

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SUBCOMMITTEE RECOMMENDATION
FOR ENGROSSED

SENATE BILL NO. 1090

By: Thompson of the Senate

and

Lawson of the House

SUBCOMMITTEE RECOMMENDATION

[public finance - Invest In Oklahoma program - State
Treasurer - personnel - promulgation of rules -
Cash Management and Investment Oversight Commission
- investments - reports - effective date]

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

SECTION 1. AMENDATORY 62 O.S. 2021, Section 2401, as
amended by Section 2, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
Section 2401), is amended to read as follows:

Section 2401. A. ~~The Oklahoma Center for the Advancement of
Science and Technology (OCAST)~~ State Treasurer shall create an
"Invest In Oklahoma" program to provide entities in this state with

1 funds for opportunities to invest in Oklahoma-based private equity
2 funds, venture capital funds and growth funds. ~~Opportunities for~~
3 ~~investment shall also include private equity funds, venture capital~~
4 ~~funds and growth funds that make substantial investments in this~~
5 ~~state.~~

6 B. ~~OCAST shall select venture capital and growth funds to~~
7 ~~qualify for investments within the Invest In Oklahoma Program~~ The
8 State Treasurer shall retain qualified investment advisors or
9 fiduciary managers to assist in the selection of private equity,
10 venture capital, and growth funds, based on factors including, but
11 not limited to:

- 12 1. Rate of return;
- 13 2. Years of operation;
- 14 3. Sufficiency of capitalization;
- 15 4. Investment performance track record;
- 16 5. Differentiation and sustainability of investment strategy;
- 17 6. Fee structure;
- 18 7. Background of limited partners; and
- 19 8. Ratio of capital invested in this state.

20 C. ~~OCAST~~ The State Treasurer shall exercise ~~judgement~~ judgment
21 and care, under circumstances then prevailing, which persons of
22 prudence, discretion and intelligence exercise in the management of
23 their own affairs, for investment, considering the probable safety
24 of their capital as well as the probable income to be derived when

1 determining qualifying venture capital and growth funds to ensure
2 the funds are being appropriately managed and invested.

3 D. ~~OCAST~~ The State Treasurer shall develop a request for
4 proposal ~~that includes the factors provided in subsection B of this~~
5 ~~section. OCAST shall maintain a list of available venture capital~~
6 ~~and growth funds which are participating in the Invest In Oklahoma~~
7 ~~Program in which public entities are encouraged to invest for~~
8 investment advisors and fiduciary managers that include their
9 qualifications and experiences in investing in private equity,
10 venture capital, and growth funds. The Treasurer shall also
11 maintain a list of available private equity, venture capital, and
12 growth funds who are operating in Oklahoma.

13 SECTION 2. AMENDATORY 62 O.S. 2021, Section 2402, is
14 amended to read as follows:

15 Section 2402. A. The following public entities are encouraged
16 to and may invest up to five percent (5%) of their rolling ~~three (3)~~
17 ~~year~~ three-year assets under management with the Invest In Oklahoma
18 ~~Program~~ program approved venture capital and growth funds as
19 provided in Section ~~2 of this act~~ 2401 of this title:

20 1. The Board of Investors of the Tobacco Settlement Endowment
21 Trust Fund;

22 2. The Commissioners of the Land Office;

23 3. The Teachers' Retirement System of Oklahoma;

24 4. The Oklahoma Public Employees Retirement System;

1 5. The Oklahoma Firefighters Pension and Retirement System;

2 6. The Oklahoma Police Pension and Retirement System;

3 7. The Oklahoma Law Enforcement Retirement System;

4 8. The ~~State of Oklahoma~~ Uniform Retirement System for Justices
5 and Judges; and

6 9. The Department of Wildlife Conservation Retirement Fund.

7 B. The State Treasurer is encouraged to and may invest with the
8 Invest In Oklahoma program pursuant to subsection D of Section 89.2
9 of this title.

