

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

COMMITTEE SUBSTITUTE
FOR
SENATE BILL NO. 1090

By: Thompson

COMMITTEE SUBSTITUTE

An Act relating to public finance; amending 62 O.S. 2021, Sections 2401, as amended by Section 2, Chapter 375, O.S.L. 2024, 2402, and 2403, as amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024, Sections 2401 and 2403), which relate to the Invest In Oklahoma program; authorizing the State Treasurer to implement program; allowing State Treasurer to retain certain personnel to implement certain provisions of the program; allowing for certain investment by the State Treasurer into program; providing for promulgation of rules for program; amending 62 O.S. 2021, Section 71.1, which relates to the Cash Management and Investment Oversight Commission; modifying membership; removing the Executive Review Committee of the Commission; amending 62 O.S. 2021, Section 89.2, which relates to investments by the State Treasurer; authorizing the State Treasurer to invest funds into the Invest In Oklahoma program under certain conditions; modifying frequency of reporting; directing reports to go to certain entity; amending 62 O.S. 2021, Section 89.7, which relates to investment performance reports; modifying frequency and distribution of reports; updating statutory language; updating statutory references; and providing an effective date.

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

1 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2401, as
2 amended by Section 2, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
3 Section 2401), is amended to read as follows:

4 Section 2401. A. ~~The Oklahoma Center for the Advancement of~~
5 ~~Science and Technology (OCAST)~~ State Treasurer shall create an
6 "Invest In Oklahoma" program to provide entities in this state with
7 funds for opportunities to invest in Oklahoma-based private equity
8 funds, venture capital funds and growth funds, and direct
9 investments in Oklahoma companies. ~~Opportunities for investment~~
10 ~~shall also include private equity funds, venture capital funds and~~
11 ~~growth funds that make substantial investments in this state.~~

12 B. ~~OCAST shall select venture capital and growth funds to~~
13 ~~qualify for investments within the Invest In Oklahoma Program~~ The
14 State Treasurer may retain qualified investment advisors or
15 fiduciary managers to assist in the selection of private equity,
16 venture capital, growth funds, and direct investments in Oklahoma
17 companies based on factors including, but not limited to:

- 18 1. Rate of return;
- 19 2. Years of operation;
- 20 3. Sufficiency of capitalization;
- 21 4. Investment performance track record;
- 22 5. Differentiation and sustainability of investment strategy;
- 23 6. Fee structure;
- 24 7. Background of limited partners; and

1 8. Ratio of capital invested in this state.

2 C. ~~OCAST~~ The State Treasurer shall exercise judgement and care,
3 under circumstances then prevailing, which persons of prudence,
4 discretion and intelligence exercise in the management of their own
5 affairs, for investment, considering the probable safety of their
6 capital as well as the probable income to be derived when
7 determining qualifying venture capital and growth funds to ensure
8 the funds are being appropriately managed and invested.

9 D. ~~OCAST~~ The State Treasurer shall develop a request for
10 proposal ~~that includes the factors provided in subsection B of this~~
11 ~~section. OCAST shall maintain a list of available venture capital~~
12 ~~and growth funds which are participating in the Invest In Oklahoma~~
13 ~~Program in which public entities are encouraged to invest for~~
14 ~~investment advisors and fiduciary managers that include their~~
15 ~~qualifications and experiences in investing in private equity,~~
16 ~~venture capital, growth funds, and direct investments in Oklahoma~~
17 ~~companies. The Treasurer shall also maintain a list of available~~
18 ~~private equity, venture capital, and growth funds who are operating~~
19 ~~in Oklahoma.~~

20 SECTION 2. AMENDATORY 62 O.S. 2021, Section 2402, is
21 amended to read as follows:

22 Section 2402. A. The following public entities are encouraged
23 to and may invest up to five percent (5%) of their rolling ~~three (3)-~~
24 ~~year~~ three-year assets under management with the Invest In Oklahoma

1 ~~Program~~ program approved venture capital and growth funds as
2 provided in Section ~~2 of this act~~ 2401 of this title:

3 1. The Board of Investors of the Tobacco Settlement Endowment
4 Trust Fund;

5 2. The Commissioners of the Land Office;

6 3. The Teachers' Retirement System of Oklahoma;

7 4. The Oklahoma Public Employees Retirement System;

8 5. The Oklahoma Firefighters Pension and Retirement System;

9 6. The Oklahoma Police Pension and Retirement System;

10 7. The Oklahoma Law Enforcement Retirement System;

11 8. The ~~State of Oklahoma~~ Uniform Retirement System for Justices
12 and Judges; and

13 9. The Department of Wildlife Conservation Retirement Fund.

