

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, November 19, 2014 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE OCTOBER 22, 2014 BOARD MEETING**
- 3. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY & QUARTERLY REPORT**
- 4. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. Causeway
 - B. Hoisington
- 5. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT** - *The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting*
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT:**
 - A. Discussion and Possible Action on Transition Post-Trade Analysis
 - B. Discussion and Possible Action on Lord Abbett Exception Request
 - C. Discussion and Possible Action on Investment Policy Statement Review
 - D. Discussion and Possible Action of Extending Contract with Gregory W. Group Beyond December 31, 2014
- 7. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 SECTION 307(B)(4) FOR CONFIDENTIAL COMMUNICATIONS BETWEEN A PUBLIC BODY AND ITS ATTORNEY CONCERNING A PENDING ACTION REGARDING MEMBER CONTRIBUTIONS AND DEATH BENEFITS IF THE PUBLIC BODY, WITH THE ADVICE OF ITS ATTORNEY, DETERMINES THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE PUBLIC BODY TO PROCESS THE CLAIM OR CONDUCT A PENDING INVESTIGATION, LITIGATION, OR PROCEEDING IN THE PUBLIC INTEREST**
 - A. Vote to Convene into Executive Session
 - B. Vote to Return to Open Session
- 8. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- 9. DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDITOR'S REPORT**
- 10. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:**
 - A. Governance Committee
 - B. Audit Committee
- 11. DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDITOR RFP**

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, November 19, 2014 – 9:00 AM
TRS Administration Board Room
2500 Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA (cont.)

- 12. DISCUSSION AND POSSIBLE ACTION ON PROPOSED PERFORMANCE EVALUATION DOCUMENT AND JOB DESCRIPTION OF THE GENERAL COUNSEL**
- 13. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO TITLE 25 O.S. § 307 (B)(1) FOR THE PURPOSE OF DISCUSSING THE EMPLOYMENT, EVALUATION ISSUES, COMPENSATION, HIRING, APPOINTMENT, PROMOTION, DEMOTION, DISCIPLINING, TERMINATION OR RESIGNATION OF THE GENERAL COUNSEL**
 - A. Vote to Convene into Executive Session
 - B. Vote to Return to Open Session
- 14. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- 15. DISCUSSION AND POSSIBLE ACTION ON RECOMMENDATION TO ADOPT A WORKING DRAFT OF PROPOSED PERMANENT ADMINISTRATIVE RULES FOR THE PURPOSE OF SUBMISSION TO THE GOVERNOR AND FOR PUBLIC COMMENT 715:1-1-19 EMERGENCY RULE, PERMANENT PROMULGATION**
- 16. DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:**
 - A. Client Services (70 O.S. 17-105)
 - B. Investments
 - C. Human Resources
 - D. Finance
 - E. General Counsel
 - F. Executive Director
- 17. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 18. NEW BUSINESS**
- 19. ADJOURNMENT**

Note: The Board of Trustees may discuss, vote to approve, vote to disapprove, or decide not to discuss any item on the agenda.

**MEETING MINUTES
OCTOBER 22, 2014
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Bill Peacher, Chairman, at 9:01 a.m., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda were posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Bill Peacher, *Chair**

Vernon Florence, *Vice Chair*

Beth Kerr, *Secretary*

James Dickson

Roger Gaddis*

Jill Geiger*

Judie Harris

Philip Lewis*

Stewart Meyers

Andrew Oster

Billie Stephenson

Gary Trennepohl

Greg Winters

TRUSTEES ABSENT:

None

TRS STAFF PRESENT:

Tom Spencer, *Interim Executive Director*

Julie Ezell, *General Counsel*

Dixie Moody, *Director of Client Services*

Riley Shaull, *Comptroller*

Kim Bold, *Director of Human Resources*

Debra Plog, *Manager of Employer Reporting*

Melissa Kempkes, *Investment Analyst*

Susan Yingling, *Executive Assistant*

OTHERS PRESENT:

Norman Cooper, *OREA*

Chancen Flick, *OEA*

Wayne Maxwell, *RPOE*

Paul Stewart

Michel Hicks

Matt Stangl, *OAG*

Marissa Lane, *OAG*

Dudley Hyde, *McAfee & Taft*

John Papahronis, *McAfee & Taft*

Brandon Long, *McAfee & Taft*

*Denotes late arrival or early departure.

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 9:01 a.m. and asked for a poll to determine if a quorum was present. Trustees responding were

as follows: Mr. Dickson, Mr. Florence, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peachier.

ITEM 2 – MEETING MINUTES: Mr. Dickson said that his name needed to be removed from Item 4 on the Minutes because he had left before the vote. The correction was noted by staff. A motion was made by Mr. Oster with a second made by Ms. Kerr to approve the September 24, 2014 Regular Board meeting minutes with the correction. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peachier.

Mr. Gaddis and Ms. Geiger arrived at 9:04 a.m.

ITEM 4 - DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of Gregory W. Group, gave their monthly report to the Board. No action was necessary.

ITEM 3 - PRESENTATION BY INVESTMENT MANAGERS: Representatives from Chickasaw and Cushing presented their respective reports to the Board. No action was necessary.

A break was taken from 10:20 a.m. to 10:30 a.m.

ITEM 5 - MANAGER STATUS SUMMARY REPORT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of Gregory W. Group, gave the Board their Manager Status Summary Report. Mr. Weaver said that there was no need to change three of the managers on the list. Those three included Mackay Shields LLC, Geneva Capital Management LTD, and Lord Abbett & Co. LLC. Mr. Weaver said those managers would continue to be monitored, but that no additional action was recommended at this time. He reminded the Board that Thornburg had been terminated and staff was working with the transition manager, Northern Trust. After some discussion, no action was necessary.

ITEM 6 - INVESTMENT COMMITTEE REPORT: Mr. Florence, Chair of the Investment Committee, presented the Investment Committee Report from the October 21, 2014 meeting. Mr. Florence said the six new real estate managers had been hired and that the contracts would be sent out by the end of the week. Ms. Kempkes said the Investment department would have a total cost for the transition of the funds previously managed by Thornburg soon. Mr. Florence said the Committee had tabled the International Equity Plan until the following month.

Mr. Florence advised the Board that he was aware of the media coverage regarding PIMCO, but that there were no problems with the OTRS funds managed by PIMCO, so no changes to the manager status would take place. After some discussion, no action was necessary.

Mr. Florence said the Committee had also decided to table the Transition Management RFP until they were certain it covered everything necessary. After some discussion, no action was necessary.

Mr. Florence directed the Board to a copy of the draft RFP for the Master Custodian. After some discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Gaddis to approve the RFP for the Master Custodian and authorize OTRS staff to amend as deemed necessary and as approved by the Investment Committee Chair. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms.

Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 7a – PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW AND RECOMMENDATION PREPARED BY HEARING OFFICER FOR GRIEVANCES

FILED BY PAUL STEWART: Paul Stewart gave his statement to the Board. Assistant Attorney General Marissa Lane, representing OTRS, gave her statement to the Board.

ITEM 8a - EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 SECTION 307(B)(8) FOR THE PURPOSE OF ENGAGING IN DELIBERATIONS OR RENDERING A FINAL OR INTERMEDIATE DECISION IN AN INDIVIDUAL PROCEEDING PURSUANT TO ARTICLE II OF THE ADMINISTRATIVE PROCEDURES ACT REGARDING GRIEVANCES OF PAUL STEWART:

- A) A motion was made by Mr. Oster with a second made by Dr. Trennepohl to resolve into Executive Session at 11:10 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher. OTRS General Counsel Julie Ezell advised the Trustees during Executive Session. Interim Executive Director Tom Spencer was also present during the Executive Session.
- B) After much discussion, a motion was made by Dr. Winters with a second made by Mr. Oster to return to open session at 11:20 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Open Session reconvened at 11:20 a.m.

ITEM 9a – ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION REGARDING GRIEVANCE FILED BY PAUL STEWART:

A motion was made by Ms. Kerr with a second made by Mr. Oster to adopt the rulings of the administrative law judge with the amendment that the matter is also not ripe for consideration as the member has not filed for retirement. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 7b – PROPOSED FINDINGS OF FACTS, CONCLUSIONS OF LAW AND RECOMMENDATION PREPARED BY HEARING OFFICER FOR GRIEVANCES

FILED BY JANNA MELTON: Janna Melton gave her statement to the Board via conference phone. Ms. Ezell, OTRS General Counsel, gave her statement to the Board.

Dr. Lewis left at 11:30 a.m.

ITEM 8b - EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 SECTION 307(B)(8) FOR THE PURPOSE OF ENGAGING IN DELIBERATIONS OR RENDERING A FINAL OR INTERMEDIATE DECISION IN AN INDIVIDUAL PROCEEDING PURSUANT TO ARTICLE II OF THE ADMINISTRATIVE PROCEDURES ACT REGARDING GRIEVANCES OF JANNA MELTON:

- A) A motion was made by Dr. Winters with a second made by Mr. Oster to resolve into Executive Session at 11:35 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr.

Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher. Assistant Attorney General Matt Stangl advised the Trustees during Executive Session. Interim Executive Director Tom Spencer was also present during the Executive Session.

- B)** After much discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Oster to return to open session at 12:00 p.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Open Session reconvened at 12:00 p.m.

ITEM 9b – ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION REGARDING GRIEVANCE FILED BY JANNA MELTON: A motion was made by Ms. Kerr with a second made by Ms. Stephenson to adopt the rulings of the administrative law judge regarding Ms. Melton. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 10 - EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 SECTION 307(B)(4) FOR CONFIDENTIAL COMMUNICATIONS BETWEEN A PUBLIC BODY AND ITS ATTORNEY CONCERNING A PENDING ACTION REGARDING MEMBER CONTRIBUTIONS IF THE PUBLIC BODY, WITH THE ADVICE OF ITS ATTORNEY, DETERMINES THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE PUBLIC BODY TO PROCESS THE CLAIM OR CONDUCT A PENDING INVESTIGATION, LITIGATION, OR PROCEEDING IN THE PUBLIC INTEREST:

- A)** A motion was made by Dr. Winters with a second made by Ms. Geiger to resolve into Executive Session at 12:00 p.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher. Interim Executive Director Tom Spencer and OTRS General Counsel Julie Ezell were present during all of the Executive Session. Dudley Hyde, Brandon Long, and John Papahronis with McAfee & Taft were present during some of the Executive Session.

A break was taken from 12:55 – 1:00 p.m.

- B)** After extensive discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Oster to return to open session at 1:24 p.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Open Session reconvened at 1:24 p.m.

ITEM 11 – ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: No action was taken.

ITEM 12 – FY 2014 ACTUARIAL VALUATION: Mark Randall and Ryan Falls, Actuarial Consultants from Gabriel Roeder Smith & Company, gave their presentation of the June 30, 2014

Actuarial Report. Highlights of the report included an improved funded ratio of 63.2% (57.2% in FY 2013) and a shorter funding period of 11 years (17 years in FY 2013). After further discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Gaddis to approve the FY 2014 Actuarial Valuation Report. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Peacher left at 2:10 p.m.

ITEM 13 – BOARD COMMITTEE REPORTS: Dr. Gary Trennepohl, Chair of the Governance Committee, said there was no report from the committee. No action was necessary.

Mr. Stewart Meyers, Chair of the Audit Committee, said that the internal auditors, Stinnett & Associates, were still conducting interviews with the OTRS staff and that the process was continuing as planned. No action was necessary.

ITEM 14- APPROVAL OF PROPOSED SCHEDULE FOR 2015 BOARD OF TRUSTEES MEETINGS: A motion was made by Mr. Oster with a second by Ms. Stephenson to approve the schedule for the 2015 Board of Trustees meetings for the Oklahoma Teachers Retirement System. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Dr. Winters.

ITEM 15 - DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS: Dixie Moody, Director of Client Services, gave a brief presentation to the Board. After some discussion, a motion was made by Mr. Oster with a second made by Ms. Geiger to approve the monthly retirement report. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Dr. Winters.

Melissa Kempkes, Investment Analyst, gave a brief presentation regarding the activities of the Investment Department. No action was necessary.

Kim Bold, Director of Human Resources, gave a brief presentation on the HR department. No action was necessary.

Debra Plog, Manager of Employer Reporting, gave a brief presentation to the Board. No action was necessary.

Riley Shaull, Comptroller, presented the Finance Report to the Board. After a brief discussion, no action was necessary.

Julie Ezell, General Counsel to the Board, gave a her legal report. After some discussion, no action was necessary.

Tom Spencer, Interim Executive Director, presented his report to the Board. After a brief discussion, no action was necessary.

ITEM 19 - QUESTIONS AND COMMENTS FROM TRUSTEES: Many of the Trustees commended the OTRS staff on their work.

ITEM 20 - NEW BUSINESS: There was no new business from the Board.

ITEM 18 – ADJOURNMENT: There being no further business, a motion was made by Dr. Winters with a second made by Mr. Gaddis to adjourn the meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Gaddis, Ms. Geiger, Mr. Florence, Ms. Harris, Ms. Kerr, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Dr. Winters. The meeting was adjourned at 2:47 p.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, Chairman

BY: _____
Vernon Florence, Vice-Chairman

ATTEST:

BY: _____
Beth Kerr, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on November 19, 2014.

BY: _____
Susan Yingling, Executive Assistant to the Executive Director

October 2014 - Market Performance Update

US Equities Recover

Equity Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	2.2	14.5	16.2	15.3
NASDAQ (prc chg only)	3.1	18.1	19.9	17.8
S&P 500 cap weighted	2.4	17.3	19.8	16.7
S&P 500 equal weighted	3.0	17.1	21.0	19.1
S&P Mid Cap	3.6	11.7	18.7	18.3
S&P Small Cap	7.1	9.3	20.0	19.2
S&P REIT	10.0	19.1	15.1	19.3
Alerian MLP	-4.6	16.9	17.2	21.7
Russell 1000 Growth	2.6	17.1	19.3	17.4
Russell 1000 Value	2.3	16.5	20.4	16.5
Russell Mid Cap Growth	2.8	14.6	18.7	18.7
Russell Mid Cap Value	3.4	16.2	21.3	19.2
Russell 2000 Growth	6.2	8.3	18.4	18.6
Russell 2000 Value	7.0	7.9	17.9	16.2
Russell Top 200	2.2	17.4	19.8	16.2
Russell 1000	2.4	16.8	19.9	17.0
Russell Mid Cap	3.1	15.3	20.1	19.0
Russell 2500	4.4	10.2	19.0	18.4
Russell 2000	6.6	8.1	18.2	17.4
MSCI World Ex US	-1.6	-0.2	9.1	6.5
MSCI World Ex US Growth	-1.0	0.3	8.7	7.1
MSCI World Ex US Value	-2.2	-0.6	9.5	5.9
MSCI EAFE	-1.5	-0.6	9.7	6.5
MSCI Emerging Markets	1.2	0.6	3.2	4.6

Markets posted diverse returns during October. The U.S. equity market staged a remarkable recovery while most foreign equity markets continued to move lower. Bonds ended the month slightly positive.

All major diversified domestic equity indexes finished the month higher. Small stocks outperformed large ones while style indexes showed mixed results. Developed international markets declined during October. Emerging markets posted a modest gain. REITs posed remarkable returns while MLPs were down on oil price fears.

The aggregate bond market earned a modest October return. Long Treasuries rose almost 3% while Treasury bills remained flat.

Bond Total Returns				
Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.0	0.1	0.1
BC Long Treasury	2.8	13.2	4.3	7.9
BC US Agg	1.0	4.1	2.7	4.2



Manager Profile - Hoisington Investment Management



Asset Class:	Active Duration Fixed Income
Status:	In Compliance
Portfolio Size:	\$304,422,083
Inception Date:	11/1/2004
Current Allocation:	2.2%
Annual Management Fee:	0.15%
Location:	Austin, Texas
Structure:	Privately Held
Portfolio Management Team:	Van Hoisington Dr. Lacy Hunt Janice Bright David Hoisington Van Hoisington, Jr. John Dahlheim
Represented by:	David Hoisington Janice Bright

Notes:

Hoisington employs a unique investment process to manage active duration bond portfolios. The firm invests only in U.S. Treasury issues. Their investment process focuses completely on managing portfolio duration to maximize total return. The portfolio's returns can be volatile. However, returns have shown negative correlation to equities and equity market volatility.

The firm has provided exceptionally strong results since inception. Performance could be subdued in the future should interest rates rise.

Hoisington is a stable organization. The firm was founded in 1981 and currently has approximately \$6 billion in client assets under management. There have been no major changes in the management team since the firm was hired.

Firm AUM:	\$5.6 Billion
Product AUM:	\$3.7 Billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Hoisington Active Duration	8.4%	9.4%	5.0%	17.5%	6.2%	3.3%
BC Aggregate Bond Index	4.6%	4.2%	2.7%	4.1%	1.4%	1.0%
BC Long Treasury Index	6.9%	7.9%	4.3%	13.2%	4.9%	2.8%
91 Day T-bills	1.5%	0.1%	0.1%	0.0%	0.0%	0.0%

Risk Characteristics	3 Year Std Deviation	Sharpe Ratio	Duration	Credit Quality	Yield to Maturity	Number of Holdings
Hoisington	12.74	0.31	19.99	AAA	3.01	12
BC Aggregate Bond Index	2.7	0.89	5.6	AA	3.14	8958

Manager Profile - Causeway Capital Management



Asset Class:	International Large Cap Equity
Status:	In Compliance
Portfolio Size:	\$529,321,903
Inception Date:	5/1/2003
Current Allocation:	3.8%
Annual Management Fee:	0.37%
Location:	Los Angeles, CA
Structure:	Privately Held
Portfolio Management Team:	Sarah H. Ketterer Harry W. Hartford

Notes:

Causeway employs a team of fundamental analysis to develop expected returns for undervalued securities. Portfolios are constructed using quantitative measures to control risk and optimize performance characteristics.

Represented by:	Harry W. Hartford Eric Crabtree
-----------------	------------------------------------

Founded:	2001
Firm AUM:	\$36.6 Billion
Product AUM:	\$2.6 Billion

Return Profile		Since Inception		Last 10 Years		Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month	
Causeway		10.3		7.1		9.5		12.1		0.3		-3.1		-1.2	
	MSCI ACWI Ex US		9.7		6.6		6.1		7.8		0.1		-5.2		-1.0

Risk Characteristics		Number of Holdings		Average Mkt Cap		Dividend Yield		P/E Ratio		P/B Ratio	
Causeway		168		\$23,122		3.0%		13.9		1.6	
	MSCI ACWI Ex US		1,829		\$30,770		-	15.0		1.6	

Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,934,729,949	21.1%	17.0%	4.1%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	2,048,078,462	14.7%	13.0%	1.7%	
Small Cap	1,435,523,052	10.3%	10.0%	0.3%	
Total Domestic Equity	6,418,331,462	46.1%	40.0%	6.1%	
Large Cap International Equity	1,410,297,089	10.1%	11.5%	-1.4%	
Small Cap International Equity	787,908,431	5.7%	6.0%	-0.3%	
International Transition Account	65,204				
Total International Equity	2,198,270,723	15.8%	17.5%	-1.7%	
Core Fixed Income	2,145,751,923	15.4%	17.5%	-2.1%	
High Yield Bonds	779,191,818	5.6%	6.0%	-0.4%	
MLPs	1,148,309,623	8.2%	7.0%	1.2%	
Private Equity	423,020,891	3.0%	5.0%	-2.0%	
Real Estate	635,098,413	4.6%	7.0%	-2.4%	
Opportunistic Assets	168,342,419	1.2%	0.0%	1.2%	
Total Non-Core Assets	3,153,963,165	22.6%	25.0%	-2.4%	
Cash	10,475,907	0.1%	0.0%	0.1%	
Composite	13,926,857,969	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of October 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,926,857,969	12/1/1991	22.9	9.8	8.8	13.3	15.1	11.4	-0.4	7.4	1.8	1.2
Total Fund (Net of Fees)				9.4	8.4	13.0	14.7	11.0	-0.5	7.2	1.7	1.2
Allocation Index				9.5	7.6	12.1	12.9	9.6	0.2	6.7	2.1	1.5
Actuarial Assumption				8.0	8.0	8.0	8.0	8.0	2.4	6.2	1.9	0.6
Total Domestic Equity	6,418,331,462	4/1/1990	24.6	11.0	9.2	17.5	20.6	14.3	0.6	7.9	4.1	3.0
S&P 500	46.1%			9.8	8.2	16.7	19.8	17.3	3.6	11.0	5.0	2.4
Total All Cap Equity	956,230,959	9/1/2006	8.2	7.8	-	16.5	18.6	14.8	2.8	8.3	4.7	2.8
Russell 3000	6.9%			8.0	8.6	17.0	19.8	16.1	2.8	9.9	4.8	2.8
Total Large Cap Active Equity	1,145,893,087	1/1/1995	19.8	10.7	8.2	17.5	21.9	17.4	2.8	10.6	4.6	2.2
S&P 500	8.2%			9.8	8.2	16.7	19.8	17.3	3.6	11.0	5.0	2.4
Total Mid Cap Equity	2,048,078,462	11/1/1998	16.0	10.6	11.4	19.2	21.6	14.8	-0.2	7.8	3.5	2.9
Russell Mid Cap	14.7%			10.0	10.4	19.0	20.1	15.3	1.4	10.2	4.5	3.1
Total Small Cap Equity	1,435,523,052	2/1/1998	16.8	9.6	9.5	16.5	19.8	9.8	-2.6	3.5	3.7	4.2
Russell 2000	10.3%			7.6	8.7	17.4	18.2	8.1	-1.3	1.9	5.1	6.6
Total International Equity	2,198,270,723	2/1/1998	16.8	8.8	6.7	7.4	10.2	-2.7	-7.3	-5.3	-5.0	-2.5
MSCI ACWI ex-US	15.8%			-	7.1	6.6	8.2	0.5	-6.1	-0.6	-5.2	-1.0
Core Fixed Income (ex- High Yield)	2,145,751,923	4/1/1990	24.6	6.6	6.7	7.0	5.8	6.0	0.7	6.3	1.1	0.9
Barclays Aggregate	15.4%			6.6	4.6	4.2	2.7	4.1	1.2	5.1	1.4	1.0
Master Limited Partnerships	1,148,309,623	2/28/2011	3.7	21.8	-	-	25.9	31.0	-4.2	23.7	1.3	-3.7
Alerian MLP Index	8.2%			14.9	15.6	21.7	17.2	16.9	-2.0	14.0	1.6	-4.6
High Yield Bonds	779,191,818	2/1/2009	5.7	14.8	-	10.5	10.0	6.8	-0.8	5.7	0.4	1.0
ML High Yield II	5.6%			15.9	8.1	10.3	9.2	5.9	-0.8	4.8	0.5	1.1
Core Real Estate	636,061,439	4/1/2011	3.6	-	-	-	-	-	-	-	-	-
NCREIF	4.6%			12.7	-	-	12.3	12.4	3.2	8.9	3.2	0.0
Cash	10,475,907	4/1/1990	24.6	-	-	-	-	-	-	-	-	-
91 Day T-bill	0.1%			-	1.6	0.1	0.1	0.1	0.0	0.0	0.0	0.0



Equity Portfolios Summary

As of October 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
All Cap / Large Cap Domestic												
Hotchkis & Wiley Large Cap	594,638,161	4/1/1990	24.6	11.2	7.5	18.2	23.2	17.6	1.1	10.7	3.5	1.4
Russell 1000 Value	4.3%			10.3	7.9	16.5	20.4	16.5	2.0	10.5	3.8	2.2
Sawgrass	551,254,926	7/1/2006	8.3	9.2	-	17.4	20.4	17.2	4.7	10.6	5.8	3.1
Russell 1000 Growth	4.0%			9.4	9.1	17.4	19.3	17.1	4.2	10.7	5.8	2.6
ARI All Cap	470,108,264	9/1/2006	8.2	6.8	-	16.1	17.6	12.7	0.7	6.8	3.9	2.9
Russell 3000	3.4%			8.0	8.6	17.0	19.8	16.1	2.8	9.9	4.8	2.8
EPOCH All Cap	486,122,695	9/1/2006	8.2	8.7	-	16.8	19.5	16.8	4.8	9.8	5.6	2.7
Russell 3000	3.5%			8.0	8.6	17.0	19.8	16.1	2.8	9.9	4.8	2.8
Passive Domestic Equity												
NT Cap Weighted Passive	416,201,874	4/1/2012	2.6	17.7	-	-	-	17.0	3.5	11.0	5.0	2.4
S&P 500 Cap Weighted	3.0%			17.4	8.2	16.7	19.8	17.3	3.6	11.0	5.0	2.4
SSGA Eq Weighted Passive	416,404,029	4/1/2012	2.6	20.0	-	-	-	17.0	2.4	11.2	4.8	3.0
S&P 500 Equal Weighted	3.0%			11.4	10.3	19.1	21.0	17.1	2.3	11.2	4.7	3.0
Mid Cap Domestic Equity												
Frontier Capital	521,887,105	6/1/2002	12.4	10.6	12.2	17.6	19.1	14.2	-0.2	8.6	4.0	3.7
Russell Mid Cap Growth	3.7%			9.7	10.2	18.7	18.7	14.6	2.0	8.6	5.2	2.8
Wellington Management	464,438,143	9/1/1998	16.2	10.7	10.5	16.0	16.6	11.3	-0.9	2.5	3.6	4.8
Russell Mid Cap Growth	3.3%			9.2	10.2	18.7	18.7	14.6	2.0	8.6	5.2	2.8
AJO Partners	550,119,500	8/1/1998	16.3	11.5	11.1	20.4	22.5	18.7	2.9	11.3	5.2	2.9
Russell MidCap	4.0%			9.6	10.4	19.0	20.1	15.3	1.4	10.2	4.5	3.1
Hotchkis & Wiley Mid Cap	511,633,714	8/1/2002	12.3	14.5	11.5	22.8	28.0	14.4	-2.8	8.5	1.1	0.7
Russell MidCap Value	3.7%			12.0	10.3	19.2	21.3	16.2	0.7	11.9	3.7	3.4
Small Cap Domestic Equity												
Shapiro Capital Management	673,581,469	2/1/1998	16.8	10.9	12.4	20.2	22.2	15.0	-5.2	6.4	2.3	3.2
Russell 2000	4.8%			8.6	7.8	16.1	17.9	7.9	-1.3	1.9	4.1	7.0
Geneva Capital	190,443,145	6/1/2013	1.4	12.7	-	-	-	-0.2	1.9	-3.2	6.9	5.3
Russell 2000 Growth	1.4%			16.1	18.6	18.4	23.0	8.3	-0.3	1.9	6.1	6.2
Wasatch Advisors	189,273,397	6/1/2013	1.4	11.2	-	-	-	6.6	2.5	2.2	7.0	7.9
Russell 2000 Growth	1.4%			16.1	18.6	18.4	23.0	8.3	-0.3	1.9	6.1	6.2
Cove Street Capital	104,820,611	6/1/2013	1.4	10.2	-	-	-	1.0	-5.0	-2.7	0.2	1.2
Russell 2000 Value	0.8%			13.3	7.8	16.2	17.9	7.9	-2.2	1.9	4.1	7.0
Frontier Capital	158,385,137	6/1/2013	1.4	12.0	-	-	-	9.3	-4.7	3.4	2.1	4.4
Russell 2000 Value	1.1%			13.3	7.8	16.2	17.9	7.9	-2.2	1.9	4.1	7.0
Neumeier Poma	119,019,293	6/1/2013	1.4	19.6	-	-	-	13.2	2.7	7.3	7.5	5.3
Russell 2000 Value	0.9%			13.3	7.8	16.2	17.9	7.9	-2.2	1.9	4.1	7.0
International Large Cap Equity												
Causeway Capital	529,321,903	5/1/2003	11.5	10.3	7.1	9.4	12.1	0.3	-5.0	-2.2	-3.1	-1.2
MSCI ACWI Ex US	3.8%			9.7	6.6	6.1	7.8	0.1	-6.1	-0.6	-5.2	-1.0
Northern Trust Passive	879,443,628	9/1/2013	1.2	4.1	-	-	-	0.9	-6.2	-1.3	-4.3	-0.4
MSCI EAFE	6.3%			-	6.3	6.6	13.7	4.3	-5.9	-	-5.9	-3.8
Transition Account - Northern	65,204	9/1/2014	0.2	-	-	-	-	-	-	-	-	-
-	0.0%			-	-	-	-	-	-	-	-	-
Thornburg - Terminated	1,529,164	1/1/2006	8.8	-	-	-	-	-	-	-	-	-
MSCI ACWI Ex US	0.0%			4.4	6.6	6.1	7.8	0.1	-6.1	-0.6	-5.2	-1.0
International Small Cap Equity												
ARI Small Cap International	208,242,578	12/1/2011	2.9	16.0	-	-	-	3.2	-7.6	1.1	-5.3	-2.9
MSCI EAFE Small Cap	1.5%			13.6	7.4	8.9	11.1	-2.0	-7.2	-4.7	-7.5	-2.0
Epoch Small Cap International	191,454,373	12/1/2011	2.9	12.1	-	-	-	-5.3	-11.9	-7.9	-8.0	-3.4
MSCI EAFE Small Cap	1.4%			13.6	7.4	8.9	11.1	-2.0	-7.2	-4.7	-7.5	-2.0
Wasatch Small Cap International	191,837,841	12/1/2011	2.9	18.4	-	-	-	-3.6	-4.7	-5.0	-3.3	1.1
MSCI EAFE Small Cap	1.4%			13.6	7.4	8.9	11.1	-2.0	-7.2	-4.7	-7.5	-2.0
Wellington Small Cap International	196,373,639	12/1/2011	2.9	17.5	-	-	-	-3.0	-11.2	-7.2	-8.6	-3.1
MSCI EAFE Small Cap	1.4%			13.6	7.4	8.9	11.1	-2.0	-7.2	-4.7	-7.5	-2.0



