

SENATE CHAMBER
STATE OF OKLAHOMA

DISPOSITION

FLOOR AMENDMENT

No. 1

COMMITTEE AMENDMENT

(Date)

I move to amend Senate Bill No. 172 by substituting the attached floor substitute (Request #3653) for the title, enacting clause, and entire body of the measure.

Submitted by:


Senator Bullard

I hereby grant permission for the floor substitute to be adopted.

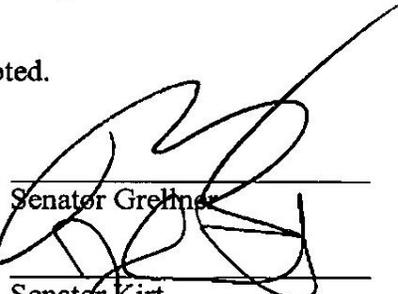

Senator Bullard, Chair (required)


Senator Bergstrom

Senator Boren

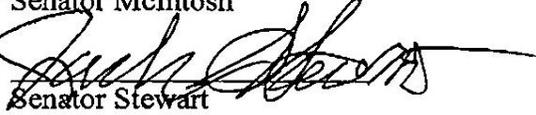

Senator Burns

Senator Paxton, President Pro Tempore


Senator Greiner


Senator Kirt


Senator McIntosh


Senator Stewart

Senator Daniels, Majority Floor Leader

Note: Retirement and Government Resources committee majority requires five (5) members' signatures.

Bullard-MSBB-FS-SB172

3/4/2026 3:47 PM

(Floor Amendments Only)

Date and Time Filed: 3/5/26 9:51 am *sd*

Untimely

Amendment Cycle Extended

Secondary Amendment

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

FLOOR SUBSTITUTE
FOR

SENATE BILL NO. 172

By: Bullard and Mann of the
Senate

and

Wolfley, Deck, Moore,
Ranson, and Hays of the
House

FLOOR SUBSTITUTE

[retirement - Retirement System - cost-of-living
adjustment]

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

SECTION 1. AMENDATORY 11 O.S. 2021, Section 49-100.9, is
amended to read as follows:

Section 49-100.9. A. The Oklahoma Firefighters Pension and
Retirement Board shall discharge their duties with respect to the
Oklahoma Firefighters Pension and Retirement System solely in the
interest of the participants and beneficiaries and:

1. For the exclusive purpose of:

- a. providing benefits to participants and their
beneficiaries, and

1 b. defraying reasonable expenses of administering the
2 System;

3 2. With the care, skill, prudence, and diligence under the
4 circumstances then prevailing that a prudent person acting in a like
5 capacity and familiar with such matters would use in the conduct of
6 an enterprise of a like character and with like aims;

7 3. By diversifying the investments of the System so as to
8 minimize the risk of large losses, unless under the circumstances it
9 is clearly prudent not to do so; and

10 4. In accordance with the laws, documents and instruments
11 governing the System.

12 B. The ~~State~~ Board may procure insurance indemnifying the
13 members of the ~~State~~ Board from personal loss or accountability from
14 liability resulting from a member's action or inaction as a member
15 of the ~~State~~ Board.

16 C. The ~~State~~ Board may establish an investment committee. The
17 investment committee shall be composed of not more than five (5)
18 members of the ~~State~~ Board appointed by the ~~chairman~~ chair of the
19 ~~State~~ Board. The committee shall make recommendations to the full
20 ~~State~~ Board on all matters related to the choice of custodians and
21 managers of the assets of the System, on the establishment of
22 investment and fund management guidelines, and in planning future
23 investment policy. The committee shall have no authority to act on
24 behalf of the ~~State~~ Board in any circumstances whatsoever. No

1 recommendation of the committee shall have effect as an action of
2 the ~~State~~ Board nor take effect without the approval of the ~~State~~
3 Board as provided by law.

4 D. The Board shall retain qualified investment managers to
5 provide for the investment of the monies of the System. The
6 investment managers shall be chosen by a solicitation of proposals
7 on a competitive bid basis pursuant to standards set by the ~~State~~
8 Board. Subject to the overall investment guidelines set by the
9 ~~State~~ Board, the investment managers shall have full discretion in
10 the management of those monies of the System allocated to the
11 investment managers. The ~~State~~ Board shall manage those monies not
12 specifically allocated to the investment managers. The monies of
13 the System allocated to the investment managers shall be actively
14 managed by the investment managers, which may include selling
15 investments and realizing losses if such action is considered
16 advantageous to longer term return maximization. Because of the
17 total return objective, no distinction shall be made for management
18 and performance evaluation purposes between realized and unrealized
19 capital gains and losses.

20 E. Funds and revenues for investment by the investment managers
21 or the ~~State~~ Board shall be placed with a custodian selected by the
22 ~~State~~ Board. The custodian shall be a bank or trust company
23 offering pension fund master trustee and master custodial services
24 and any related custodial agreement or trust agreement is

1 incorporated herein by reference. The custodian shall be chosen by
2 a solicitation of proposals on a competitive bid basis pursuant to
3 standards set by the ~~State~~ Board. In compliance with the investment
4 policy guidelines of the ~~State~~ Board, the custodian bank or trust
5 company shall be contractually responsible for ensuring that all
6 monies of the System are invested in income-producing investment
7 vehicles at all times. If a custodian bank or trust company has not
8 received direction from the investment managers of the System as to
9 the investment of the monies of the System in specific investment
10 vehicles, the custodian bank or trust company shall be contractually
11 responsible to the ~~State~~ Board for investing the monies in
12 appropriately collateralized short-term interest-bearing investment
13 vehicles. Any assets of the System may be invested in a collective
14 investment fund or group trust that satisfies the requirements of
15 Revenue Ruling 81-100, as further amended by Revenue Ruling 2004-67,
16 Revenue Ruling 2008-40, and Revenue Ruling 2011-1, and as
17 subsequently amended by future guidance. Each such collective
18 investment fund or group trust is adopted, with respect to any
19 monies invested therein, as part of the System, its trust, and
20 custodial account and each such declaration of trust or trust
21 agreement and related adoption, participation, investment
22 management, subtrust or other agreements, as amended from time to
23 time, with respect to any monies invested therein, are incorporated
24

1 by reference into the System, its trust agreement(s) or custodial
2 agreement(s), upon approval by the ~~State~~ Board.

