

MINUTES OF THE SPECIAL MEETING
OF THE
OKLAHOMA SECURITIES COMMISSION

December 4, 2012

Pursuant to the previously announced date and time, a special meeting of the Oklahoma Securities Commission (Commission) convened at 10:00 a.m., December 4, 2012, in the conference room of the Oklahoma Department of Securities, Oklahoma City, Oklahoma. The following members were present:

Charles E. Newton, Chairperson
P. David Newsome, Jr., Vice-Chairperson
Nancy Hyde, Member
Robert M. Neville, Member

Mick Thompson, Ex-Officio Member, was not in attendance.

The following persons were also present:

Irving L. Faught, Administrator, Department of Securities
Melanie Hall, Deputy Administrator, Department of Securities
Rachael Figueiredo, Crawford & Associates, P.C.
Garrett Morelock, Cole + Reed P.C.

Mr. Newton officially opened the meeting. Notice of the date, time, and place of the meeting was given in accordance with applicable laws and rules.

The minutes of the September 18, 2012 meeting were accepted as presented.

The Administrator and Deputy Administrator presented the activities of the Department for the months of September 2012 and October 2012, as contained in the written reports distributed to the Commissioners and incorporated herein by reference.

Rachael Figueiredo of Crawford & Associates presented the Financial Report as of and for the fiscal year ended June 30, 2012. Garrett Morelock of Cole + Reed P.C. discussed the Fiscal Year 2012 audit and reported the issuance of an unqualified opinion.

Commissioner Newsome presented the recommendations of the Compensation Committee relating to amendments to the Department's Salary Administration Plan. The plan as proposed for amendment is attached hereto and incorporated herein by reference. The primary recommendation relates to the inclusion of "performance-based adjustments" for employees who receive at least a "meets standards" rating on their most recent performance rating. On a motion made by Commissioner Neville and seconded by Commissioner Hyde, the amendments to the Department's Salary Administration Plan were unanimously approved by the Commission.

Mr. Newton called for any other matters that might properly come before the Commission. There being none, the meeting was adjourned.

Salary Administration Plan
Oklahoma Department of Securities

Purpose

Deleted: Unclassified Positions¶
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This document serves as the salary administration plan for the unclassified positions for the Department of Securities (Department). The salary administration plan may be amended by the Administrator of the Department (Administrator) at any time and submitted to the Oklahoma Securities Commission (Commission) for approval.

Statutory Authorities

Section 1-602(K) of the Oklahoma Uniform Securities Act of 2004 provides that the Administrator shall establish minimum and maximum salary schedules that shall be approved by the Commission.

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Section 840-2.17 of Title 74 of the Oklahoma Personnel Act (Act) provides in pertinent part as follows:

A. Unless otherwise provided by the Oklahoma Constitution, language in law which authorizes the setting or fixing of compensation, pay or salary of state officers and employees shall not be construed to authorize any agency, board, commission, department, institution, bureau, executive officer or other entity of the executive branch of state government to award, grant, give, authorize, or promise any officer or employee of the State of Oklahoma a raise, including, but not limited to, a cost-of-living raise or any other type of raise that would be given to state employees on an across-the-board basis, except as herein provided. Such raises are prohibited unless authorized by the Legislature and by Merit System of Personnel Administration Rules promulgated by the Administrator. This prohibition applies to all classified, and unclassified officers and employees in the executive branch of state government

Deleted: cost-of-living

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B. However, nothing in this section shall be construed to prohibit the following actions if the action is made in good faith and not for the purpose of circumventing subsection A of this section, and if the appointing authority certifies that the actions can be implemented for the current fiscal year and the subsequent fiscal year without the need for additional funding to increase the personal services budget of the agency:

1. Salary advancements on promotion or direct reclassification to a job family level or class with a higher grade;
2. Salary adjustments resulting from a pay band change for a job family level or class adopted by the Office of Personnel Management;

3. Increases in longevity payments pursuant to Section 840-2.18 of this title;
4. Payment of overtime, special entrance rates, pay differentials;
5. Payment of wages, salaries, or rates of pay established and mandated by law;
6. Market adjustments for job family levels tied to market competitiveness;
7. Intra-agency lateral transfers, provided that the adjustment does not exceed five percent (5%) and the adjustment is based on the needs of the agency;
8. Skill-based adjustments;
9. Equity-based adjustments;
10. Performance-based adjustments for employees who received at least a "meets standards" rating on their most current performance rating;
11. Career progression increases as an employee advances through job family levels[.]