10 SECTION 3. AMENDATORY 62 O.S. 2021, Section 2403, as
11 amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
12 Section 2403), is amended to read as follows:

13 Section 2403. The ~~Oklahoma Center for the Advancement of~~
14 ~~Science and Technology~~ State Treasurer shall promulgate rules to
15 enforce the provisions of the Invest In Oklahoma Act.

16 SECTION 4. AMENDATORY 62 O.S. 2021, Section 71.1, is
17 amended to read as follows:

18 Section 71.1. A. There is hereby created the Cash Management
19 and Investment Oversight Commission. The Commission shall consist
20 of five (5) members as follows:

21 1. The ~~Director of the Office of Management and Enterprise~~
22 ~~Services, or designee~~ Governor;

23 2. The ~~Bank Commissioner, or designee~~ Lieutenant Governor;

1 3. ~~The Administrator of the Oklahoma Department of Securities,~~
2 ~~or designee~~ State Auditor and Inspector;

3 4. ~~One citizen member appointed by the~~ The Speaker of the House
4 of Representatives ~~who shall have a demonstrated expertise in public~~
5 ~~or private investment finance and who shall serve at the Speaker's~~
6 ~~pleasure; and~~

7 5. ~~One citizen member appointed by the~~ The President Pro
8 Tempore of the State Senate ~~who shall be a certified public~~
9 ~~accountant or public accountant with a demonstrated expertise in~~
10 ~~public or private auditing procedures and who shall serve at the~~
11 ~~President Pro Tempore's pleasure.~~

12 B. ~~The appointed members shall have no direct or indirect~~
13 ~~business relationship with the State Treasurer or the State~~
14 ~~Treasurer's Office.~~

15 C. The Commission shall elect from its membership a ~~chairperson~~
16 chair and ~~vice-chairperson~~ vice chair. Such officers shall serve
17 one-year terms and may be reelected. ~~There shall be an Executive~~
18 ~~Review Committee of the Cash Management and Investment Oversight~~
19 ~~Commission consisting of the Director of the Office of Management~~
20 ~~and Enterprise Services, the Bank Commissioner and the Administrator~~
21 ~~of the Oklahoma Department of Securities or their respective~~
22 ~~designees. The Director of the Office of Management and Enterprise~~
23 ~~Services shall call a meeting to organize the Executive Review~~
24 ~~Committee. The Executive Review Committee shall elect from its~~

1 ~~membership a chairperson who shall serve for a period of one (1)~~
2 ~~year and who may be reelected. The Executive Review Committee shall~~
3 ~~meet at such times as it deems necessary for the performance of its~~
4 ~~duties.~~

5 ~~D.~~ C. The Commission shall hold regular meetings at least once
6 each quarter, and at such other times as it deems necessary for the
7 performance of its duties. The date, time and place of the meetings
8 shall be set by the Commission. The Office of Management and
9 Enterprise Services shall provide the administrative support
10 required by the Commission. The Commission shall be staffed by the
11 Office of Management and Enterprise Services who shall prepare all
12 materials and information needed by the Commission to perform its
13 duties and responsibilities. Meetings of the Commission ~~and of the~~
14 ~~Executive Review Committee of the Commission~~ shall be subject to the
15 Oklahoma Open Meeting Act, and their records shall be public records
16 pursuant to the Oklahoma Open Records Act.

17 ~~E.~~ D. The Commission ~~in conjunction with the State Auditor and~~
18 ~~Inspector~~ shall develop a standardized and uniform reporting system
19 which the State Treasurer shall use to make the reports required by
20 Section 89.7 of this title. The Commission shall prescribe such
21 forms in order to obtain an objective and accurate analysis of the
22 investment of state funds by the State Treasurer and to obtain an
23 accurate analysis of investment performance according to an
24 objective standard established by the Commission. The Commission

1 shall not be subject to the provisions of the Administrative
2 Procedures Act for purposes of developing the reporting system
3 required by this subsection. The Commission shall review the
4 reports prepared by the State Treasurer pursuant to Section 89.7 of
5 this title. The Commission shall review with the State Treasurer
6 investment strategies and practices and the development of internal
7 auditing procedures and practices. The Commission shall review the
8 reports submitted by the State Treasurer and shall identify any
9 event, transaction or trend which the Commission determines to
10 represent a violation or potential violation of law or public policy
11 regarding the investment of state funds. The Commission shall
12 specifically identify its concerns or objections and shall
13 communicate such concerns or objections in writing to the State
14 Treasurer.