3 F. By November 1, 1988, and prior to August 1 of each year
4 thereafter, the ~~State~~ Board shall develop a written investment plan
5 for the System.

6 G. The ~~State~~ Board shall compile a quarterly financial report
7 of all the funds of the System on a fiscal year basis. The report
8 shall be compiled pursuant to uniform reporting standards prescribed
9 by the Oklahoma State Pension Commission for all state retirement
10 systems. The report shall include several relevant measures of
11 investment value, including acquisition cost and current fair market
12 value with appropriate summaries of total holdings and returns. The
13 report shall contain combined and individual rate of returns of the
14 investment managers by category of investment, over periods of time.
15 The ~~State~~ Board shall include in the quarterly reports all
16 commissions, fees or payments for investment services performed on
17 behalf of the ~~State~~ Board. The report shall be distributed
18 electronically to the Governor, the Oklahoma State Pension
19 Commission, the Legislative Service Bureau, the Speaker of the House
20 of Representatives and the President Pro Tempore of the Senate.

21 H. After July 1 and before December 1 of each year, the ~~State~~
22 Board shall publish widely an annual report presented in simple and
23 easily understood language pursuant to uniform reporting standards
24 prescribed by the Oklahoma State Pension Commission for all state

1 retirement systems. The report shall be submitted electronically to
2 the Governor, the Speaker of the House of Representatives, the
3 President Pro Tempore of the Senate, the Oklahoma State Pension
4 Commission and the members of the System. The annual report shall
5 cover the operation of the System during the past fiscal year,
6 including income, disbursements, and the financial condition of the
7 System at the end of the fiscal year. The annual report shall also
8 contain the information issued in the quarterly reports required
9 pursuant to subsection G of this section as well as a summary of the
10 results of the most recent actuarial valuation to include total
11 assets, total liabilities, unfunded liability or over funded status,
12 contributions and any other information deemed relevant by the ~~State~~
13 Board. The annual report shall be written in such a manner as to
14 permit a readily understandable means for analyzing the financial
15 condition and performance of the System for the fiscal year.

16 I. Effective July 1, 2000, the ~~State~~ Board is hereby authorized
17 to do all acts and things necessary and proper to carry out the
18 purpose of the System and to make the least costly amendments and
19 changes, if any, as may be necessary to qualify the System under the
20 applicable sections of the Internal Revenue Code of 1986, as
21 amended.

22 J. 1. The Board may approve a cost-of-living adjustment of up
23 to two percent (2%), pursuant to the schedule prescribed by this
24 subsection for persons who have received benefits from the System

1 for one (1) or more years. The Board may only approve a cost-of-
2 living adjustment when the System's funded ratio, according to the
3 latest annual actuarial valuation, exceeds the percentage as
4 prescribed in paragraph 2 of this subsection. The funded ratio
5 shall be maintained on a rolling average for not less than three (3)
6 years. Provided, a cost-of-living adjustment shall not be granted
7 if the adjustment would cause the funding ratio of the System to
8 drop below the percentage which authorized the adjustment.

9 2. a. Except as provided in paragraph 1 of this subsection,
10 a one-time cost-of-living adjustment may be approved
11 by the Board if the funded ratio of the System exceeds
12 eighty percent (80%). Subsequent one-time cost-of-
13 living adjustments may be approved each time
14 thereafter that the System's funded ratio increases by
15 five percent (5%) from the percentage which authorized
16 the previous cost-of-living adjustment.

17 b. Provided, if the System's funded ratio exceeds one
18 hundred percent (100%), the System may approve a cost-
19 of-living adjustment at any time, so long as such
20 adjustment does not cause the funded ratio of the
21 System to drop below one hundred percent (100%).
22 After approving a cost-of-living adjustment as
23 provided for in this subparagraph, the funded ratio
24

1 shall be maintained on a rolling average for not less
2 than three (3) years.

3 c. The Board shall promulgate rules to enact the
4 provisions of this subsection.

5 SECTION 2. AMENDATORY 11 O.S. 2021, Section 50-105.4, is
6 amended to read as follows:

7 Section 50-105.4. A. The Oklahoma Police Pension and
8 Retirement Board shall discharge their duties with respect to the
9 Oklahoma Police Pension and Retirement System solely in the interest
10 of the participants and beneficiaries and:

11 1. For the exclusive purpose of:

12 a. providing benefits to participants and their
13 beneficiaries, and

14 b. defraying reasonable expenses of administering the
15 System;

16 2. With the care, skill, prudence, and diligence under the
17 circumstances then prevailing that a prudent person acting in a like
18 capacity and familiar with such matters would use in the conduct of
19 an enterprise of a like character and with like aims;

20 3. By diversifying the investments of the System so as to
21 minimize the risk of large losses, unless under the circumstances it
22 is clearly prudent not to do so; and

23 4. In accordance with the laws, documents and instruments
24 governing the System.

1 B. The ~~State~~ Board may procure insurance indemnifying the
2 members of the ~~State~~ Board from personal loss or accountability from
3 liability resulting from a member's action or inaction as a member
4 of the ~~State~~ Board.

5 C. The ~~State~~ Board may establish an investment committee. The
6 investment committee shall be composed of not more than five (5)
7 members of the ~~State~~ Board appointed by the ~~chairman~~ chair of the
8 ~~State~~ Board. The committee shall make recommendations to the full
9 ~~State~~ Board on all matters related to the choice of custodians and
10 managers of the assets of the System, on the establishment of
11 investment and fund management guidelines, and in planning future
12 investment policy. The committee shall have no authority to act on
13 behalf of the ~~State~~ Board in any circumstances whatsoever. No
14 recommendation of the committee shall have effect as an action of
15 the ~~State~~ Board nor take effect without the approval of the ~~State~~
16 Board as provided by law.