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 11. Salary adjustments not to exceed five percent (5%) for probationary classified employees achieving permanent status following the initial probationary period and permanent classified employees successfully completing trial periods after promotion to a different job family

Salary Ranges/Rates of Pay

The following is a list of the salary ranges or the established rates of pay for all unclassified positions for the Department.

Job Classification	Salary Range/Rate of Pay
Administrator	\$137,239
Deputy Administrator	95% of Administrator's Salary
General Counsel	80% - 90% of Administrator's Salary
Staff Lawyer I, II, III, IV, V, VI	\$52,282 - \$117,635
Enforcement Lawyer I, II, III, IV	\$65,352 - \$117,635
Trial Lawyer I, II, III	\$91,492 - \$123,515
Receivership Lawyer I, II, III	\$91,492 - \$123,515
Legal Intern	\$20.00 per hour
Supervisory Examiner I, II, III, IV	\$69,950 - \$124,068
Senior Examiner I, II, III, IV	\$49,080 - \$103,844
Examiner I, II, III, IV, V	\$40,583 - \$80,070
Examiner Trainee	\$33,151 - \$40,582
Supervisory Investigator I, II, III, IV	\$55,107 - \$102,836
Senior Investigator I, II, III, IV, V	\$49,257 - \$96,167
Investigator I, II, III, IV	\$43,407 - \$89,498
Paralegal I, II, III, IV	\$41,553 - \$61,402
Information Systems Administrator I, II, III, IV	\$72,043 - \$114,848
Network Administrator Support Specialist I, II, III, IV	\$38,727 - \$74,826
Chief Financial Officer I, II, III, IV	\$64,584 - \$118,924
Business Manager I, II, III, IV	\$46,488 - \$82,829
Supervisory Accounting Examiner I, II, III, IV	\$57,447 - \$86,830

Entrance Salary

For the positions for which salary ranges are established, the Administrator has the flexibility to set the entrance salary between the minimum and maximum of the established salary range.

Pay Adjustments When Job Classifications Are Changed

When a salary range is changed for a job classification, all employees in that classification shall receive an adjustment to the new salary range. All employees in that job classification shall be given uniform treatment using one of the following methods: providing an adjustment to the minimum of the new salary range, or providing a percent increase to each employee that shall not exceed the percent difference between the minimum of the old salary range and the minimum of the new salary range. At the discretion of the Administrator, no change in employee salary need occur provided that all affected salaries fall within the new salary range.

Pay Movement Mechanisms

The Department will use the following pay movement mechanisms for unclassified employees:

Promotion and Career Progression

A *promotion* involves the reclassification of an unclassified employee to a different position with a higher salary range or rate of pay. A promotion may occur within the same job classification or may involve the movement from one job classification to another. A promotion is (1) a move to a higher salary in a different job classification and/or (2) a move to a supervisory level (can be from non-supervisory to supervisory or supervisory to supervisory).

Career progression involves a type of intra-agency promotion in which an employee is advanced from one level of a job classification to a higher non-supervisory level in the same job classification. Career progressions involve (1) moves within the same job classification, and (2) moves from a lower non-supervisory level to a higher non-supervisory level.

In determining individual pay upon promotion or career progression, the following considerations will be made: internal pay equity issues, the number of levels progressed, and future rates of pay that may be achieved through promotions or career progressions. A minimum increase of 5% of the employee's salary prior to promotion or career progression will be granted to an employee upon

promotion or career progression provided that such increase does not cause the employee's salary to exceed the maximum of the salary range to which progressed in which case the employee's salary shall be set at the maximum rate of pay for the new salary range. In no event shall the employee's salary upon promotion or career progression be less than the minimum of the salary range to which progressed.