Fixed Income Portfolios Summary

As of October 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Core Fixed Income												
Loomis Sayles	619,465,470	8/1/1999	15.2	7.2	7.6	7.9	6.6	7.0	0.6	7.5	1.0	1.0
Barclays Aggregate	4.4%			5.6	4.6	4.2	2.7	4.1	1.2	5.1	1.4	1.0
Lord Abbett	610,985,650	11/1/2004	9.9	6.2	6.2	6.2	5.1	6.0	1.2	6.5	1.3	1.0
Barclays Aggregate	4.4%			4.6	4.6	4.2	2.7	4.1	1.2	5.1	1.4	1.0
Mackay Shields	610,878,719	11/1/2004	9.9	6.4	6.4	6.9	5.6	5.1	0.4	4.9	0.9	0.7
Barclays Aggregate	4.4%			4.6	4.6	4.2	2.7	4.1	1.2	5.1	1.4	1.0
Active Duration Fixed Income												
Hoisington	304,422,083	11/1/2004	9.9	8.4	8.4	9.4	5.0	17.5	7.1	24.0	6.2	3.3
Barclays Aggregate	2.2%			4.6	4.6	4.2	2.7	4.1	1.2	5.1	1.4	1.0
High Yield Fixed Income												
Loomis Sayles High Yield	259,625,198	2/1/2009	5.7	14.9	-	10.1	10.2	7.0	-0.9	6.3	0.6	1.1
Merrill Lynch High Yield II	1.9%			15.9	8.1	10.3	9.2	5.9	-0.8	4.8	0.5	1.1
Lord Abbett High Yield	261,092,253	2/1/2009	5.7	15.8	-	11.7	11.1	7.7	-0.8	6.1	0.5	0.9
Merrill Lynch High Yield II	1.9%			15.9	8.1	10.3	9.2	5.9	-0.8	4.8	0.5	1.1
MacKay Shields High Yield	258,474,368	2/1/2009	5.7	13.8	-	9.8	8.7	5.6	-0.7	4.7	0.3	1.0
Merrill Lynch High Yield II	1.9%			15.9	8.1	10.3	9.2	5.9	-0.8	4.8	0.5	1.1



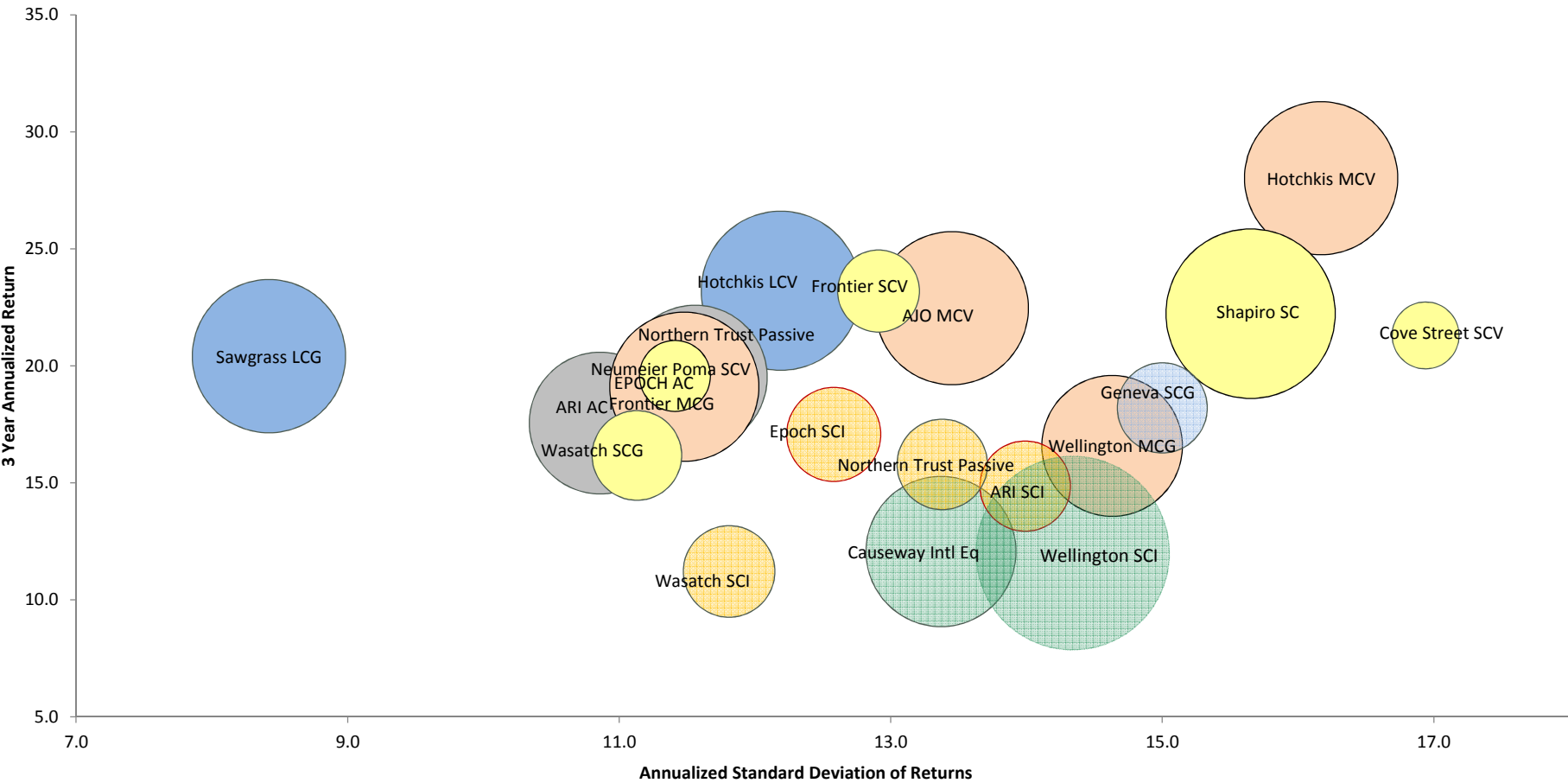
Non-Traditional Portfolios Summary

As of October 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Calendar YTD	Last Quarter	Last Month
Master Limited Partnerships												
Chickasaw Capital MLP	408,693,873	2/28/2011	3.7	29.1	-	-	34.4	37.2	-4.8	27.2	1.5	-3.8
Alerian MLP Index	2.9%			14.9	15.6	21.7	17.2	16.9	-2.0	14.0	1.6	-4.6
Cushing MLP Management	401,633,943	2/28/2011	3.7	23.1	-	-	27.7	34.9	-3.5	25.5	2.0	-3.1
Alerian MLP Index	2.9%			14.9	15.6	21.7	17.2	16.9	-2.0	14.0	1.6	-4.6
ARI MLP	337,981,807	2/28/2011	3.7	16.0	-	-	19.2	22.5	-4.5	18.2	0.2	-4.2
Alerian MLP Index	2.4%			14.9	15.6	21.7	17.2	16.9	-2.0	14.0	1.6	-4.6
Private Equity												
Legacy Private Equity Portfolio	61,021,778	10/1/2008	6.1	-	-	-	-	-	-	-	-	-
Franklin Park Private Equity	361,999,113	4/1/2010	4.6	-	-	-	-	-	-	-	-	-
	3.0%			-	-	-	-	-	-	-	-	-
Real Estate												
AEW Real Estate	217,202,202	5/1/2011	3.5	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.6%			-	-	-	-	-	-	-	-	-
Heitman Real Estate	215,360,082	5/1/2011	3.5	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.5%			-	-	-	-	-	-	-	-	-
L&B Real Estate	193,249,745	4/1/2011	3.6	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	1.4%			-	-	-	-	-	-	-	-	-
L&B Golden Driller	963,026	7/1/2014	0.3	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.0%			-	-	-	-	-	-	-	-	-
Greenoak Real Estate	8,323,358	10/1/2014	0.1	-	-	-	-	-	-	-	-	-
NCREIF - OEDCE	0.1%			-	-	-	-	-	-	-	-	-
Opportunistic Fixed Income												
PIMCO BRAVO	70,318,081	3/31/2011	3.6	-	-	-	-	-	-	-	-	-
Barclays Aggregate	0.5%			-	-	-	-	-	-	-	-	-
PIMCO BRAVO II	98,024,338	3/31/2013	1.6	-	-	-	-	-	-	-	-	-
Barclays Aggregate	0.7%			-	-	-	-	-	-	-	-	-

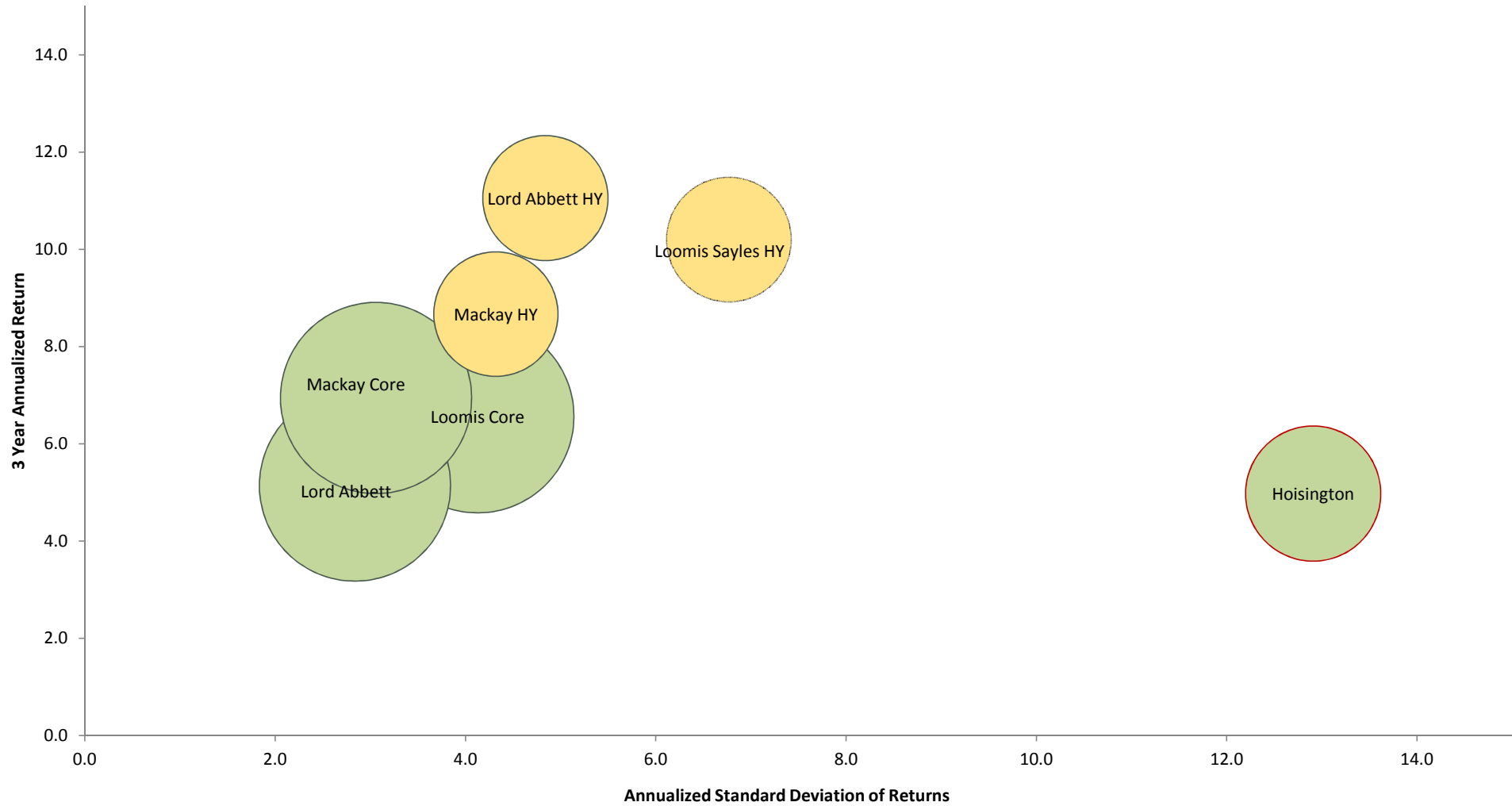


Three Year Risk/Return Review - Equity Portfolios



¹Actual OTRS results used when available, composite when necessary.

Three Year Risk/Return Review - Fixed Income Portfolios



¹Actual OTRS results used when available, composite when necessary.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report
third quarter, 2014**



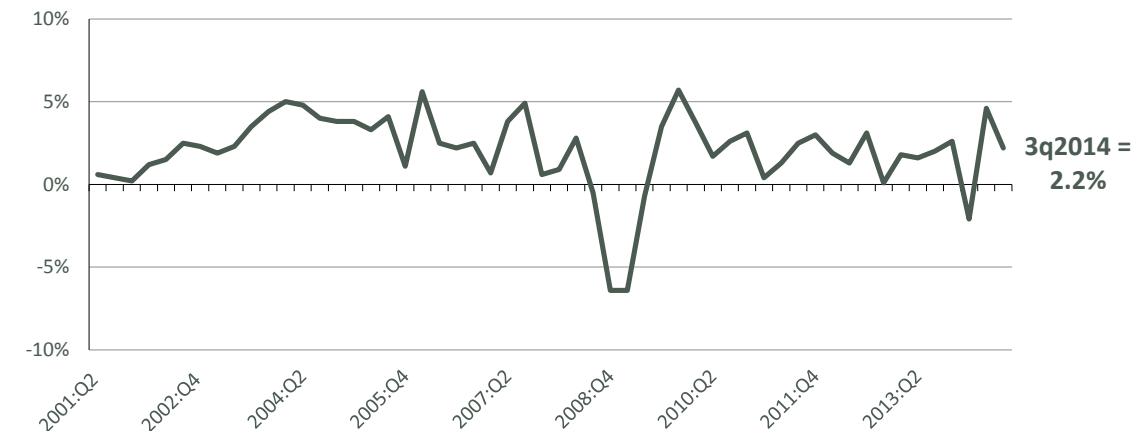
Market Environment – Third Quarter, 2014

- Global economic growth continued at a below average pace during the third quarter. Equity markets surged during the early part of the quarter before pausing during September. Many markets finished the quarter lower. Performance favored lower risk equities as geopolitical uncertainty worried markets. Equity markets displayed low performance correlations. The bond market was challenged; the better parts posted modest gains. International investments were negative during the quarter.
- Domestic real GDP stabilized during the middle two quarters of 2014. Second quarter real GDP growth came in at 4.6% while the third quarter initial measure was 2.2%. A solid rebound from the very soft first quarter drove second quarter gains while military spending pushed the third quarter result higher than most expected.
- The U.S. unemployment rate improved to 5.9% from 6.1% during the quarter. Labor force participation trended slightly lower to 62.7%.
- The U.S. consumer price index rose 1.7% over the year ended September 30, 2014.
- Earlier this year, the Federal Reserve started to wind down its stimulative bond buying program (Quantitative Easing). The goal of the program was to hold interest rates low to encourage investment. Interest rates decreased at the conclusion of previous QE programs.
- Short term interest rates remain pegged at 0.0%, They have been fixed at this level for six years. Highly scrutinized comments from the Federal Reserve suggest that they will remain low for a considerable period.
- Market volatility changed dramatically during the quarter. After an extended period of low price movement, volatility showed two sharp spikes during the quarter, ending the period roughly 40% higher.

Labor Force Participation Rate



US Real GDP Growth - Annualized



Equity Markets – Third Quarter, 2014

- The U.S. equity market saw volatility spike during the third quarter. Large caps, which earned modest returns, outperformed mid and small caps. Growth outperformed value. Trailing year returns remained quite high (+19.0%).
- Information Technology (+4.3% return), Health Care (+5.2%), and Financials (+1.5%) were the best performing sectors by contribution. Energy was the poorest returning sector, falling -8.5%). Utilities and Industrials also suffered third quarter losses.
- The market's top contributing performers were Apple (+9.0%), Gilead Sciences (+28.4%), and Microsoft (+11.9%). The bottom three contributors were Exxon Mobil (-5.9%), Schlumberger (-13.5%), and Chevron (-7.8%).
- Valuations remain reasonable. Based on historical measures, growth stocks are relatively cheaper than value stocks. The broad market forward P/E ratio was 15.6x at quarter end vs. 16.3x for its fifteen year average. The market's dividend yield was 2.0% vs. 1.7% for its long term average. The broad market is 47% higher than its previous high (October 2007) and 228% above the low set in March of 2009.
- Foreign equity markets stumbled as economic activity in Europe, Japan and China slowed. The MSCI All Country World index fell -5.7% during the quarter (\$USD). Emerging markets suffered a loss (-3.5% return) but outperformed developed markets (-5.9%) for the quarter.
- The top performing sectors in the MSCI ACWI ex-US index were Health Care (+0.9%) Telecommunications Services (-1.9%) and Information Technology (-5.7%). All other sectors posted third quarter losses. Energy was poorest, falling -10.0%.
- Top performance contributors were China Mobile (+20.9% return), Novartis (+4.2%), and Sanofi (+6.5%). Top detractors were BP (-15.5%), BASF (-21.2%), and Samsung (-14.4%).
- Developed non-US equity valuations remain above average. The forward P/E ratio for the EAFE index ended the quarter at 13.9x vs. 12.6x for its ten year average. Emerging markets valuations are slightly below average: the MSCI EM index forward P/E ratio was 10.8x vs. 11.0x for its ten year average.
- Equity returns have been strong over the past three years. The rise in volatility and decline in share prices seen during the third quarter was not unusual in the history of equity markets.

Current P/E Ratio as Percentage of Long Term Average

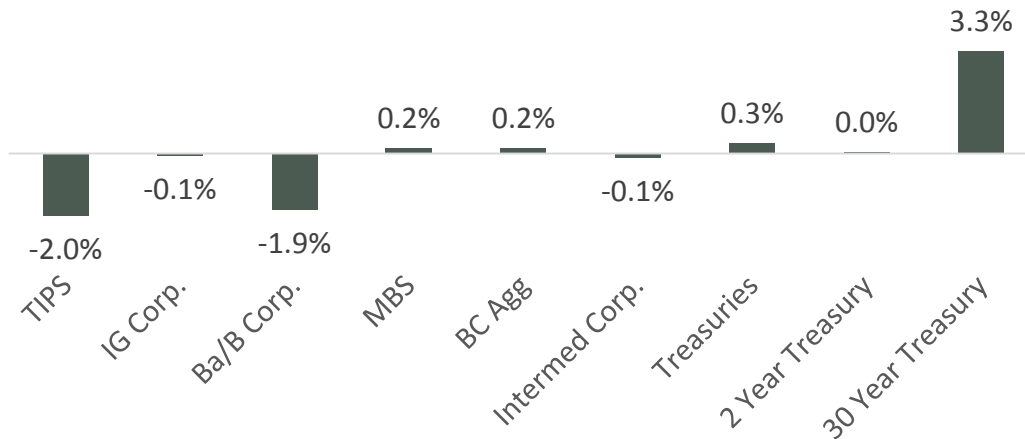
	Value	Blend	Growth
Large	106%	89%	86%
Mid	116%	110%	92%
Small	112%	103%	92%

Russell 1000 Sector Analytics	Ending Weight	3q 2014 Return	Contribution
Consumer Discretionary	12.3%	0.1%	0.0%
Consumer Staples	8.7%	1.6%	0.1%
Energy	9.2%	-8.5%	-0.8%
Financials	17.0%	1.5%	0.2%
Health Care	13.6%	5.2%	0.7%
Industrials	11.0%	-2.1%	-0.2%
Information Technology	19.0%	4.3%	0.8%
Materials	3.8%	-0.8%	-0.0%
Telecommunications	2.3%	2.4%	0.0%
Utilities	3.0%	-4.4%	-0.1%
Total	100.0%	0.7%	20.7%

Fixed Income – Third Quarter, 2014

- Fixed income markets had a difficult quarter as economic uncertainty pushed interest rates around. The Treasury yield curve flattened as the intermediate segment of the curve rose in anticipation of a Fed rate increase while long term rates fell due to the still weak global economy. The long bond rally is still a major surprise to most fixed income investors. The long bond yield began 2014 at 3.9%, sank to 3.4% by mid-year and fell to 3.2% by September 30 and fell below 3% post quarter end.
- The U.S. dollar was very strong during the third quarter, which depressed foreign asset prices. This had a relatively large negative impact on foreign bond prices. The Global Treasury bond index fell almost 4% during the quarter.
- Investment Grade and High Yield bond spreads widened as investors looked for safety as global concerns increased and the stock market fell. Performance was choppy as higher quality bonds outperformed. However, defaults in high yield bonds remained low (1.7% vs. 4.4% historical rate).

Barclays Index Returns – 3q2014



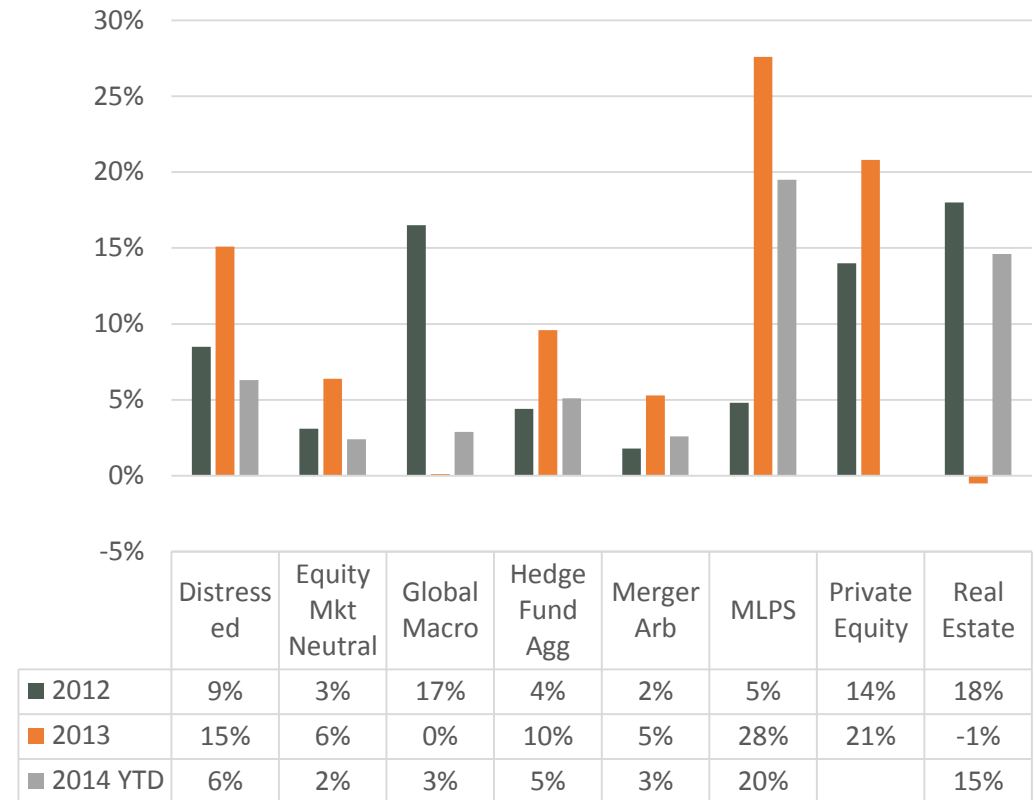
Risk Level	Interest Rate Forecast	Time Horizon			
		1 Year		3 Years	
		Terminal Yield	Total Return	Terminal Yield	Total Return
Low Risk	Pessimistic	2.5%	-3.2%	4.0%	-1.6%
2 Year Treasury	Most Likely	1.3%	-0.8%	3.0%	-1.0%
Present YTM: 0.46%	Optimistic	0.5%	0.7%	2.0%	-0.4%
Medium Risk	Pessimistic	4.5%	-13.5%	5.5%	-5.4%
10 Year Treasury	Most Likely	3.8%	-7.9%	4.5%	-2.9%
Present YTM: 2.53%	Optimistic	2.5%	2.4%	3.5%	-0.3%
High Risk	Pessimistic	5.5%	-30.4%	6.0%	-10.7%
30 Year Treasury	Most Likely	4.5%	-18.1%	5.0%	-6.3%
Present YTM: 3.36%	Optimistic	3.0%	7.2%	4.0%	-1.3%

Yields and Spreads	6/30/2014	9/30/2014
3 Month T-Bill	0.02%	0.02%
2 Year Treasury	0.46%	0.57%
10 Year Treasury	2.53%	2.49%
30 Year Treasury	3.36%	3.20%
Yield Curve 2-10 Year	207	192
Yield Curve 2-30 Year	290	263

Alternative Investments – Third Quarter, 2014

- Alternative investments posted diverse returns during the third quarter. Year to date figures have also been widely divergent with MLPs and real estate posting strong returns while hedge fund returns trailed traditional asset categories.
- California Public Employees' Retirement System announced the end of its hedge fund program over the next year. While the report sent shock waves through the hedge fund community, the initial reaction was probably overblown.
- Hedge funds posted modest returns during the quarter. The HFRI weighted composite index gained 2.1% during the quarter. The top performing hedge fund categories were global macro and relative value arbitrage.
- Real estate investments suffered a setback as initial indications showed a loss on the quarter. Low-risk core real estate returns remained positive as investors continue to favor the asset class as fixed income alternative.
- Private equity returns have been positive but reasonable. The asset class gained just over 20% during 2013 and early indications are positive for 2014.
- Oil prices fell as U.S. production has increased dramatically while European demand has been weak. Saudi Arabia declined to decrease production to support prices. Natural gas prices declined while gold, silver, copper and beef prices moved higher.
- Master Limited Partnerships (energy infrastructure/transport entities) were the best category of alternative assets, gaining 2.7% during the third quarter. They were also best over the year to date period, gaining 19.5%. U.S. Domestic energy production is experiencing a renaissance that saw the U.S. eclipse Russia and Saudi Arabia in daily production over the past year.