17 D. The ~~State~~ Board shall retain qualified investment managers
18 to provide for the investment of the monies of the System. The
19 investment managers shall be chosen by a solicitation of proposals
20 on a competitive bid basis pursuant to standards set by the ~~State~~
21 Board unless the ~~State~~ Board deems it necessary and prudent to do
22 otherwise to fulfill its fiduciary responsibility. Subject to the
23 overall investment guidelines set by the ~~State~~ Board, the investment
24 managers shall have full discretion in the management of those

1 monies of the System allocated to the investment managers. The
2 ~~State~~ Board shall manage those monies not specifically allocated to
3 the investment managers. The monies of the System allocated to the
4 investment managers shall be actively managed by the investment
5 managers, which may include selling investments and realizing losses
6 if such action is considered advantageous to longer term return
7 maximization. Because of the total return objective, no distinction
8 shall be made for management and performance evaluation purposes
9 between realized and unrealized capital gains and losses.

10 E. Funds and revenues for investment by the investment managers
11 or the ~~State~~ Board shall be placed with a custodian selected by the
12 ~~State~~ Board. The custodian shall be a bank or trust company
13 offering pension fund master trustee and master custodial services
14 and any related custodial agreement or trust agreement is
15 incorporated herein by reference. The custodian shall be chosen by
16 a solicitation of proposals on a competitive basis pursuant to
17 standards set by the ~~State~~ Board. In compliance with the investment
18 policy guidelines of the ~~State~~ Board, the custodian bank or trust
19 company shall be contractually responsible for ensuring that all
20 monies of the System are invested in income-producing investment
21 vehicles at all times. If a custodian bank or trust company has not
22 received direction from the investment managers of the System as to
23 the investment of the monies of the System in specific investment
24 vehicles, the custodian bank or trust company shall be contractually

1 responsible to the ~~State~~ Board for investing the monies in
2 appropriately collateralized short-term interest-bearing investment
3 vehicles. Any assets of the System may be invested in a collective
4 investment fund or in a group trust that satisfies the requirements
5 of ~~Rev. Rul.~~ Revenue Ruling 81-100, as further amended by ~~Rev. Rul.~~
6 Revenue Ruling 2004-67, ~~Rev. Rul.~~ Revenue Ruling 2008-40, and ~~Rev.~~
7 ~~Rul.~~ Revenue Ruling 2011-1, and as subsequently amended by future
8 guidance. Each such collective investment fund or group trust is
9 adopted, with respect to any monies invested therein, as part of the
10 System, its trust, and custodial account and each such declaration
11 of trust or trust agreement and related adoption, participation,
12 investment management, subtrust or other agreements, as amended from
13 time to time, with respect to any monies invested therein, are
14 incorporated by reference into the System, its trust agreement(s) or
15 custodial agreement(s), upon approval by the ~~State~~ Board.

16 F. By November 1, 1988, and prior to August 1 of each year
17 thereafter, the ~~State~~ Board shall develop a written investment plan
18 for the System.

19 G. After July 1 and before November 1 of each year, the ~~State~~
20 Board shall publish widely an annual report presented in simple and
21 easily understood language pursuant to uniform reporting standards
22 prescribed by the Oklahoma State Pension Commission for all state
23 retirement systems. The report shall be submitted electronically to
24 the Governor, the Speaker of the House of Representatives, the

1 President Pro Tempore of the Senate, the Oklahoma State Pension
2 Commission and the members of the System. The annual report shall
3 cover the operation of the System during the past fiscal year,
4 including income, disbursements, and the financial condition of the
5 System at the end of the fiscal year. The annual report shall also
6 contain a summary of the results of the most recent actuarial
7 valuation to include total assets, total liabilities, unfunded
8 liability or over funded status, contributions and any other
9 information deemed relevant by the ~~State~~ Board. The annual report
10 shall be written in such a manner as to permit a readily
11 understandable means for analyzing the financial condition and
12 performances of the System for the fiscal year.

13 H. The ~~State~~ Board shall adopt a ~~cost-of-living~~ cost-of-living
14 adjustment actuarial assumption in its annual actuarial valuation
15 report.

16 I. 1. The Board may approve a cost-of-living adjustment of up
17 to two percent (2%), pursuant to the schedule prescribed by this
18 subsection for persons who have received benefits from the System
19 for one (1) or more years. The Board may only approve a cost-of-
20 living adjustment when the System's funded ratio, according to the
21 latest annual actuarial valuation, exceeds the percentage as
22 prescribed in paragraph 2 of this subsection. The funded ratio
23 shall be maintained on a rolling average for not less than three (3)
24 years. Provided, a cost-of-living adjustment shall not be granted

1 if the adjustment would cause the funding ratio of the System to
2 drop below the percentage which authorized the adjustment.

3 2. a. Except as provided in paragraph 1 of this subsection,
4 a one-time cost-of-living adjustment may be approved
5 by the Board if the funded ratio of the System exceeds
6 eighty percent (80%). Subsequent one-time cost-of-
7 living adjustments may be approved each time
8 thereafter that the System's funded ratio increases by
9 five percent (5%) from the percentage which authorized
10 the previous cost-of-living adjustment.

11 b. Provided, if the System's funded ratio exceeds one
12 hundred percent (100%), the System may approve a cost-
13 of-living adjustment at any time, so long as such
14 adjustment does not cause the funded ratio of the
15 System to drop below one hundred percent (100%).
16 After approving the cost-of-living adjustment provided
17 for in this subparagraph, the funded ratio shall be
18 maintained on a rolling average for not less than
19 three (3) years.

20 c. The Board shall promulgate rules to enact the
21 provisions of this subsection.

22 SECTION 3. AMENDATORY 20 O.S. 2021, Section 1108, is
23 amended to read as follows:
24

1 Section 1108. A. The Board of Trustees of the Oklahoma Public
2 Employees Retirement System shall have the responsibility for
3 management of the Uniform Retirement System for Justices and Judges
4 and the ~~State~~ Oklahoma Judicial Retirement Fund. All benefits
5 payable under ~~The~~ the Uniform Retirement System for Justices and
6 Judges, refunds of contributions and overpayments, purchases or
7 investments under the law, and all expenses in connection with the
8 System shall be paid from the Oklahoma Judicial Retirement Fund.
9 The ~~State~~ Oklahoma Judicial Retirement Fund shall be invested and
10 managed in the same manner as now or hereinafter provided by law for
11 the investment and management of funds belonging to the Oklahoma
12 Public Employees Retirement System. The Uniform Retirement System
13 for Justices and Judges shall be an instrumentality of ~~the State of~~
14 ~~Oklahoma~~ this state. The System shall be vested with the powers and
15 duties specified in ~~this act~~ Section 1101 et seq. of this title and
16 such other powers as may be necessary to enable it, its officers,
17 employees, and agents to carry out fully and effectively the
18 purposes and intent of ~~this act~~ Section 1101 et seq. of this title.