The Administrator may set an employee's salary upon promotion or career progression at any rate of pay within the salary range established for the position to which promoted or progressed. Upon recommendation of the immediate supervisor, and at the discretion of the Administrator of the Department, the Department may provide an increase of up to 20% above the employee's salary prior to promotion or career progression provided that the increase does not cause the employee's salary to exceed the maximum of the salary range to which promoted or progressed.

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Intra-Agency Lateral Transfer

The Administrator will make use of this provision when, in the best interest of the agency, an employee is transferred to another position within the same job classification and level or to another job classification and level within the same salary range. This pay movement mechanism will be considered for use when a lateral move is made to support the business needs of the Department or in the event that the capabilities of the employee are uniquely suited to the job to which transferred. In summary, an intra-agency lateral transfer is an intra-agency move from one position to another position that has the same established salary range.

Increases will be limited to a maximum of 5% of the employee's salary prior to the transfer. In no event shall the increase given cause the employee's salary to exceed the maximum of the established salary range.

Performance-Based Adjustments

The Administrator may use performance-based adjustments to award a salary increase or lump sum payment to employees who have achieved an overall rating of "meets standards" or better on their most recent performance evaluation. The 12-month evaluation cycle used by the Department is the calendar year. Performance-based adjustments shall not exceed 5% of an employee's annual salary for "meets standards" or 10% of an employee's annual salary for "exceeds standards." The Administrator may award performance-based adjustments as an increase to the employee's salary, a lump sum payment, or a combination thereof.

Market Adjustments

The Administrator may make a salary adjustment for a specific job classification or job classification level in response to market conditions. Such adjustments shall be based on relevant market data and other supporting information such as recruitment and retention difficulties, market conditions, and other factors leading to the recommendation for the adjustment.

All employees of the Department in jobs affected by a market adjustment shall be given uniform treatment.

Equity Based Adjustments

The Administrator may use this pay movement mechanism when individual employees are significantly underpaid relative to other employees of the Department performing the same or similar duties, or employees with the same role or accountabilities.

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Skill Based Pay Adjustments

The Administrator may use skill based adjustments when individual employees acquire additional skills and abilities that can be applied to the work to be performed and that will increase the value of the employee to the Department. The skills must be verifiable through certification, licensure, diploma, or some other method, and the skills must be beyond the minimum qualifications required for the position.

Such adjustments may be provided as a differential over and above an employee's base pay or as a one-time lump sum payment. Lump sum skill based pay adjustments may be awarded upon initial certification and any subsequent recertification as may be required by the certifying organization.

Lump sum payments shall be limited to 10% of an employee's annual salary and may be provided to employees whose base pay is already at the maximum of the salary range or rate of pay established for the job classification. Skill-based differentials shall be limited to 10% of an employee's monthly salary. These adjustments shall be paid only as long as the employee occupies a position to which the skill is applicable in accordance with this salary administration plan.

Deleted: skill-based adjustments

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Rate of Pay upon Demotion

The rate of pay of an employee who is demoted shall be set by the Administrator at any rate of pay within the established salary range for the job to which demoted and that does not exceed that employee's last rate of pay. The Administrator may delay setting the rate of pay upon demotion for up to one (1)

year when the demotion is due to the reclassification of employees in lieu of a reduction-in-force.

Funding and Reporting Requirements

In accordance with Section 840-2.17 of the Personnel Act, use of the described pay movement mechanisms is subject to the availability of funds in the Department's budget for the current and subsequent fiscal year without the need for additional funding. Additionally, as required by statute, a complete and total listing of all pay movement mechanisms used during each calendar year will be reported to the Administrator of the Office of Personnel Management no later than January 1st of each year.

As amended effective July 1, 2001

Amendments approved by the Oklahoma Securities Commission, May 17, 2001

Amendment approved by the Oklahoma Securities Commission, September 16, 2004, retroactive to July 1, 2004

Amendment approved by the Oklahoma Securities Commission, June 22, 2005, effective, July 1, 2005

Amendment approved by the Oklahoma Securities Commission, July 21, 2005, effective July 1, 2005

Amendment approved by the Oklahoma Securities Commission, December 8, 2005, effective September 1, 2005

Amendment approved by the Oklahoma Securities Commission, May 17, 2012, effective July 1, 2012