Alternative Asset Category Returns



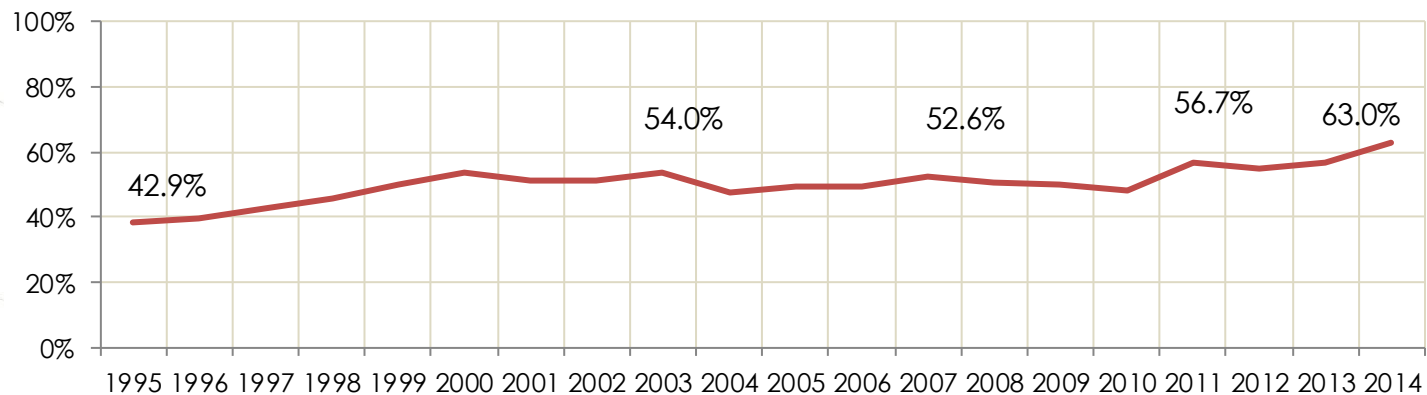
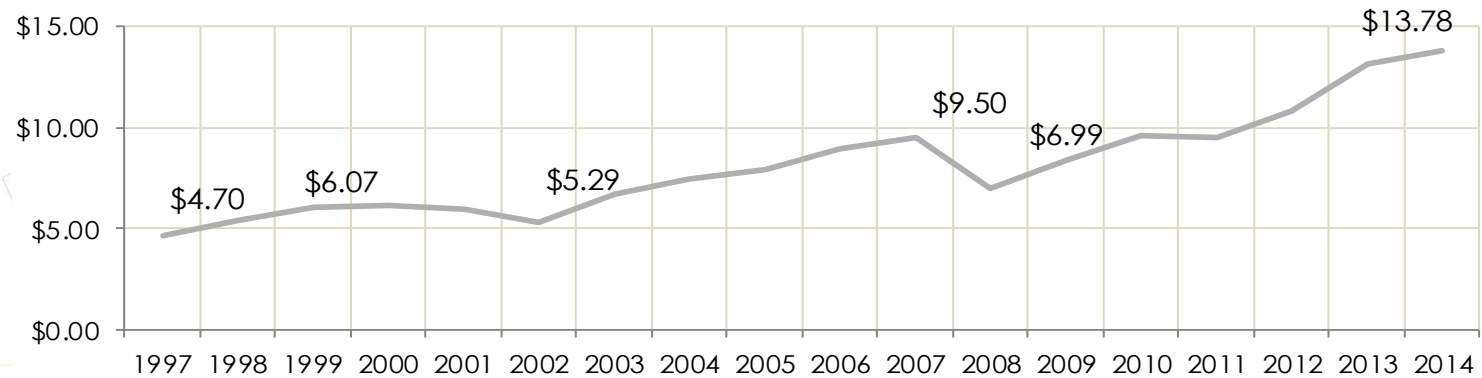
Domestic Equity	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
S&P 500	1.1	19.7	23.0	15.7	8.1
Russell 1000	0.7	19.0	23.2	15.9	8.5
Russell 1000 Value	-0.2	18.9	23.9	15.3	7.8
Russell 1000 Growth	1.5	19.2	22.5	16.5	8.9
Russell 3000	0.0	17.8	23.1	15.8	8.4
Russell Midcap	-1.7	15.8	23.8	17.2	10.3
Russell Midcap Value	-2.7	17.5	24.7	17.2	10.2
Russell Midcap Growth	-0.7	14.4	22.7	17.1	10.2
Russell 2000	-7.4	3.9	21.3	14.3	8.2
Russell 2000 Value	-8.6	4.1	20.6	13.0	7.3
Russell 2000 Growth	-6.1	3.8	21.9	15.5	9.0
Alerian MLP	2.7	25.8	23.0	23.6	16.2
Fixed Income	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
Barclays Capital Aggregate Bond	0.2	4.0	2.4	4.1	4.6
Barclays Capital Credit	0.0	6.6	4.8	6.1	5.4
Barclays Capital Government	0.3	2.3	1.1	3.1	4.2
Barclays Capital Govt/Credit	0.2	4.1	2.5	4.3	4.6
Barclays Capital Interm Credit	-0.1	4.0	4.1	5.2	4.9
Barclays Capital Interm Govt	0.0	1.1	0.9	2.5	3.7
Barclays Capital Interm Govt/Cred	0.0	2.2	2.0	3.4	4.1
Barclays Capital Long Credit	0.2	13.6	6.7	8.7	7.0
Barclays Capital Long Term Govt	2.7	11.6	2.0	7.0	6.8
Barclays Capital Long Govt/Credit	1.0	12.9	4.8	8.0	7.0
Barclays Capital Fixed Rate MBS	0.2	3.8	2.1	3.5	4.7
Merrill Lynch US High Yield Master II	-1.9	7.2	11.0	10.4	8.2
91 Day T-Bill	0.0	0.0	0.1	0.1	1.5
International	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
MSCI EAFE	-5.9	4.3	13.7	6.6	6.3
MSCI World ex US	-5.7	4.9	13.2	6.5	6.5
MSCI Europe	-7.2	4.9	14.9	6.6	6.5
MSCI Japan	-2.3	0.6	9.2	5.4	3.8
MSCI Pacific ex Japan	-5.9	1.4	12.1	7.3	10.2
MSCI Emerging Markets	-3.5	4.3	7.2	4.4	10.7
Citigroup Non-\$ World Gov	2.0	7.0	4.7	4.0	4.6

Trailing Year Total Fund Return

+13.4%

Plan History

Market Value History (\$Billions)



third quarter, 2014

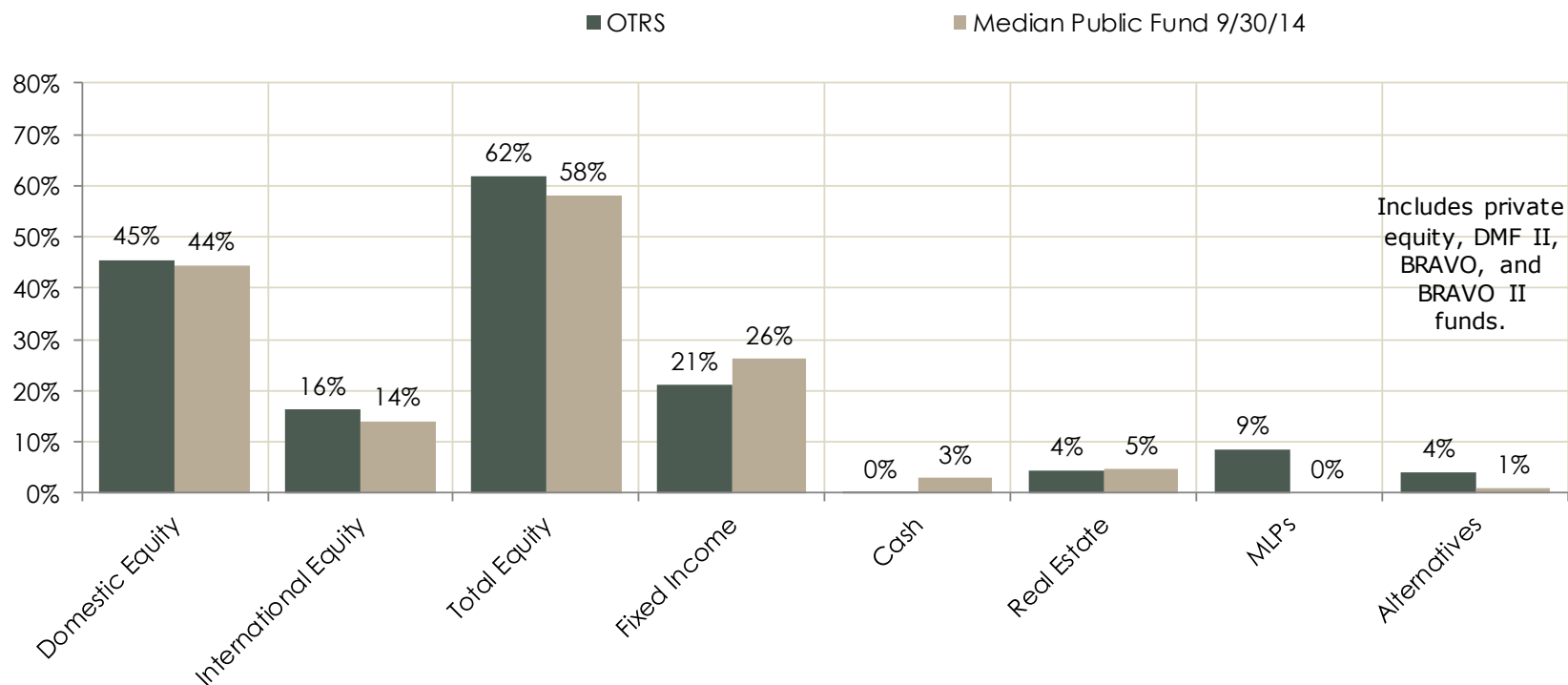
Observations – third quarter, 2014

- **INVESTMENT PERFORMANCE:** Total fund return was negative during the quarter. The total fund posted a -1.6% return. Domestic equity results were negative. Core fixed income results were slightly positive while High Yield returns were negative. The total fund's trailing returns were strong. The trailing year return was well above the actuarial assumption, above the allocation index and ranked in the top one percent among peer Pension Funds. **The total fund ranked in the first percentile of public funds for the one, three, five, and ten year observation periods.**
- **INVESTMENT MANAGEMENT:** Two large cap index fund portfolios were added in 2012. The new international small cap equity allocation added returns during the quarter. The MLP allocation is performing well above expectation. Five new domestic small cap managers were funded during the second quarter of 2013. An international equity index fund was added during early 2013.
- **ASSET ALLOCATION:** The total fund's aggregate asset allocations are in the process of moving to new long-term targets. No additional allocations were made to the Opportunistic Portfolio although several investments are under consideration. The private equity portfolio called significantly more capital over the past year compared to previous years. The three core real estate managers are fully invested, at their previous target level. Six non-core real estate portfolios were recently selected.

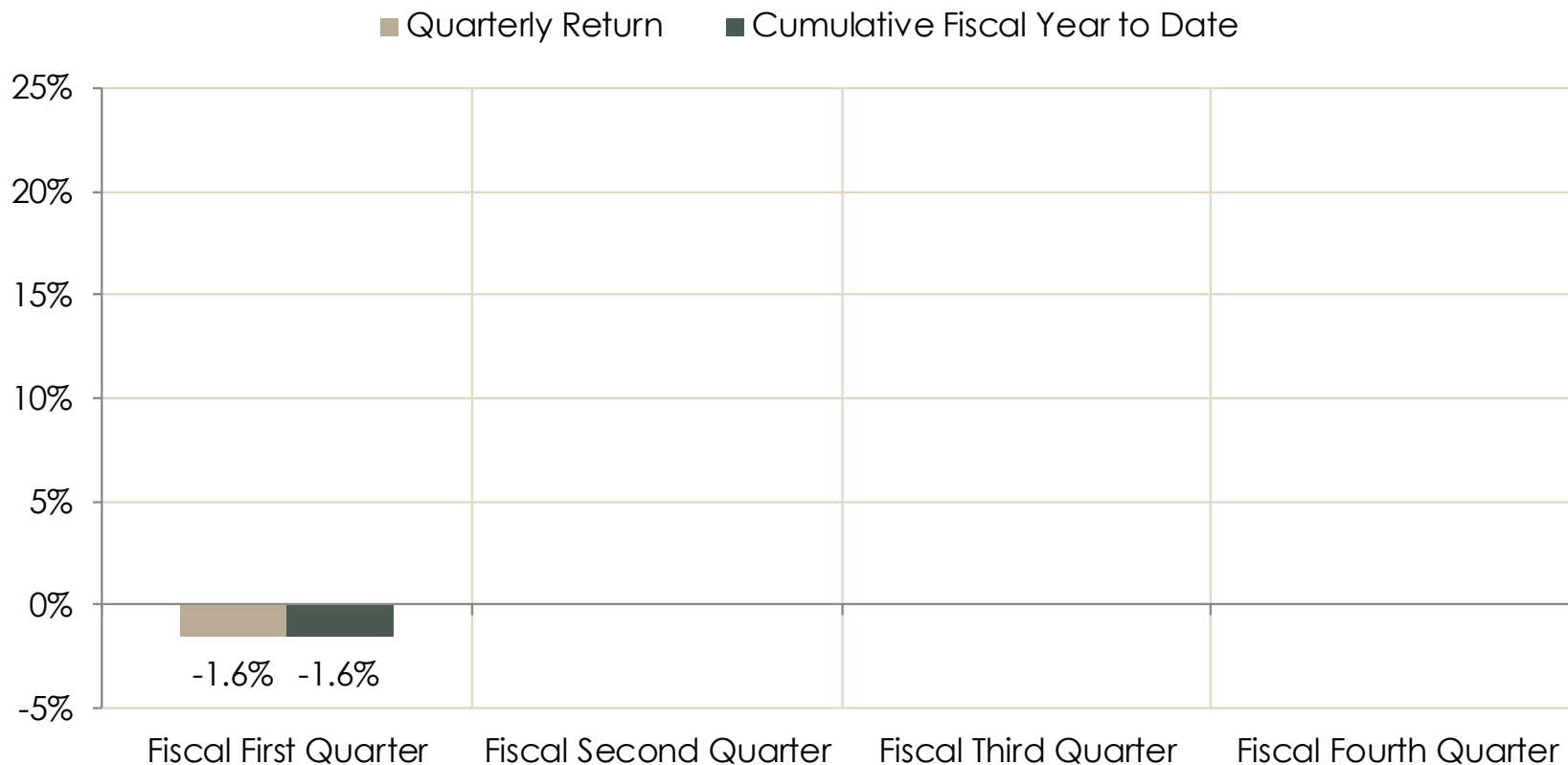
Asset Allocation Summary – Total Fund

	Current Allocation	New Target Allocation	Difference
Domestic Equity	45.48%	40.00%	5.48%
International Equity	16.22%	17.50%	-1.28%
Core Fixed Income	15.38%	17.50%	-2.12%
Opportunistic Assets	1.07%	0.00%	1.07%
High Yield Fixed Income	5.59%	6.00%	-0.41%
Real Estate	4.41%	7.00%	-2.59%
Private Equity	3.08%	5.00%	-1.92%
MLPs	8.65%	7.00%	1.65%
Cash	0.11%	0.00%	0.11%
Total	100.00%	100.00%	0.00%

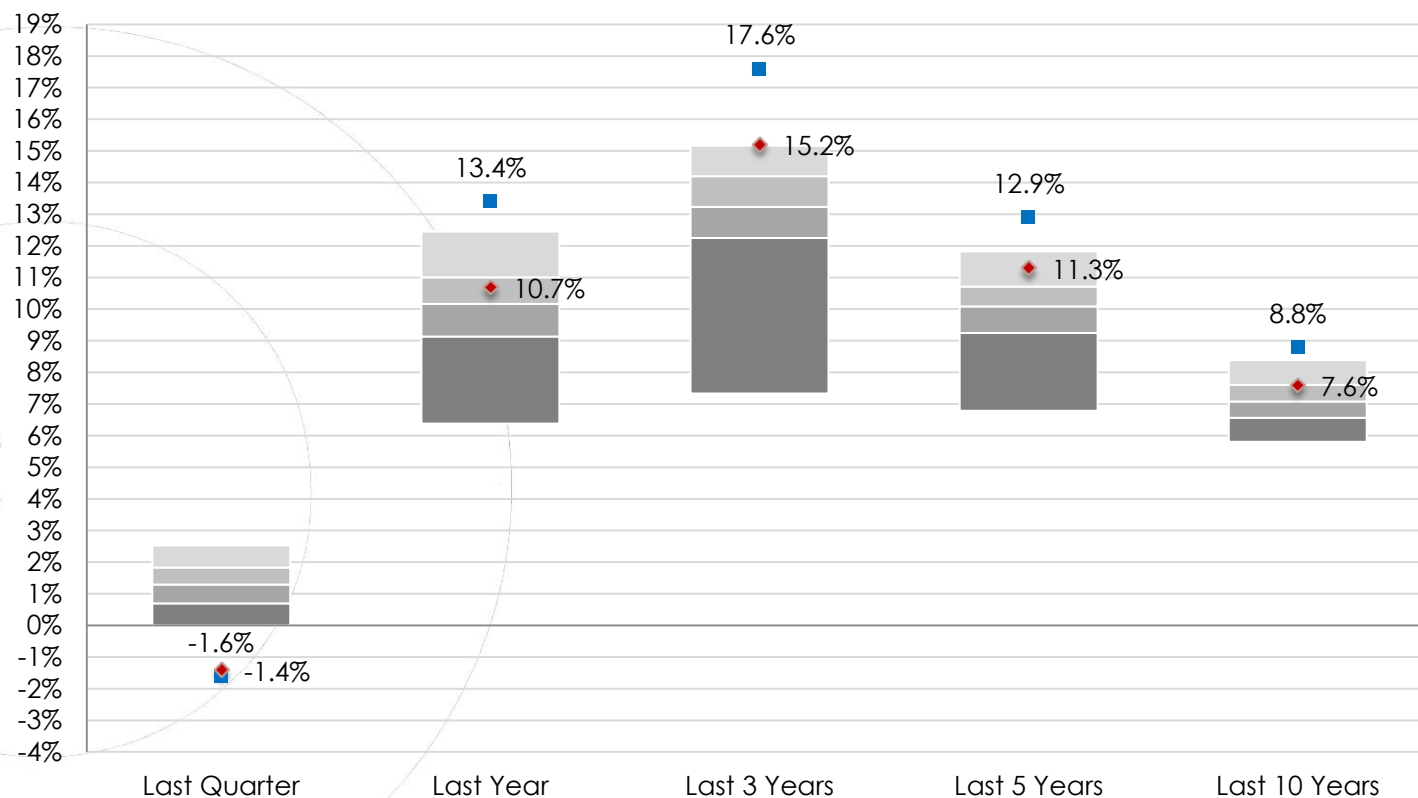
Total Fund Allocation vs. Median Public Fund



Composite Performance Summary as of **September 30, 2014**

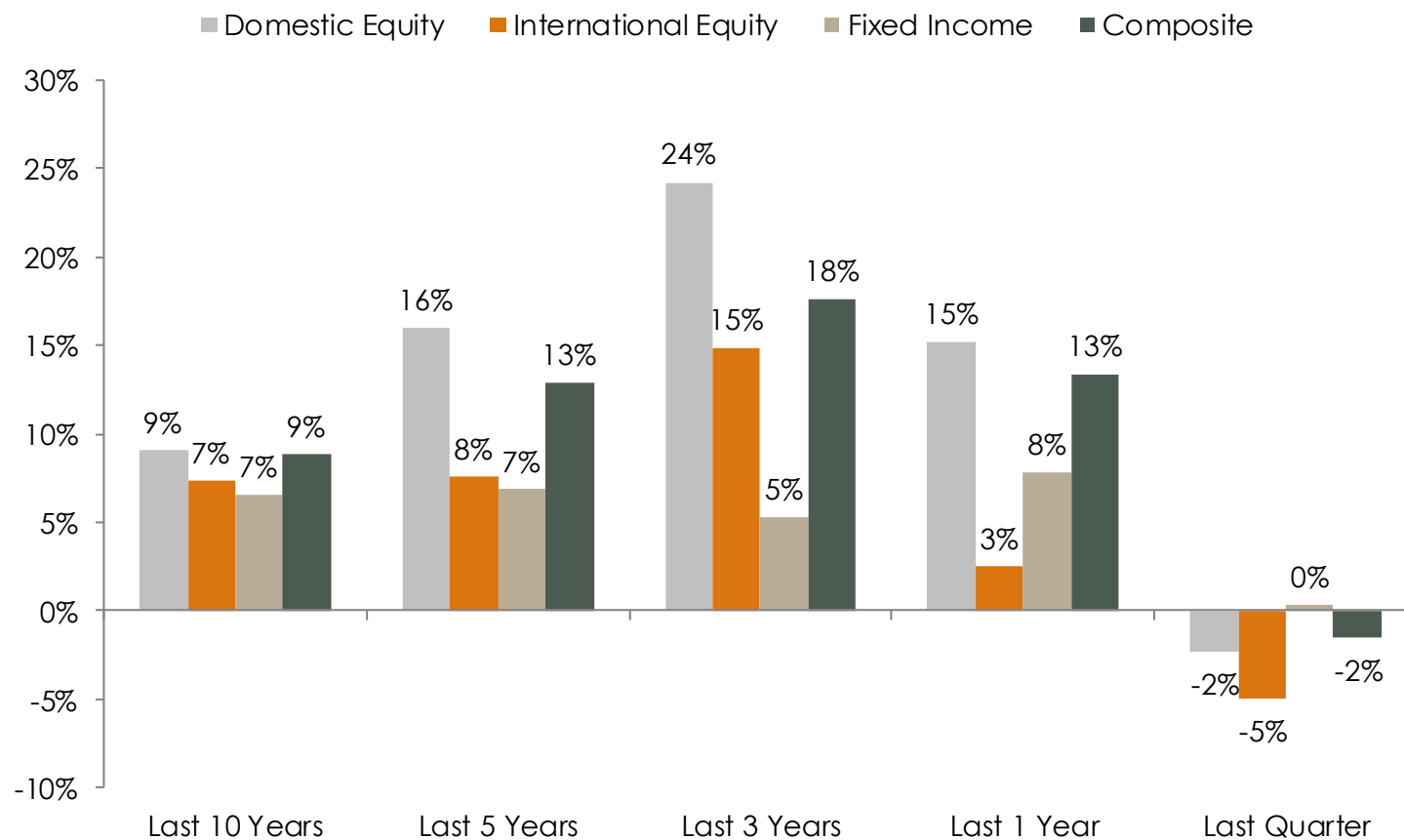


Total Fund vs. Public Fund Peer Universe

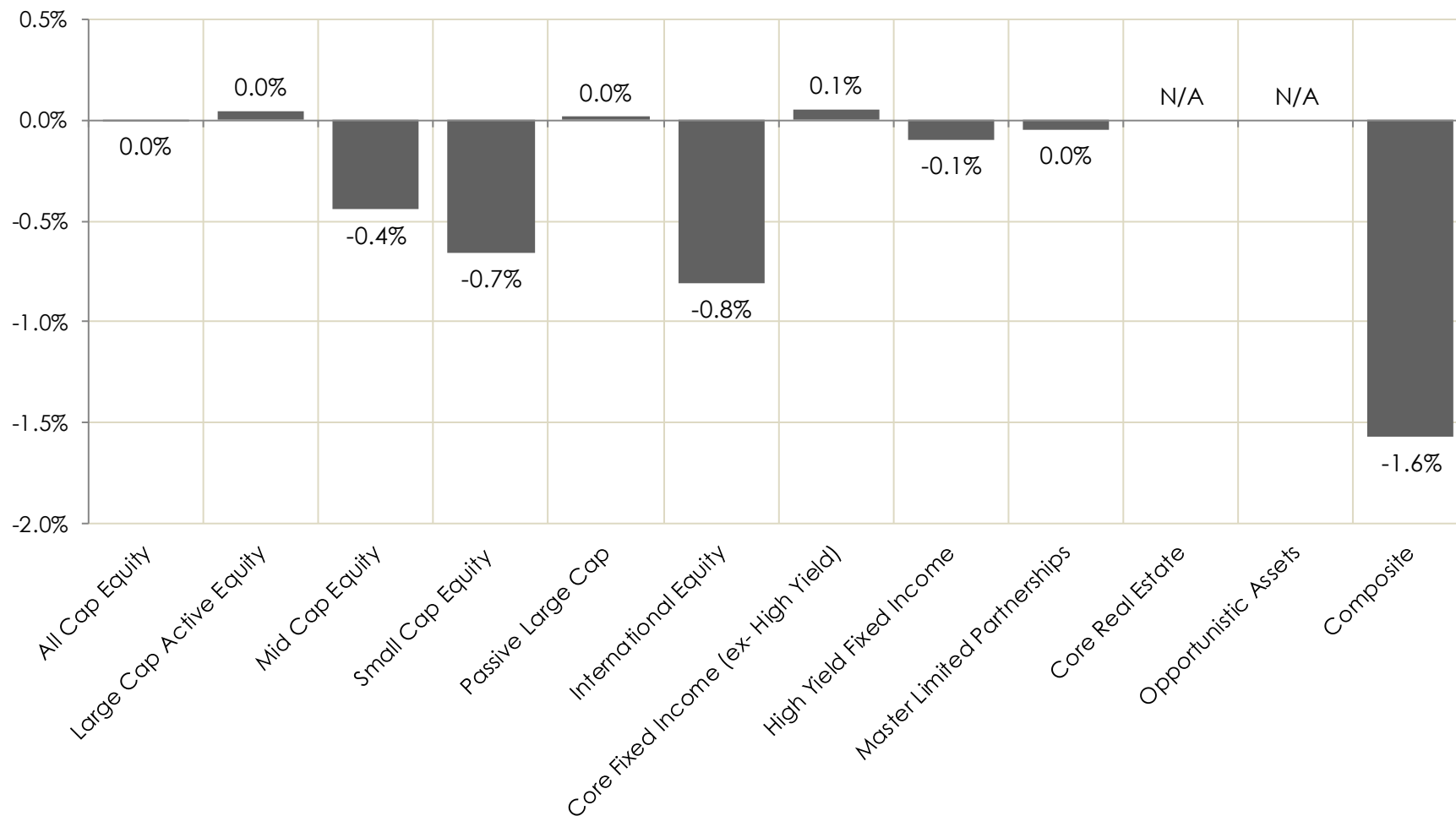


■ OTRS Composite	-1.6%	13.4%	17.6%	12.9%	8.8%
◆ Allocation Index	-1.4%	10.7%	15.2%	11.3%	7.6%