15 ~~F.~~ E. The Commission staff shall submit a written report to
16 each member of the Commission for each ~~month~~ quarter of the calendar
17 year which specifically identifies entities with whom or with which
18 the State Treasurer has transacted business related to investment of
19 any state funds during the applicable reporting period. Any person
20 or entity to whom or to which any form of compensation has been or
21 will be paid for services rendered to the Office of the State
22 ~~Treasurer's Office~~ Treasurer related to the investment of state
23 funds shall be identified in the report. ~~The report shall also be~~
24 ~~submitted to the Director of the Office of Management and Enterprise~~

1 ~~Services, the State Auditor and Inspector, the Speaker of the House~~
2 ~~of Representatives, the President Pro Tempore of the Senate and the~~
3 ~~Governor.~~

4 ~~G. F.~~ Members of the Commission shall serve without
5 compensation, except for travel, pursuant to the State Travel
6 Reimbursement Act, ~~to be paid by the appointing authority.~~

7 ~~H. G.~~ The Commission may make written recommendations for
8 changes in legislation to the Legislature or in the policies or
9 procedures and practices of the State Treasurer to the State
10 Treasurer.

11 ~~I. H.~~ The Commission shall determine the positions, including,
12 but not limited to, the investment officer, in the Office of the
13 ~~State Treasurer's Office~~ Treasurer which shall require criminal
14 background investigations by the Oklahoma State Bureau of
15 Investigation. The Bureau shall advise the State Treasurer and the
16 Cash Management and Investment Oversight Commission in writing of
17 the results of the investigation.

18 SECTION 5. AMENDATORY 62 O.S. 2021, Section 89.2, is
19 amended to read as follows:

20 Section 89.2. A. The State Treasurer is directed to invest the
21 maximum amount of funds under control of the State Treasurer
22 consistent with good business practices. Except as otherwise
23 provided for by law, the investments shall earn not less than the
24 rate for comparable maturities on United States Treasury

obligations. Except as otherwise provided for by law, the State Treasurer may purchase and invest only in:

1. Obligations of the United States ~~Government~~ government, its agencies and instrumentalities, or other obligations fully insured or unconditionally guaranteed as to the payment of principal and interest by the United States government or any of its agencies and instrumentalities;

2. Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state;

3. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10%) of the cash available for investment which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10%) limit shall be invested in any one financial institution specified in this paragraph;

4. Prime banker's acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed two hundred seventy (270) days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10%) of the cash available for investment which may be invested pursuant to this section. Not

1 more than three-fourths (3/4) of the ten percent (10%) limit shall
2 be invested in any one commercial bank pursuant to this paragraph;

3 5. Prime commercial paper which shall not have a maturity that
4 exceeds one hundred eighty (180) days nor represent more than ten
5 percent (10%) of the outstanding paper of an issuing corporation.
6 Purchases of prime commercial paper shall not exceed seven and one-
7 half percent (7 1/2%) of the cash available for investment which may
8 be invested pursuant to this section;

9 6. Investment grade obligations of state and local governments,
10 including obligations of Oklahoma state public trusts which possess
11 the highest rating from at least one nationally recognized rating
12 agency acceptable to the State Treasurer. Purchases of investment
13 grade obligations of state and local governments shall not exceed
14 ten percent (10%) of the cash available for investment which may be
15 invested pursuant to this section;

