

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1328

By: Perryman

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-106, as last amended by Section 2, Chapter 129, O.S.L. 2016 (70 O.S. Supp. 2016, Section 17-106) which relates to the board of trustees; providing for additional member; requiring member to be a retiree with certain classroom teaching experience; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-106, as last amended by Section 2, Chapter 129, O.S.L. 2016 (70 O.S. Supp. 2016, 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 are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.

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

2 (a) The State Superintendent of Public Instruction, ex officio
3 or a designee.

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

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

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

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

15 1. a representative of a school of higher education in
16 Oklahoma whose term of office shall initially be one
17 (1) year, and

18 2. a member of the System of the nonclassified optional
19 personnel status whose initial term of office shall be
20 two (2) years.

21 After the initial terms of office the terms of the members shall be
22 four (4) 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 (n) A retired member of the retirement system who was a
21 classroom teacher for at least ten (10) years during his or her
22 participating service.
23
24

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

4 (a) have demonstrated professional experience in investment or
5 funds management, public funds management, public or private pension
6 fund management or retirement system management; or

7 (b) have demonstrated experience in the banking profession and
8 have demonstrated professional experience in investment or funds
9 management; or

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

12 (d) be licensed by the Oklahoma Accountancy Board to practice
13 in this state as a public accountant or a certified public
14 accountant.

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

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

21 (5) Notwithstanding any of the provisions of this section to
22 the contrary, any person serving as an appointed member of the Board
23 of Trustees on July 1, 1988, shall be eligible for reappointment
24 when the term of office of the member 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 fiscal 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 or the state in which they reside and shall be physicians of good
14 standing in the medical profession. The Board of Trustees may have
15 more than one Medical Board and each Board shall have the same
16 duties and authority under the statutes. If required, other
17 physicians may be employed to report on special cases. The Medical
18 Board shall pass upon all medical examinations required under the
19 provisions of this act and shall investigate all essential
20 statements and certificates by or on behalf of a member in
21 connection with an application for disability retirement and shall
22 report in writing to the Board of Trustees its conclusion and
23 recommendation upon all the matters referred to it. The Board of
24

1 Trustees shall adopt such rules and regulations as may be necessary
2 to properly administer this benefit.

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

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

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

21 SECTION 2. This act shall become effective November 1, 2017.

22
23 56-1-6260 MAH 01/16/17
24

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street , Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492- 9659

January 16, 2017

Representative David Perryman
Room 540

Re: RBH No. 6260

RBH No. 6260 adds an additional member the Teachers Retirement System Board of Trustees. The new member is to be a retired member with at least 10 years of classroom experience

RBH No. 6260 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the amendment does not contain a benefit increase nor create liability.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA