

STATE OF OKLAHOMA

2nd Session of the 55th Legislature (2016)

SENATE BILL 1419

By: Smalley

AS INTRODUCED

An Act relating to the Teachers' Retirement System; amending 70 O.S. 2011, Section 17-106, as last amended by Section 1, Chapter 13, O.S.L. 2014 (70 O.S. Supp. 2015, Section 17-106), which relates to the Board of Trustees; setting expiration date for term of certain board member; requiring certain appointment be made by organization having certain qualifications; modifying member status from nonvoting to voting; setting terms of office; authorizing Board to promulgate certain rules; providing procedures for removing certain board member; 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. 2015, 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

1 provided for in this section shall have qualified and taken the oath  
2 of office.

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

4 (a) The State Superintendent of Public Instruction, ex officio  
5 or a designee.

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

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

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

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

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

23 (f) Upon the expiration of the term of office of the  
24 stockbroker member of the Board, the Governor shall appoint a member

1 to the Board whose initial term of office shall expire on January  
2 14, 1991. The members thereafter appointed by the Governor shall  
3 serve a term of office of four (4) years which is coterminous with  
4 the term of office of the office of the appointing authority.

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

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

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

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

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

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

18 (m) A statewide organization representing retired educators  
19 shall appoint a member to the Board who shall be a nonvoting member.  
20 The nonvoting member appointed and serving pursuant to this  
21 paragraph shall have such term expire on December 31, 2016. Upon  
22 this expiration, the appointment shall be made by a statewide  
23 organization representing the interests of, and providing benefits  
24 to, retired members of the teachers' retirement system. The member

1 appointed by such organization shall be a voting member and shall  
2 serve a term of office of three (3) years beginning on January 1,  
3 2017, and may serve successive terms.

4 i. To be designated as an appointing organization by the  
5 Board, the organization will be required to show proof  
6 of a minimum of seven thousand (7,000) dues-paying  
7 retired members. In the event more than one statewide  
8 organization shows proof, the Board shall have  
9 authority to promulgate reasonable rules for the  
10 sharing of representation by the designated  
11 organizations.

12 ii. Subject to the provisions of this paragraph, any  
13 organization purporting to be a statewide organization  
14 may, at any time, petition the Board for the right to  
15 designate an additional voting member of the Board.

16 iii. The designating organization shall be prohibited from  
17 removing their appointed member during the member's  
18 term. The Board may remove the member in the same  
19 manner as other Board members. If another statewide  
20 organization successfully petitions the Board for  
21 shared representation, a member appointed prior to any  
22 shared representation shall not be subject to removal  
23 as a result of any shared arrangement.

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

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

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

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

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

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

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

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

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

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

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

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

19 (10) Subject to the limitations of this act, the Board of  
20 Trustees shall, from time to time, establish rules and regulations  
21 for the administration of the funds created by this act and for the  
22 transaction of its business. Provided that such rules and  
23 regulations may include rules and regulations providing for the  
24 withholding from the retirement allowance due a retired person under

1 the provisions of this act an amount requested in writing by the  
2 retiree for the purpose of paying:

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

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

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

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



1 Trustees, the Executive Director or the employees of the System from  
2 attending educational seminars, conferences, meetings or similar  
3 functions which are paid for, directly or indirectly, by more than  
4 one organization.

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

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

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

1 of Trustees. In addition to the above, the Board of Trustees may  
2 employ hearing examiners to conduct administrative grievance  
3 hearings under the provisions of the Administrative Procedures Act.

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

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

23 (18) The Board of Trustees shall designate an actuary who shall  
24 be the technical advisor of the Board of Trustees on matters

1 regarding the operation of funds created by the provisions of this  
2 act and shall perform such other duties as are required in  
3 connection therewith.

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

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

17 SECTION 2. This act shall become effective November 1, 2016.

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