Composite Performance Summary as of September 30, 2014

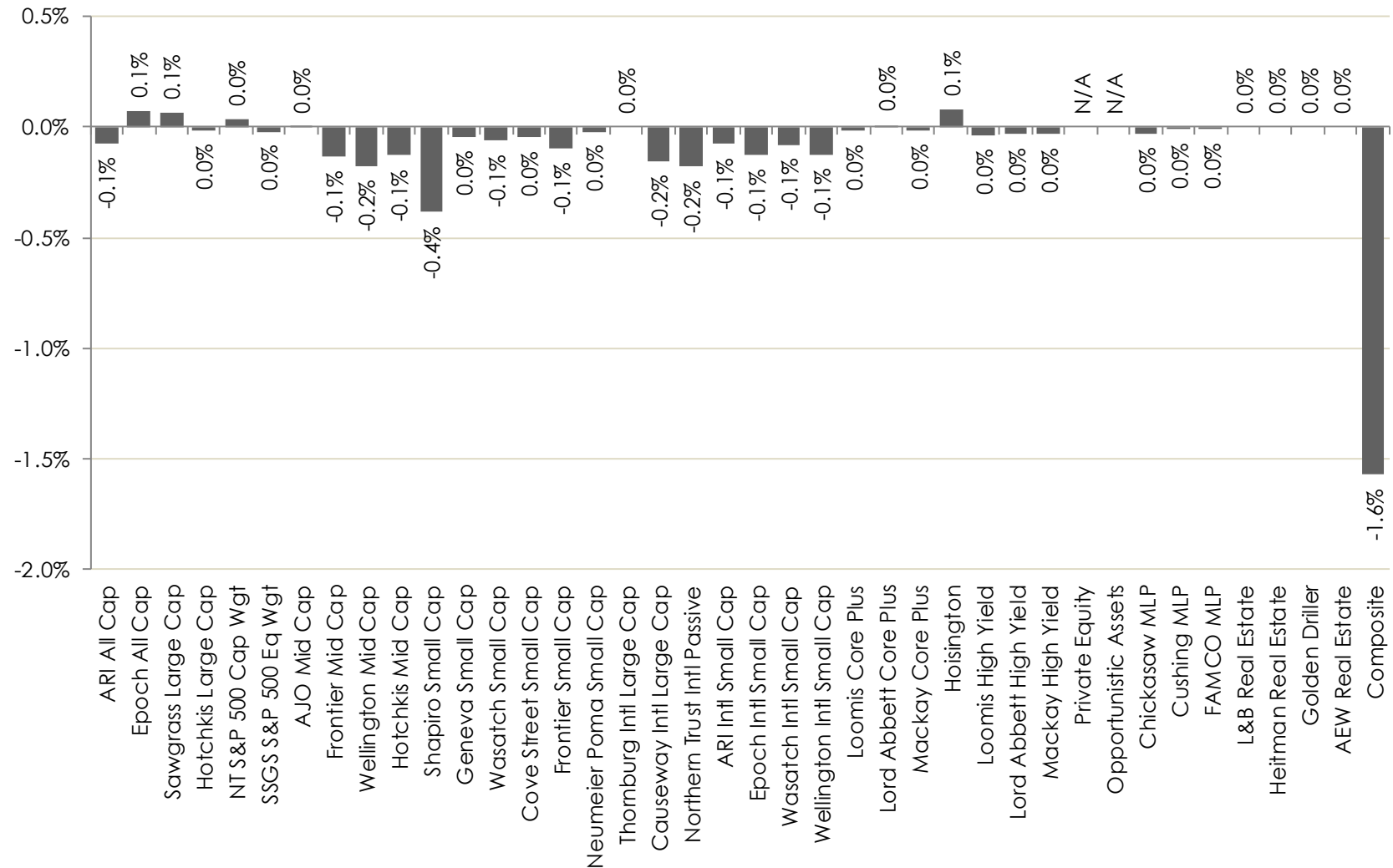


Composition of Quarterly Return by Asset Class



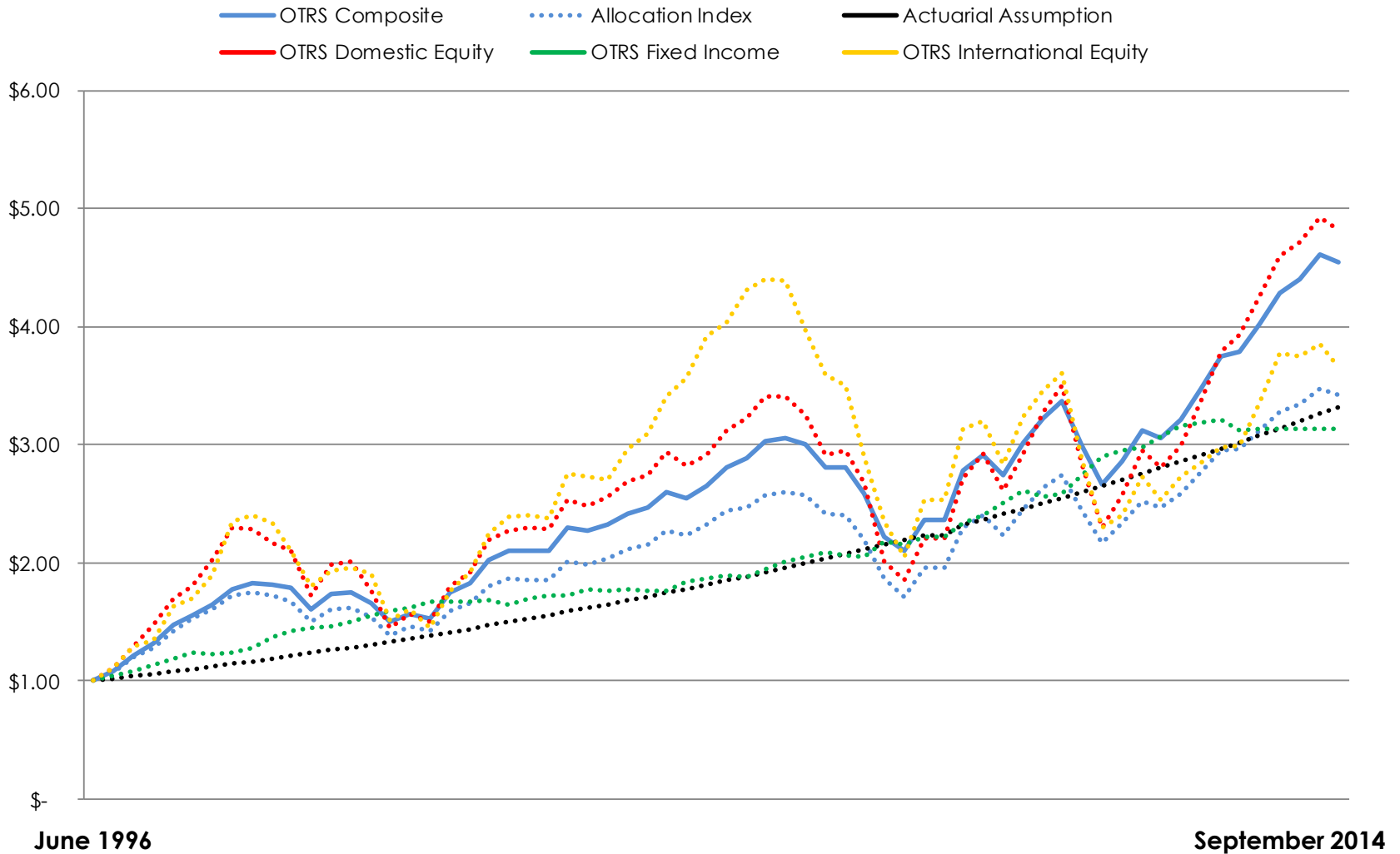
third quarter, 2014

Composition of Quarterly Return by Portfolio



third quarter, 2014

Growth of a Dollar Over Time: Period Ended **September 30, 2014**



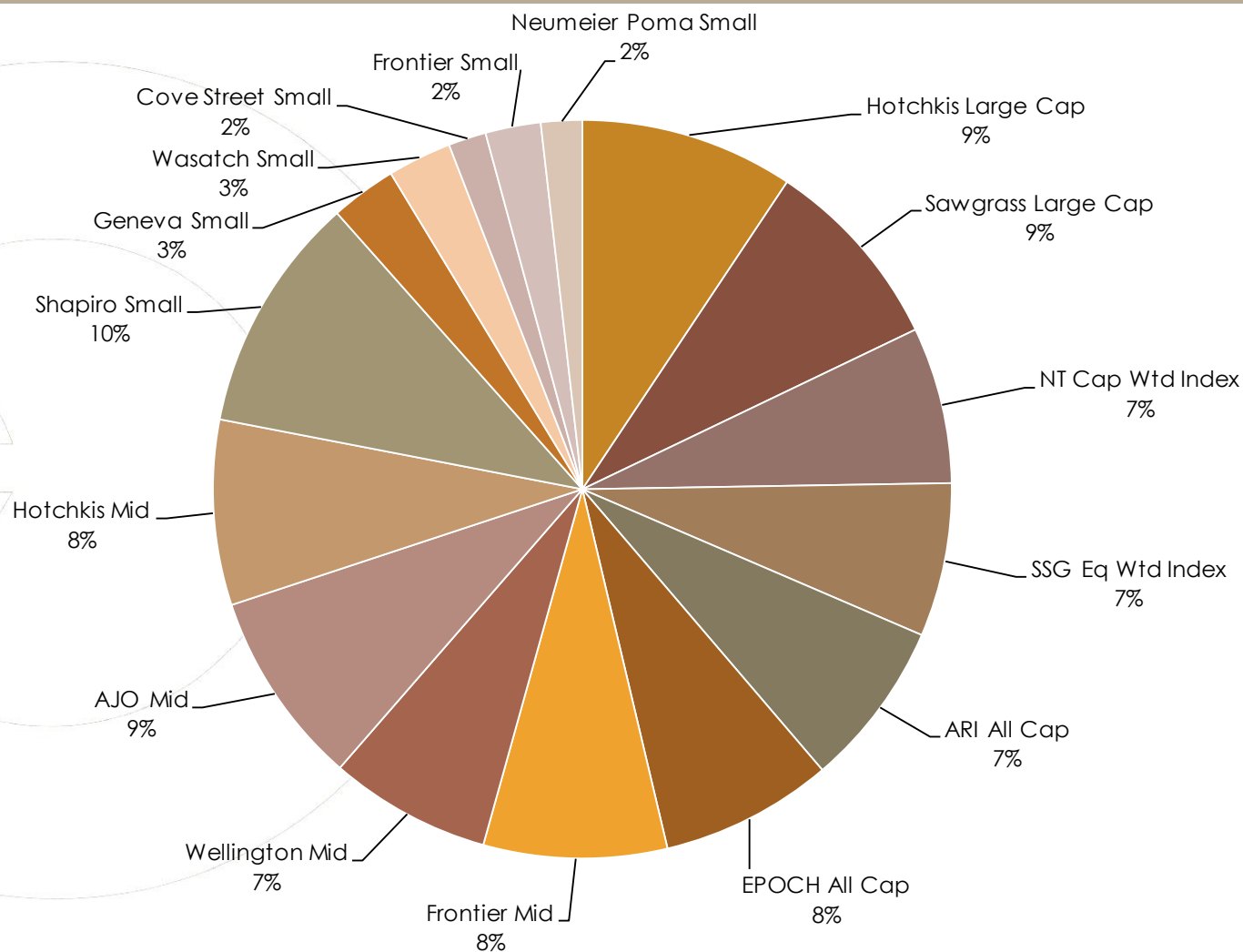
Performance – Total Fund

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Years	% Rank	Last Quarter	% Rank
Total Fund	8.8	1	12.9	1	17.6	1	13.4	1	-1.6	75
Allocation Index	7.6		11.3		15.2		10.7		-1.4	
Actuarial Assumption	8.0		8.0		8.0		8.0		1.9	
Total Domestic Equity	9.1	24	16.0	24	24.2	14	15.2	49	-2.4	83
S&P 500	8.1		15.7		23.0		19.7		1.1	
Total International Equity	7.3	50	7.5	48	14.9	28	2.5	84	-5.0	57
MSCI ACWI ex-US	7.5		6.5		12.3		5.2		-5.2	
Total Core Fixed Income	6.5	19	6.8	21	5.3	23	7.8	19	0.4	22
Barclays Aggregate	4.6		4.1		2.4		4.0		0.2	

Composite Peer Ranking History

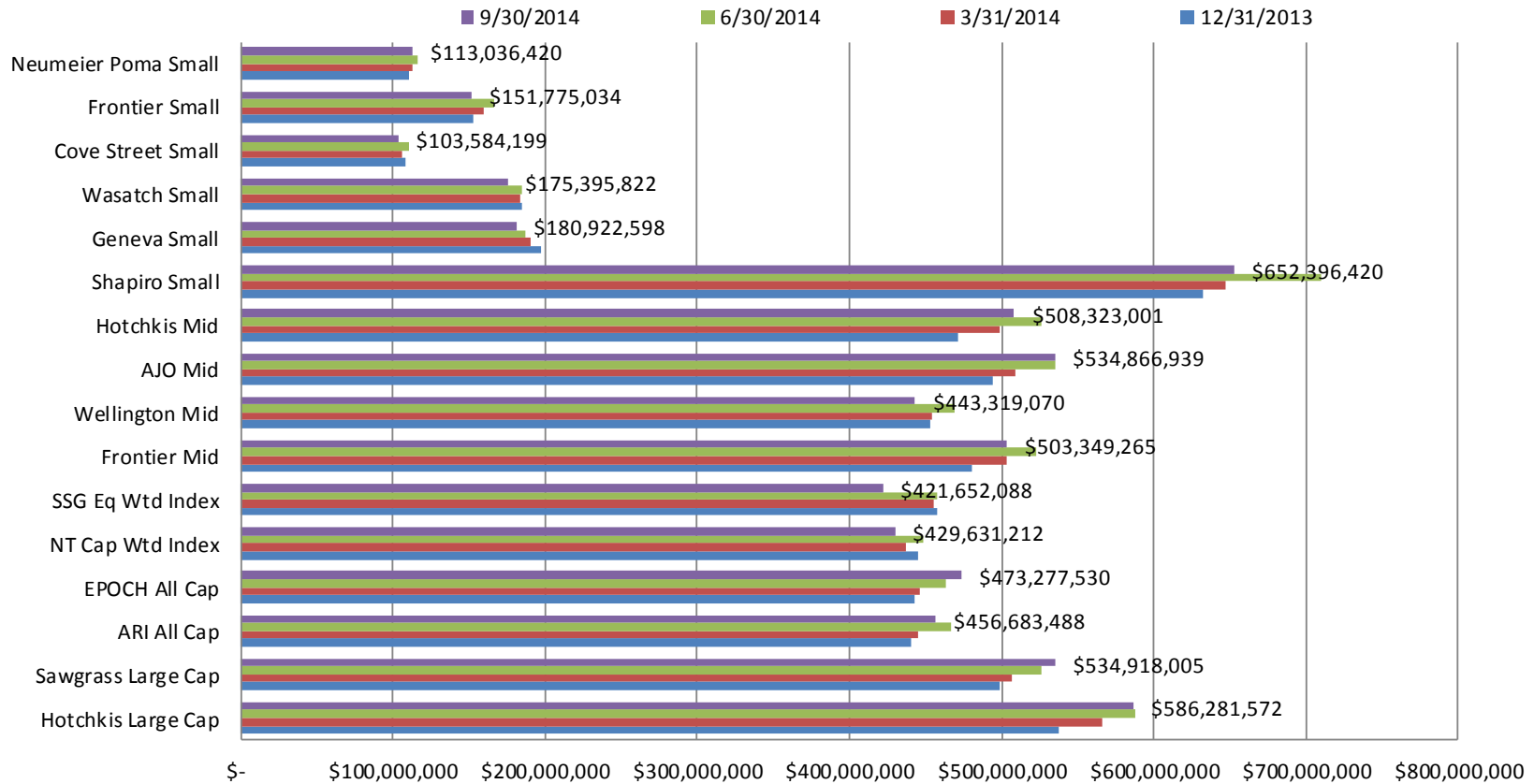
Periods Ended	Trailing 5 Years	Trailing 3 Years	Trailing Year	Last Quarter
3q2014	1	1	4	75
2q2014	1	1	1	1
1q2014	3	1	1	7
4q2013	1	1	1	2
3q2013	2	3	1	14
2q2013	1	3	1	11
1q2013	3	4	4	3
4q2012	15	3	11	24
3q2012	21	13	8	10
2q2012	24	4	33	75
1q2012	22	13	25	14
4q2011	36	14	52	8
3q2011	31	23	95	89
2q2011	20	13	23	93
1q2011	9	21	5	17
4q2010	21	29	15	29
3q2010	30	38	10	18
2q2010	35	46	11	62
1q2010	24	25	70	44
4q2009	36	43	15	25
3q2009	26	42	32	13
2q2009	46	50	44	28
1q2009	23	24	18	28
4q2008	47	61	62	64
3q2008	24	59	67	48
2q2008	25	52	83	17
1q2008	19	49	83	79
4q2007	19	46	62	78
3q2007	18	36	37	87
2q 2007	10	29	18	34
1q 2007	15	27	38	19
4q 2006	23	44	59	36
3q 2006	15	24	69	57
Average Rank	20	26	32	37
% of Observations in Top Quartile	76%	55%	55%	48%
% of Observations Above Median	100%	91%	70%	70%

Asset Allocation Summary – Domestic Equity Allocation

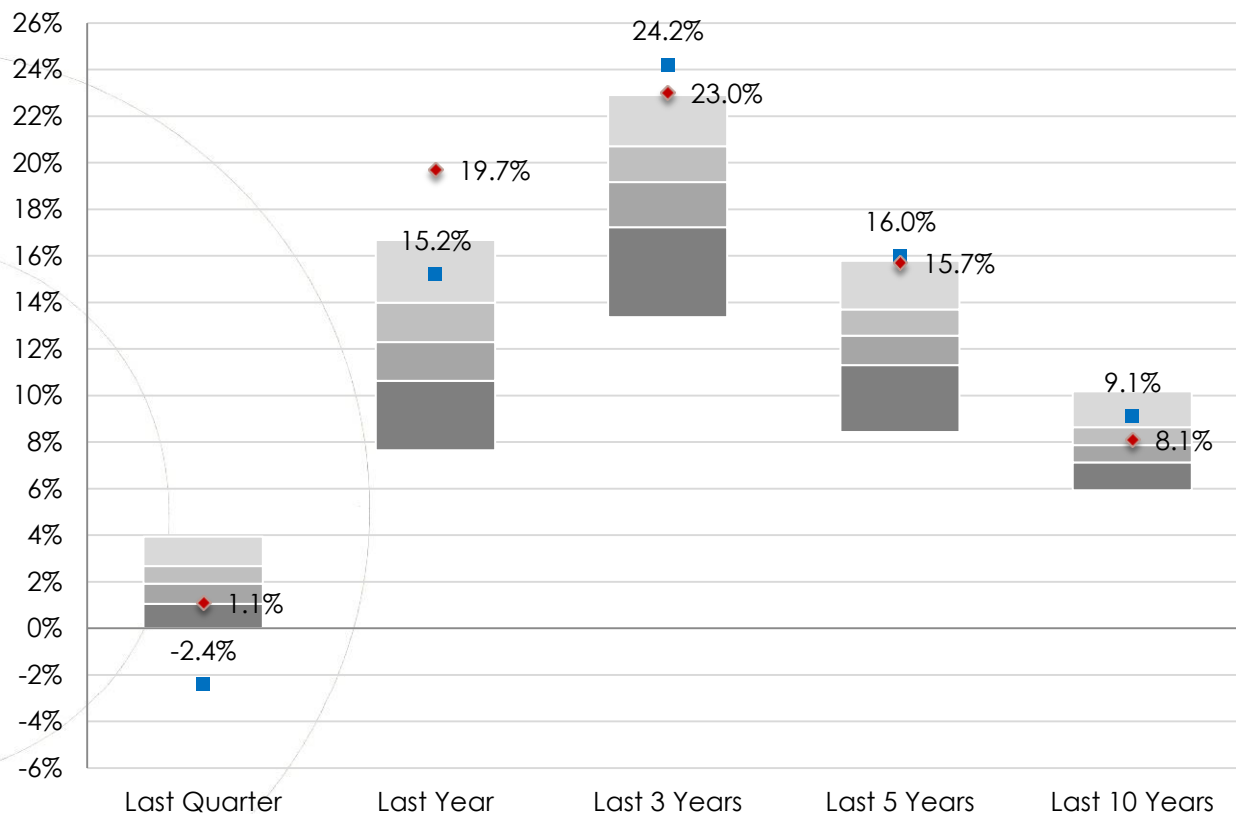


third quarter, 2014

Asset Allocation Summary – Domestic Equity Allocation



Domestic Equity Composite vs. U.S. Equity Allocation Peer Universe



■ OTRS Equity Composite

◆ S&P 500

-2.4%

1.1%

15.2%

19.7%

24.2%

23.0%

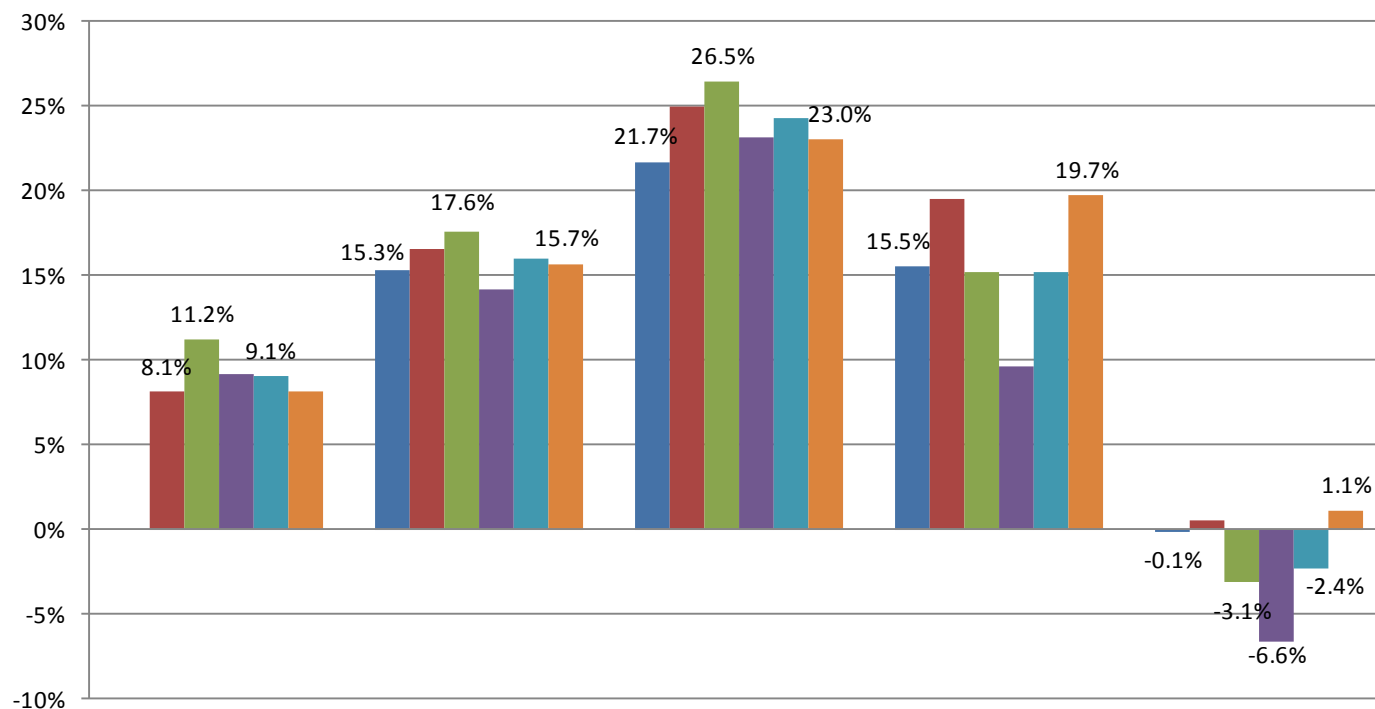
16.0%

15.7%

9.1%

8.1%

Domestic Equity Performance: Capitalization Composites



All Cap	15.3%	21.7%	15.5%	-0.1%
Large Cap Active	8.1%	16.5%	19.5%	0.6%
Mid Cap	11.2%	17.6%	15.1%	-3.1%
Small Cap	9.2%	14.2%	9.6%	-6.6%
All Domestic Equity	9.1%	16.0%	15.2%	-2.4%
S&P 500 (Cap Weighted)	8.1%	15.7%	19.7%	1.1%

Performance – All Cap and Large Cap Equity Managers

	Last 10 Years	% Rank	Last 5 Year	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Advisory Research	-	-	15.0	47	20.1	64	13.3	67	-2.2	81
EPOCH	-	-	15.7	29	23.3	23	17.8	22	2.1	2
<i>Russell 3000 Value</i>	7.8		15.1		23.7		17.7		-0.9	
<i>Russell 3000</i>	8.4		15.8		23.0		17.8		0.0	
Hotchkis LCV	7.5	N/A	17.1	7	27.4	10	19.7	23	-0.4	59
Sawgrass LCG	-		16.6	34	22.6	44	19.4	24	1.6	32
<i>S&P 500</i>	8.1		15.7		23.0		19.7		1.1	
<i>Russell 1000 Value</i>	7.8		15.3		23.9		18.9		-0.2	
<i>Russell 1000 Growth</i>	8.9		16.5		22.4		19.1		1.5	
NT Cap Weighted	-	-	-	-	-	-	19.5	40	1.1	26
SSGA Equal Weighted	-	-	-	-	-	-	18.3	66	-0.6	82
<i>S&P 500 Cap Weighted</i>	8.1		15.7		23.0		19.7		1.1	
<i>S&P 500 Equal Weighted</i>	10.2		17.5		24.8		18.5		-0.7	

third quarter, 2014

Performance – Mid Cap and Small Cap Equity Managers

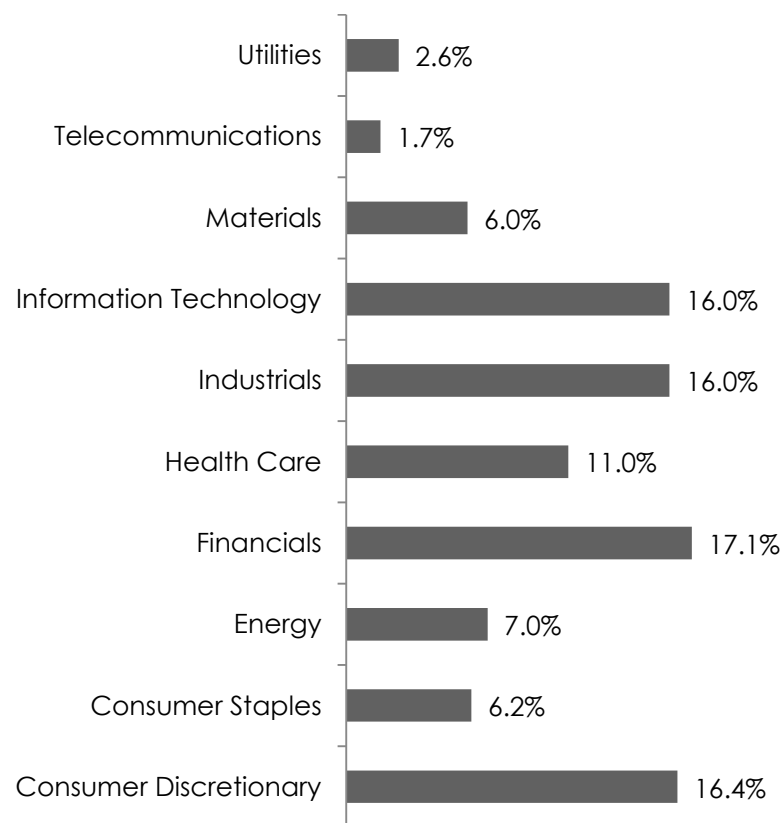
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
AJO MCC	11.0	39	19.0	9	26.9	14	21.0	3	0.0	2
Frontier MCG	12.0	49	15.9	78	21.8	75	13.6	57	-3.7	84
Hotchkis MCV	11.6	N/A	21.3	6	35.2	5	15.2	56	-3.5	65
Wellington MCG	9.9	77	13.9	94	22.0	74	10.4	77	-5.4	95
<i>Russell MC</i>	<i>10.3</i>		<i>17.2</i>		<i>23.8</i>		<i>15.8</i>		<i>-1.7</i>	
<i>Russell MC Growth</i>	<i>10.2</i>		<i>17.1</i>		<i>22.7</i>		<i>14.4</i>		<i>-0.7</i>	
<i>Russell MC Value</i>	<i>10.2</i>		<i>17.2</i>		<i>24.7</i>		<i>17.5</i>		<i>-2.6</i>	
Shapiro SCC	12.2	10	18.2	8	25.8	14	16.2	3	-8.2	81
Geneva SCG	-	-	-	-	-	-	-0.8	77	-3.2	17
Wasatch SCG	-	-	-	-	-	-	1.1	67	-5.0	37
Cove Street SCV	-	-	-	-	-	-	6.0	68	-6.2	45
Frontier SCV	-	-	-	-	-	-	8.9	45	-8.7	95
Neumeier Poma SCV	-	-	-	-	-	-	11.3	19	-2.5	2
<i>Russell 2000</i>	<i>8.2</i>		<i>14.3</i>		<i>21.3</i>		<i>3.9</i>		<i>-7.4</i>	
<i>Russell 2000 Value</i>	<i>7.3</i>		<i>13.0</i>		<i>20.6</i>		<i>4.1</i>		<i>-8.6</i>	

Total Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
ADT	0.49%
CST Brands	0.48%
Cablevision	0.45%
USG	0.44%
General Electric	0.43%
Lindsay	0.43%
Entegris	0.42%
Aaron's	0.42%
Compass Minerals International	0.42%
Axiall	0.41%
Top Ten Total Weight	4.39%

Sector Weightings



third quarter, 2014

Composite Equity Portfolio Characteristics – Trailing Five Years

	Average Market Cap	Dividend Yield	Tracking Error	Alpha	R ²	Sharpe Ratio	Standard Deviation
Active All Cap/Large Cap Equity	\$109.57 billion	2.00%	3.67%	1.91	0.95	1.26	13.31
Mid Cap Equity	\$9.31 billion	1.06%	4.90%	-1.40	0.94	1.02	17.71
Small Cap Equity	\$13.41 billion	1.01%	2.68%	2.95	0.43	0.36	8.27
International Equity	\$17.17 billion	2.27%	1.14%	0.46	0.28	0.17	5.33
Total Equity	\$39.21 billion	1.66%	3.07%	0.81	0.66	0.72	11.22

Active Domestic Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. S&P 500	Correlation vs. BC Aggregate
Hotchkis & Wiley	Large Cap Value	111.2	113.5	17.2%	0.96	-0.53
Sawgrass	Large Cap Growth	89.9	72.3	16.6%	0.98	-0.48
Advisory Research	All Cap	98.3	101.2	15.0%	0.98	-0.55
EPOCH	All Cap	104.2	109.6	15.6%	0.98	-0.56
AJO	Mid Cap Core	118.9	117.6	18.9%	0.96	-0.56
Frontier	Mid Cap Growth	107.0	112.9	16.0%	0.92	-0.54
Hotchkis & Wiley	Mid Cap Value	136.6	138.2	21.4%	0.92	-0.55
Wellington	Mid Cap Growth	123.3	161.3	13.9%	0.93	-0.55
Shapiro	Small Cap Value/Core	125.2	133.0	18.6%	0.92	-0.55
Cove Street	Small Cap Value	120.2	112.4	24.0%	0.90	-0.49
Neumeier Poma	Small Cap Value	111.3	101.3	19.0%	0.89	-0.54
Frontier	Small Cap Value	128.5	129.2	20.2%	0.92	-0.57
Geneva	Small Cap Growth	109.9	118.8	16.0%	0.81	-0.54
Wasatch	Small Cap Growth	101.9	97.7	16.6%	0.85	-0.59

Upside and downside capture ratios measured against the S&P 500 index.