14 B. The State Treasurer is encouraged to and may invest with the
15 Invest In Oklahoma program pursuant to subsection D of Section 89.2
16 of this title.

17 SECTION 3. AMENDATORY 62 O.S. 2021, Section 2403, as
18 amended by Section 3, Chapter 375, O.S.L. 2024 (62 O.S. Supp. 2024,
19 Section 2403), is amended to read as follows:

20 Section 2403. The ~~Oklahoma Center for the Advancement of~~
21 ~~Science and Technology~~ State Treasurer shall promulgate rules to
22 enforce the provisions of the Invest In Oklahoma Act.

23 SECTION 4. AMENDATORY 62 O.S. 2021, Section 71.1, is
24 amended to read as follows:

1 Section 71.1. A. There is hereby created the Cash Management
2 and Investment Oversight Commission. The Commission shall consist
3 of five (5) members as follows:

4 1. ~~The Director of the Office of Management and Enterprise~~
5 ~~Services, or designee~~ Governor;

6 2. ~~The Bank Commissioner, or designee~~ Lieutenant Governor;

7 3. ~~The Administrator of the Oklahoma Department of Securities,~~
8 ~~or designee~~ State Auditor and Inspector;

9 4. ~~One citizen member appointed by the~~ The Speaker of the House
10 of Representatives ~~who shall have a demonstrated expertise in public~~
11 ~~or private investment finance and who shall serve at the Speaker's~~
12 ~~pleasure; and~~

13 5. ~~One citizen member appointed by the~~ The President Pro
14 Tempore of the State Senate ~~who shall be a certified public~~
15 ~~accountant or public accountant with a demonstrated expertise in~~
16 ~~public or private auditing procedures and who shall serve at the~~
17 ~~President Pro Tempore's pleasure.~~

18 B. ~~The appointed members shall have no direct or indirect~~
19 ~~business relationship with the State Treasurer or the State~~
20 ~~Treasurer's Office.~~

21 ~~C.~~ The Commission shall elect from its membership a chairperson
22 chair and ~~vice-chairperson~~ vice chair. Such officers shall serve
23 one-year terms and may be reelected. ~~There shall be an Executive~~
24 ~~Review Committee of the Cash Management and Investment Oversight~~

1 ~~Commission consisting of the Director of the Office of Management~~
2 ~~and Enterprise Services, the Bank Commissioner and the Administrator~~
3 ~~of the Oklahoma Department of Securities or their respective~~
4 ~~designees. The Director of the Office of Management and Enterprise~~
5 ~~Services shall call a meeting to organize the Executive Review~~
6 ~~Committee. The Executive Review Committee shall elect from its~~
7 ~~membership a chairperson who shall serve for a period of one (1)~~
8 ~~year and who may be reelected. The Executive Review Committee shall~~
9 ~~meet at such times as it deems necessary for the performance of its~~
10 ~~duties.~~

11 D. C. The Commission shall hold regular meetings at least once
12 each quarter, and at such other times as it deems necessary for the
13 performance of its duties. The date, time and place of the meetings
14 shall be set by the Commission. The Office of Management and
15 Enterprise Services shall provide the administrative support
16 required by the Commission. The Commission shall be staffed by the
17 Office of Management and Enterprise Services who shall prepare all
18 materials and information needed by the Commission to perform its
19 duties and responsibilities. Meetings of the Commission ~~and of the~~
20 ~~Executive Review Committee of the Commission~~ shall be subject to the
21 Oklahoma Open Meeting Act, and their records shall be public records
22 pursuant to the Oklahoma Open Records Act.