16 7. Repurchase agreements, provided that such agreements are
17 included within the written investment policy required by subsection
18 D of this section that have underlying collateral consisting of
19 those items and those restrictions specified in paragraphs 1 through
20 6 of this subsection;

21 8. Money market funds and short term bond funds regulated by
22 the Securities and Exchange Commission and which investments consist
23 of those items and those restrictions specified in paragraphs 1
24 through 7 of this subsection; and

1 9. Bonds, notes, debentures or other similar obligations of a
2 foreign government which the International Monetary Fund lists as an
3 industrialized country and for which the full faith and credit of
4 such nation has been pledged for the payment of principal and
5 interest; provided, that any such security shall be rated at least
6 A- or better by ~~Standard & Poor's Corporation~~ S&P Global or A3 or
7 better by Moody's Investors Service, or an equivalent investment
8 grade by a securities ratings organization accepted by the National
9 Association of Insurance Commissioners; and provided further, that
10 the total investment in such foreign securities at any one time
11 shall not exceed five percent (5%) of the cash available for
12 investment which may be invested pursuant to this section. In no
13 circumstance shall investments be made in bonds, notes, debentures
14 or any similar obligations of a foreign government that:

15 a. is identified as a state sponsor of terrorism by the
16 United States Department of State, or

17 b. any authoritarian or totalitarian government the
18 sovereign powers of which are exercised through a
19 single person or group of persons who are not elected
20 by any form of legitimate popular voting.

21 B. Investments shall be made with judgment and care, under
22 circumstances then prevailing, which persons of prudence, discretion
23 and intelligence exercise in the management of their own affairs,
24 not for speculation, but for investment, considering the probable

1 safety of their capital as well as the probable income to be
2 derived.

3 C. The State Treasurer shall appoint an investment officer who
4 shall perform duties related to the investment of state funds in the
5 Office of the State Treasurer. The investment officer shall not
6 perform or supervise any accounting functions, data processing
7 functions or duties related to the documentation or settlement of
8 investment transactions.

9 D. The State Treasurer may invest up to five percent (5%) of
10 the maximum amount of funds under the control of the State Treasurer
11 invested pursuant to subsection A of this section into the Invest In
12 Oklahoma program.

13 E. Investments of public funds by the State Treasurer shall be
14 made in accordance with written policies developed by the State
15 Treasurer. The written investment policies shall address:

- 16 1. Liquidity;
- 17 2. Diversification;
- 18 3. Safety of principal;
- 19 4. Yield;
- 20 5. Maturity and quality; and
- 21 6. Capability of investment management.

22 The State Treasurer shall place primary emphasis on safety and
23 liquidity in the investment of public funds. To the extent
24 practicable, taking into account the need to use sound investment

1 judgment, the written investment policies shall include provision
2 for utilization of a system of competitive bidding in the investment
3 of state funds. The written investment policies shall be designed
4 to maximize yield within each class of investment instrument,
5 consistent with the safety of the funds invested.

6 ~~E.~~ F. The State Treasurer shall select one custodial bank to
7 settle transactions involving the investment of state funds under
8 the control of the State Treasurer. The State Treasurer shall
9 review the performance of the custodial bank at least once every
10 year. The State Treasurer shall require a written competitive bid
11 every five (5) years. The custodial bank shall have a minimum of
12 Five Hundred Million Dollars (\$500,000,000.00) in assets to be
13 eligible for selection. Any out-of-state custodial bank shall have
14 a service agent in ~~the State of Oklahoma~~ this state so that service
15 of summons or legal notice may be had on such designated agent as is
16 now or may hereafter be provided by law. In order to be eligible
17 for selection, the custodial bank shall allow electronic access to
18 all transaction and portfolio reports maintained by the custodial
19 bank involving the investment of state funds under control of the
20 State Treasurer. The access shall be given to ~~both~~ the State
21 Treasurer ~~and to the Cash Management and Investment Oversight~~
22 ~~Commission~~. The requirement for electronic access shall be
23 incorporated into any contract between the State Treasurer and the
24 custodial bank. Neither the State Treasurer nor the custodial bank

1 shall permit any of the funds under the control of the State
2 Treasurer or any of the documents, instruments, securities or other
3 evidence of a right to be paid money to be located in any place
4 other than within a jurisdiction or territory under the control or
5 regulatory power of the United States ~~Government~~ government.