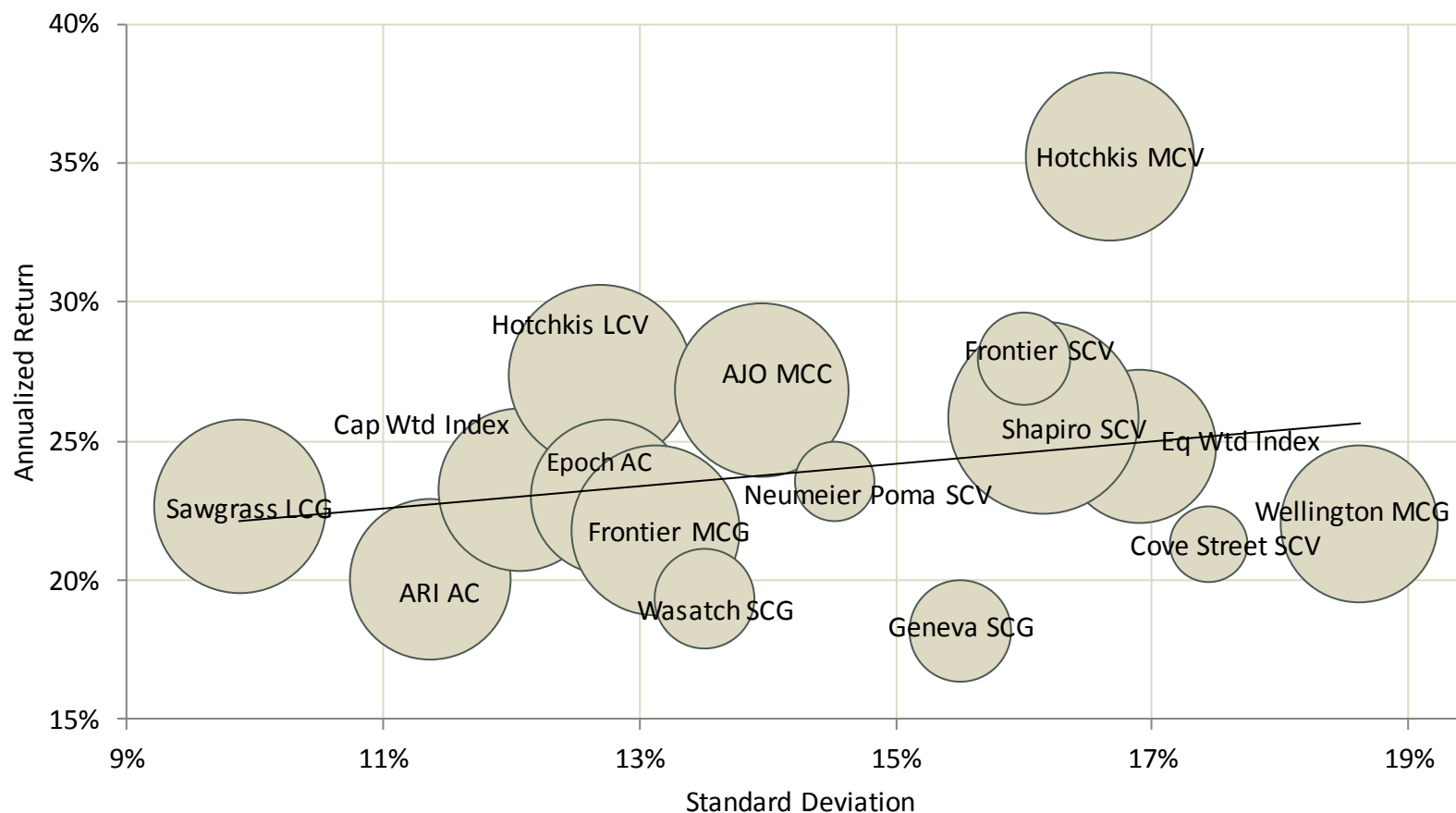
third quarter, 2014

Domestic Equity Portfolios: 5 Year Correlation Matrix

Trailing Five Years	AJO MCC	ARI AC	Cove Street SCV	Epoch AC	Frontier MCG	Frontier SCV	Geneva SCG	Hotchkis LCV	Hotchkis MCV	Neumeier Poma SCV	Sawgrass LCG	Shapiro SCC	Wasatch SCG	Wellington MCG
AJO MCC	-													
ARI AC	0.96	-												
Cove Street SCV	0.91	0.91	-											
Epoch AC	0.97	0.97	0.90	-										
Frontier MCG	0.95	0.92	0.88	0.93	-									
Frontier SCV	0.96	0.93	0.93	0.92	0.93	-								
Geneva SCG	0.88	0.84	0.81	0.85	0.90	0.86	-							
Hotchkis LCV	0.93	0.95	0.89	0.94	0.87	0.91	0.74	-						
Hotchkis MCV	0.94	0.92	0.90	0.92	0.89	0.94	0.77	0.95	-					
Neumeier Poma SCV	0.94	0.92	0.90	0.92	0.91	0.95	0.87	0.86	0.89	-				
Sawgrass LCG	0.95	0.95	0.87	0.96	0.92	0.88	0.82	0.91	0.88	0.87	-			
Shapiro SCC	0.95	0.94	0.91	0.92	0.93	0.93	0.86	-	-	0.93	0.89	-		
Wasatch SCG	0.90	0.86	0.85	0.88	0.93	0.91	0.90	0.80	0.85	0.90	0.83	0.88	-	
Wellington MCG	0.97	0.93	0.89	0.95	0.94	0.94	0.87	0.90	0.93	0.94	0.90	0.95	0.90	-

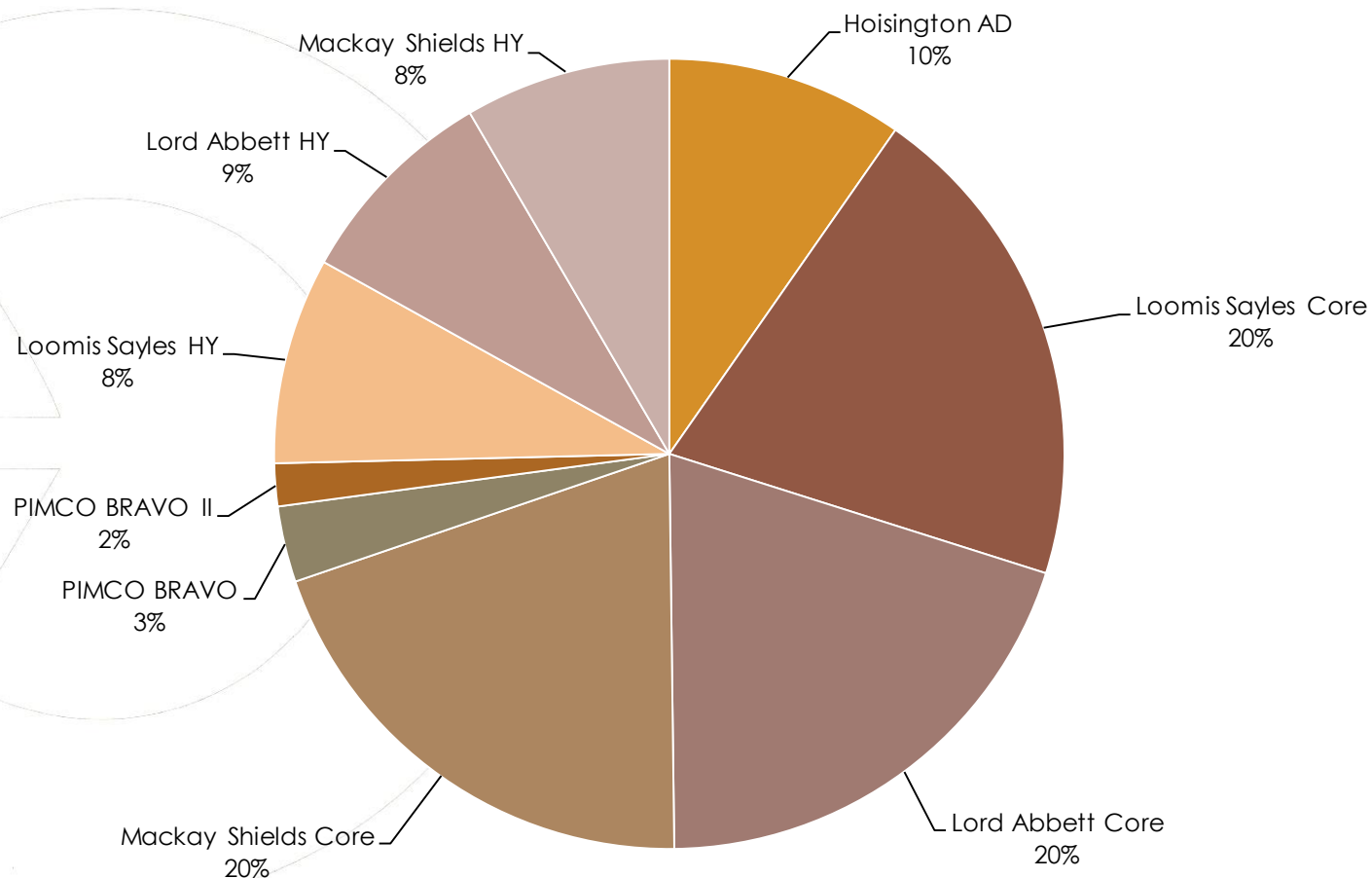
Domestic Equity Risk Return Comparison

Composite Data Used – Three Years Ended September 30, 2014

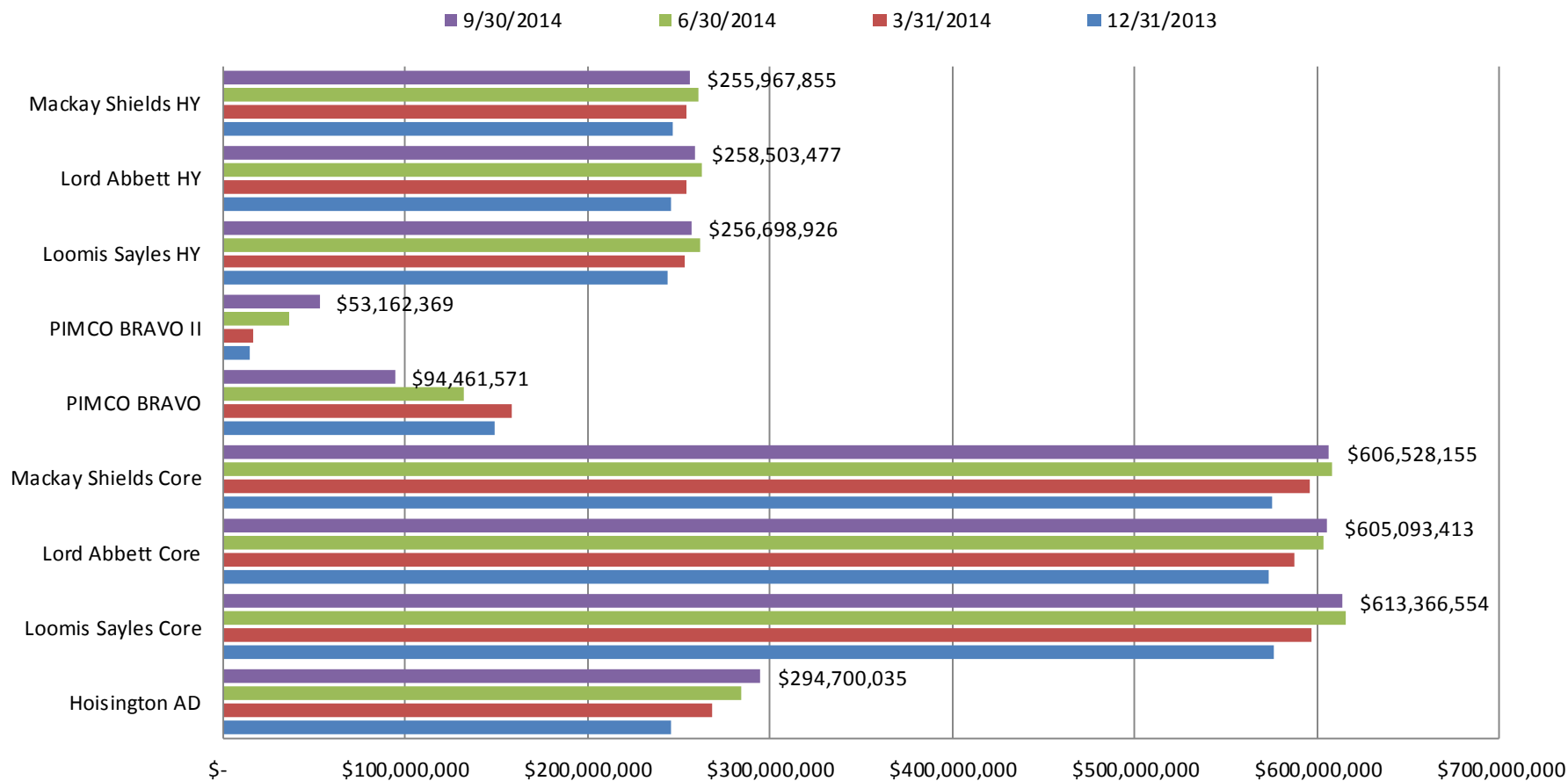


*Composite performance used when necessary.

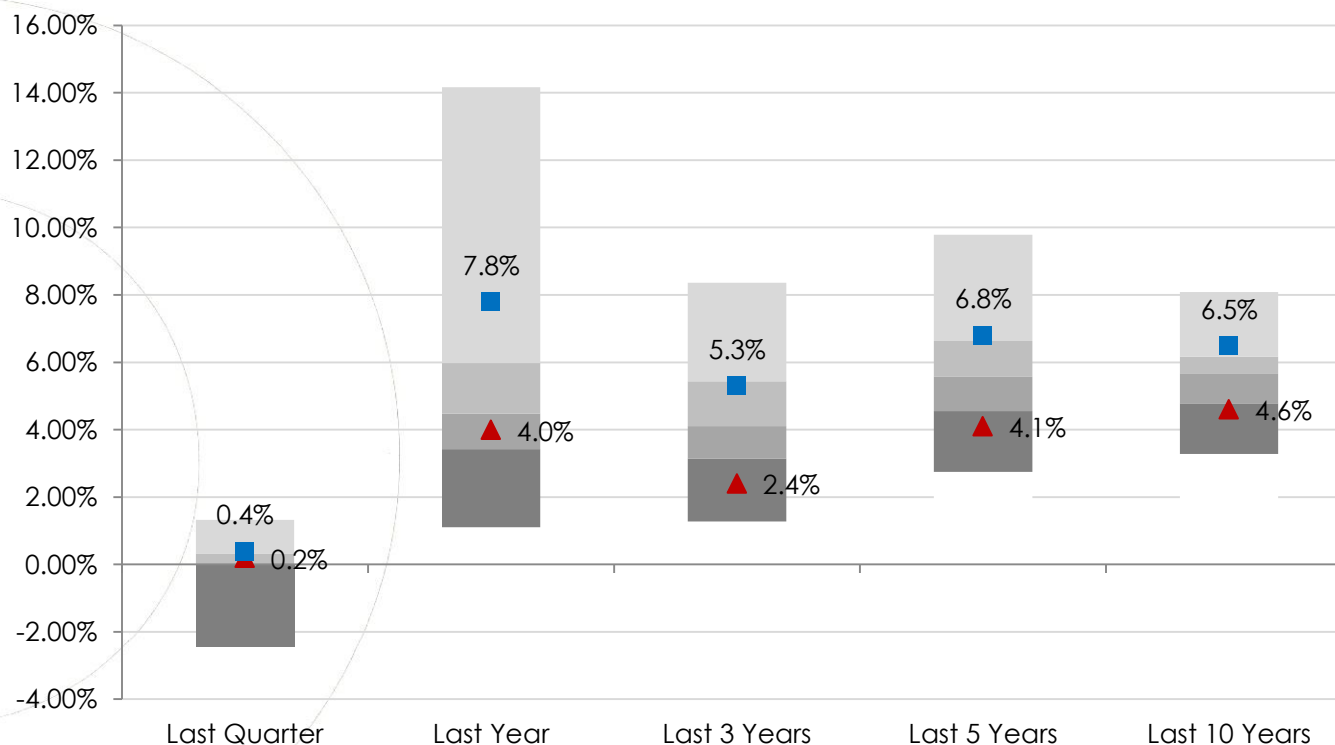
Asset Allocation Summary – Fixed Income Allocation



Asset Allocation Summary – Fixed Income Allocation



Fixed Income Composite vs. Core Fixed Income Peer Universe



■ OTRS Fixed Income Composite
◆ Barclays Capital Aggregate

0.4%	7.8%	5.3%	6.8%	6.5%
0.2%	4.0%	2.4%	4.1%	4.6%

Performance – Fixed Income Managers

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last Year	% Rank	Last Quarter	% Rank
Loomis Sayles	7.6	4	7.9	12	6.9	2	8.1	18	-0.4	78
Lord Abbett	-	-	6.2	23	5.0	17	6.1	23	0.2	38
Mackay Shields	-	-	6.9	18	6.1	3	5.8	25	-0.3	77
Hoisington	-	-	8.0	28	2.1	69	15.6	3	3.7	1
BC Aggregate	4.6		4.1		2.4		4.0		0.2	
Loomis HY	-	-	10.3	59	12.1	25	8.3	38	-2.0	65
Lord Abbett HY	-	-	11.8	20	12.7	20	9.3	25	-1.7	47
Mackay HY	-	-	9.9	71	9.9	75	6.8	70	-1.7	49
ML High Yield II	-		10.4		11.0		7.2		-1.9	

Fixed Income Portfolio Characteristics – Trailing Five Years

	Asset Class	Credit Quality	Modified Duration	Maturity	Yield to Maturity
Loomis Sayles	Core Plus	AA-	5.4	7.8	3.8%
Lord Abbett	Core Plus	AA	5.2	7.4	3.2%
Mackay Shields	Core Plus	A+	3.5	8.7	3.2%
Hoisington	Active Duration	AAA	20.0	24.0	3.2%
Core Fixed Income Composite	Core Plus	A+	6.8	10.2	3.4%
Loomis Sayles	High Yield	BB	4.3	7.0	5.2%
Lord Abbett	High Yield	B+	5.3	6.7	6.6%
Mackay Shields	High Yield	BB-	3.8	6.1	6.0%
High Yield Composite	High Yield	B	4.5	6.6	5.9%

Fixed Income Performance Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. BC Aggregate	Correlation vs. S&P 500
Loomis Sayles	Core Plus	149.1%	84.80%	7.7%	0.46	0.29
Lord Abbett	Core Plus	119.3%	65.7%	6.2%	0.73	0.00
Mackay Shields	Core Plus	123.1%	71.6%	6.3%	0.59	0.16
Hoisington	Active Duration	277.1%	429.4%	8.0%	0.89	-0.63
Loomis Sayles	High Yield	177.0%	-23.9%	12.3%	-0.27	0.76
Lord Abbett	High Yield	155.9%	-67.1%	11.6%	-0.32	0.77
Mackay Shields	High Yield	143.7%	-27.0%	10.0%	-0.17	0.68

Upside and downside capture ratios measured against the Barclays Capital Aggregate index.

*Composite performance used when necessary.

Fixed Income Portfolios: 5 Year Correlation Matrix

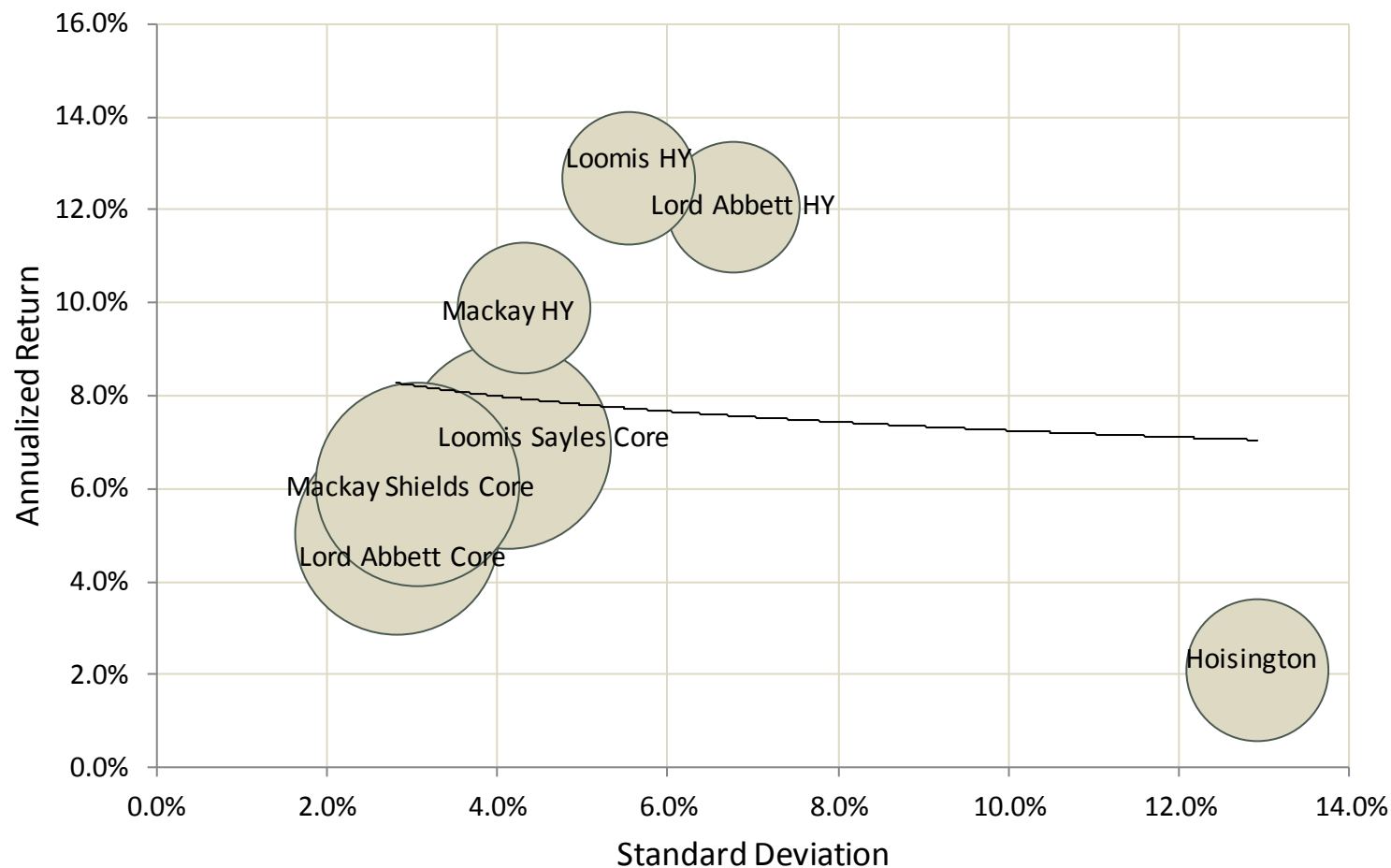
Trailing Five Years	Hoisington	Loomis Core	Loomis High Yield	Lord Abbett Core	Lord Abbett High Yield	Mackay Shields Core	Mackay Shields High Yield
Hoisington	-						
Loomis Core	0.26	-					
Loomis High Yield	-0.46	0.68	-				
Lord Abbett Core	0.53	0.91	0.41	-			
Lord Abbett High Yield	-0.47	0.65	0.97	0.36	-		
Mackay Shields Core	0.40	0.95	0.56	0.96	0.53	-	
Mackay Shields High Yield	-0.34	0.73	0.94	0.48	0.97	0.64	-

*Composite performance used when necessary.

