions which are paid for, directly or indirectly, by more than
2 one organization.

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

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

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

3 (16) Suitable offices shall be furnished by the Office of
4 Management and Enterprise Services. Upon the failure or inability
5 of the Office of Management and Enterprise Services to provide
6 adequate facilities, the Board of Trustees may contract for
7 necessary office space in suitable 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~~ Section 17-101 et seq. of
16 this title and shall investigate all essential statements and
17 certificates by or on behalf of a member in connection with an
18 application for disability retirement and shall report in writing to
19 the Board of Trustees its conclusion and recommendation upon all the
20 matters referred to it. The Board of Trustees shall adopt such
21 rules and regulations as may be necessary to properly administer
22 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~~ Section 17-101 et seq. of this title and shall perform such
3 other duties as are required in 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. AMENDATORY 74 O.S. 2011, Section 905, as last
18 amended by Section 2, Chapter 342, O.S.L. 2013 (74 O.S. Supp. 2013,
19 Section 905), is amended to read as follows:

20 Section 905. (1) There shall be a Board of Trustees which
21 shall consist of thirteen (13) members as follows: a member of the
22 Corporation Commission or the Commission's designee selected by the
23 Corporation Commission, who shall be a full-time employee of the
24 Corporation Commission, the Director of the Office of Management and

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

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 3. This act shall become effective July 1, 2015.

2 SECTION 4. 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 11th 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
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