RBS No. 1735

An Act

ENROLLED SENATE
BILL NO. 782

By: Mazzei of the Senate

and

McDaniel (Randy) of the House

An Act relating to retirement systems; amending Section 9, Chapter 292, O.S.L. 2006, as amended by Section 10, Chapter 367, O.S.L. 2007 (62 O.S. Supp. 2010, Section 3109), which relates to the Oklahoma Pension Legislation Actuarial Analysis Act; modifying date to submit actuarial investigation; amending 11 O.S. 2001, Section 49-100.9, as last amended by Section 12, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (11 O.S. Supp. 2010, Section 49-100.9), which relates to the Oklahoma Firefighters Pension and Retirement System; amending 11 O.S. 2001, Section 50-105.4, as last amended by Section 3, Chapter 536, O.S.L. 2004 (11 O.S. Supp. 2010, Section 50-105.4), which relates to the Oklahoma Police Pension and Retirement System; amending 20 O.S. 2001, Section 1108, as last amended by Section 11, Chapter 415, O.S.L. 2008 (20 O.S. Supp. 2010, Section 1108), which relates to the Uniform Retirement System for Justices and Judges; amending 47 O.S. 2001, Section 2-303.1, as last amended by Section 2, Chapter 142, O.S.L. 2005 (47 O.S. Supp. 2010, Section 2-303.1), which relates to the Oklahoma Law Enforcement Retirement System; amending 70 O.S. 2001, Section 17-106.1, as last amended by Section 31, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (70 O.S. Supp. 2010, Section 17-106.1), which relates to the Teachers' Retirement System of Oklahoma; amending 74 O.S. 2001, Section 909.1, as last amended by Section 8, Chapter 415, O.S.L. 2008 (74 O.S. Supp. 2010, Section 909.1), which relates to the Oklahoma Public

Employees Retirement System; amending 74 O.S. 2001, Section 942, as last amended by Section 1, Chapter 90, O.S.L. 2003 (74 O.S. Supp. 2010, Section 942), which relates to the Oklahoma State Pension Commission; eliminating the reporting of certain information by the state retirement systems to the Oklahoma State Pension Commission; and providing an effective date.

SUBJECT: State retirement systems

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

SECTION 1. AMENDATORY Section 9, Chapter 292, O.S.L. 2006, as amended by Section 10, Chapter 367, O.S.L. 2007 (62 O.S. Supp. 2010, Section 3109), is amended to read as follows:

Section 3109. A. If an actuarial investigation of a retirement bill having a fiscal impact is requested under Section 3108 of this title, it shall be the duty of the Legislative Actuary to complete or cause to be completed such actuarial investigation by not later than ~~November~~ December 1 of the same year during which the request for the actuarial investigation was made. The actuarial investigation shall include, but shall not be limited to, findings on the following factors as such factors are relevant to the retirement bill under consideration:

1. The dollar amount of the unfunded actuarial accrued liability which will result from the bill for the retirement system affected by the bill;

2. The dollar amount of the annual normal cost which will result from the bill for the retirement system affected by the bill;

3. A statement of the employer contribution rate currently in effect for the retirement system affected by the bill;

4. A statement of the employer contribution rate necessary for the retirement system to receive the required annual employer

contributions consistent with the most recently available valuation report prepared by the actuary employed by the retirement system affected by the bill;

5. A statement of the dollar amount of the increase in the annual employer contribution, if an existing retirement system is affected by the bill, or a statement of the total annual employer contribution, if a new retirement system is established by the bill, which will be necessary to maintain the retirement system affected or established by the bill in an actuarially sound condition thereby creating no increase in unfunded liability as defined by the most recent actuarial evaluation of an existing system; and

6. A statement of the effect on the funded ratio for the retirement system affected by the bill.

B. By not later than ~~November~~ December 1 of the same year that the request for an actuarial investigation was made, the completed actuarial investigation shall be submitted by the Legislative Actuary to the chair of the committee who requested it along with a summary of the actuarial investigation which shall include the relevant findings specified in subsection A of this section.