19 1. The Board shall distribute the corpus and income of the
20 System to the members and their beneficiaries in accordance with the
21 System's law. At no time prior to the satisfaction of all
22 liabilities with respect to members and their beneficiaries shall
23 any part of the corpus and income be used for, or diverted to,
24

1 purposes other than the exclusive benefit of the members and their
2 beneficiaries.

3 2. The Board may not engage in a transaction prohibited by
4 Section 503(b) of the ~~federal~~ Internal Revenue Code of 1986, as
5 amended.

6 3. The Board shall be responsible for the policies and rules
7 for the general administration of the System, subject to the
8 provisions of ~~this act~~ Section 1101 et seq. of this title. Except
9 as specifically provided in this act, the Uniform Retirement System
10 for Justices and Judges shall generally be managed in the same
11 manner as now or hereinafter provided by law or by rule for the
12 management of the Oklahoma Public Employees Retirement System.

13 4. The Board shall establish rules for the administration of
14 the System and for the transaction of its business consistent with
15 law, which rules shall be promulgated in compliance with the
16 Administrative Procedures Act.

17 5. The Board may adopt all necessary actuarial tables to be
18 used in the operation of the System as recommended by the actuary
19 and may compile such additional data as may be necessary for
20 required actuarial valuation calculations.

21 6. All decisions of the Board as to questions of fact shall be
22 final and conclusive on all persons except for the right of review
23 as provided by law and except for fraud or such gross mistake of
24 fact as to have effect equivalent to fraud.

1 7. Any person who shall knowingly make any false statement, or
2 who shall falsify or permit to be falsified any record necessary for
3 carrying out the intent of ~~this act~~ Section 1101 et seq. of this
4 title for the purpose of committing fraud, shall be guilty of a
5 misdemeanor, and upon conviction shall be punished by a fine not
6 exceeding Five Hundred Dollars (\$500.00) or by imprisonment ~~for~~ not
7 exceeding one (1) year. Should any error in any records of the
8 Uniform Retirement System for Justices and Judges result in any
9 member or beneficiary receiving more or less than he or she would
10 have been entitled to receive had the records been correct, the
11 Board shall correct such error, and, as far as practicable, make
12 future payments in such manner that the actuarial equivalent of the
13 benefit to which such member or beneficiary was entitled shall be
14 paid, and to this end, may recover any overpayments.

15 B. The Board of Trustees of the Oklahoma Public Employees
16 Retirement System shall compile a quarterly financial report of all
17 the funds of the ~~State~~ Oklahoma Judicial Retirement Fund on a fiscal
18 year basis. The report shall be compiled pursuant to uniform
19 reporting standards prescribed by the Oklahoma State Pension
20 Commission for all state retirement systems. The report shall
21 include several relevant measures of investment value, including
22 acquisition cost and current fair market value with appropriate
23 summaries of total holdings and returns. The report shall contain
24 combined and individual rate of returns of the investment managers

1 by category of investment, over periods of time. The Board of
2 Trustees shall include in the quarterly reports all commissions,
3 fees or payments for investment services performed on behalf of the
4 Board of Trustees with respect to the ~~State~~ Oklahoma Judicial
5 Retirement Fund. The report shall be distributed electronically to
6 the Governor, the Oklahoma State Pension Commission, the Legislative
7 Service Bureau, the Speaker of the House of Representatives and the
8 President Pro Tempore of the Senate. In lieu of compiling and
9 distributing the quarterly report, the Board may provide the Pension
10 Commission with direct access to the same data from the custodian
11 bank for the System.

12 C. There is hereby created the Retirement Medical Benefit Fund.
13 ~~The fund shall~~ to be maintained as a subaccount of the ~~State~~
14 Oklahoma Judicial Retirement Fund. The Retirement Medical Benefit
15 Fund is composed of all assets which may be contributed to this
16 subaccount to pay the retirement system's portion of the monthly
17 retiree health insurance premium benefit described by Section 1316.2
18 of Title 74 of the Oklahoma Statutes. All such allocated assets and
19 any earnings thereon in the Retirement Medical Benefit Fund shall be
20 held for the exclusive purpose of providing retiree medical
21 benefits. The Retirement Medical Benefit Fund is to be administered
22 in accordance with the requirements of Section 401(h) of the
23 Internal Revenue Code of 1986, as amended, from time to time. The
24 Board of Trustees may promulgate such rules as are necessary to

1 implement the funding and administration of the fund pursuant to the
2 provisions of this subsection.

3 D. After July 1 and before December 1 of each year, the Board
4 of Trustees of the Oklahoma Public Employees Retirement System shall
5 publish widely an annual report presented in simple and easily
6 understood language pursuant to uniform reporting standards
7 prescribed by the Oklahoma State Pension Commission for all state
8 retirement systems. The report shall be submitted electronically to
9 the Governor, the Speaker of the House of Representatives, the
10 President Pro Tempore of the Senate, the Oklahoma State Pension
11 Commission and the members of the System. The annual report shall
12 cover the operation of the System during the past fiscal year,
13 including income, disbursements, and the financial condition of the
14 System at the end of the fiscal year. The annual report shall also
15 contain the information issued in the quarterly reports required
16 pursuant to subsection B of this section as well as a summary of the
17 results of the most recent actuarial valuation to include total
18 assets, total liabilities, unfunded liability or overfunded status,
19 contributions and any other information deemed relevant by the Board
20 of Trustees. The annual report shall be written in such a manner as
21 to permit a readily understandable means for analyzing the financial
22 condition and performance of the System for the fiscal year.