23 E. D. The Commission ~~in conjunction with the State Auditor and~~
24 ~~Inspector~~ shall develop a standardized and uniform reporting system

1 which the State Treasurer shall use to make the reports required by
2 Section 89.7 of this title. The Commission shall prescribe such
3 forms in order to obtain an objective and accurate analysis of the
4 investment of state funds by the State Treasurer and to obtain an
5 accurate analysis of investment performance according to an
6 objective standard established by the Commission. The Commission
7 shall not be subject to the provisions of the Administrative
8 Procedures Act for purposes of developing the reporting system
9 required by this subsection. The Commission shall review the
10 reports prepared by the State Treasurer pursuant to Section 89.7 of
11 this title. The Commission shall review with the State Treasurer
12 investment strategies and practices and the development of internal
13 auditing procedures and practices. The Commission shall review the
14 reports submitted by the State Treasurer and shall identify any
15 event, transaction or trend which the Commission determines to
16 represent a violation or potential violation of law or public policy
17 regarding the investment of state funds. The Commission shall
18 specifically identify its concerns or objections and shall
19 communicate such concerns or objections in writing to the State
20 Treasurer.

21 ~~F.~~ E. The Commission staff shall submit a written report to
22 each member of the Commission for each ~~month~~ quarter of the calendar
23 year which specifically identifies entities with whom or with which
24 the State Treasurer has transacted business related to investment of

1 any state funds during the applicable reporting period. Any person
2 or entity to whom or to which any form of compensation has been or
3 will be paid for services rendered to the Office of the State
4 ~~Treasurer's Office~~ Treasurer related to the investment of state
5 funds shall be identified in the report. ~~The report shall also be~~
6 ~~submitted to the Director of the Office of Management and Enterprise~~
7 ~~Services, the State Auditor and Inspector, the Speaker of the House~~
8 ~~of Representatives, the President Pro Tempore of the Senate and the~~
9 ~~Governor.~~

10 G. F. Members of the Commission shall serve without
11 compensation, except for travel, pursuant to the State Travel
12 Reimbursement Act, ~~to be paid by the appointing authority.~~

13 H. G. The Commission may make written recommendations for
14 changes in legislation to the Legislature or in the policies or
15 procedures and practices of the State Treasurer to the State
16 Treasurer.

17 I. H. The Commission shall determine the positions, including,
18 but not limited to, the investment officer, in the Office of the
19 State ~~Treasurer's Office~~ Treasurer which shall require criminal
20 background investigations by the Oklahoma State Bureau of
21 Investigation. The Bureau shall advise the State Treasurer and the
22 Cash Management and Investment Oversight Commission in writing of
23 the results of the investigation.

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1 SECTION 5. AMENDATORY 62 O.S. 2021, Section 89.2, is
2 amended to read as follows:

3 Section 89.2. A. The State Treasurer is directed to invest the
4 maximum amount of funds under control of the State Treasurer
5 consistent with good business practices. Except as otherwise
6 provided for by law, the investments shall earn not less than the
7 rate for comparable maturities on United States Treasury
8 obligations. Except as otherwise provided for by law, the State
9 Treasurer may purchase and invest only in:

10 1. Obligations of the United States ~~Government~~ government, its
11 agencies and instrumentalities, or other obligations fully insured
12 or unconditionally guaranteed as to the payment of principal and
13 interest by the United States government or any of its agencies and
14 instrumentalities;

15 2. Collateralized or insured certificates of deposit and other
16 evidences of deposit at banks, savings banks, savings and loan
17 associations and credit unions located in this state;

18 3. Negotiable certificates of deposit issued by a nationally or
19 state-chartered bank, a savings bank, a savings and loan association
20 or a state-licensed branch of a foreign bank. Purchases of
21 negotiable certificates of deposit shall not exceed ten percent
22 (10%) of the cash available for investment which may be invested
23 pursuant to this section. Not more than one-half (1/2) of the ten
24

1 percent (10%) limit shall be invested in any one financial
2 institution specified in this paragraph;

3 4. Prime banker's acceptances which are eligible for purchase
4 by the Federal Reserve System and which do not exceed two hundred
5 seventy (270) days' maturity. Purchases of prime banker's
6 acceptances shall not exceed ten percent (10%) of the cash available
7 for investment which may be invested pursuant to this section. Not
8 more than three-fourths (3/4) of the ten percent (10%) limit shall
9 be invested in any one commercial bank pursuant to this paragraph;