C. The chair of the committee, upon receipt of the information provided for under subsection B of this section, shall cause the summary of the actuarial investigation to be attached to all copies of the version of the bill submitted to the Legislative Actuary and made available to committee members, other legislators and any other interested parties. The original summary of the actuarial investigation shall be attached to the original version of the substitute bill, as amended by the committee under Section 3108 of this title, if applicable, or to the original version of the bill as introduced if the bill was not changed by the committee prior to its submission to the Legislative Actuary for an actuarial investigation.

SECTION 2. AMENDATORY 11 O.S. 2001, Section 49-100.9, as last amended by Section 12, Chapter 46, 2nd Extraordinary Session, O.S.L. 2006 (11 O.S. Supp. 2010, 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 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

   b. defraying reasonable expenses of administering the System;

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

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

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

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

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

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

E. Funds and revenues for investment by the investment managers or the State Board shall be placed with a custodian selected by the State Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the State Board. In compliance with the investment policy guidelines of the State Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the State Board for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

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

G. The State Board shall compile a quarterly financial report of all the funds of the System on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed

by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The State Board shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the State Board. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, the Legislative Service Bureau, the Speaker of the House of Representatives and the President Pro Tempore of the Senate.

H. After July 1 and before December 1 of each year, the State Board shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the State Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The~~

~~appendix or addendum shall contain a statement of the financial condition of the System:~~

~~1. Using an assumed rate of return of seven and one-half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost of living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP-2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

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

SECTION 3. AMENDATORY 11 O.S. 2001, Section 50-105.4, as last amended by Section 3, Chapter 536, O.S.L. 2004 (11 O.S. Supp. 2010, Section 50-105.4), is amended to read as follows:

Section 50-105.4. A. The Oklahoma Police Pension and Retirement Board shall discharge their duties with respect to the

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

   b. defraying reasonable expenses of administering the System;

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

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

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

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

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

D. The State Board shall retain qualified investment managers to provide for the investment of the monies of the System. The investment managers shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the State Board unless the State Board deems it necessary and prudent to do otherwise to fulfill its fiduciary responsibility. Subject to the overall investment guidelines set by the State Board, the investment managers shall have full discretion in the management of those monies of the System allocated to the investment managers. The State Board shall manage those monies not specifically allocated to the investment managers. The monies of the System allocated to the investment managers shall be actively managed by the investment managers, which may include selling investments and realizing losses if such action is considered advantageous to longer term return maximization. Because of the total return objective, no distinction shall be made for management and performance evaluation purposes between realized and unrealized capital gains and losses.

E. Funds and revenues for investment by the investment managers or the State Board shall be placed with a custodian selected by the State Board. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the State Board. In compliance with the investment policy guidelines of the State Board, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the State Board for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

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

G. After July 1 and before November 1 of each year, the State Board shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards

prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the State Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performances of the System for the fiscal year. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System:~~

~~1. Using an assumed rate of return of seven and one-half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost-of-living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP 2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer~~

~~contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

H. The State Board shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

SECTION 4. AMENDATORY 20 O.S. 2001, Section 1108, as last amended by Section 11, Chapter 415, O.S.L. 2008 (20 O.S. Supp. 2010, Section 1108), is amended to read as follows:

Section 1108. A. The Board of Trustees of the Oklahoma Public Employees Retirement System shall have the responsibility for management of the Uniform Retirement System for Justices and Judges and the State Judicial Retirement Fund. All benefits payable under The Uniform Retirement System for Justices and Judges, refunds of contributions and overpayments, purchases or investments under the law, and all expenses in connection with the System shall be paid from the Oklahoma Judicial Retirement Fund. The State Judicial Retirement Fund shall be invested and managed in the same manner as now or hereinafter provided by law for the investment and management of funds belonging to the Oklahoma Public Employees Retirement System. The Uniform Retirement System for Justices and Judges shall be an instrumentality of the State of Oklahoma. The System shall be vested with the powers and duties specified in this act and such other powers as may be necessary to enable it, its officers, employees, and agents to carry out fully and effectively the purposes and intent of this act.