1 E. The Board shall adopt a ~~cost-of-living~~ cost-of-living
2 adjustment actuarial assumption in its annual actuarial valuation
3 report.

4 F. 1. The Board may approve a cost-of-living adjustment of up
5 to two percent (2%), pursuant to the schedule prescribed by this
6 subsection for persons who have received benefits from the System
7 for one (1) or more years. The Board may only approve a cost-of-
8 living adjustment when the System's funded ratio, according to the
9 latest annual actuarial valuation, exceeds the percentage as
10 prescribed in paragraph 2 of this subsection. The funded ratio
11 shall be maintained on a rolling average for not less than three (3)
12 years. Provided, a cost-of-living adjustment shall not be granted
13 if the adjustment would cause the funding ratio of the System to
14 drop below the percentage which authorized the adjustment.

15 2. a. Except as provided in paragraph 1 of this subsection,
16 a one-time cost-of-living adjustment may be approved
17 by the Board if the funded ratio of the System exceeds
18 eighty percent (80%). Subsequent one-time cost-of-
19 living adjustments may be approved each time
20 thereafter that the System's funded ratio increases by
21 five percent (5%) from the percentage which authorized
22 the previous cost-of-living adjustment.

23 b. Provided, if the System's funded ratio exceeds one
24 hundred percent (100%), the System may approve a cost-

1 of-living adjustment at any time, so long as such
2 adjustment does not cause the funded ratio of the
3 System to drop below one hundred percent (100%).
4 After approving the cost-of-living adjustment provided
5 for in this subparagraph, the funded ratio shall be
6 maintained on a rolling average for not less than
7 three (3) years.

8 c. The Board shall promulgate rules to enact the
9 provisions of this subsection.

10 SECTION 4. AMENDATORY 47 O.S. 2021, Section 2-303.1, is
11 amended to read as follows:

12 Section 2-303.1. A. The Oklahoma Law Enforcement Retirement
13 Board shall discharge its duties with respect to the Oklahoma Law
14 Enforcement Retirement System solely in the interest of the
15 participants and beneficiaries and:

16 1. For the exclusive purpose of:

- 17 a. providing benefits to participants and their
18 beneficiaries, and
19 b. defraying reasonable expenses of administering the
20 System;

21 2. With the care, skill, prudence, and diligence under the
22 circumstances then prevailing that a prudent person acting in a like
23 capacity and familiar with such matters would use in the conduct of
24 an enterprise of a like character and with like aims;

1 3. By diversifying the investments of the System so as to
2 minimize the risk of large losses, unless under the circumstances it
3 is clearly prudent not to do so; and

4 4. In accordance with the laws, documents and instruments
5 governing the System.

6 B. The Board may procure insurance indemnifying the members of
7 the Board from personal loss or accountability from liability
8 resulting from a member's action or inaction as a member of the
9 Board.

10 C. The Board may establish an investment committee. The
11 investment committee shall be composed of not more than five (5)
12 members of the Board appointed by the president of the Board. The
13 committee shall make recommendations to the full Board on all
14 matters related to the choice of custodians and managers of the
15 assets of the System, on the establishment of investment and fund
16 management guidelines, and in planning future investment policy.
17 The committee shall have no authority to act on behalf of the Board
18 in any circumstances whatsoever. No recommendation of the committee
19 shall have effect as an action of the Board nor take effect without
20 the approval of the Board as provided by law.

21 D. The Board shall retain qualified investment managers to
22 provide for the investment of the monies of the System. The
23 investment managers shall be chosen by a solicitation of proposals
24 on a competitive bid basis pursuant to standards set by the Board.

1 Subject to the overall investment guidelines set by the Board, the
2 investment managers shall have full discretion in the management of
3 those monies of the System allocated to the investment managers.
4 The Board shall manage those monies not specifically allocated to
5 the investment managers. The monies of the System allocated to the
6 investment managers shall be actively managed by the investment
7 managers, which may include selling investments and realizing losses
8 if such action is considered advantageous to longer term return
9 maximization. Because of the total return objective, no distinction
10 shall be made for management and performance evaluation purposes
11 between realized and unrealized capital gains and losses.

12 E. All assets of the System shall be held in trust for the
13 exclusive purpose of providing benefits for the members and
14 beneficiaries of the System, including defraying reasonable expenses
15 of administering the System, and shall not be encumbered for or
16 diverted to any other purposes. Funds and revenues for investment
17 by the investment managers or the Board shall be placed with a
18 custodian selected by the Board. The custodian shall be a bank or
19 trust company offering pension fund master trustee and master
20 custodial services, and any related custodial agreement or trust
21 agreement is incorporated herein by reference. The custodian shall
22 be chosen by a solicitation of proposals on a competitive bid basis
23 pursuant to standards set by the Board. In compliance with the
24 investment policy guidelines of the Board, the custodian bank or

1 trust company shall be contractually responsible for ensuring that
2 all monies of the System are invested in income-producing investment
3 vehicles at all times. If a custodian bank or trust company has not
4 received direction from the investment managers of the System as to
5 the investment of the monies of the System in specific investment
6 vehicles, the custodian bank or trust company shall be contractually
7 responsible to the Board for investing the monies in appropriately
8 collateralized short-term interest-bearing investment vehicles. Any
9 assets of the System may be invested in a collective investment fund
10 or in a group trust provided the investment in such collective
11 investment fund or group trust is in compliance with the provisions
12 of ~~Rev. Rul.~~ Revenue Ruling 81-100, as further amended by ~~Rev. Rul.~~
13 Revenue Ruling 2004-67, ~~Rev. Rul.~~ Revenue Ruling 2008-40, and ~~Rev.~~
14 ~~Rul.~~ Revenue Ruling 2011-1, or any successor ruling, regulation, or
15 similar pronouncement. Each such collective investment fund or
16 group trust is adopted with respect to any monies invested therein,
17 as part of the System, its trust and custodial agreement, and the
18 provisions of such trust agreement or such declaration of trust and
19 related adoption, participation, investment management, subtrust or
20 other agreements, as amended from time to time, with respect to any
21 monies invested therein, are incorporated by reference into the
22 System, its trust agreement(s) or custodial agreement(s), upon
23 approval by the Board.