6 ~~F.~~ G. The investment policy shall specify the general
7 philosophy, policies and procedures to be followed in the investment
8 of state monies by the State Treasurer. The investment policy shall
9 include, but not be limited to, the following:

- 10 1. Policy objectives;
- 11 2. Performance measure objectives;
- 12 3. Authority for investment program;
- 13 4. Possible use of an investment advisory committee;
- 14 5. Reporting and documentation of investments;
- 15 6. Authorized investment instruments;
- 16 7. Diversification of investment risk;
- 17 8. Maturity limitations;
- 18 9. Selections of financial institutions;
- 19 10. Interest controls;
- 20 11. Safekeeping of investments;
- 21 12. Investment ethics; and
- 22 13. Formal adoption of policy.

23 ~~G.~~ H. The State Treasurer shall provide ~~weekly~~ quarterly
24 reports of all investments made by the State Treasurer if requested

1 by the Cash Management and Investment Oversight Commission, and list
2 any commissions, fees or payments made for services regarding such
3 investments. The reports required by this subsection shall be
4 delivered to the Commission within three (3) business days of the
5 end of the applicable week.

6 ~~H. I.~~ Not later than July 1 of each year, the State Treasurer
7 shall forward a copy of the written investment policy to the
8 ~~Governor, the Speaker of the House of Representatives, the President~~
9 ~~Pro Tempore of the Senate, the Attorney General, the Bank~~
10 ~~Commissioner, and the Director of the Office of Management and~~
11 ~~Enterprise Services~~ Cash Management and Investment Oversight
12 Commission. In addition, the State Treasurer shall maintain one
13 copy of the investment policy in the ~~office~~ Office of the State
14 Treasurer for public inspection during regular business hours.
15 Copies of any modifications to the investment policy shall be
16 forwarded to ~~the Governor, Speaker of the House of Representatives,~~
17 ~~President Pro Tempore of the Senate, and~~ each member of the Cash
18 Management and Investment Oversight Commission.

19 SECTION 6. AMENDATORY 62 O.S. 2021, Section 89.7, is
20 amended to read as follows:

21 Section 89.7. A. The State Treasurer shall prepare ~~monthly~~
22 quarterly and annual investment performance reports of the Office of
23 the State Treasurer's Office Treasurer in the form and manner
24 required by the Cash Management and Investment Oversight Commission

1 after consultation with the State Treasurer which summarize recent
2 market conditions, economic developments and anticipated investment
3 conditions and the investment plan performance, including portfolio
4 diversification and rates of return measured against the investment
5 plan of the State Treasury. The annual investment performance
6 report shall be submitted to the Commission and shall be made within
7 ninety (90) calendar days after the end of the fiscal year. The
8 ~~monthly~~ quarterly investment performance reports shall be submitted
9 to the ~~Executive Review Committee~~ Commission and shall be made
10 within thirty (30) days after the end of the applicable month. The
11 investment performance reports shall specify the investment
12 strategies employed in the most recent reporting period and describe
13 the investment portfolio of the state in terms of:

14 1. Securities;

15 2. Maturities;

16 3. Fund type;

17 4. Financial institutions from which securities were purchased,
18 including the amounts and the city and state of location;

19 5. Investment return compared to budgetary expectations;

20 6. Average yield; and

21 7. Average life of the portfolio.