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

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

2. The Board may not engage in a transaction prohibited by Section 503(b) of the federal Internal Revenue Code.

3. The Board shall be responsible for the policies and rules for the general administration of the System, subject to the provisions of this act. Except as specifically provided in this act, the Uniform Retirement System for Justices and Judges shall generally be managed in the same manner as now or hereinafter provided by law or by rule for the management of the Oklahoma Public Employees Retirement System.

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

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

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

7. Any person who shall knowingly make any false statement, or who shall falsify or permit to be falsified any record necessary for carrying out the intent of this act for the purpose of committing fraud, shall be guilty of a misdemeanor, and upon conviction shall be punished by a fine not exceeding Five Hundred Dollars ($500.00) or by imprisonment for not exceeding one (1) year. Should any error in any records of the Uniform Retirement System for Justices and Judges result in any member or beneficiary receiving more or less than he or she would have been entitled to receive had the records been correct, the Board shall correct such error, and, as far as practicable, make future payments in such manner that the actuarial equivalent of the benefit to which such member or beneficiary was

entitled shall be paid, and to this end, may recover any overpayments.

B. The Board of Trustees of the Oklahoma Public Employees Retirement System shall compile a quarterly financial report of all the funds of the State Judicial Retirement Fund on a fiscal year basis. The report shall be compiled pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The Board of Trustees shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the Board of Trustees with respect to the State Judicial Retirement Fund. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, the Legislative Service Bureau, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. In lieu of compiling and distributing the quarterly report, the Board may provide the Pension Commission with direct access to the same data from the custodian bank for the System.

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

D. After July 1 and before December 1 of each year, the Board of Trustees of the Oklahoma Public Employees Retirement System shall

publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection B of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or overfunded status, contributions and any other information deemed relevant by the Board of Trustees. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System:~~

~~1. Using an assumed rate of return of seven and one half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost-of-living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP-2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

E. The Board shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

SECTION 5. AMENDATORY 47 O.S. 2001, Section 2-303.1, as last amended by Section 2, Chapter 142, O.S.L. 2005 (47 O.S. Supp. 2010, Section 2-303.1), is amended to read as follows:

Section 2-303.1. A. The Oklahoma Law Enforcement Retirement Board shall discharge its duties with respect to the 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

   b. defraying reasonable expenses of administering the System;

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

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

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

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

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

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

E. All assets of the System shall be held in trust for the exclusive purpose of providing benefits for the members and beneficiaries of the System, including defraying reasonable expenses of administering the System, and shall not be encumbered for or diverted to any other purposes. Funds and revenues for investment

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

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

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

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

members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. The annual financial statements must be audited and filed in accordance with the requirements set forth for financial statement audits in Section 212A of Title 74 of the Oklahoma Statutes. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System.~~

~~1. Using an assumed rate of return of seven and one half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost of living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP 2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall~~

~~include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

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

J. All information, documents and copies thereof contained in a member's retirement file shall be given confidential treatment and shall not be made public by the System without the prior written consent of the member to which it pertains, but shall be subject only to court order. Provided, the System, its employees or attorneys, may use such records in defense of any action brought against the System.

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

L. The Board shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

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

SECTION 6. AMENDATORY 70 O.S. 2001, Section 17-106.1, as last amended by Section 31, Chapter 46, 2nd Extraordinary Session,

O.S.L. 2006 (70 O.S. Supp. 2010, Section 17-106.1), is amended to read as follows:

Section 17-106.1. A. The Board of Trustees of the Teachers' Retirement System of Oklahoma shall discharge their duties with respect to the 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

   b. defraying reasonable expenses of administering the System;

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

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

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

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

C. The Board of Trustees may establish an investment committee. The investment committee shall be composed of not more than five (5) members of the Board of Trustees appointed by the chairman of the Board of Trustees. The committee shall make recommendations to the full Board of Trustees on all matters related to the choice of custodians and managers of the assets of the System, on the establishment of investment and fund management guidelines, and in planning future investment policy. The committee shall have no authority to act on behalf of the Board of Trustees in any

circumstances whatsoever. No recommendation of the committee shall have effect as an action of the Board of Trustees nor take effect without the approval of the Board of Trustees as provided by law.