24

1 F. Prior to August 1 of each year, the Board shall develop a
2 written investment plan for the System.

3 G. The Board shall compile a quarterly financial report of all
4 the funds of the System on a fiscal year basis. The report shall be
5 compiled pursuant to uniform reporting standards prescribed by the
6 Oklahoma State Pension Commission for all state retirement systems.
7 The report shall include several relevant measures of investment
8 value, including acquisition cost and current fair market value with
9 appropriate summaries of total holdings and returns. The report
10 shall contain combined and individual rate of returns of the
11 investment managers by category of investment, over periods of time.
12 The Board shall include in the quarterly reports all commissions,
13 fees or payments for investment services performed on behalf of the
14 Board. The report shall be distributed electronically to the
15 Governor, the Oklahoma State Pension Commission, the Legislative
16 Service Bureau, the Speaker of the House of Representatives and the
17 President Pro Tempore of the Senate.

18 H. After July 1 and before October 31 of each year, the Board
19 shall publish widely an annual report presented in simple and easily
20 understood language pursuant to uniform reporting standards
21 prescribed by the Oklahoma State Pension Commission for all state
22 retirement systems. The report shall be submitted electronically to
23 the Governor, the Speaker of the House of Representatives, the
24 President Pro Tempore of the Senate, the Oklahoma State Pension

1 Commission and the members of the System. The annual report shall
2 cover the operation of the System during the past fiscal year,
3 including income, disbursements, and the financial condition of the
4 System at the end of the fiscal year. The annual report shall also
5 contain the information issued in the quarterly reports required
6 pursuant to subsection G of this section as well as a summary of the
7 results of the most recent actuarial valuation to include total
8 assets, total liabilities, unfunded liability or over funded status,
9 contributions and any other information deemed relevant by the
10 Board. The annual report shall be written in such a manner as to
11 permit a readily understandable means for analyzing the financial
12 condition and performance of the System for the fiscal year. The
13 annual financial statements ~~must~~ shall be audited and filed in
14 accordance with the requirements set forth for financial statement
15 audits in Section 212A of Title 74 of the Oklahoma Statutes.

16 I. The Board may retain an attorney licensed to practice law in
17 this state. The attorney shall serve at the pleasure of the Board
18 for such compensation as set by the Board. The Attorney General
19 shall furnish such legal services as may be requested by the Board.

20 J. All information, documents and copies thereof contained in a
21 member's retirement file shall be given confidential treatment and
22 shall not be made public by the System without the prior written
23 consent of the member to which it pertains, but shall be subject
24 only to court order. Provided, the System, its employees or

1 attorneys, may use such records in defense of any action brought
2 against the System.

3 K. Effective July 1, 1999, the Board is hereby authorized to do
4 all acts and things necessary and proper to carry out the purpose of
5 the System and to make the least costly amendments and changes, if
6 any, as may be necessary to qualify the System under the applicable
7 sections of the Internal Revenue Code of 1986, as amended.

8 L. The Executive Director and such employees of the System as
9 the Executive Director may designate are hereby authorized to
10 prepare certified copies of records of the System and every such
11 certified copy shall be admissible in any proceeding in any court in
12 like manner as the original thereof.

13 M. On or after July 1, 2011, the Board may permit, effective
14 for applicable notices, elections and consents provided or made for
15 a member, beneficiary, alternate payee or individual entitled to
16 benefits under the System, the use of electronic media to provide
17 applicable notices and make such elections and consents as described
18 in Section 1.401(a)-21 of the Income Tax Regulations.

19 N. The Board shall develop such procedures and may require such
20 information from the distributing plan as it deems necessary to
21 reasonably conclude that a potential rollover contribution is a
22 valid rollover contribution under Section 1.401(a)(31)-1, Q&A-
23 14(b)(2), of the Income Tax Regulations.

24

1 0. 1. The Board may approve a cost-of-living adjustment of up
2 to two percent (2%), pursuant to the schedule prescribed by this
3 subsection for persons who have received benefits from the System
4 for one (1) or more years. The Board may only approve a cost-of-
5 living adjustment when the System's funded ratio, according to the
6 latest annual actuarial valuation, exceeds the percentage as
7 prescribed in paragraph 2 of this subsection. The funded ratio
8 shall be maintained on a rolling average for not less than three (3)
9 years. Provided, a cost-of-living adjustment shall not be granted
10 if the adjustment would cause the funding ratio of the System to
11 drop below the percentage which authorized the adjustment.

12 2. a. Except as provided in paragraph 1 of this subsection,
13 a one-time cost-of-living adjustment may be approved
14 by the Board if the funded ratio of the System exceeds
15 eighty percent (80%). Subsequent one-time cost-of-
16 living adjustments may be approved each time
17 thereafter that the System's funded ratio increases by
18 five percent (5%) from the percentage which authorized
19 the previous cost-of-living adjustment.

20 b. Provided, if the System's funded ratio exceeds one
21 hundred percent (100%), the System may approve a cost-
22 of-living adjustment at any time, so long as such
23 adjustment does not cause the funded ratio of the
24 System to drop below one hundred percent (100%).

1 After approving the cost-of-living adjustment provided
2 for in this subparagraph, the funded ratio shall be
3 maintained on a rolling average for not less than
4 three (3) years.

5 c. The Board shall promulgate rules to enact the
6 provisions of this subsection.

7 SECTION 5. AMENDATORY 70 O.S. 2021, Section 17-106.1, is
8 amended to read as follows:

9 Section 17-106.1. A. The Board of Trustees of the Teachers'
10 Retirement System of Oklahoma shall discharge their duties with
11 respect to the System solely in the interest of the participants and
12 beneficiaries and:

13 1. For the exclusive purpose of:

14 a. providing benefits to participants and their
15 beneficiaries, and

16 b. defraying reasonable expenses of administering the
17 System;

18 2. With the care, skill, prudence, and diligence under the
19 circumstances then prevailing that a prudent person acting in a like
20 capacity and familiar with such matters would use in the conduct of
21 an enterprise of a like character and with like aims;

22 3. By diversifying the investments of the System so as to
23 minimize the risk of large losses, unless under the circumstances it
24 is clearly prudent not to do so; and

1 4. In accordance with the laws, documents and instruments
2 governing the System.