22 The investment performance reports shall also indicate any areas of
23 concern which the State Treasurer has concerning the basic
24

1 investment strategies being employed. The investment performance
2 reports shall contain:

- 3 a. combined and individual rates of return and a list of
4 all losses by category of investment, over periods of
5 time~~+~~
- 6 b. the rate of return on deposits and all fees and
7 expenses charged as to all depository financial
8 institutions of the State Treasury and a specific
9 review of the adequacy of the collateralization~~+~~
- 10 c. any other information that the State Treasurer may
11 include~~+~~ and
- 12 d. such other information that the Cash Management and
13 Investment Oversight Commission created by Section
14 71.1 of this title may request and that the State
15 Treasurer agrees to include in the investment
16 performance reports.

17 B. To the extent that the State Treasurer should have reason to
18 know, the State Treasurer shall also include in the investment
19 performance reports a listing of all payments, fees, commissions, or
20 other compensation received by any person, including but not
21 limited to individuals, financial institutions, or investment
22 companies or corporations, which have an investment agreement,
23 contract, or other arrangement with the State Treasurer, or who
24 receive any compensation as a result of a transaction involving the

1 investment of state monies or funds or the purchase, sale, or trade
2 of securities or bonds involving the Office of the State Treasurer.
3 ~~Said~~ The listings shall also include the social security or federal
4 identification number of any person, including, but not limited to,
5 individuals, financial institutions, or investment companies or
6 corporations, receiving payments, fees, commissions, or other
7 compensation.

8 C. The annual investment performance report shall be written in
9 simple and easily understood language containing:

10 ~~a. an~~

11 1. An analysis of the written investment plans developed by the
12 State Treasurer as required by law;

13 ~~b. a~~

14 2. A quantitative analysis of the performance of all depository
15 financial institutions approved by the State Treasurer, with regard
16 to monies deposited;

17 ~~c. the~~

18 3. The result of the analyses prepared pursuant to
19 ~~subparagraphs a and b~~ paragraphs 1 and 2 of this ~~paragraph~~
20 subsection compared with similar data for other states;

21 ~~d. recommendations~~

22 4. Recommendations on administrative and legislative changes
23 which are necessary to improve the performance of the State Treasury
24

1 in accordance with current standards for large public fund portfolio
2 management; and

3 ~~e.~~ a

4 5. A listing by object code of the expenses of the State
5 Treasury as audited by the independent auditor provided by Section
6 89.10 of this title.

7 D. The State Treasurer shall distribute the investment
8 performance reports to the Governor, ~~the President Pro Tempore of~~
9 ~~the Senate, the Speaker of the House of Representatives, the State~~
10 ~~Auditor and Inspector, the Attorney General, and members of the Cash~~
11 Management and Investment Oversight Commission. Upon request, the
12 State Treasurer shall make the annual investment performance report
13 available to the members of the Legislature and the general public.
14 The annual investment performance report shall also include an
15 investment plan for the ensuing fiscal year.

16 E. The State Treasurer shall require all employees in the State
17 Treasury to sign an anti-collusion affidavit. Execution of a false
18 affidavit shall make such employees subject to disciplinary action,
19 including, but not limited to, termination, criminal prosecution or
20 both.

21 F. The State Treasurer shall require an anti-collusion
22 affidavit from brokers or other persons offering investment services
23 to the State Treasury. The State Treasurer shall be prohibited from
24 employing or doing business with any brokers or persons offering

1 investment services to the State Treasury who have not executed such
2 an affidavit.

3 G. The Cash Management and Investment Oversight Commission
4 shall certify that the State Treasurer has delivered to the
5 Commission the ~~monthly and annual~~ quarterly investment performance
6 reports and the annual financial report required by this section.
7 ~~If the Commission determines that these reports have not been~~
8 ~~delivered by the State Treasurer as required by law, the Commission~~
9 ~~shall notify in writing the Governor, the Speaker of the House of~~
10 ~~Representatives, the President Pro Tempore of the Senate, the~~
11 ~~Attorney General, and the State Auditor and Inspector.~~

12 SECTION 7. This act shall become effective November 1, 2025.
13

14 60-1-13493 MAH 04/10/25
15
16
17
18
19
20
21
22
23
24