third quarter, 2014

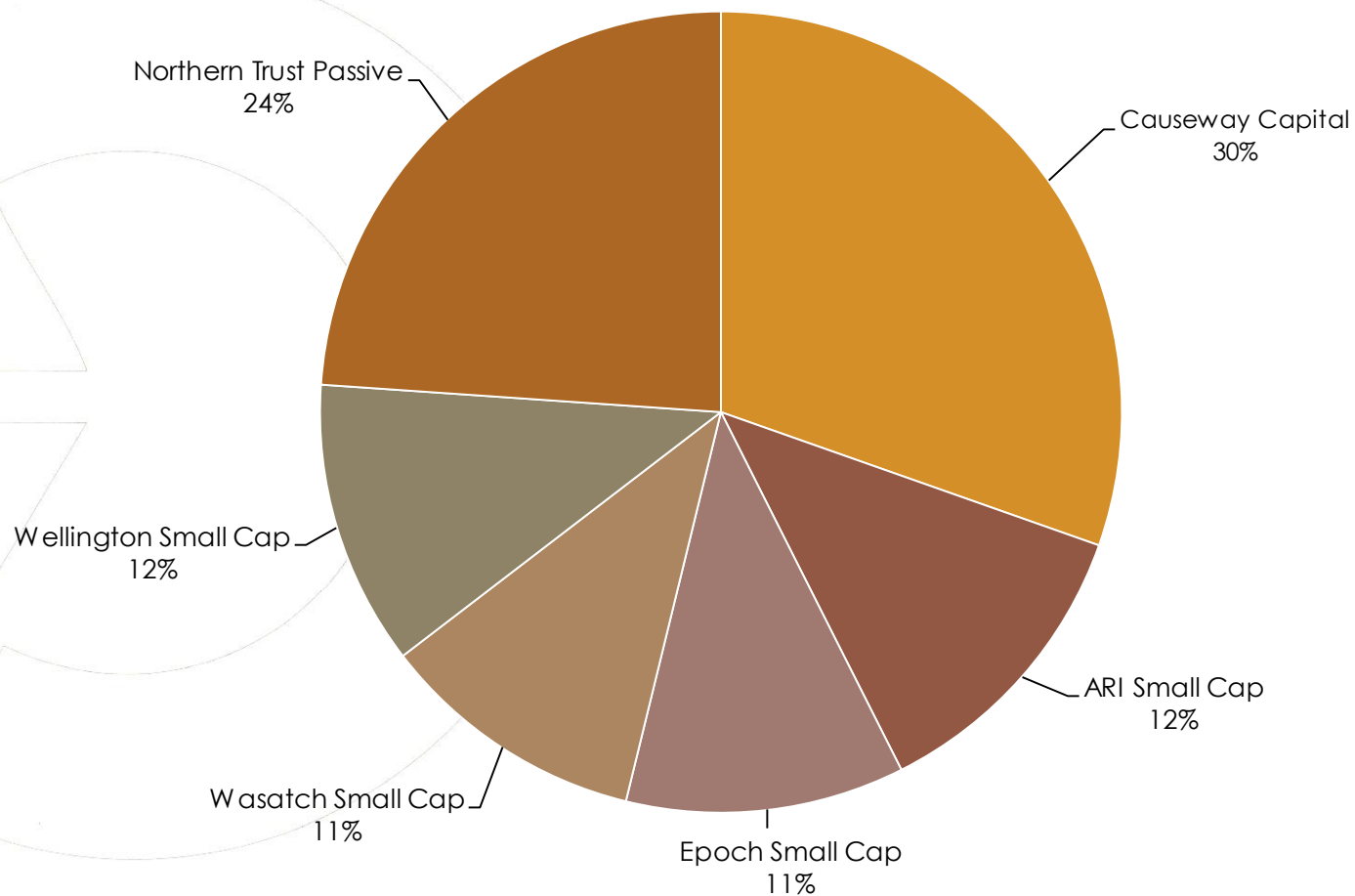
Fixed Income Risk Return Comparison

Composite Data Used – Three Years Ended September 30, 2014



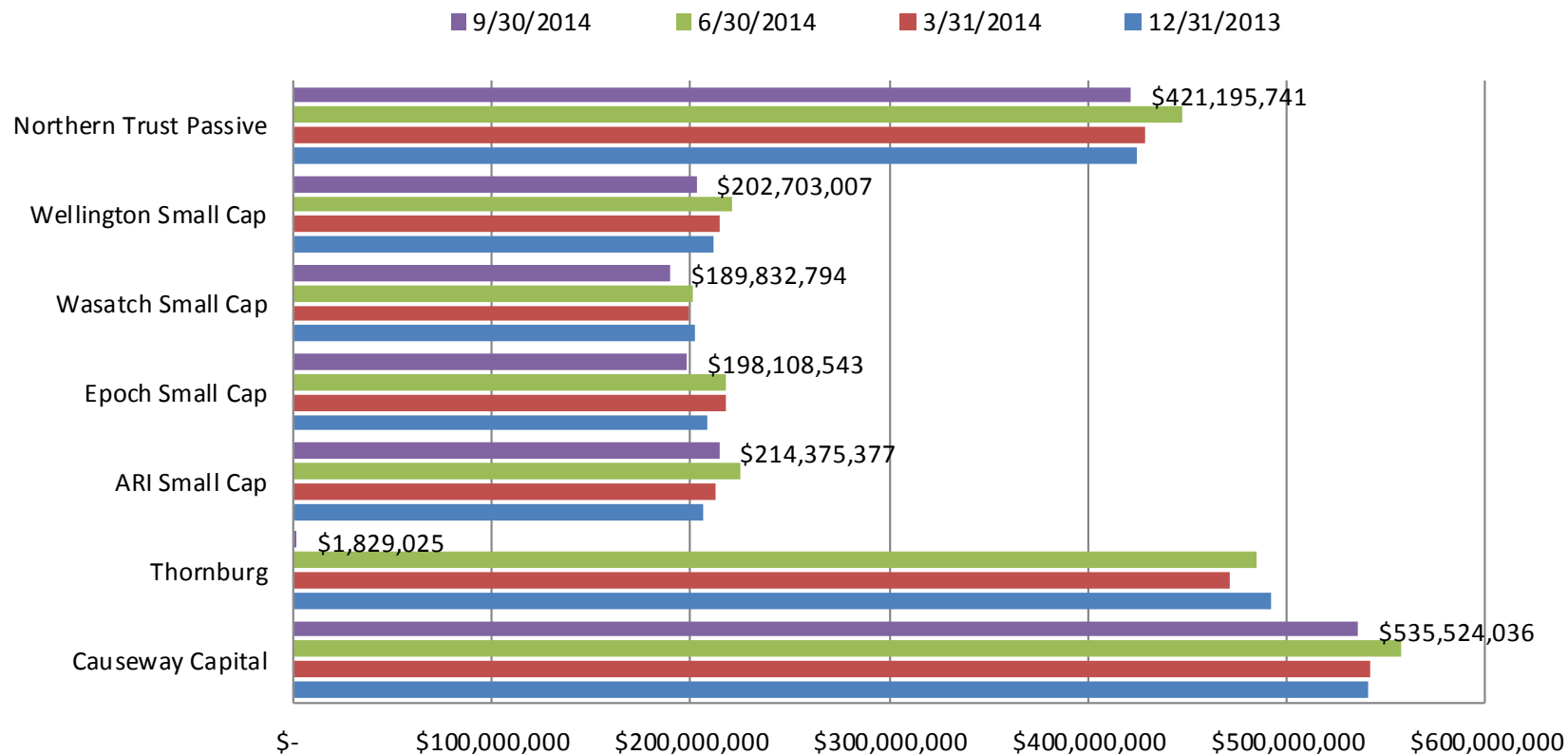
*Composite performance used when necessary to calculate figures.

Asset Allocation Summary – International Equity Allocation

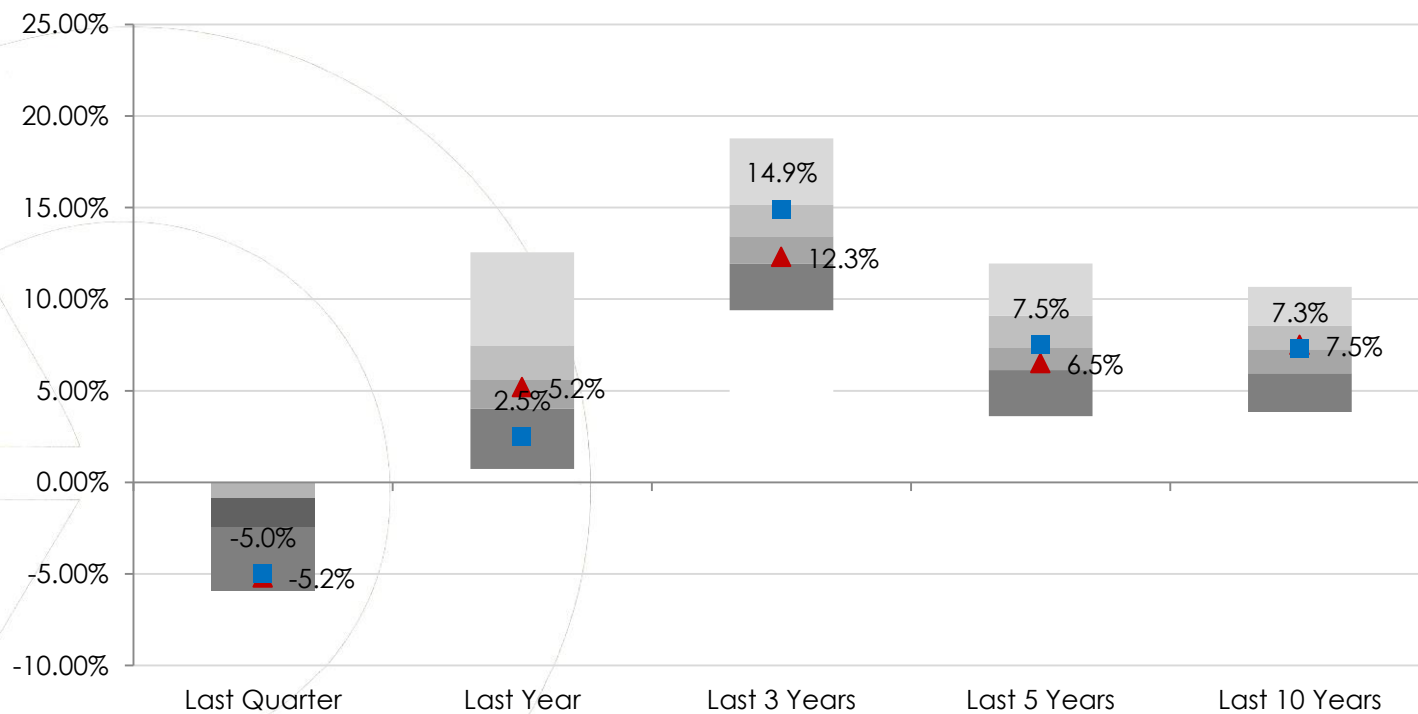


third quarter, 2014

Asset Allocation Summary – International Equity Allocation



International Equity Composite vs. Non-US Equity Allocation Peer Universe



■ OTRS International Equity Composite

◆ MSCI ACWI Ex-US

-5.0%

-5.2%

2.5%

5.2%

14.9%

12.3%

7.5%

6.5%

7.3%

7.5%

Performance – International Equity Managers

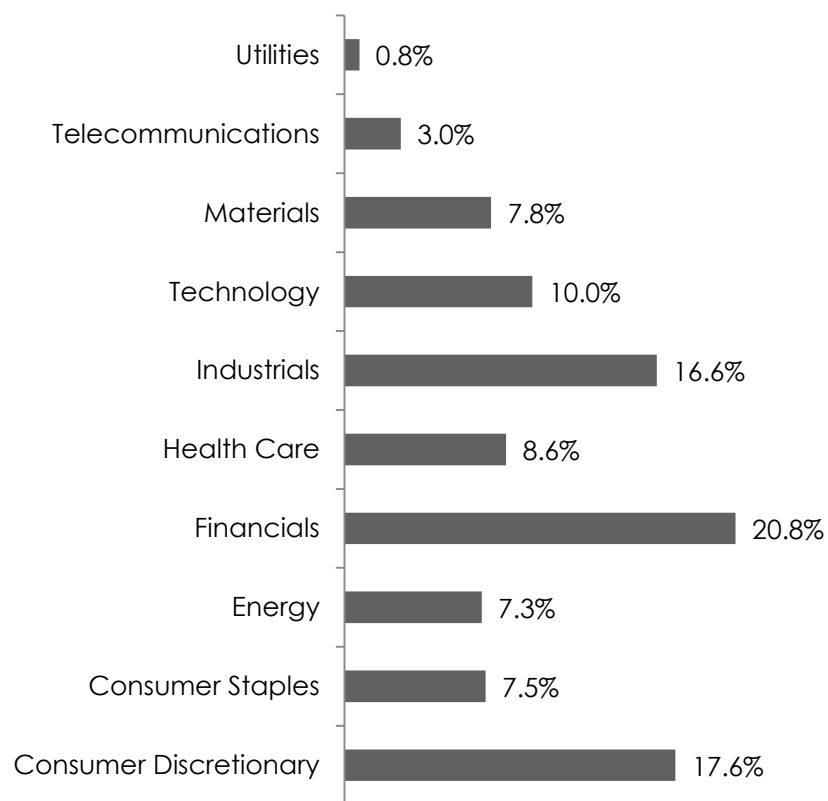
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Causeway	7.5	45	9.0	26	16.8	16	5.1	58	-3.9	36
Northern Trust Passive	-		-		-		4.7	64	-5.9	78
<i>MSCI ACWI Ex US</i>	6.3		-		-		-		-	
ARI	-	-	-	-	-	-	10.4	13	-4.9	54
EPOCH	-	-	-	-	-	-	2.8	83	-8.8	96
Wasatch	-	-	-	-	-	-	-3.0	97	-5.7	76
Wellington	-	-	-	-	-	-	2.9	82	-8.3	96
<i>MSCI EAFE Small Cap</i>	9.2		15.6		22.7		7.7		-6.0	

Total International Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Novartis AG	0.90%
Reed Elsevier	0.88%
AKZO Nobel	0.88%
KDDI	0.85%
Novartis AG	0.86%
Sanofi	0.85%
Toyota	0.83%
British American Tobacco	0.74%
Nestle	0.71%
Technip	0.69%
Top Ten Total Weight	8.19%

Sector Weightings



Active International Equity Characteristics – Trailing Five Years

	Asset Class	Upside Capture Ratio %	Downside Capture Ratio %	Trailing Five Year Return	Correlation vs. S&P 500	Correlation vs. MSCI ACWI ex US
Causeway	Large Cap Value	114.0%	95.7%	10.6%	0.86	0.95
Northern Trust	Passive Index	100.0%	99.9%	15.7%	1.00	0.83
Advisory Research	Small Cap Value	94.5%	70.2%	10.7%	0.81	0.93
EPOCH	Small Cal Value	102.1%	85.2%	9.6%	0.86	0.95
Wasatch	Small Cap Growth	104.8%	57.3%	16.4%	0.80	0.91
Wellington	Small Cap Growth	101.9%	88.6%	8.9%	0.90	0.98

Upside and downside capture ratios measured against the MSCI ACWI ex-US index.

*Composite performance used when necessary.

International Equity Portfolios: 5 Year Correlation Matrix

Trailing Five Years	ARI SCI	Causeway LCI	EPOCH SCI	Northern Trust	Wasatch SCI	Wellington SCI
ARI SCI	-					
Causeway LCI	0.92	-				
EPOCH SCI	0.92	0.93	-			
Northern Trust Passive	0.81	0.89	0.86	-		
Wasatch SCI	0.85	0.86	0.94	0.80	-	
Wellington SCI	0.91	0.97	0.95	0.90	0.91	-

*Composite performance used when necessary.

third quarter, 2014

International Equity Risk Return Comparison

Composite Data Used – Three Years Ended September 30, 2014



Performance – MLPs

	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Chickasaw	-	-	39.9	-	50.5	-	-1.0	-
FAMCO	-	-	34.1	-	30.1	-	-0.4	-
Swank	-	-	24.5	-	44.6	-	-0.4	-
<i>Alerian MLP</i>	-		22.9		25.8		2.7	

November Manager Status Report

Manager	Mandate	Strategy	AUM	% of Portfolio	Current Status	Reason for Status Change	Status Change Effective Date	Date of Last Review	Date of Next Review	Expectations
MacKay Shields LLC	Fixed Income	High Yield	258,474,368	1.86%	On Alert	Personnel Change	June 2014	June 2014	December 2014	Maintain continuity of management practices and results
Geneva Capital Management, LTD	Domestic Equity	Small Cap	190,443,145	1.37%	On Alert	Acquisition	July 2014	July 2014	December 2014	Maintain continuity of management practices and results
Lord Abbett & Co. LLC	Fixed Income	Core Plus	610,985,650	4.39%	On Alert	Personnel Change	July 2014	July 2014	December 2014	Maintain continuity of management practices and results

All other managers currently rated In Compliance



LORD ABBETT

October 27, 2014

Ms. Melissa Kempkes
Oklahoma Teachers Retirement System
P.O. Box 53524
Oklahoma City, OK 73152-3524

Dear Melissa:

According to the Investment Policy Statement of Oklahoma Teachers Retirement System, we are required to submit this letter through you to the Board of Trustees requesting exception under the Policy to continue to hold a security whose credit rating has been downgraded to below 'CCC.' In the course of our quarterly compliance review of the Core Plus portfolio we manage for OTRS, we discovered that an issue of the Argentinian Province of Neuquén that is held in the portfolio, the 7.875% bonds due 4/26/2021 Cusip: 64126BAB6 in a face amount of \$123,000 had been downgraded by S&P from CCC+ to CCC-. As of September 30, 2014, the portfolio's exposure to this issue represented 0.02% (2 basis points) of the portfolio's market value.

Neuquén is one of Argentina's most prosperous provinces. Neuquén is rich in natural resources and also benefits from a vibrant tourist trade. The country has important mining and extractive industries and is a leading producer of gas and petroleum. Admittedly, the country of Argentina has been under pressure and the sovereign debt is in technical default because its attempt to meet its U.S. dollar foreign debt service has been enjoined by ruling of a federal judge that has prevented the country from paying interest on its restructured debt without also paying in full certain hedge funds holding previously defaulted bonds that had not been converted under a prior debt restructuring. We recognized that this has at least indirect implications for the Province of Neuquén even though it is a separate borrowing authority and the bonds are backed by provincial oil royalties.

Given current market conditions, we would prefer to hold the Neuquén position for now in the expectation that there will be some eventual resolution of Argentina's dispute with the hedge funds holding previously defaulted Argentine debt. We will keep this matter under close review and might of course at some point in the future decide that a disposition becomes the better course of action.

We appreciate your and the Board's consideration of this request.

Sincerely yours,

Thomas J. McDonald III
Client Portfolio Manager

CC: Mr. Douglas Anderson, gregory.w.group

November 21, 2014

Name of Audit Firm
Address
City, State ZIP

Purpose

The Oklahoma State Auditor's Office (SAI) is seeking proposals from interested auditors for the performance of a financial audit of the Board of Trustees of the Oklahoma Teachers Retirement System (OTRS). This plan is for educators and other employees of institutions of higher education, local school districts, career tech school districts and certain employees of state educational-related agencies.

Scope

The audit shall be for the state fiscal year ended June 30, 2015 and shall be conducted in accordance with *Government Auditing Standards*. The proposal should include census data testing as required by GASB Statement 68 and consistent with the guidance to auditors published by the American Institute of Certified Public Accountants.

The fiscal year 2014 financial statements with independent audit reports are available on the OTRS website www.ok.gov/trs under the "Publications" Tab and the "Annual Report-CAFRs" sub-tab.

General Requirements

- 1) The auditor shall, as part of the written audit report, submit to the OTRS Board of Trustees and SAI a report containing an expression of an opinion that the financial statements are fairly presented, or an opinion qualified as to certain accounts or items in the financial statements, a disclaimer of opinion and the reasons therefore, or an adverse opinion, and shall explain any unusual items or circumstances under which the auditor was unable to reach a conclusion. This report shall state that generally accepted government auditing standards have been followed in performing the audit.

- 2) The auditor's opinion shall be expressed on the opinion units as identified in the AICPA Audit and Accounting Guide: Audits of State and Local Governments.
- 3) The auditor shall submit to the OTRS Board of Trustees and SAI a report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*.
- 4) The auditor shall submit 25 copies of the final report to OTRS and one copy to SAI.
- 5) Per 74 O.S. § 212A. 2, the auditor will file the audit with SA&I and pay the required filing fee.
- 6) The audit report shall be submitted by the third Wednesday in October, 2015. OTRS will provide support in both the preparation of audit schedules and the preparation of financial statement drafts.
- 7) Any management letters, reports, or correspondence shall be consistent with the findings published in the audit report (i.e., they shall disclose no material matters not also disclosed in the findings found in the published audit report).
- 8) Audit documentation shall be available for a period of five years following completion and/or termination of the contract. If an audit, litigation, or other action involving such records is started before the end of the five-year period, the records are required to be maintained for three years from the date that all issues arising out of the actions are resolved or until the end of the five year retention period, whichever is later.
- 9) The contract will be for one year, with an option to renew the contract for each of the next four fiscal years.
- 10) The auditor agrees that any pertinent state or federal agency will have the right to examine the audit documentation and other records relevant to the audit. As used in this clause, "records" includes books, documents, accounting procedures and practices, and other data, regardless of type, and regardless of whether such items are in written form, in the form of computer data, or in any other form.
- 11) The bids submitted shall be in conformity with the instructions to bidders and shall include all items listed below in the section titled "Bid Proposals." All bids, quotations and contracts shall be typewritten or written in ink. Any corrections to this instrument shall be initialed in ink. Along with the written Bid Proposal, each firm shall include a copy of the Bid Proposal in Word format on a thumb drive.

- 12) In accordance with 74 O.S. § 85.40, all travel expenses to be incurred by the vendor that are part of the service for the contract shall be included in the total bid price/contract amount.
- 13) No oral statement of any person shall modify or otherwise affect the terms, conditions, or specifications stated in the bid and/or the resultant contract. All modifications to the bid/contract shall be agreed to in writing.
- 14) The SA&I and OTRS reserve the right to reject any bid that does not comply with the requirements and specifications of the bid. A bid may be rejected when the bidder imposes terms and conditions that would modify requirements of the bid or limit the bidder's liability to the State.

Q & A Process

In an effort to clarify any issues in this RFP, the SAI and the OTRS staff will respond only to questions that are presented through e-mail in a Microsoft Word document. Questions should be submitted to **Riley Shaull, Comptroller** at Riley.Shaull@trs.ok.gov. These questions will be consolidated into a single Q&A document.

All questions must be received by **4:30 p.m. Central Time on Friday, December 12, 2014**. The Q&A document will be posted on the OTRS website (www.ok.gov/trs) on or after **Friday, December 19, 2014**. This will be the only distribution method for the Q&A document.

Bid Proposals

Proposals must include:

- 1) Affirmation of understanding of the audit scope and required completion date;
- 2) Evidence of good standing (copy of annual permit card issued by the Oklahoma Accountancy Board for principal partner or engagement manager);
- 3) Nature and extent of the firm's governmental auditing experience;
- 4) A copy of the audit firm's most recent external quality control review report including letter of comments, if any;
- 5) Composition of the audit team including relevant experience and hourly billing rates of team members;
- 6) Estimated number of hours to complete the audit;
- 7) The audit fee for this engagement and next four subsequent years. Although there is no commitment on the state's part for the subsequent years, these will be considered in reviewing and selecting the best value;
- 8) Completed non-collusion certification and a professional service contract certification (attached).

General Terms and Conditions

Applicable Law and Courts – This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The auditing firm shall comply with all applicable federal, state and local laws, rules and regulations.

Limitation of Liability, Hold Harmless Clauses and Indemnity – The State of Oklahoma and its agencies are constitutionally barred from limiting the liability of a private vendor. Agencies are similarly prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. The contract between the successful auditing firm and OTRS will not have any such terms.

Contract Termination –

- o **For Default** – Consistent failure by the vendor to respond to or to meet its obligations under this contract may place the vendor in default and subject to cancellation of the purchase order. In the event the contractor fails to meet the terms and conditions of this contract or fails to provide services in accordance with the provisions of the contract, OTRS at its sole discretion, may withhold payments claimed by the contractor or cancel this contract by written notice of default to the contractor. Cancellation due to default shall not be an exclusive remedy, but shall be in addition to any other rights and remedies provided for by law. In the event a Notice of Cancellation is issued, the Contractor shall have the right to request a review of such decision as provided by the rules and regulations promulgated by the State of Oklahoma Department of Central Services, Central Purchasing Division.
- o **For Convenience** – This contract shall be in force until the expiration date, or until 30 days after written notice has been given by either party of its desire to cancel without cause. Notification of cancellation shall be by certified mail to the business address of record. In the event this contract is canceled by either party, OTRS shall be responsible for reimbursement for goods or services received or provided prior to cancellation date. OTRS shall not be responsible for reimbursement of unreasonable or unnecessary expenditures incurred after receipt of the cancellation notice.

Unavailability of Funding – In the event state or federal funds used to support this contract become unavailable, either in full or in part, due to reduction in appropriations, OTRS may terminate or reduce the contract upon notice in writing to the Contractor by certified mail. OTRS shall be the final authority as to the availability of funds. The effective date of such contract termination or reduction shall be specified in the notice. In the event of a reduction, the Contractor may cancel this contract as of the effective date of the proposed reduction upon advance written notice to OTRS.

Submittal Information

An original and seven copies of the proposal, along with an electronic version of the proposal on a thumb drive, are to be submitted no later than **4:30 p.m. on January 23, 2015** to:

Lisa Hodges, Deputy State Auditor
Office of the State Auditor and Inspector
State Capitol Building
2300 North Lincoln Blvd. Room 100
Oklahoma City, Oklahoma 73105

Bid Award

The SA&I and OTRS will evaluate all bids that have been received. Finalists may be asked to make a presentation to the OTRS Board of Trustees before a selection is made. It is anticipated that the award of the bid by the SAI will take place approximately one month after the bid deadline. Each bidder will be notified by SA&I in writing as to the award of the bid. Upon acceptance of the contract, payment will be made by OTRS via progress billings with 25 percent being retained until submission of the final report. Thank you for your time and consideration.

Sincerely,

Lisa Hodges, CPA
Deputy State Auditor

Section A: ID	Name (LAST, First, M.I.)	Job Title	P.I.N.
State ID #		General Counsel	

Reason for PMP	Start Date	End Date	Agency	Supervisor	Organizational Unit/Division	Job Code
Annual	7/1/14	6/30/15	715	Tom Spencer	Administration/Legal	1631

Section B: Accountabilities <i>(Tasks + Performance Standards)</i>						Rating
1. Assists in orientation and education of new Board members and in the continuing education of current Board members. Upon request of the Executive Director conducts in-service training sessions for employees on various issues and subjects.						
Designation: Important						
Results:						
2. Conducts ongoing reviews and evaluations of various areas including requests for proposals and bid specifications, interviews and selection processes for professional services, audit documents, qualified domestic relations orders, powers of attorney documents, trust documents, guardianships and conservatorships, liens, garnishments, and beneficiaries benefit payments under state law including the Uniform Transfer to Minors Act. Makes appropriate recommendations to the Executive Director based on these reviews.						
Designation: Critical						
Results:						
3. Participates in and represents the agency and the Board by attending all Board and Committee meetings, administrative hearings, post hearing appeals to District Court and beyond, all court proceedings and hearings. Upon the request of the Executive Director, attends legislative committee meetings.						
Designation: Critical						
Results:						
4. Drafts various legal documents including requests for proposals and bid specifications, agendas of the Board and Committees for compliance with the Open Meeting Act, inquiries and requests for opinions, pleadings, briefs, administrative rules and regulations, policies, procedures, and other documents requiring statutory language.						
Designation: Important						
Results:						
5. Advises agency staff and Board on all state and federal laws and/or regulations affecting agency and/or personnel issues.						
Designation: Important						
Results:						

Section B: Accountabilities (<i>Tasks + Performance Standards</i>)	Rating
6. Attends staff meetings and other agency team meetings where appropriate and at the request of the Executive Director, assists in special projects or assignments. Keeps the Executive Director informed of progress on all projects and assignments whether assigned or self-initiated. Designation: Important	
Results:	
7. Maintains an effective working relationship with the OTRS Chairman, on behalf of the OTRS Board of Trustees, and other Trustees, to keep the Board informed of all significant matters involving issues related to acting as legal counsel to the Board. Designation: Important	
Results:	
8. Designation:	
Results:	
For Supervisors/Managers Only 9. Performance Management Accountability: -- Provides continuous feedback to employees using specific terms regarding work performance -- Conducts annual performance appraisals according to policy -- Helps employees identify areas of strength and areas for development -- Instructs and demonstrates ways that employees may improve performance or gain new skills -- Encourages feedback from employees regarding performance management -- Other: Designation: Critical	
Results:	

Section C: Overall Accountability Rating

- * If all Accountabilities are Meets Standards or below, then the Overall Accountability Rating cannot be Exceeds Standards.
- * If any *critical* Accountability is Does Not Meet Standards, then the Overall Accountability Rating cannot be Exceeds Standards.
- * If any three Accountabilities are either Needs Improvement or Does Not Meet Standards, then the Overall Accountability Rating cannot be Exceeds Standards.

Overall Accountability Rating:

(Enter the Overall Accountability Rating again in Section E.)

Section D: Behaviors	Rating
1. Customer Service Orientation Develops a clear understanding of customers' needs and goals. Maintains clear communication with customers regarding expectations and timeframes. Follows through and responds to customers' requests, questions, and complaints in a timely manner. Follows up with customers after a problem has been resolved to inform them of any action taken. Takes personal responsibility for meeting commitments and correcting problems. Responds calmly under pressure.	
Results:	
2. Teamwork Offers to help and pitches in to get the job done. Works effectively with others when resolving common issues or problems. Praises and gives credit to co-workers when they have done a good job. Keeps others informed about tasks or projects. Gives support to others by providing detailed instructions. Listens to and seeks others' perspective on how to complete work assignments.	
Results:	
3. Problem-Solving Initiative Solves problems in a timely way. Identifies the cause of problems and finds the necessary resources and information to solve the problem. Recognizes immediate problems and issues. Breaks down problems into lists of tasks, issues, or activities. Sets priorities on tasks and activities that compete for attention. Recognizes when information is missing, incomplete, or wrong. Understands the logical sequence of events when solving problems or working on a project. Re-sets priorities based on changing needs or new requests. Obtains appropriate management approval prior to taking action.	
Results:	
4. Leadership Sets priorities to align work with and in support of agency or division goals. Plans and leads meetings to ensure that issues are discussed and agendas are met. Provides others with timely and accurate feedback. Gains access to resources in a timely manner. Recommends changes in work methods to improve performance in the agency or division. Asks for others' opinions, ideas, and recommendations to involve others in improving the work situation.	
Results:	
5. Observing Work Hours and Using Leave <i>(Do not consider any leave that is approved under FMLA.)</i> Arrives at work on time. Is punctual with lunch hour and break periods. Makes productive use of work time, focusing on assigned duties and tasks. Ensures that work does not suffer if personal business interrupts the work day. In case of absence, notifies supervisor in a timely manner in accordance with agency policy. Takes into account work flow issues when requesting annual leave or taking breaks.	
Results:	

Section E: Overall Performance Rating

1. Enter the Overall Accountability Rating (from Section C):

Overall Accountability Rating:

2. To arrive at an Overall Performance Rating, consider the ratings on the Behaviors:

- * If two or more Behaviors are Does Not Meet Standards, then the Overall Performance Rating *must* be one level lower than the Overall Accountability Rating.
- * If two or more Behaviors are Exceeds Standards, then the Overall Performance Rating *may* be one level higher than the Overall Accountability Rating.