3 B. The Board of Trustees of the Teachers' Retirement System of
4 Oklahoma may invest the assets of the System in real property owned
5 or to be acquired by the ~~State of Oklahoma~~ state. It is further
6 authorized to acquire, exchange, and grant any real property under
7 its jurisdiction as is necessary to carry out the investment in the
8 real property. The Board of Trustees of the Teachers' Retirement
9 System of Oklahoma is authorized to invest not more than ten percent
10 (10%) of the total value of assets of the System in connection with
11 such investments. Limitations on investment of the assets of the
12 System provided herein shall be determined as of the date of its
13 making or acquisition.

14 C. The Board of Trustees may procure insurance indemnifying the
15 members of the Board of Trustees from personal loss or
16 accountability from liability resulting from a member's action or
17 inaction as a member of the Board.

18 D. The Board of Trustees may establish an investment committee.
19 The investment committee shall be composed of not more than five (5)
20 members of the Board of Trustees appointed by the ~~chairman~~ chair of
21 the Board of Trustees. The committee shall make recommendations to
22 the full Board of Trustees on all matters related to the choice of
23 custodians and managers of the assets of the System, on the
24 establishment of investment and fund management guidelines, and in

1 planning future investment policy. The committee shall have no
2 authority to act on behalf of the Board of Trustees in any
3 circumstances whatsoever. No recommendation of the committee shall
4 have effect as an action of the Board of Trustees nor take effect
5 without the approval of the Board of Trustees as provided by law.

6 E. The Board of Trustees may retain qualified investment
7 managers to provide for the investment of the monies of the System.
8 The investment managers shall be chosen by a solicitation of
9 proposals on a competitive bid basis pursuant to standards set by
10 the Board of Trustees. Subject to the overall investment guidelines
11 set by the Board of Trustees, the investment managers shall have
12 full discretion in the management of those monies of the System
13 allocated to the investment managers. The Board of Trustees shall
14 manage those monies not specifically allocated to the investment
15 managers. The monies of the System allocated to the investment
16 managers shall be actively managed by the investment managers, which
17 may include selling investments and realizing losses if such action
18 is considered advantageous to longer term return maximization.
19 Because of the total return objective, no distinction shall be made
20 for management and performance evaluation purposes between realized
21 and unrealized capital gains and losses.

22 F. Funds and revenues for investment by the investment managers
23 or the Board of Trustees shall be placed with a custodian selected
24 by the Board of Trustees. The custodian shall be a bank or trust

1 company offering pension fund master trustee and master custodial
2 services. The custodian shall be chosen by a solicitation of
3 proposals on a competitive bid basis pursuant to standards set by
4 the Board of Trustees. In compliance with the investment policy
5 guidelines of the Board of Trustees, the custodian bank or trust
6 company shall be contractually responsible for ensuring that all
7 monies of the System are invested in income-producing investment
8 vehicles at all times. If a custodian bank or trust company has not
9 received direction from the investment managers of the System as to
10 the investment of the monies of the System in specific investment
11 vehicles, the custodian bank or trust company shall be contractually
12 responsible to the Board of Trustees for investing the monies in
13 appropriately collateralized short-term interest-bearing investment
14 vehicles.

15 G. By November 1, 1988, and prior to August 1 of each year
16 thereafter, the Board of Trustees shall develop a written investment
17 plan for the System.

18 H. The Board of Trustees shall compile a quarterly financial
19 report of all the funds of the System on a fiscal year basis. The
20 report shall be compiled pursuant to uniform reporting standards
21 prescribed by the Oklahoma State Pension Commission for all state
22 retirement systems. The report shall include several relevant
23 measures of investment value, including acquisition cost and current
24 fair market value with appropriate summaries of total holdings and

1 returns. The report shall contain combined and individual rate of
2 returns of the investment managers by category of investment, over
3 periods of time. The Board of Trustees shall include in the
4 quarterly reports all commissions, fees or payments for investment
5 services performed on behalf of the Board. The report shall be
6 distributed electronically to the Governor, the Oklahoma State
7 Pension Commission, the Legislative Service Bureau, the Speaker of
8 the House of Representatives and the President Pro Tempore of the
9 Senate. In lieu of compiling and distributing the quarterly report,
10 the Board may provide the Oklahoma State Pension Commission with
11 direct access to the same data from the custodian bank for the
12 System.

13 I. After July 1 and before December 1 of each year, the Board
14 of Trustees shall publish widely an annual report presented in
15 simple and easily understood language pursuant to uniform reporting
16 standards prescribed by the Oklahoma State Pension Commission for
17 all state retirement systems. The report shall be submitted
18 electronically to the Governor, the Speaker of the House of
19 Representatives, the President Pro Tempore of the Senate, the
20 Oklahoma State Pension Commission and the members of the System.
21 The annual report shall cover the operation of the System during the
22 past fiscal year, including income, disbursements, and the financial
23 condition of the System at the end of the fiscal year. The annual
24 report shall also contain the information issued in the quarterly

1 reports required pursuant to subsection H of this section as well as
2 a summary of the results of the most recent actuarial valuation to
3 include total assets, total liabilities, unfunded liability or over
4 funded status, contributions and any other information deemed
5 relevant by the Board of Trustees. The annual report shall be
6 written in such a manner as to permit a readily understandable means
7 for analyzing the financial condition and performance of the System
8 for the fiscal year.

9 J. 1. The Board of Trustees may approve a cost-of-living
10 adjustment of up to two percent (2%), pursuant to the schedule
11 prescribed by this subsection for persons who have received benefits
12 from the System for one (1) or more years. The Board of Trustees
13 may only approve a cost-of-living adjustment when the System's
14 funded ratio, according to the latest annual actuarial valuation,
15 exceeds the percentage as prescribed in paragraph 2 of this
16 subsection. The funded ratio shall be maintained on a rolling
17 average for not less than three (3) years. Provided, a cost-of-
18 living adjustment shall not be granted if the adjustment would cause
19 the funding ratio of the System to drop below the percentage which
20 authorized the adjustment.