10 5. Prime commercial paper which shall not have a maturity that
11 exceeds one hundred eighty (180) days nor represent more than ten
12 percent (10%) of the outstanding paper of an issuing corporation.
13 Purchases of prime commercial paper shall not exceed seven and one-
14 half percent (7 1/2%) of the cash available for investment which may
15 be invested pursuant to this section;

16 6. Investment grade obligations of state and local governments,
17 including obligations of Oklahoma state public trusts which possess
18 the highest rating from at least one nationally recognized rating
19 agency acceptable to the State Treasurer. Purchases of investment
20 grade obligations of state and local governments shall not exceed
21 ten percent (10%) of the cash available for investment which may be
22 invested pursuant to this section;

23 7. Repurchase agreements, provided that such agreements are
24 included within the written investment policy required by subsection

1 D of this section that have underlying collateral consisting of
2 those items and those restrictions specified in paragraphs 1 through
3 6 of this subsection;

4 8. Money market funds and short term bond funds regulated by
5 the Securities and Exchange Commission and which investments consist
6 of those items and those restrictions specified in paragraphs 1
7 through 7 of this subsection; and

8 9. Bonds, notes, debentures or other similar obligations of a
9 foreign government which the International Monetary Fund lists as an
10 industrialized country and for which the full faith and credit of
11 such nation has been pledged for the payment of principal and
12 interest; provided, that any such security shall be rated at least
13 A- or better by ~~Standard & Poor's Corporation~~ S&P Global or A3 or
14 better by Moody's Investors Service, or an equivalent investment
15 grade by a securities ratings organization accepted by the National
16 Association of Insurance Commissioners; and provided further, that
17 the total investment in such foreign securities at any one time
18 shall not exceed five percent (5%) of the cash available for
19 investment which may be invested pursuant to this section. In no
20 circumstance shall investments be made in bonds, notes, debentures
21 or any similar obligations of a foreign government that:

22 a. is identified as a state sponsor of terrorism by the
23 United States Department of State, or

24

1 b. any authoritarian or totalitarian government the
2 sovereign powers of which are exercised through a
3 single person or group of persons who are not elected
4 by any form of legitimate popular voting.

5 B. Investments shall be made with judgment and care, under
6 circumstances then prevailing, which persons of prudence, discretion
7 and intelligence exercise in the management of their own affairs,
8 not for speculation, but for investment, considering the probable
9 safety of their capital as well as the probable income to be
10 derived.

11 C. The State Treasurer shall appoint an investment officer who
12 shall perform duties related to the investment of state funds in the
13 Office of the State Treasurer. The investment officer shall not
14 perform or supervise any accounting functions, data processing
15 functions or duties related to the documentation or settlement of
16 investment transactions.

17 D. The State Treasurer may invest up to five percent (5%) of
18 the maximum amount of funds under the control of the State Treasurer
19 invested pursuant to subsection A of this section into the Invest In
20 Oklahoma program.

21 E. Investments of public funds by the State Treasurer shall be
22 made in accordance with written policies developed by the State
23 Treasurer. The written investment policies shall address:

24 1. Liquidity;

- 1 2. Diversification;
- 2 3. Safety of principal;
- 3 4. Yield;
- 4 5. Maturity and quality; and
- 5 6. Capability of investment management.

6 The State Treasurer shall place primary emphasis on safety and
7 liquidity in the investment of public funds. To the extent
8 practicable, taking into account the need to use sound investment
9 judgment, the written investment policies shall include provision
10 for utilization of a system of competitive bidding in the investment
11 of state funds. The written investment policies shall be designed
12 to maximize yield within each class of investment instrument,
13 consistent with the safety of the funds invested.