3. Record the Overall Performance Rating:

Overall Performance Rating:

Section F: Summary / Development Plan

Performance Strengths:

Performance Areas for Development:

Development Plan:

Section G: Record of Meetings/Discussions			
Purpose of Meeting: Initial Planning		Start Date: _____ / _____	
_____ / _____		Supervisor's Signature _____ Date _____	
Employee's Signature _____ Date _____		Reviewer's Signature _____ Date _____	
Purpose of Meeting: Mid-Year Review		_____ / _____	
_____ / _____		Supervisor's Signature _____ Date _____	
Employee's Signature _____ Date _____		Reviewer's Signature _____ Date _____	
(This section is OPTIONAL and is used for extra meetings.)			
Purpose of Meeting _____ Date _____		Supervisor's Signature _____ Date _____	
_____ / _____		Reviewer's Signature _____ Date _____	
Employee's Signature _____ Date _____		Reviewer's Signature _____ Date _____	
Purpose of Meeting: Closeout of the PMP		End Date: _____	
Supervisor: I certify that this report represents my best judgment and has been discussed with the employee.		_____ / _____	
Supervisor's Signature _____ Date _____		Reviewer: I certify that I agree with this report and have listed any exceptions/comments in the Additional Comments section.	
Employee: I certify that this report has been discussed with me. I understand that my signature does not necessarily indicate my agreement with the contents of the report.		_____ / _____	
Employee's Signature _____ Date _____		Reviewer's Signature _____ Date _____	
Employee Comments:		Additional Comments (Supervisor and/or Reviewer):	

This page is to be maintained by supervisor and attached after the PMP closeout.

Copies: _____ Employee
 _____ Supervisor
 _____ Agency Human Resources Department
 _____ Other

GENERAL COUNSEL
Oklahoma Teachers Retirement System
Unclassified Position

DEFINITION

Appointed by the Board of Trustees, and working under the direction of the Board of Trustees and Executive Director, providing legal advice and representation to the Oklahoma Teachers Retirement System and the Board of Trustees. The General Counsel shall be under the administrative supervision of the Executive Director. The Executive Director shall annually evaluate the performance of the General Counsel. The Board will review and approve the Executive Director's evaluation of the General Counsel.

DESCRIPTION OF DUTIES

- Has primary responsibility to ~~ie~~ ensure legal and regulatory compliance of agency operations.
- Attends all Board of Trustee and Committee meetings and provides legal counsel to Board of Trustees and Committees.
- Represents the agency in all legal matters arising in all Oklahoma tribunals.
- Provides legal guidance to OTRS employees on matters arising in connection with the execution of their duties.
- Coordinates and oversees work of specialized counsel in matters of tax and securities litigation.
- Participates as member of the administrative staff in the development of agency policy, procedures and regulations. Primary responsibility of drafting of legislation and administrative rules affecting the agency.
- Consults on the development of policy related to the agency and state government operations.
- Consults with administrators and supervisors on personnel and administrative problems providing legal guidance as is appropriate; discusses program and policy changes having state-wide impact.
- Other duties as assigned by the Chairman of the Board, ~~and~~ the Board of Trustees and the Executive Director.

KNOWLEDGE AND SKILLS

Knowledge of federal and state laws and regulations relating to public administration, public pension systems, state government, employment law; comprehensive knowledge of the principles, methods and practices of the various programs being administered; comprehensive knowledge of the organization, development and administration of the programs managed. Skill in establishing and maintaining effective relationships with state officials, employees, applicants and the public; in oral and written communications of all types; and in interpreting, analyzing and resolving highly complex administrative and legal issues.

EDUCATION AND EXPERIENCE

Completion of the curriculum requirements and awarding of a Juris Doctorate degree, admission to the Oklahoma Bar, and minimum of five (5) years of law practice required.

SELECTIVE QUALIFICATIONS

Prior legal experience is required in with or more of the following entities: state government, public pension, public trust, or similar type entity. Strong background in employment law and previous managerial experience is preferred.

SPECIAL REQUIREMENT

Applicants must be willing and able to fulfill all job-related travel normally associated with this classification.

Teachers' Retirement System of Oklahoma
Oliver Hodge Building
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, Oklahoma 73105
(405) 521-4746

RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED RULES:

This rule is being permanently promulgated to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business [70 O.S. Section 17-101 et seq., especially 70 O.S. Section 17-106(10)]. This rule is necessary to provide a more efficient administration of the System and ensure that the rules for the Teachers' Retirement System of Oklahoma continue to best serve the System's members.

TITLE 715. TEACHERS' RETIREMENT SYSTEM

CHAPTER 1. ADMINISTRATIVE OPERATIONS

715:1-1-19 is being added to provide a method to determine which statewide organization representing retired educators may make the one (1) non-voting Trustee appointment to the Board. This non-voting Trustee appointed by a statewide organization representing retired educators is a new addition to the Board by virtue of HB2740. As there is the possibility that more than one statewide organization representing retired educators exists, without the adopting of this rule, there is no way to determine which specific organization is entitled to make the nomination.

B. CLASS OF PERSON(S) AFFECTED (CLASS BEARING COST OF RULES):

The class of person(s) affected by the proposed rules is the membership of the Teachers' Retirement System of Oklahoma, as well as any statewide organizations representing retired educators.

C. CLASS OF PERSON(S) BENEFITTED BY PROPOSED RULES:

The class of person(s) benefitted by the proposed rules is the membership of the Teachers' Retirement System of Oklahoma as well as any statewide organizations representing retired educators.

D. DESCRIPTION OF ECONOMIC IMPACT UPON AFFECTED CLASSES OF PERSONS OR POLITICAL SUBDIVISIONS:

The proposed rules will not have an economic impact upon affected classes.

E. COST TO AGENCY, EFFECT ON STATE, INCLUDING A PROJECTED NET LOSS OR GAIN IN SUCH REVENUES:

None.

F. ECONOMIC IMPACT THAT IMPLEMENTATION OF THE RULES WILL HAVE ON POLITICAL SUBDIVISIONS AND WHETHER THE IMPLEMENTATION WILL REQUIRE THE SUBDIVISION'S COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE:

None.

G. LESS COSTLY OR INTRUSIVE METHODS:

None available.

H. DATE IMPACT STATEMENT PREPARED:

Chapter 1. Administrative Operations

715:1-1-19 is being added to provide a method to determine which statewide organization representing retired educators may make the one (1) non-voting Trustee appointment to the Board. This non-voting Trustee appointed by a statewide organization representing retired educators is a new addition to the Board by virtue of HB2740. As there is the possibility that more than one statewide organization representing retired educators exists, without the adopting of this rule, there is no way to determine which specific organization is entitled to make the nomination.

715:1-1-19 Appointment of Non-voting Trustee

The Board of Trustees is composed of thirteen (13) voting members and one (1) nonvoting member who is to be selected by a statewide organization representing retired educators under Section 17-106(m) of title 70 of the Oklahoma Statutes. As there is the possibility that more than one statewide organization representing retired educators exists, OTRS shall employ an annual process to determine which such organization has the ability to make the non-voting trustee appointment.

The term “statewide organization representing retired educators” shall mean an entity primarily organized for the purpose of representing the interests of retired educators in this state and providing member benefits, as is defined in Section 17-122.1 of title 70 of the Oklahoma Statutes. Furthermore, the entity must have at least two hundred (200) retired educators in its membership who are also members of OTRS.

On September 15, 2014, any organization that asserts that it meets the definition of a statewide organization representing retired educators shall make application on a form supplied by OTRS, to be recognized as the organization to make this selection. The form shall be submitted with documentation that shows the legal status of the organization (corporation, association, other). The material submitted shall also provide documentation formally adopted by the organization demonstrating the organization meets the definition of a statewide organization representing retired educators and documentation formally adopted by the organization detailing the internal procedure by which the organization will select the candidate to be appointed to the Board of Trustees.

The Board of Trustees shall decide which organization(s) meet the definition of an eligible organization by November 1, 2014. If only one organization meets the definition of eligible organization, that organization shall follow its own governing documents to make the selection of the non-voting trustee, and provide notification of the appointment to OTRS in writing by December 10, 2014.

Should more than one organization meet the definition of an eligible organization, the Board shall maintain a register of eligible organizations and shall place the organizations meeting the definition on the initial register according to the membership number of the organizations, with the organization with the most members being listed first on the register, and the organization with the lowest number of members being listed last. The organization listed first on the register shall follow its own governing documents to make the selection of the non-voting trustee, and provide notification of the appointment to the OTRS in writing by December 10, 2014. By September 30 of every year thereafter every organization on the register must re-certify to the Board of Trustees that it continues to meet the definition of statewide organization representing retired educators, and that it has at least two hundred (200) members who are retired educators. Any organization that fails to re-certify its eligibility or fails to meet the eligibility shall be stricken from the register by the Board at the next scheduled board meeting. By November 1 of every year the Board shall notify the next organization listed on the register of its entitlement to make the non-voting member appointment for the next calendar year, with notification to the OTRS of the name of the appointed non-voting member in writing by December 10 of that year. This yearly procedure shall continue through the register sequentially until all organizations on the register have made an appointment to the Board of Trustees. Entitlement to make the appointment shall then return to the first organization listed on the register, and the procedure shall continue yearly in the same manner sequentially through the register.

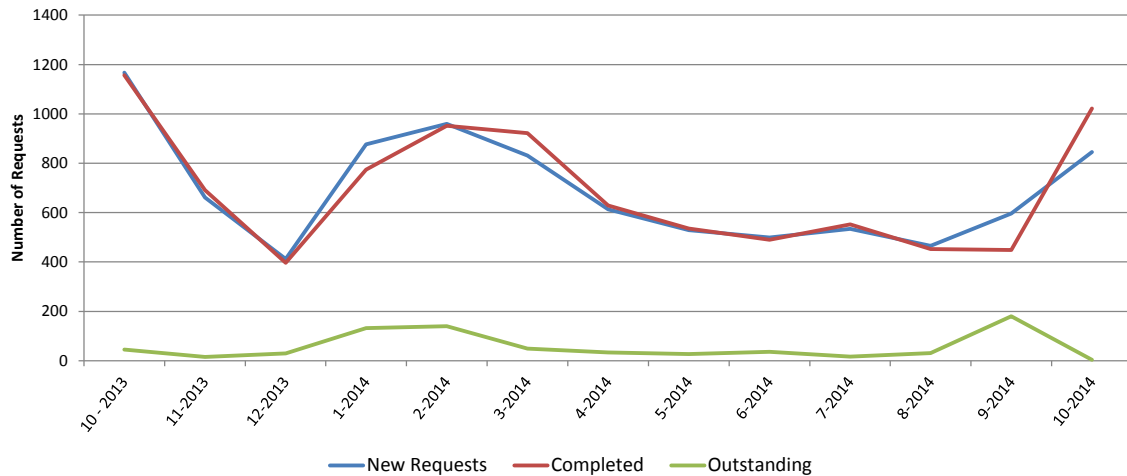
Any organization making application for eligibility and addition to the register after September 15, 2014 shall make application in the same manner described above. The Board shall decide by November 1 of the year in which the

application is made if the organization meets the definition of an eligible organization. The organization shall then be added to the end of the register. In any year in which more than one organization is added to the register, they shall be added according to the membership number of the organizations, with the organization with the most members being listed first on the register, and the organization with the lowest number of members being listed last.

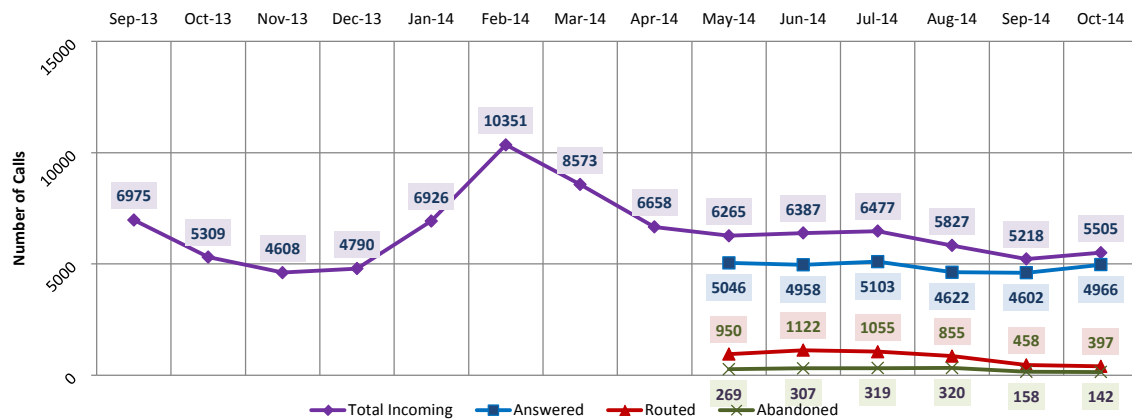
The term of the non-voting Trustee appointment made hereunder shall be one (1) calendar year, from January 1 to December 31.

CLIENT SERVICES PERFORMANCE METRICS THROUGH OCTOBER 2014

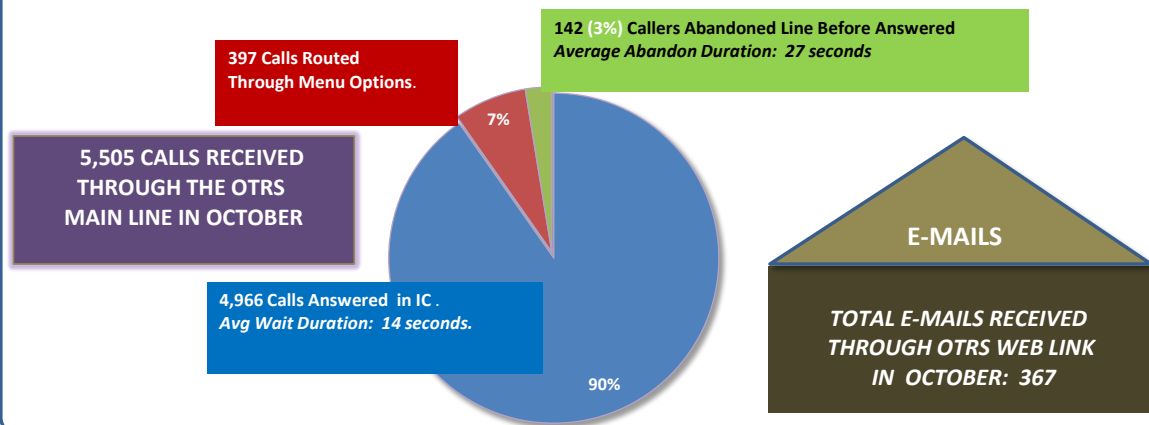
ESTIMATE REQUESTS THROUGH OCTOBER 2014



INCOMING CALLS SERVED THROUGH TRS MAIN NUMBER



INFORMATION CENTER PERFORMANCE FOR OCTOBER 2014





OKLAHOMA TEACHERS RETIREMENT SYSTEM

PO BOX 53524 OKLAHOMA CITY, OKLAHOMA 73152

(405) 521-2387 OR TOLL FREE (877) 738-6365

Monthly Retirement Status Report

From 11/1/2014 to 11/1/2014

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Disability	8	\$6,299.50	\$787.44	13.74	50.13
Normal	115	\$174,102.16	\$1,513.93	20.30	61.65
Total	123	\$180,401.66	\$1,466.68	19.88	60.90
Terminated Annuities	114	(\$151,965.16)	\$1,333.03	24.39	81.41

NORMAL RETIREMENTS			November 1, 2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0163902	10	62	11/1/2014	102593	\$250.88
Q0290935	8	67	11/1/2014	102582	\$463.47
Q0296633	5	61	11/1/2014	102594	\$206.74
Q0149142	28	52	11/1/2014	102573	\$1,839.70
Q0248487	22	58	11/1/2014	102646	\$773.63
Q0181593	28	62	11/1/2014	102647	\$2,487.20
Q0231656	30	57	11/1/2014	102539	\$6,176.75
Q0067718	24	61	11/1/2014	102540	\$1,543.73
Q0119750	24	69	11/1/2014	102645	\$2,028.12
Q0164246	15	61	11/1/2014	102541	\$966.14
Q0229234	17	64	11/1/2014	102542	\$742.52
Q0281500	10	57	11/1/2014	102543	\$267.35
Q0182474	14	62	11/1/2014	102547	\$544.29
Q0159578	43	70	11/1/2014	102613	\$3,880.29
Q0068866	14	57	11/1/2014	102548	\$207.69
Q0160588	10	55	11/1/2014	102549	\$837.11
Q0145100	11	62	11/1/2014	102595	\$468.66
Q0164852	24	61	11/1/2014	102550	\$1,989.65
Q0031677	22	57	11/1/2014	102740	\$1,471.44
Q0105833	17	62	11/1/2014	102576	\$1,264.63
Q0289371	7	61	11/1/2014	102901	\$347.56
Q0200791	12	62	11/1/2014	102551	\$564.69
Q0150035	28	52	11/1/2014	102596	\$2,839.58
Q0144617	30	62	11/1/2014	102597	\$3,609.57
Q0235023	28	52	11/1/2014	102599	\$2,120.32
Q0121027	11	68	11/1/2014	102523	\$1,201.08
Q0128045	34	55	11/1/2014	102600	\$2,692.67
Q0066770	31	66	11/1/2014	102601	\$1,445.47
Q0243751	25	57	11/1/2014	102648	\$1,919.03
Q0105976	26	63	11/1/2014	102602	\$1,636.02
Q0183374	24	61	11/1/2014	102603	\$1,866.90
Q0102196	36	57	11/1/2014	102604	\$2,708.82
Q0163959	28	61	11/1/2014	102656	\$3,817.30
Q0089297	26	56	11/1/2014	102605	\$2,165.74
Q0199344	26	66	11/1/2014	102606	\$3,006.48
Q0015767	11	58	11/1/2014	102531	\$281.99
Q0256835	5	62	11/1/2014	102607	\$402.34
Q0127176	29	52	11/1/2014	102608	\$5,080.90
Q0220168	21	55	11/1/2014	100806	\$775.30
Q0244729	20	66	11/1/2014	102737	\$558.25
Q0087544	25	58	11/1/2014	102609	\$2,029.06
Q0130236	28	52	11/1/2014	102612	\$1,898.34
Q0287543	5	64	11/1/2014	102701	\$293.75
Q0262032	13	62	11/1/2014	102616	\$959.28
Q0067620	17	61	11/1/2014	102617	\$348.53
Q0109539	15	55	11/1/2014	102618	\$397.10
Q0082471	25	67	11/1/2014	102619	\$652.14
Q0036613	12	65	11/1/2014	102806	\$313.56

Q0087604	12	63	11/1/2014	102626	\$457.52
Q0037018	29	64	11/1/2014	102631	\$2,423.83
Q0198204	19	69	11/1/2014	102657	\$1,381.83
Q0065984	11	62	11/1/2014	102632	\$442.87
Q0148829	29	53	11/1/2014	102633	\$2,068.89
Q0183630	38	60	11/1/2014	102634	\$3,905.16
Q0032743	11	65	11/1/2014	102635	\$495.80
Q0277847	10	73	11/1/2014	102637	\$618.61
Q0069273	14	57	11/1/2014	102638	\$387.49
Q0246870	23	59	11/1/2014	102639	\$1,576.14
Q0013514	19	62	11/1/2014	100269	\$1,268.27
Q0231652	10	58	11/1/2014	102640	\$347.88
Q0090224	35	56	11/1/2014	102738	\$4,018.78
Q0120878	33	65	11/1/2014	102538	\$2,792.04
Q0282186	7	62	11/1/2014	102641	\$140.66
Q0287408	11	76	11/1/2014	102649	\$302.93
Q0226702	16	62	11/1/2014	102650	\$846.55
Q0088948	11	57	11/1/2014	102739	\$103.30
Q0144780	18	62	11/1/2014	102546	\$1,085.85
Q0213731	17	59	11/1/2014	102652	\$1,118.68
Q0233777	33	62	11/1/2014	102653	\$3,470.84
Q0066423	13	65	11/1/2014	102566	\$924.56
Q0183205	31	61	11/1/2014	102623	\$1,860.33
Q0047666	20	65	11/1/2014	102630	\$864.96
Q0128734	34	54	11/1/2014	102614	\$3,283.26
Q0145162	22	60	11/1/2014	102382	\$1,267.10
Q0109263	25	57	11/1/2014	102590	\$1,909.06
Q0106601	26	60	11/1/2014	102622	\$1,957.43
Q0009275	16	70	11/1/2014	102689	\$1,125.05
Q0014022	30	66	11/1/2014	102580	\$3,424.29
Q0284060	8	63	11/1/2014	102621	\$382.23
Q0199069	14	68	11/1/2014	102568	\$1,295.50
Q0178797	36	70	11/1/2014	102537	\$2,532.97
Q0123239	44	65	11/1/2014	102570	\$2,619.80
Q0216029	8	60	11/1/2014	102569	\$350.46
Q0005499	11	62	11/1/2014	102588	\$564.15
Q0073714	14	57	11/1/2014	102902	\$573.43
Q0065375	32	62	11/1/2014	102560	\$3,941.15
Q0215882	16	62	11/1/2014	102629	\$316.90
Q0160837	28	68	11/1/2014	102676	\$3,485.25
Q0195835	14	74	11/1/2014	102903	\$2,319.84
Q0100790	21	67	11/1/2014	102575	\$1,450.29
Q0072174	15	59	11/1/2014	102374	\$1,234.76
Q0227401	30	66	11/1/2014	102535	\$1,847.47
Q0062032	20	72	11/1/2014	102574	\$930.39
Q0068724	23	58	11/1/2014	102627	\$1,463.66
Q0044838	7	68	11/1/2014	102628	\$231.38
Q0248292	9	66	11/1/2014	102572	\$682.96
Q0050082	20	60	11/1/2014	102571	\$665.81
Q0289037	6	63	11/1/2014	102587	\$185.09
Q0067308	29	62	11/1/2014	102562	\$2,206.63
Q0104954	10	63	11/1/2014	102654	\$467.95
Q0302250	6	64	11/1/2014	102559	\$200.94
Q0160794	25	61	11/1/2014	102515	\$1,838.08

Q0316884	10	63	11/1/2014	102241	\$626.05
Q0042538	21	75	11/1/2014	102558	\$1,187.33
Q0259235	24	58	11/1/2014	102167	\$1,555.35
Q0104891	13	64	11/1/2014	102436	\$231.31
Q0050077	17	61	11/1/2014	102460	\$1,151.81
Q0035541	33	63	11/1/2014	102586	\$4,311.77
Q0294103	7	62	11/1/2014	102103	\$269.28
Q0149101	27	53	11/1/2014	102367	\$2,004.96
Q0031501	30	60	11/1/2014	102475	\$2,738.94
Q0071260	34	55	11/1/2014	102411	\$2,345.07
Q0121374	24	63	11/1/2014	102507	\$631.31
Q0052376	32	54	11/1/2014	102525	\$4,083.70
Q0201092	13	62	11/1/2014	102583	\$966.47
Averages	20.30	61.65			\$1,513.93
			Totals	115	\$174,102.16

DISABILITY RETIREMENTS			November 1, 2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0165076	12	57	11/1/2014	D102886	\$569.05
Q0074773	17	42	11/1/2014	D102885	\$1,182.21
Q0169635	11	34	11/1/2014	D102884	\$621.55
Q0146971	12	58	11/1/2014	D102887	\$887.94
Q0122074	13	57	11/1/2014	D102879	\$829.39
Q0145372	10	60	11/1/2014	D102888	\$201.66
Q0053013	15	41	11/1/2014	D102466	\$857.91
Q0167967	20	52	11/1/2014	D102889	\$1,149.79
Averages	13.74	50.13			\$787.44
			Totals	8	\$6,299.50

TERMINATIONS			November 1, 2014			
Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	18	97	9/22/2014	10/1/2014	016407	\$679.28
Deceased	43	100	9/2/2014	10/1/2014	017910	\$2,078.73
Deceased	24	98	9/5/2014	10/1/2014	018055	\$804.65
Deceased	33	92	9/4/2014	10/1/2014	019491	\$1,601.84
Deceased	27	94	9/26/2014	10/1/2014	020307	\$1,032.84
Deceased	11	96	9/11/2014	10/1/2014	020937	\$474.17
Deceased	36	87	9/6/2014	10/1/2014	021093	\$1,313.19
Deceased	36	91	9/22/2014	10/1/2014	021249	\$726.12
Deceased	34	97	9/8/2014	10/1/2014	021384	\$1,507.28
Deceased	22	94	9/10/2014	10/1/2014	021582	\$1,035.03
Deceased	22	93	9/14/2014	10/1/2014	021850	\$1,067.57
Deceased	40	92	9/7/2014	10/1/2014	022704	\$1,637.01
Deceased	39	91	9/25/2014	10/1/2014	022926	\$1,919.15
Deceased	38	86	9/15/2014	10/1/2014	023139	\$926.55
Deceased	20	86	9/11/2014	10/1/2014	023526	\$728.09
Deceased	18	90	9/8/2014	10/1/2014	024486	\$947.10
Deceased	28	94	9/16/2014	10/1/2014	024704	\$1,653.06
Deceased	18	91	9/20/2014	10/1/2014	024871	\$793.82
Deceased	29	81	9/7/2014	10/1/2014	025109	\$1,792.81
Deceased	29	90	9/21/2014	10/1/2014	025260	\$1,767.33
Deceased	27	82	9/24/2014	10/1/2014	025388	\$1,294.10
Deceased	27	88	9/14/2014	10/1/2014	025413	\$1,531.09
Deceased	26	92	9/17/2014	10/1/2014	025596	\$1,600.62
Deceased	25	92	9/9/2014	10/1/2014	026100	\$1,390.48
Deceased	18	88	9/4/2014	10/1/2014	026341	\$428.45
Deceased	33	83	9/25/2014	10/1/2014	026347	\$1,326.54
Deceased	19	94	9/10/2014	10/1/2014	026620	\$1,168.96
Deceased	15	93	9/6/2014	10/1/2014	026697	\$815.29
Deceased	20	89	9/4/2014	10/1/2014	026844	\$1,228.70
Deceased	39	93	9/22/2014	10/1/2014	026867	\$2,273.25
Deceased	41	87	9/14/2014	10/1/2014	028241	\$2,900.19
Deceased	21	89	9/16/2014	10/1/2014	028713	\$1,182.80
Deceased	33	90	9/29/2014	10/1/2014	028723	\$1,240.24
Deceased	18	88	9/25/2014	10/1/2014	028946	\$707.83
Deceased	21	91	9/5/2014	10/1/2014	029312	\$1,261.78
Deceased	25	81	9/28/2014	10/1/2014	029540	\$1,367.30
Deceased	30	87	9/22/2014	10/1/2014	030552	\$1,564.12
Deceased	37	94	9/28/2014	10/1/2014	030753	\$2,052.32
Deceased	21	86	9/12/2014	10/1/2014	030817	\$1,059.59
Deceased	30	86	9/1/2014	10/1/2014	031015	\$1,749.19
Deceased	19	86	9/15/2014	10/1/2014	031176	\$533.98
Deceased	23	81	9/26/2014	10/1/2014	031506	\$1,397.14
Deceased	29	81	9/8/2014	10/1/2014	031629	\$1,686.25
Deceased	32	90	9/23/2014	10/1/2014	031744	\$2,547.66
Deceased	23	86	9/9/2014	10/1/2014	032162	\$603.11
Deceased	39	85	9/15/2014	10/1/2014	032328	\$2,548.53
Deceased	19	86	9/12/2014	10/1/2014	032535	\$416.09
Deceased	36	88	9/25/2014	10/1/2014	032726	\$2,866.09
Deceased	26	80	9/24/2014	10/1/2014	033244	\$2,033.83
Deceased	16	86	9/26/2014	10/1/2014	033277	\$494.24

