

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 HOUSE BILL 4428

By: Hilbert

6 AS INTRODUCED

7 An Act relating to public finance; defining terms;
8 directing Board of Trustees to vote with
9 consideration of certain factors; requiring that
10 exercise of shareholder votes or introduction of a
11 proxy proposal be based on pecuniary factors;
12 providing exception; requiring the Board to retain
the authority to exercise shareholder proxy rights
for certain shares; providing exception; directing
the Board to produce report; directing Board to
publish report on website by certain date; providing
for codification; and providing an effective date.

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

16 SECTION 1. NEW LAW A new section of law to be codified
17 in the Oklahoma Statutes as Section 9101 of Title 62, unless there
18 is created a duplication in numbering, reads as follows:

19 As used in this act:

20 1. "Company" means a publicly traded, for-profit corporation,
21 limited liability company, partnership, or other business entity;

22 2. "Company proposal" means any proposal made by a company to
23 its shareholders that is included in the company's proxy statement,
24 including, but not limited to, a proposal relating to director

1 nominations or elections, executive compensation, corporate
2 transactions, corporate structure, auditor selection, or company
3 policy on any subject;

4 3. "Default recommendation or policy" means a system, set of
5 rules, principles, or guidelines designed to assist with voting
6 decisions on any company proposals or proxy proposals;

7 4. "Pecuniary factor":

8 a. means a factor that a prudent person in a like
9 capacity would reasonably believe has a material
10 effect or impact on the financial risk or return on an
11 investment, based on an appropriate investment horizon
12 consistent with a retirement system's investment
13 objectives and funding policy, and

14 b. does not include "nonpecuniary factors", which is any
15 factor or consideration that is collateral to or not
16 reasonably likely to affect or impact the financial
17 risk and return of the investment and include, but are
18 not limited to, the promotion, furtherance, or
19 achievement of environmental, social, or political
20 goals, objectives, or outcomes;

21 5. "Pension benefit plan" or "plan" shall mean any plan, fund,
22 or program which was heretofore or is hereafter established,
23 maintained, or offered by the State of Oklahoma or any subdivision,
24 county, municipality, agency, or instrumentality thereof, or any

1 school, college, university, administration, authority, or other
2 enterprise operated by the State of Oklahoma, to the extent that by
3 its terms or as a result of surrounding circumstances:

4 a. provides retirement income or other retirement
5 benefits to employees or former employees, or

6 b. results in a deferral of income by such employees for
7 a period extending to the termination of covered
8 employment or beyond, and

9 c. the term does not include a defined contribution plan
10 under the Retirement Freedom Act, established pursuant
11 to Section 935.1 et seq. of Title 74 of the Oklahoma
12 Statutes, except that investment options selected as
13 default investment options for participating employees
14 shall be selected in adherence to the requirements of
15 this act;

16 6. "Proxy advisor" means a person who, for compensation,
17 provides a proxy advisory service to shareholders of a company or to
18 other persons with authority to vote on behalf of shareholders of a
19 company;

20 7. "Proxy advisory service" means any of the following services
21 that are provided in connection with or in relation to a company:

22 a. advice or a recommendation on how to vote on a proxy
23 proposal or company proposal,
24

- b. proxy statement research and analysis regarding a proxy proposal or company proposal,
- c. a rating or research regarding corporate governance at one or more companies, or
- d. development of proxy voting recommendations or policies, including establishing default recommendations or policies; and

8. "Proxy proposal" means any proposal made by a shareholder of a company that is included in the company's proxy statement, including, but not limited to, a proposal relating to any of the subjects that could be covered by a company proposal.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 9102 of Title 62, unless there is created a duplication in numbering, reads as follows:

A. The respective Board of Trustees of any pension benefit plan shall vote on company proposals and proxy proposals in a manner that is:

- 1. In keeping with its fiduciary duties;
- 2. Solely based on pecuniary factors; and
- 3. For the sole purpose of maximizing shareholder value over an appropriate investment horizon.

B. Any engagement between the Board of Trustees and a company regarding the exercise of shareholder votes or the introduction of a proxy proposal must be based solely on pecuniary factors and for the

1 sole purpose of maximizing shareholder value, except that the Board
2 of Trustees may engage with a company to express opposition to a
3 company proposal or proxy proposal that does not have a pecuniary
4 impact.

5 C. To the extent that it is economically practicable, the Board
6 of Trustees must retain the authority to exercise shareholder proxy
7 rights for shares that are owned directly or indirectly on behalf of
8 a system.

9 The Board of Trustees may retain a proxy advisor to assist the
10 Board of Trustees in exercising shareholder proxy rights, but only
11 if the proxy advisor has a practice of following, and commits in
12 writing to follow, proxy guidelines that are consistent with the
13 requirements of subsection A of this section for each of its proxy
14 advisory services.

15 D. The Board of Trustees shall produce an annual report
16 tabulating and describing all of the shareholder votes cast by the
17 Board or the Board's fiduciaries. For each shareholder vote cast
18 during a calendar year, the report required by this subsection shall
19 contain a vote caption, the Board's or the fiduciary's vote, the
20 recommendation of company management, and, if applicable, the proxy
21 advisor or other service provider's recommendation. The Board shall
22 publish the report required by this subsection on the Board's
23 website no later than March 1 of the calendar year following the
24 calendar year addressed in the report.

SECTION 3. This act shall become effective November 1, 2026.

60-2-13967 CMA 01/12/26

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January 13, 2026

Representative Hilbert
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Re: RBH No. 13967

RBH No. 13967 would require the Board of Trustees of the various retirement systems to vote on any company proposals or proxies as a prudent person would vote on alike capacity.

RBH No. 13967 would require each system prepare an annual report describing all shareholders votes cast by the Board.

RBH No. 13967 is a non fiscal bill as defined by OPLAAA.

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