14 ~~E.~~ F. The State Treasurer shall select one custodial bank to
15 settle transactions involving the investment of state funds under
16 the control of the State Treasurer. The State Treasurer shall
17 review the performance of the custodial bank at least once every
18 year. The State Treasurer shall require a written competitive bid
19 every five (5) years. The custodial bank shall have a minimum of
20 Five Hundred Million Dollars (\$500,000,000.00) in assets to be
21 eligible for selection. Any out-of-state custodial bank shall have
22 a service agent in ~~the State of Oklahoma~~ this state so that service
23 of summons or legal notice may be had on such designated agent as is
24 now or may hereafter be provided by law. In order to be eligible

1 for selection, the custodial bank shall allow electronic access to
2 all transaction and portfolio reports maintained by the custodial
3 bank involving the investment of state funds under control of the
4 State Treasurer. The access shall be given to ~~both~~ the State
5 Treasurer ~~and to the Cash Management and Investment Oversight~~
6 ~~Commission~~. The requirement for electronic access shall be
7 incorporated into any contract between the State Treasurer and the
8 custodial bank. Neither the State Treasurer nor the custodial bank
9 shall permit any of the funds under the control of the State
10 Treasurer or any of the documents, instruments, securities or other
11 evidence of a right to be paid money to be located in any place
12 other than within a jurisdiction or territory under the control or
13 regulatory power of the United States ~~Government~~ government.

14 F. G. The investment policy shall specify the general
15 philosophy, policies and procedures to be followed in the investment
16 of state monies by the State Treasurer. The investment policy shall
17 include, but not be limited to, the following:

- 18 1. Policy objectives;
- 19 2. Performance measure objectives;
- 20 3. Authority for investment program;
- 21 4. Possible use of an investment advisory committee;
- 22 5. Reporting and documentation of investments;
- 23 6. Authorized investment instruments;
- 24 7. Diversification of investment risk;

- 1 8. Maturity limitations;
- 2 9. Selections of financial institutions;
- 3 10. Interest controls;
- 4 11. Safekeeping of investments;
- 5 12. Investment ethics; and
- 6 13. Formal adoption of policy.

7 ~~G.~~ H. The State Treasurer shall provide ~~weekly~~ quarterly
8 reports of all investments made by the State Treasurer if requested
9 by the Cash Management and Investment Oversight Commission, and list
10 any commissions, fees or payments made for services regarding such
11 investments. The reports required by this subsection shall be
12 delivered to the Commission within three (3) business days of the
13 end of the applicable week.

14 ~~H.~~ I. Not later than July 1 of each year, the State Treasurer
15 shall forward a copy of the written investment policy to the
16 ~~Governor, the Speaker of the House of Representatives, the President~~
17 ~~Pro Tempore of the Senate, the Attorney General, the Bank~~
18 ~~Commissioner, and the Director of the Office of Management and~~
19 ~~Enterprise Services~~ Cash Management and Investment Oversight
20 Commission. In addition, the State Treasurer shall maintain one
21 copy of the investment policy in the ~~office~~ Office of the State
22 Treasurer for public inspection during regular business hours.
23 Copies of any modifications to the investment policy shall be
24 forwarded to ~~the Governor, Speaker of the House of Representatives,~~

1 ~~President Pro Tempore of the Senate,~~ and each member of the Cash
2 Management and Investment Oversight Commission.

3 SECTION 6. AMENDATORY 62 O.S. 2021, Section 89.7, is
4 amended to read as follows:

5 Section 89.7. A. The State Treasurer shall prepare ~~monthly~~
6 quarterly and annual investment performance reports of the Office of
7 the State Treasurer's Office Treasurer in the form and manner
8 required by the Cash Management and Investment Oversight Commission
9 after consultation with the State Treasurer which summarize recent
10 market conditions, economic developments and anticipated investment
11 conditions and the investment plan performance, including portfolio
12 diversification and rates of return measured against the investment
13 plan of the State Treasury. The annual investment performance
14 report shall be submitted to the Commission and shall be made within
15 ninety (90) calendar days after the end of the fiscal year. The
16 ~~monthly~~ quarterly investment performance reports shall be submitted
17 to the ~~Executive Review Committee~~ Commission and shall be made
18 within thirty (30) days after the end of the applicable month. The
19 investment performance reports shall specify the investment
20 strategies employed in the most recent reporting period and describe
21 the investment portfolio of the state in terms of:

- 22 1. Securities;
- 23 2. Maturities;
- 24 3. Fund type;

- 1 4. Financial institutions from which securities were purchased,
2 including the amounts and the city and state of location;
- 3 5. Investment return compared to budgetary expectations;
- 4 6. Average yield; and
- 5 7. Average life of the portfolio.