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

E. Funds and revenues for investment by the investment managers or the Board of Trustees shall be placed with a custodian selected by the Board of Trustees. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Board of Trustees. In compliance with the investment policy guidelines of the Board of Trustees, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board of Trustees for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

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

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

H. After July 1 and before December 1 of each year, the Board of Trustees shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board of Trustees. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix~~

~~or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System:~~

~~1. Using an assumed rate of return of seven and one-half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost-of-living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP-2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

I. The Board of Trustees shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

SECTION 7. AMENDATORY 74 O.S. 2001, Section 909.1, as last amended by Section 8, Chapter 415, O.S.L. 2008 (74 O.S. Supp. 2010, Section 909.1), is amended to read as follows:

Section 909.1. A. The Oklahoma Public Employees Retirement System Board of Trustees shall discharge their duties with respect to the 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

   b. defraying reasonable expenses of administering the System;

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

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

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

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

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

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

E. Funds and revenues for investment by the investment managers or the Board of Trustees shall be placed with a custodian selected by the Board of Trustees. The custodian shall be a bank or trust company offering pension fund master trustee and master custodial services. The custodian shall be chosen by a solicitation of proposals on a competitive basis pursuant to standards set by the Board of Trustees. In compliance with the investment policy guidelines of the Board of Trustees, the custodian bank or trust company shall be contractually responsible for ensuring that all monies of the System are invested in income-producing investment vehicles at all times. If a custodian bank or trust company has not received direction from the investment managers of the System as to the investment of the monies of the System in specific investment vehicles, the custodian bank or trust company shall be contractually responsible to the Board of Trustees for investing the monies in appropriately collateralized short-term interest-bearing investment vehicles.

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

G. The Board of Trustees shall compile a quarterly financial report of all the funds of the System on a fiscal year basis. The

report shall be compiled pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall include several relevant measures of investment value, including acquisition cost and current fair market value with appropriate summaries of total holdings and returns. The report shall contain combined and individual rate of returns of the investment managers by category of investment, over periods of time. The Board of Trustees shall include in the quarterly reports all commissions, fees or payments for investment services performed on behalf of the Board. The report shall be distributed to the Governor, the Oklahoma State Pension Commission, the Legislative Service Bureau, the Speaker of the House of Representatives and the President Pro Tempore of the Senate. In lieu of compiling and distributing the quarterly report, the Board may provide the Pension Commission with direct access to the same data from the custodian bank for the System.

H. After July 1 and before December 1 of each year, the Board of Trustees shall publish widely an annual report presented in simple and easily understood language pursuant to uniform reporting standards prescribed by the Oklahoma State Pension Commission for all state retirement systems. The report shall be submitted to the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Oklahoma State Pension Commission and the members of the System. The annual report shall cover the operation of the System during the past fiscal year, including income, disbursements, and the financial condition of the System at the end of the fiscal year. The annual report shall also contain the information issued in the quarterly reports required pursuant to subsection G of this section as well as a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Board of Trustees. The annual report shall be written in such a manner as to permit a readily understandable means for analyzing the financial condition and performance of the System for the fiscal year. ~~In order to standardize the information and analysis of the financial condition of the System, the Board shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix~~

~~or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the System in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the System:~~

~~1. Using an assumed rate of return of seven and one half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost of living adjustments for the System of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP 2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the System, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the System are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

I. The Board shall distribute the corpus and income of the System to the members and their beneficiaries in accordance with the System's laws and rules and regulations. At no time prior to the satisfaction of all liabilities with respect to members and their beneficiaries shall any part of the corpus and income be used for, or diverted to, purposes other than the exclusive benefit of the members and their beneficiaries.

