

STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

HOUSE BILL 1444

By: Coody (Ann)

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 13, O.S.L. 2014 (70 O.S. Supp. 2014, Section 17-106), which relates to the Board of Trustees; modifying provisions related to voting rights of certain member; modifying provisions related to description of entity with appointment authority to Board of Trustees; 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 13, O.S.L. 2014 (70 O.S. Supp. 2014, Section 17-106), is amended to read as follows:

Section 17-106. (1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the act are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office.

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

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

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

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

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

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

15 1. a representative of a school of higher education in Oklahoma  
16 whose term of office shall initially be one (1) year, and 2. a  
17 member of the System of the nonclassified optional personnel status  
18 whose initial term of office shall be two (2) years. After the  
19 initial terms of office the terms of the members shall be four (4)  
20 years.

21 (f) Upon the expiration of the term of office of the  
22 stockbroker member of the Board, the Governor shall appoint a member  
23 to the Board whose initial term of office shall expire on January  
24 14, 1991. The members thereafter appointed by the Governor shall

1 serve a term of office of four (4) years which is coterminous with  
2 the term of office of the office of the appointing authority.

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

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

16 (i) Upon the expiration of the term of office of the active  
17 classroom teacher member of the Board, the President Pro Tempore of  
18 the Senate shall appoint a member to the Board, who shall be an  
19 active classroom teacher and whose initial term of office shall  
20 expire on January 8, 1991. The members thereafter appointed by the  
21 President Pro Tempore of the Senate shall serve a term of office of  
22 four (4) years.

23 (j) Upon the expiration of the term of office of the retired  
24 classroom teacher member of the Board, the Speaker of the House of

1 Representatives shall appoint a member to the Board, who shall be a  
2 retired member of the System and whose initial term of office shall  
3 expire on January 8, 1991. The members thereafter appointed by the  
4 Speaker of the House of Representatives shall serve a term of office  
5 of four (4) years.

6 (k) The Speaker of the House of Representatives shall appoint a  
7 member to the Board, who shall be an active classroom teacher and  
8 whose initial term of office shall expire on January 3, 1989. The  
9 members thereafter appointed by the Speaker of the House of  
10 Representatives shall serve a term of office of four (4) years.

11 (l) The President Pro Tempore of the Senate shall appoint a  
12 member to the Board, who shall be a retired member of the System and  
13 whose initial term of office shall expire on January 3, 1989. The  
14 members thereafter appointed by the President Pro Tempore of the  
15 Senate shall serve a term of office of four (4) years.

16 (m) A statewide organization ~~representing~~ with a membership of  
17 at least seven thousand (7,000) persons consisting of retired  
18 educators who are retired members of the Teachers' Retirement System  
19 of Oklahoma and who are receiving retirement benefits from such  
20 System shall appoint a member to the Board who shall be a ~~nonvoting~~  
21 voting member.

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

1 (a) have demonstrated professional experience in investment or  
2 funds management, public funds management, public or private pension  
3 fund management or retirement system management; or

4 (b) have demonstrated experience in the banking profession and  
5 have demonstrated professional experience in investment or funds  
6 management; or

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

9 (d) be licensed by the Oklahoma Accountancy Board to practice  
10 in this state as a public accountant or a certified public  
11 accountant.

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

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

18 (5) Notwithstanding any of the provisions of this section to  
19 the contrary, any person serving as an appointed member of the Board  
20 of Trustees on July 1, 1988, shall be eligible for reappointment  
21 when the term of office of the member expires.

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

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

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

13 (9) Each trustee shall be entitled to one vote on the Board of  
14 Trustees. Seven votes shall be necessary for a decision by the  
15 trustees at any meeting of the Board.

16 (10) Subject to the limitations of this act, the Board of  
17 Trustees shall, from time to time, establish rules and regulations  
18 for the administration of the funds created by this act and for the  
19 transaction of its business. Provided that such rules and  
20 regulations may include rules and regulations providing for the  
21 withholding from the retirement allowance due a retired person under  
22 the provisions of this act an amount requested in writing by the  
23 retiree for the purpose of paying:  
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1 (a) monthly premiums on group hospital and surgical insurance  
2 programs to which such retiree belongs, and for the transmitting of  
3 the sums so withheld to the insurance carrier designated by the  
4 retiree; and

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

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

18 (12) The members of the Board of Trustees, the Executive  
19 Director and the employees of the System shall not accept gifts or  
20 gratuities from an individual organization with a value in excess of  
21 Fifty Dollars (\$50.00) per year. The provisions of this section  
22 shall not be construed to prevent the members of the Board of  
23 Trustees, the Executive Director or the employees of the System from  
24 attending educational seminars, conferences, meetings or similar

1 functions which are paid for, directly or indirectly, by more than  
2 one organization.

3 (13) The Board of Trustees shall keep in convenient form such  
4 data as shall be necessary for actuarial valuation of the various  
5 funds of the retirement system and for checking the experience of  
6 the system.

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

15 (15) The Board of Trustees shall retain an attorney who is  
16 licensed to practice law in this state. The attorney shall serve at  
17 the pleasure of the Board of Trustees for such compensation as may  
18 be provided by the Board of Trustees. The attorney shall advise the  
19 Board of Trustees and perform legal services for the Board of  
20 Trustees with respect to any matters properly before the Board of  
21 Trustees. When requested by the Board of Trustees, the Attorney  
22 General of the state also shall render legal services to the Board  
23 of Trustees. In addition to the above, the Board of Trustees may  
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1 employ hearing examiners to conduct administrative grievance  
2 hearings under the provisions of the Administrative Procedures Act.

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

8 (17) The Board of Trustees shall designate a Medical Board to  
9 be composed of three physicians not eligible to participate in the  
10 retirement system. The physicians so appointed by the Board of  
11 Trustees shall be legally qualified to practice medicine in Oklahoma  
12 and shall be physicians of good standing in the medical profession.  
13 If required, other physicians may be employed to report on special  
14 cases. The Medical Board shall pass upon all medical examinations  
15 required under the provisions of this act and shall investigate all  
16 essential statements and certificates by or on behalf of a member in  
17 connection with an application for disability retirement and shall  
18 report in writing to the Board of Trustees its conclusion and  
19 recommendation upon all the matters referred to it. The Board of  
20 Trustees shall adopt such rules and regulations as may be necessary  
21 to properly administer this benefit.

22 (18) The Board of Trustees shall designate an actuary who shall  
23 be the technical advisor of the Board of Trustees on matters  
24 regarding the operation of funds created by the provisions of this

1 act and shall perform such other duties as are required in  
2 connection therewith.

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

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

16 SECTION 2. This act shall become effective November 1, 2015.

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18 55-1-6014 MAH 01/20/15

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**Thomas E. Cummins Consulting Actuary, Inc.**

2512 E. 71<sup>st</sup> Street, Suite D  
(918)492.9658 Fax (918)492.9659  
Tulsa, OK 74136

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January 20, 2015

Representative Ann Coody  
Room 439

Re: RBH No. 6014

RBH No. 6014 would allow the non voting member elected by a retired teachers association to the OTRS Board to become a voting member of the Board.

RBH No. 6014 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

*Thomas E. Cummins*

Thomas E. Cummins, MAAA