6 The investment performance reports shall also indicate any areas of
7 concern which the State Treasurer has concerning the basic
8 investment strategies being employed. The investment performance
9 reports shall contain:

- 10 a. combined and individual rates of return and a list of
11 all losses by category of investment, over periods of
12 time†1
- 13 b. the rate of return on deposits and all fees and
14 expenses charged as to all depository financial
15 institutions of the State Treasury and a specific
16 review of the adequacy of the collateralization†1
- 17 c. any other information that the State Treasurer may
18 include†1 and
- 19 d. such other information that the Cash Management and
20 Investment Oversight Commission created by Section
21 71.1 of this title may request and that the State
22 Treasurer agrees to include in the investment
23 performance reports.

24

1 B. To the extent that the State Treasurer should have reason to
2 know, the State Treasurer shall also include in the investment
3 performance reports a listing of all payments, fees, commissions, or
4 other compensation received by any person, including, but not
5 limited to, individuals, financial institutions, or investment
6 companies or corporations, which have an investment agreement,
7 contract, or other arrangement with the State Treasurer, or who
8 receive any compensation as a result of a transaction involving the
9 investment of state monies or funds or the purchase, sale, or trade
10 of securities or bonds involving the Office of the State Treasurer.
11 ~~Said~~ The listings shall also include the social security or federal
12 identification number of any person, including, but not limited to,
13 individuals, financial institutions, or investment companies or
14 corporations, receiving payments, fees, commissions, or other
15 compensation.

16 C. The annual investment performance report shall be written in
17 simple and easily understood language containing:

18 a. — an

19 1. An analysis of the written investment plans developed by the
20 State Treasurer as required by law;

21 b. — a

22 2. A quantitative analysis of the performance of all depository
23 financial institutions approved by the State Treasurer, with regard
24 to monies deposited;

1 e. ~~the~~

2 3. The result of the analyses prepared pursuant to
3 ~~subparagraphs a and b~~ paragraphs 1 and 2 of this paragraph
4 subsection compared with similar data for other states;

5 d. ~~recommendations~~

6 4. Recommendations on administrative and legislative changes
7 which are necessary to improve the performance of the State Treasury
8 in accordance with current standards for large public fund portfolio
9 management; and

10 e. ~~a~~

11 5. A listing by object code of the expenses of the State
12 Treasury as audited by the independent auditor provided by Section
13 89.10 of this title.

14 D. The State Treasurer shall distribute the investment
15 performance reports to the Governor, ~~the President Pro Tempore of~~
16 ~~the Senate, the Speaker of the House of Representatives, the State~~
17 ~~Auditor and Inspector, the Attorney General, and members of the Cash~~
18 Management and Investment Oversight Commission. Upon request, the
19 State Treasurer shall make the annual investment performance report
20 available to the members of the Legislature and the general public.
21 The annual investment performance report shall also include an
22 investment plan for the ensuing fiscal year.

23 E. The State Treasurer shall require all employees in the State
24 Treasury to sign an anti-collusion affidavit. Execution of a false

1 affidavit shall make such employees subject to disciplinary action,
2 including, but not limited to, termination, criminal prosecution or
3 both.

4 F. The State Treasurer shall require an anti-collusion
5 affidavit from brokers or other persons offering investment services
6 to the State Treasury. The State Treasurer shall be prohibited from
7 employing or doing business with any brokers or persons offering
8 investment services to the State Treasury who have not executed such
9 an affidavit.

10 G. The Cash Management and Investment Oversight Commission
11 shall certify that the State Treasurer has delivered to the
12 Commission the ~~monthly and annual~~ quarterly investment performance
13 reports and the annual financial report required by this section.
14 ~~If the Commission determines that these reports have not been~~
15 ~~delivered by the State Treasurer as required by law, the Commission~~
16 ~~shall notify in writing the Governor, the Speaker of the House of~~
17 ~~Representatives, the President Pro Tempore of the Senate, the~~
18 ~~Attorney General, and the State Auditor and Inspector.~~

19 SECTION 7. This act shall become effective November 1, 2025.
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