J. The Board of Trustees shall adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report.

SECTION 8. AMENDATORY 74 O.S. 2001, Section 942, as last amended by Section 1, Chapter 90, O.S.L. 2003 (74 O.S. Supp. 2010, Section 942), is amended to read as follows:

Section 942. A. The Oklahoma State Pension Commission shall:

1. Publish, on a quarterly basis, a performance report analyzing the performance of the Oklahoma Firefighters Pension and Retirement System, the Oklahoma Police Pension and Retirement System, the Uniform Retirement System for Justices and Judges, the Oklahoma Law Enforcement Retirement System, the Teachers' Retirement System of Oklahoma, the Oklahoma Public Employees Retirement System and the retirement plan adopted by the Wildlife Conservation Commission on an individual and consolidated basis. The Commission shall establish a format for use by each of the state retirement systems in submitting the information requested by the Commission for the report. The report shall contain:

a. combined and individual rates of return of the investment managers by category of investment, over periods of time,

b. the data obtained pursuant to subparagraph a of this paragraph compared with similar data for a larger population of investment managers by asset class as well as by style of management,

c. an analysis of the performance of the custodian bank or trust company of the System including, but not limited to, a specific review of the adequacy of the collateralization of the short-term interest-bearing investment vehicles placed by the custodian, and

d. any other information that the Commission may include;

2. Publish widely an annual comparative performance report in simple and easily understood language containing:

a. on an individual and consolidated basis, an analysis of the written investment plans developed by each retirement system as required by law,

b. a qualitative and quantitative analysis of the performance of the custodian employed by each governing body of the retirement systems specified in paragraph 1 of this subsection and the performance of the Office of the State Treasurer with regard to retirement system monies,

c. the result of the analyses prepared pursuant to subparagraphs a and b of this paragraph compared with similar data for a larger population,

d. recommendations on administrative and legislative changes which are necessary to improve the performance of the retirement systems in accordance with current standards for large public fund portfolio management,

e. a summary of the results of the most recent actuarial valuation to include total assets, total liabilities, unfunded liability or over funded status, contributions and any other information deemed relevant by the Commission. The results shall be determined using the standards prescribed by the Government Accounting Standards Board or any successor entity, and

f. a listing by category of the expenses of the Commission;

3. Make recommendations to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate, based upon the advice of pension consultants, for updating or standardizing retirement system benefit designs; and

4. Make recommendations to the Governor, the Speaker of the House of Representatives and the President Pro Tempore of the State Senate regarding the methods for the adequate financing of benefits authorized or required by law for performance of service upon behalf of employers participating in any of the retirement systems

administered by the entities identified in paragraph 1 of this subsection, including, but not limited to, recommendations regarding the use of dedicated tax or other revenue sources or the modification of such tax or other revenue sources to provide additional funding to retirement systems the actuarial condition of which would benefit from such sources.

B. The Commission shall distribute its reports and recommendations~~, including a summary of the information provided to the Commission pursuant to subsection E of this section,~~ to the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the chairman and vice-chairman of the Joint Committee on Fiscal Operations. The Commission shall make the reports widely available to the members of the Legislature, members of the retirement systems and the general public.

C. The Commission shall hire one or more pension fund management consultants to assist the Commission in accomplishing its objectives specified in subsection A of this section. Consultants shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to standards set by the Commission. A consultant:

1. Shall be experienced in providing unbiased third-party consulting services;

2. Shall have in its client base individual clients that are comparable in size to the combined total assets of the retirement systems specified in paragraph 1 of subsection A of this section; and

3. Shall not be under contract with any of the individual governing bodies of the various state retirement systems.

D. For purposes of this subsection, pension fund management consultants hired by the Commission are hereby considered fiduciaries of the state retirement systems.

