

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2555

By: Humphrey

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 1, Chapter 312, O.S.L. 2017 (70 O.S. Supp. 2017, Section 17-106), which relates to the board of trustees; providing for selection of voting member of the board of trustees by organization representing retired educators; 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 1, Chapter 312, O.S.L. 2017 (70 O.S. Supp. 2017, 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 and all
2 appointees shall serve their terms at the pleasure of the appointing
3 authority and may be removed or replaced without cause:

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) The State Treasurer, ex officio, or his or her designee.

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

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

18 1. a representative of a school of higher education in
19 Oklahoma whose term of office shall initially be one
20 (1) year, and

21 2. a member of the System of the nonclassified optional
22 personnel status whose initial term of office shall be
23 two (2) years.

1 After the initial terms of office the terms of the members shall be
2 four (4) years.

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

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

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

22 (j) Upon the expiration of the term of office of the active
23 classroom teacher member of the Board, the President Pro Tempore of
24 the Senate shall appoint a member to the Board, who shall be an

1 active classroom teacher and whose initial term of office shall
2 expire on January 8, 1991. The members thereafter appointed by the
3 President Pro Tempore of the Senate shall serve a term of office of
4 four (4) years.

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

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

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

22 (n) A statewide organization representing retired educators,
23 which is composed of at least ten thousand (10,000) members who are
24

1 recipients of benefits from the System, shall appoint a member to
2 the Board who shall be a ~~nonvoting~~ voting member.

3 (3) Persons who are appointed to the Board of Trustees by the
4 Governor pursuant to paragraphs (e), (g), (h) and (i) of subsection
5 (2) of this section shall:

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

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

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

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

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

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

23 (5) Notwithstanding any of the provisions of this section to
24 the contrary, any person serving as an appointed member of the Board

1 of Trustees on July 1, 1988, shall be eligible for reappointment
2 when the term of office of the member expires.

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

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

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

18 (9) Each trustee shall be entitled to one vote on the Board of
19 Trustees. Eight votes shall be necessary for a decision by the
20 trustees at any meeting of the Board.

21 (10) Subject to the limitations of this act, the Board of
22 Trustees shall, from time to time, establish rules and regulations
23 for the administration of the funds created by this act and for the
24 transaction of its business. Provided that such rules and

1 regulations may include rules and regulations providing for the
2 withholding from the retirement allowance due a retired person under
3 the provisions of this act an amount requested in writing by the
4 retiree for the purpose of paying:

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

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

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

22 (12) The members of the Board of Trustees, the Executive
23 Director and the employees of the System shall not accept gifts or
24 gratuities from an individual organization with a value in excess of

1 Fifty Dollars (\$50.00) per year. The provisions of this section
2 shall not be construed to prevent the members of the Board of
3 Trustees, the Executive Director or the employees of the System from
4 attending educational seminars, conferences, meetings or similar
5 functions which are paid for, directly or indirectly, by more than
6 one organization.

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

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

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

1 Trustees. When requested by the Board of Trustees, the Attorney
2 General of the state also shall render legal services to the Board
3 of Trustees. In addition to the above, the Board of Trustees may
4 employ hearing examiners to conduct administrative grievance
5 hearings under the provisions of the Administrative Procedures Act.

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

11 (17) The Board of Trustees shall designate a Medical Board to
12 be composed of three physicians not eligible to participate in the
13 retirement system. The physicians so appointed by the Board of
14 Trustees shall be legally qualified to practice medicine in Oklahoma
15 or the state in which they reside and shall be physicians of good
16 standing in the medical profession. The Board of Trustees may have
17 more than one Medical Board and each Board shall have the same
18 duties and authority under the statutes. If required, other
19 physicians may be employed to report on special cases. The Medical
20 Board shall pass upon all medical examinations required under the
21 provisions of this act and shall investigate all essential
22 statements and certificates by or on behalf of a member in
23 connection with an application for disability retirement and shall
24 report in writing to the Board of Trustees its conclusion and

1 recommendation upon all the matters referred to it. The Board of
2 Trustees shall adopt such rules and regulations as may be necessary
3 to properly administer this benefit.

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

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

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

22 SECTION 2. This act shall become effective November 1, 2018.
23

24 56-2-8454 MAH 01/02/18

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

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

(918) 492-9658 · (918) 492-9659

January 3, 2018

Representative Justin Humphrey
Room 329B

Re: RBH No. 8454

RBH No. 8454 adds a voting member to the Oklahoma Teachers Retirement System Board of Trustees to be appointed by a statewide organization that represents at least 10,000 retired educators who are receiving benefits from the system. Currently the member is a non voting.

RBH No. 8454 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contains a benefit increase.

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