21 2. a. Except as provided in paragraph 1 of this subsection,
22 a one-time cost-of-living adjustment may be approved
23 by the Board if the funded ratio of the System exceeds
24 eighty percent (80%). Subsequent one-time cost-of-

1 living adjustments may be approved each time
2 thereafter that the System's funded ratio increases by
3 five percent (5%) from the percentage which authorized
4 the previous cost-of-living adjustment.

- 5 b. Provided, if the System's funded ratio exceeds one
6 hundred percent (100%), the System may approve a cost-
7 of-living adjustment at any time, so long as such
8 adjustment does not cause the funded ratio of the
9 System to drop below one hundred percent (100%).
10 After approving the cost-of-living adjustment provided
11 for in this subparagraph, the funded ratio shall be
12 maintained on a rolling average for not less than
13 three (3) years.
- 14 c. The Board shall promulgate rules to enact the
15 provisions of this subsection.

16 SECTION 6. AMENDATORY 74 O.S. 2021, Section 905, is
17 amended to read as follows:

18 Section 905. ~~(1)~~ A. There shall be a Board of Trustees of the
19 Oklahoma Public Employees Retirement System which shall consist of
20 fourteen (14) members as follows and all appointees shall serve
21 their terms at the pleasure of the appointing authority and may be
22 removed or replaced without cause: a member of the Corporation
23 Commission or the Commission's designee selected by the Corporation
24 Commission, the Director of the Office of Management and Enterprise

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

14 ~~(2)~~ B. The member of the Board of Trustees on July 1, 1988, who
15 was appointed by the Supreme Court shall complete the term of office
16 for which the member was appointed. The members thereafter
17 appointed by the Supreme Court shall serve terms of office of four
18 (4) years.

19 ~~(3)~~ C. Members of the Board of Trustees on July 1, 1988, who
20 were appointed by the Speaker of the House of Representatives or by
21 the President Pro Tempore of the Senate shall complete their term of
22 office for which they were appointed. The initial term of office of
23 members appointed thereafter shall expire on January 8, 1991. The
24 members thereafter appointed by the Speaker of the House of

1 Representatives and by the President Pro Tempore of the Senate shall
2 serve terms of office of four (4) years.

3 ~~(4)~~ D. The initial term of office of the members appointed by
4 the Governor shall expire on January 14, 1991. The members
5 thereafter appointed by the Governor shall serve a term of office of
6 four (4) years which is coterminous with the term of office of the
7 office of the appointing authority.

8 ~~(5)~~ E. One of the members appointed to the Board by the
9 Speaker of the House of Representatives and by the President Pro
10 Tempore of the Senate and two members appointed to the Board by the
11 Governor shall:

12 ~~(a)~~ have 1. Have demonstrated professional experience in
13 investment or funds management, public funds management, public or
14 private pension fund management or retirement system management~~;~~;

15 ~~(b)~~ have 2. Have demonstrated experience in the banking
16 profession and have demonstrated professional experience in
17 investment or funds management~~;~~;

18 ~~(c)~~ be 3. Be licensed to practice law in this state and have
19 demonstrated professional experience in commercial matters~~;~~; or

20 ~~(d)~~ be 4. Be licensed by the Oklahoma Accountancy Board to
21 practice in this state as a public accountant or a certified public
22 accountant.

23 The appointing authorities, in making appointments that conform
24 to the requirements of this subsection, shall give due consideration

1 to balancing the appointments among the criteria specified in
2 paragraphs ~~(a)~~ 1 through ~~(d)~~ 4 of this subsection.

3 ~~(6)~~ F. No member of the Board of Trustees shall be a lobbyist
4 registered in this state as provided by law.

5 ~~(7)~~ G. Any vacancy that occurs on the Board of Trustees shall
6 be filled for the unexpired term in the same manner as the office
7 was previously filled.

8 ~~(8)~~ H. Notwithstanding any of the provisions of this section to
9 the contrary, any person serving as an appointed member of the Board
10 on July 1, 1988, shall be eligible for reappointment when the term
11 of office of the member expires.

12 ~~(9)~~ I. The Board shall elect one of its members as ~~Chairman~~
13 chair of the Board at its annual meeting. He or she shall preside
14 over meetings of the Board and perform such other duties as may be
15 required by the Board.

16 ~~(10)~~ J. The Board shall also elect another member to serve as
17 ~~Vice Chairman~~ vice chair, and the ~~Vice Chairman~~ vice chair shall
18 perform duties of ~~Chairman~~ the chair in the absence of the latter or
19 upon his or her inability or refusal to act.

20 K. 1. The Board may approve a cost-of-living adjustment of up
21 to two percent (2%), pursuant to the schedule prescribed by this
22 subsection for persons who have received benefits from the System
23 for one (1) or more years. The Board may only approve a cost-of-
24 living adjustment when the System's funded ratio, according to the

1 latest annual actuarial valuation, exceeds the percentage as
2 prescribed in paragraph 2 of this subsection. The funded ratio
3 shall be maintained on a rolling average for not less than three (3)
4 years. Provided, a cost-of-living adjustment shall not be granted
5 if the adjustment would cause the funding ratio of the System to
6 drop below the percentage which authorized the adjustment.

7 2. a. Except as provided in paragraph 1 of this subsection,
8 a one-time cost-of-living adjustment may be approved
9 by the Board if the funded ratio of the System exceeds
10 eighty percent (80%). Subsequent one-time cost-of-
11 living adjustments may be approved each time
12 thereafter that the System's funded ratio increases by
13 five percent (5%) from the percentage which authorized
14 the previous cost-of-living adjustment.

15 b. Provided, if the System's funded ratio exceeds one
16 hundred percent (100%), the System may approve a cost-
17 of-living adjustment at any time, so long as such
18 adjustment does not cause the funded ratio of the
19 System to drop below one hundred percent (100%).
20 After approving the cost-of-living adjustment provided
21 for in this subparagraph, the funded ratio shall be
22 maintained on a rolling average for not less than
23 three (3) years.

1 c. The Board shall promulgate rules to enact the
2 provisions of this subsection.

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