1. A fiduciary with respect to the state retirement systems shall not cause or advise a retirement system to engage in a transaction if the fiduciary knows or should know that such transaction constitutes a direct or indirect:

a. sale or exchange, or leasing of any property from a retirement system to a party in interest for less than adequate consideration or from a party in interest to a retirement system for more than adequate consideration,

b. lending of money or other extension of credit from a retirement system to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to a retirement system with provision of excessive security or an unreasonably high rate of interest,

c. furnishing of goods, services or facilities from a retirement system to a party in interest for less than adequate consideration, or from a party in interest to a retirement system for more than adequate consideration, or

d. transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system for less than adequate consideration.

2. A fiduciary with respect to the state retirement systems shall not:

a. deal with the assets of a retirement system in the fiduciary's own interest or for the fiduciary's own account,

b. in the fiduciary's individual or any other capacity act in any transaction involving a retirement system on behalf of a party whose interests are adverse to the interests of a retirement system or the interests of its participants or beneficiaries, or

c. receive any consideration for the fiduciary's own personal account from any party dealing with a retirement system in connection with a transaction involving the assets of a retirement system.

~~E. In order to standardize the information and analysis of the financial condition of each of the retirement systems, the Board of Trustees of each retirement system making annual reports to the Commission as required by law shall provide information regarding the financial and actuarial condition of the System using assumptions or requirements as hereinafter required for the report stating the condition of the System as of July 1, 2002, and for each subsequent reporting date, which information shall be contained in an appendix or addendum to the annual report. For purposes other than the reporting requirements contained in the appendix or addendum, all actuarial and economic assumptions shall be those assumptions adopted by the respective retirement system in its annual actuarial valuation. The appendix or addendum shall contain a statement of the financial condition of the retirement system:~~

~~1. Using an assumed rate of return of seven and one-half percent (7.5%), net of investment expenses, per annum, compounded annually;~~

~~2. Using an actuarial assumption regarding cost of living adjustments for the retirement system of two percent (2%) annually;~~

~~3. That relies upon the use of appropriate preretirement, postretirement and disability retirement information using generational projections taken from the RP-2000 Mortality Tables, published by the Society of Actuaries;~~

~~4. Which accurately and completely summarizes all sources of system assets, other than employee contributions, which shall include, but not be limited to, the total of all employer contributions, any dedicated tax or fee revenue, of whatever kind or however denominated, and the total amount of any other source of revenue which accrues to the retirement system, other than return on investments, such as federal monies used for the purpose of making employer contributions; and~~

~~5. Using an assumption that the unfunded actuarial accrued liabilities of the retirement system are amortized over a period of thirty (30) years, in a manner consistent with the Governmental Accounting Standards Board Statement Number 25.~~

SECTION 9. This act shall become effective September 1, 2011.

Passed the Senate the 18th day of May, 2011.

Presiding Officer of the Senate

Passed the House of Representatives the 19th day of May, 2011.

Presiding Officer of the House of Representatives

OFFICE OF THE GOVERNOR

Received by the Governor this 20th **day of** May, 20 11, **at** 11:32 **o'clock** A **M.**

By: Jessica R Byers

Approved by the Governor of the State of Oklahoma the 26th **day of** May, 20 11, **at** 2:25 **o'clock** P **M.**

Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this 26th **day of** May, 20 11, **at** 6:01 **o'clock** P. **M.**

By: Michelle R Day

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May 11, 2011

Senator Mike Mazzei
Room 424

Re: Conference Committee Substitute for Senate Bill No. 782
RBS No. 1735

Conference Committee Substitute for Senate Bill No. 782 removes the report using standardized actuarial assumptions requirements from the State's retirement systems.

Conference Committee Substitute for Senate Bill No. 782 is a nonfiscal retirement bill as defined by the Oklahoma Pension Legislation Actuarial Analysis Act.

Thomas E. Cummins

Thomas E. Cummins, MAAA