Deceased	23	84	9/23/2014	10/1/2014	033288	\$1,441.88
Deceased	33	77	9/15/2014	10/1/2014	033372	\$2,025.55
Deceased	29	77	9/13/2014	10/1/2014	033754	\$1,713.49
Deceased	29	95	6/21/2014	10/1/2014	033780	\$1,717.06
Deceased	29	74	9/27/2014	10/1/2014	034273	\$2,286.61
Deceased	25	75	9/14/2014	10/1/2014	034276	\$1,055.24
Deceased	14	87	9/29/2014	10/1/2014	034489	\$722.87
Deceased	13	90	9/29/2014	10/1/2014	034604	\$541.98
Deceased	21	83	9/13/2014	10/1/2014	035287	\$1,243.27
Deceased	16	83	9/25/2014	10/1/2014	036368	\$406.77
Deceased	23	79	9/29/2014	10/1/2014	036490	\$1,354.48
Deceased	28	74	9/2/2014	10/1/2014	036715	\$1,604.23
Deceased	16	87	9/6/2014	10/1/2014	037978	\$1,001.29
Deceased	21	81	9/18/2014	10/1/2014	038899	\$689.97
Deceased	15	83	9/14/2014	10/1/2014	038907	\$829.80
Deceased	16	78	9/30/2014	10/1/2014	039070	\$606.91
Deceased	24	78	9/30/2014	10/1/2014	039071	\$507.72
Deceased	27	84	9/7/2014	10/1/2014	039142	\$1,640.16
Deceased	29	71	9/19/2014	10/1/2014	039270	\$2,064.30
Deceased	45	85	9/11/2014	10/1/2014	039768	\$2,730.07
Deceased	12	77	9/2/2014	10/1/2014	039832	\$316.76
Deceased	33	76	9/18/2014	10/1/2014	040114	\$2,492.05
Deceased	26	82	9/24/2014	10/1/2014	040825	\$918.54
Deceased	24	82	9/17/2014	10/1/2014	041107	\$1,636.70
Deceased	25	77	9/13/2014	10/1/2014	041203	\$1,336.39
Deceased	19	79	9/15/2014	10/1/2014	041687	\$708.13
Deceased	23	80	9/24/2014	10/1/2014	042506	\$1,267.34
Deceased	28	71	9/25/2014	10/1/2014	043669	\$1,695.39
Deceased	38	76	9/9/2014	10/1/2014	043735	\$2,649.71
Deceased	26	79	9/2/2014	10/1/2014	044091	\$1,045.66
Deceased	12	91	9/20/2014	10/1/2014	045034	\$190.44
Deceased	18	78	9/24/2014	10/1/2014	045769	\$952.94
Deceased	34	73	9/22/2014	10/1/2014	046609	\$2,625.44
Deceased	26	79	9/17/2014	10/1/2014	047482	\$1,612.30
Deceased	22	73	9/2/2014	10/1/2014	048775	\$762.67
Deceased	24	76	9/2/2014	10/1/2014	050277	\$374.49
Deceased	11	77	9/25/2014	10/1/2014	050784	\$438.79
Deceased	10	89	9/21/2014	10/1/2014	051007	\$128.69
Deceased	21	72	9/11/2014	10/1/2014	051336	\$1,356.10
Deceased	30	67	9/30/2014	10/1/2014	052433	\$2,345.81
Deceased	11	84	9/1/2014	10/1/2014	052625	\$265.57
Deceased	15	75	9/14/2014	10/1/2014	053329	\$643.48
Deceased	29	72	9/12/2014	10/1/2014	054724	\$865.75
Deceased	25	76	9/6/2014	10/1/2014	056766	\$1,867.21
Deceased	22	75	9/26/2014	10/1/2014	057198	\$1,358.37
Deceased	14	76	9/15/2014	10/1/2014	057441	\$825.55
Deceased	15	66	9/4/2014	10/1/2014	062341	\$274.21
Deceased	35	63	9/30/2014	10/1/2014	066547	\$2,950.65
Deceased	41	69	9/19/2014	10/1/2014	066743	\$4,136.52
Deceased	22	65	9/27/2014	10/1/2014	068461	\$1,486.66
Deceased	11	81	9/7/2014	10/1/2014	068648	\$277.97
Deceased	30	67	9/15/2014	10/1/2014	071770	\$1,821.45
Deceased	27	65	5/19/2014	10/1/2014	072907	\$2,464.68
Deceased	27	69	9/20/2014	10/1/2014	073723	\$2,903.07

Deceased	9	68	9/17/2014	10/1/2014	075704	\$320.45
Deceased	30	61	9/27/2014	10/1/2014	076055	\$2,471.70
Deceased	23	65	9/27/2014	10/1/2014	078762	\$1,672.45
Deceased	13	60	9/14/2014	10/1/2014	093421	\$652.46
Deceased	22	60	9/5/2014	10/1/2014	094626	\$1,633.33
Deceased	5	67	9/28/2014	10/1/2014	095081	\$102.49
Deceased	12	79	9/3/2014	10/1/2014	D01316	\$528.42
Deceased	12	63	9/8/2014	10/1/2014	D02367	\$708.87
Deceased	16	63	9/17/2014	10/1/2014	D02960	\$1,277.71
Deceased	24	51	9/25/2014	10/1/2014	D102057	\$1,662.77
Averages	24.39	81.41				
				Totals	114	\$1,333.03
						\$151,965.16



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

HR STATUS REPORT
11/19/2014

HR STATUS REPORT

- **New Hires (October 2014):**

n/a

- **Resignations/Terminations/Retirements (October 2014):**

n/a

- **Promotion (October 2014):**

Employee: 197768
Title From: Retirement Planning Consultant (information center)
Title To: Retirement Planning Consultant (survivor benefits)
Salary From: \$38,626
Salary To: \$40,000
Effective: 10/13/2014

EMPLOYEE RECOGNITION LUNCHEON

- An Employee Recognition Luncheon was held 10/29/2014.

MISCELLANEOUS PAYMENTS (November 2014)

- **Employee of the Quarter**

Employee: 155528
Title: Data Management Analyst
Payment: \$250
Effective: 11/12/2014

- **Severance Payments:**

n/a

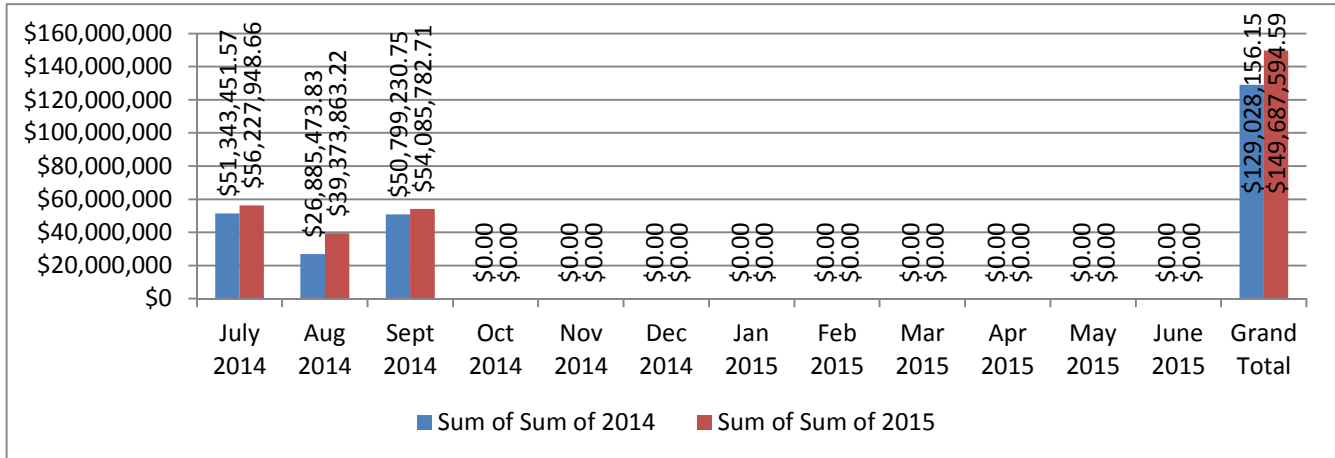
NEW HIRES, RESIGNATIONS, RETIREMENTS OR OTHER CHANGES PENDING

- Retirement Planning Consultant (information center) – three positions / estimated start dates Nov & Dec

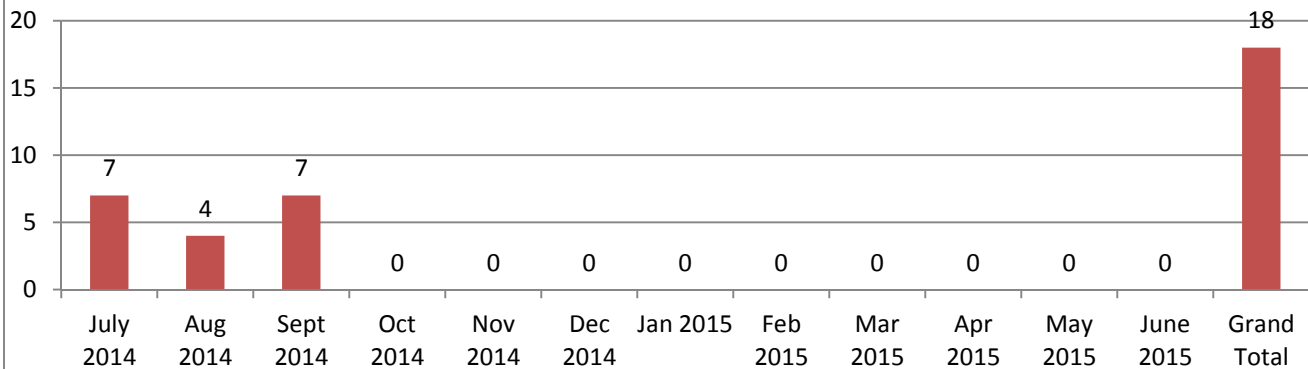
Employer Reporting

Analysis of Employee and Employer Contributions Received

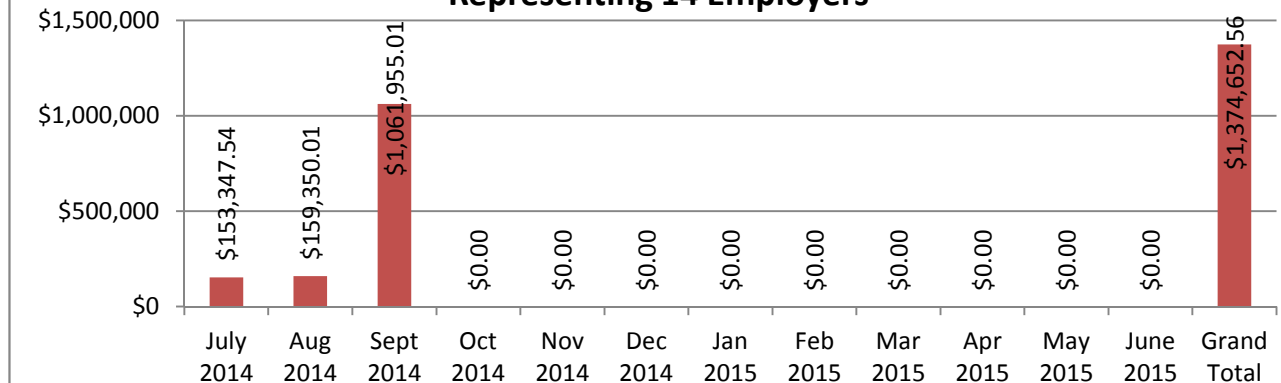
Comparison of Contributions Received For Three Months Ended September 30, 2013 and September 30, 2014



Estimated Number of Delinquent Reports FY15 Representing 14 Employers



Estimated Delinquent Funds FY15 Representing 14 Employers





**BALANCE SHEET
OCTOBER 31, 2014**

CURRENT ASSETS:

Cash Not Available For Investment	\$18,919,712.28
Equities (At Market Value)	10,770,822,930.62
Fixed Income (At Market Value)	2,885,572,515.08
Short-Term Investment Account	371,217,103.54
Due From/(To) Broker	(149,307,037.88)
Accounts Receivable Installment Payments	1,237,028.93
Prepaid Retirement Benefits	76,837,740.81
Accrued Income	<u>48,552,457.18</u>

Total Current Assets

14,023,852,450.56

CAPITAL ASSETS:

Office Furniture and Equipment	3,098,149.51
Accumulated Depreciation	<u>(249,578.54)</u>

TOTAL ASSETS

\$14,026,701,021.53

CURRENT LIABILITIES:

Teachers' Savings Fund	\$4,375,678,903.51
Retirement Benefit Fund	9,612,121,394.91
Interest Fund	(53,943,316.54)
Expense Fund	53,291,262.89
Suspense Fund	<u>36,244,929.53</u>

Total Current Liabilities

14,023,393,174.30

TRS Capital Investment	<u>3,307,847.23</u>
------------------------	---------------------

TOTAL LIABILITIES AND CAPITAL INVESTMENT

\$14,026,701,021.53

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FOR THE FOUR MONTHS ENDED OCTOBER 31

	<u>Year to Date</u>	<u>Year to Date</u>	<u>% Change</u>
	(FY 2015)	(FY 2014)	
Balance of Cash and Investments			
Net Position, Beginning of Year	\$14,201,669,559.43	\$11,817,761,245.40	
<u>RECEIPTS:</u>			
Members' Deposits	82,732,038.57	74,421,732.68	11.17%
Employer Contributions	119,867,649.47	108,025,748.96	10.96%
State Credits	12,509,507.50	12,496,236.50	0.11%
Reimbursed Administrative	2,371.16	394,070.32	-99.40%
Matching Funds from Schools	7,541,989.25	7,255,454.42	3.95%
Lottery Revenue	1,346,654.50	1,417,526.50	-5.00%
Cigarette Sales Tax Revenue	554,641.03	550,716.98	0.71%
Dedicated Revenue	104,684,937.58	<u>97,796,232.32</u>	7.04%
Total Retirement Receipts	329,239,789.06	302,357,718.68	8.89%
Interest Income (Fixed Income and Short-Term)	41,943,487.21	41,773,540.31	0.41%
Dividend Income	71,674,803.67	68,935,770.75	3.97%
Net Realized Gain/(Loss)	319,777,420.82	295,479,178.18	8.22%
Net Unrealized Gain/(Loss)	(490,144,778.24)	699,536,594.78	-170.07%
Investment Operations Income:			
Class Action Lawsuit Proceeds	60.12	0.00	0.00%
Other Income	43,505.25	17,684.00	146.01%
Securities Lending Income	2,762,184.63	<u>2,678,496.26</u>	3.12%
Total Investment Income	(53,943,316.54)	1,108,421,264.28	-104.87%
TOTAL RECEIPTS	275,296,472.52	1,410,778,982.96	-80.49%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	394,016,673.10	378,957,794.07	3.97%
Insurance Premiums Paid for Retirees	10,137,025.00	10,046,256.00	0.90%
Death Benefits	6,030,260.04	6,441,167.32	-6.38%
Withdrawals of Accounts	13,385,787.14	<u>12,679,437.56</u>	5.57%
Total Benefit Payments	423,569,745.28	408,124,654.95	3.78%
Administrative Expense:			
General Operations	1,692,605.92	1,658,210.78	2.07%
Investment Expense	20,909,973.73	<u>9,753,503.40</u>	114.38%
Total Administrative Expenses	22,602,579.65	11,411,714.18	98.06%
TOTAL DISBURSEMENTS	446,172,324.93	419,536,369.13	6.35%
NET INCREASE/(NET DECREASE)	(170,875,852.41)	991,242,613.83	-117.24%
Balance of Cash and Investments, October 31	<u>\$14,030,793,707.02</u>	<u>\$12,809,003,859.23</u>	



SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2014 and Fiscal Year 2015
4 Month Ended October 31, 2014

Object of Expenditure	FY-2014 YTD Actual Expenditures 10/31/2013	FY-2015 YTD Actual Expenditures 10/31/2014	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	639,247	560,306	(78,941)	-12.3%
Taxes, Benefits, and Other Expenses	307,877	279,565	(28,312)	-9.2%
Subtotal Personal Services	947,124	839,871	(107,253)	-11.3%
Professional Services				
Investment Manager Expenses	295,578	7,610,010	7,314,432	2474.6%
Investment Consultant Expenses	175,500	234,000	58,500	33.3%
Investment Custodian Expenses	0	0	0	0.0%
Pension Commission Expenses	0	0	0	0.0%
Subtotal Investment Expenses	471,078	7,844,010	7,372,932	1565.1%
Legal Services - Special Projects	1,517	12,233	10,716	706.2%
Legal Services - Attorney General	15,246	105	(15,141)	-99.3%
Administrative Hearings	0	0	0	0.0%
Auditing Services	35,241	89,757	54,516	154.7%
Actuarial Services	37,870	19,198	(18,673)	-49.3%
Medical Hearings	2,400	3,300	900	37.5%
Reimbursement for Executive Director Services	0	6,643	6,643	0.0%
Marketing Consultant	6,694	0	(6,694)	-100.0%
Miscellaneous Services	12,734	47,615	34,881	273.9%
Subtotal Professional Services	111,703	178,850	67,147	60.1%
Total Professional Services	582,781	8,022,860	7,440,079	1276.7%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	17,057	12,398	(4,659)	-27.3%
Employee Training	8,580	1,583	(6,997)	-81.6%
Employee Travel Expenses	14,218	8,456	(5,762)	-40.5%
Subtotal Travel and Per Diem Expenses	39,854	22,436	(17,418)	-43.7%
Administrative Expenses				
Postage	8,592	85,501	76,909	895.1%
Telecommunications Services	6,669	8,256	1,586	23.8%
Printing and Binding Contracts	10,476	359	(10,117)	-96.6%
Informational Services	8,116	6,648	(1,468)	-18.1%
Rent and Maintenance	55,458	56,648	1,190	2.1%
Office Supplies	7,703	7,911	208	2.7%
Buildings and Other Structures Construction and Renovation	3,051	0	(3,051)	-100.0%
Miscellaneous Administrative Expenses	6,976	5,929	(1,046)	-15.0%
Subtotal Administrative Expenses	107,041	171,252	64,211	60.0%
Data Processing Expenses				
Professional Services	243,186	216,211	(26,975)	-11.1%
Rent and Maintenance	0	789	789	0.0%
Office Supplies	0	0	0	0.0%
Equipment -Telecommunications	0	1,043	1,043	0.0%
Subtotal Data Processing Expenses	243,186	218,043	(25,143)	0.0%
Total Expenses	1,919,987	9,274,463	7,354,476	383.0%
Total Investment Expenses Only	471,078	7,844,010	7,372,932	1565.1%
Total Data Processing Expenses Only	243,186	218,043	(25,143)	0.0%
Total except Investment & Data Processing Expenses	1,205,723	1,212,410	6,687	96 0.6%



SCHEDULE II
Comparison of FY2015 Budget to Actual Expenses
4 Months ended October 31, 2014 Year to Date Comparison

Object of Expenditure	4 Month FY-2015 YTD Budget	4 Month FY-2015 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	813,510	560,306	(253,204)	-31.1%
Taxes, Benefits, and Other Expenses	434,419	279,565	(154,854)	-35.6%
Subtotal Personal Services	1,247,929	839,871	(408,058)	-32.7%
Professional Services				
Investment Manager Expenses	13,305,480	7,610,010	(5,695,470)	0.0%
Investment Consultant Expenses	234,000	234,000	0	0.0%
Investment Custodian Expenses	23,000	0	(23,000)	0.0%
Pension Commission Expenses	17,500	0	(17,500)	0.0%
Subtotal Investment Expenses	13,579,980	7,844,010	(5,735,970)	-42.2%
Legal Services - Special Projects	2,800	12,233	9,433	336.9%
Legal Services - Attorney General	2,500	105	(2,395)	-95.8%
Administrative Hearings	1,660	0	(1,660)	-100.0%
Auditing Services	91,000	89,757	(1,243)	-1.4%
Actuarial Services	37,870	19,198	(18,672)	-49.3%
Medical Hearings	5,140	3,300	(1,840)	-35.8%
Reimbursement for Executive Director Services	0	6,643	6,643	0.0%
Marketing Consultant	0	0	0	0.0%
Miscellaneous Services	12,702	47,615	34,913	274.9%
Subtotal Professional Services	153,672	178,851	25,179	16.4%
Total Professional Services	13,733,652	8,022,861	(5,710,791)	-41.6%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	17,200	12,398	(4,802)	-27.9%
Employee Training	9,005	1,583	(7,422)	-82.4%
Employee Travel Expenses	33,572	8,456	(25,116)	-74.8%
Subtotal Travel and Per Diem Expenses	59,777	22,437	(37,340)	-62.5%
Administrative Expenses				
Postage	85,000	85,501	501	0.6%
Telecommunications Services	13,332	8,256	(5,076)	-38.1%
Printing and Binding Contracts	43,916	359	(43,557)	-99.2%
Informational Services	16,803	6,648	(10,155)	-60.4%
Rent and Maintenance	88,518	56,648	(31,870)	-36.0%
Office Supplies	13,498	7,911	(5,587)	-41.4%
Equipment	5,585	0	(5,585)	-100.0%
Buildings-Purch, Construction Repairs	0	0	0	0.0%
Miscellaneous Administrative Expenses	11,883	5,929	(5,954)	-50.1%
Subtotal Administrative Expenses	278,535	171,252	(107,283)	-38.5%
Data Processing Expenses				
Professional Services	328,201	216,211	(111,990)	-34.1%
Travel and Per Diem Expenses	0	0	0	0.0%
Rent and Maintenance	1,500	789	(711)	-47.4%
Office Supplies	832	0	(832)	-100.0%
Equipment - Telecommunications	10,000	1,043	(8,957)	-89.6%
Miscellaneous Administrative Expenses	0	0	0	0.0%
Subtotal Data Processing Expenses	340,533	218,043	(122,490)	-36.0%
Total Expenses	15,660,426	9,274,464	(6,385,962)	-40.8%
Total Investment Expenses Only	13,579,980	7,844,010	(5,735,970)	-42.2%
Total Data Processing Expenses Only	340,533	218,043	(122,490)	-36.0%
Total except Investment and Data Processing Expenses	1,739,913	1,212,411	(527,502)	-30.3%



Miscellaneous Professional Services Expenses

	Budget	Expenses	Expenses
	<u>2015</u>	<u>2015</u>	<u>2014</u>
Background Checks	20.00	38.00	19.00
Management Consultant	0.00	0.00	10,966.00
Interim Director Search	0.00	43,008.65	0.00
Document Destruction	1,200.00	585.75	807.52
Security	2,932.00	529.76	0.00
Business Service Center	1,600.00	1,152.82	941.74
Computer Professional Services	6,950.00	0.00	0.00
NAVEX Hotline - Ethics	0.00	2,300.02	0.00
	<u>\$12,702.00</u>	<u>\$47,615.00</u>	<u>\$12,734.26</u>

Miscellaneous Administrative Expenses

	Budget	Expenses	Expenses
	<u>2015</u>	<u>2015</u>	<u>2014</u>
Bank Service Charges	2,480.00	1,910.50	2,096.90
ERP Systems - PeopleSoft	1,088.00	796.50	796.50
Licenses, Permits, Certificates and Other Rights	0.00	722.50	277.50
Membership in Organizations	3,595.00	115.00	2,125.00
Advertising	1,720.00	813.52	1,679.86
Tuition Vo-Tech Schools and Other Training	0.00	1,410.00	0.00
Interest on Withholding Taxes	0.00	161.42	0.00
	<u>\$11,883.00</u>	<u>\$5,929.44</u>	<u>\$6,975.76</u>



CLAIMS FOR AUTHORIZED EXPENDITURES OCTOBER 31, 2014

Expenses of Board

Trustee	Meeting, September 24 travel	\$	131.20
Trustee	Meeting, September 24 travel		128.96
Trustee	Meeting, October 22 travel		90.36
Trustee	Meeting, October 22 travel		99.68
Trustee	Meeting, October 22 travel		128.96
Trustee	Meeting, October 22 travel		131.20
Trustee	Due diligence trip parking fee		8.14
Trustee	NCTR Conference - Indianapolis		702.10
Trustee	CA due diligence, travel		408.20
Trustee	CA due diligence, travel		413.20
Trustee	NCTR Conference - airfare		220.00
			2,462.00

Travel of Employees

General Counsel	OPFTEC Conference Registration	93.24
Human Resources Director	HR Southwest Conference	521.55
Human Resources Director	Lodging - HR SW Conference	375.75
Comptroller	Airfare - Nashville P2F2 Conference	498.70
Comptroller	AGA Conference Registration-OKC	100.00
Assistant Comptroller	AGA Conference Registration-OKC	100.00
Assistant Comptroller	Airfare - Nashville P2F2 Conference	498.70
Investment Analysis	OPFTEC Conference Registration	450.00
Investment Analysis	Global Investment Research Conference	503.92
		3,141.86

Communications

Ala Carte Courier Services	Courier service	226.00
AT&T	Wireless, OneNet charges	762.20
Cox Communications	Cable charges	43.40
FedEx	Freight	16.02
JP Morgan Chase Bank, NA	Account analysis bank fees	1,219.25
Navex Global	Ethics Hot Line	2,300.02
Office of Management and Enterprise Services	Telecommunications, transaction fees	6,025.18
Oklahoma Publishing Co	Recruitment Advertisement	813.52
Thomson West TCD	Information	62.67
West Thomson Reuters	Legal Information Subscription	235.00
		11,703.26



**CLAIMS FOR AUTHORIZED EXPENDITURES
OCTOBER 31, 2014**

Contingency, Maintenance, Insurance, Rent, Etc.

Precision Document Solution	Printer maintenance	\$ 487.83
Department of Education	Building security - July	529.76
Department of Libraries	Records storage	1,022.40
Hewlett Packard	Printer	271.48
Hilton Skirvin OKC	Executive Director interview	1,409.76
Central Purchasing Division	CPO training	500.00
South Central Industries	Kitchen supplies	153.14
Extreme Beans	Kitchen supplies	606.80
First Aid Express	Safety supplies	113.80
Office of Management and Enterprise Services	Office rent - October	13,195.27
McAlister's Deli	Catering - October board meeting	327.67
Staples	Office supplies	1,440.80
Walker Co	Notary	170.00
State Treasurers	Bank charges	45.00
		20,273.71

Investment Expenditures

Causeway Capital	Investment management fees first quarter	435,910.87
Cove Street Capital, LLC	Investment management fees first quarter	183,566.00
Advisory Research	Investment management fees first quarter	1,123,241.84
Frontier Capital Management LLC	Investment management fees first quarter	1,020,085.26
AJO	Investment management fees first quarter	302,180.00
The Northern Trust Company	Investment management fees first quarter	44,625.99
Shapiro Capital Management	Investment management fees first quarter	1,310,921.97
Sawgrass Asset Management	Investment management fees first quarter	452,768.00
Neumeier Poma Investment Counsel LLC	Investment management fees first quarter	181,914.00
Thornburg Investment Management	Investment management fees first quarter	537,720.37
Hoisington Investment Management Company	Investment management fees first quarter	110,060.34
Hotchkis and Wiley Capital Management LLC	Investment management fees first quarter	1,054,968.12
Wellington Management Co	Investment management fees first quarter	852,047.67
Gregory W Group	September 2014 consulting fee	58,500.00
		7,668,510.43



**CLAIMS FOR AUTHORIZED EXPENDITURES
OCTOBER 31, 2014**

Professional Services, Workers Comp Insurance

Cole & Reed	Audit services	\$ 51,120.00
Hudepohl & Associates Inc.	Executive Director search	34,886.97
Brooks Industries	Ice machine maintenance	324.41
Douglas F Price	Legal fees	600.00
Payton Osborne MD	October 2014 medical board	300.00
Dathan Jay MD	October 2014 medical board	300.00
George R Jay MD	October 2014 medical board	300.00
Gabriel Roeder Smith	Actuary Fees	19,197.50
Ice Miller, LLP	Legal fees	11,633.15
MY Consulting Inc.	ALICE development	66,900.00
Office of Management and Enterprise Services	Interagency mail/postage	6,824.87
Office of Management and Enterprise Services	Server support, disk storage & network support	1,944.00
Office of Management and Enterprise Services	Desktop, laptop, email support	3,399.88
Oklahoma Public Employees Retirement System	Interim Director services	6,642.52
Stinnett & Associates LLC	Audit Fees - August & September	30,232.68
The Meadows	Document destruction	495.75
		235,101.73

Salaries and Fringe Benefits

Salaries	Administrative department	16,666.67
Salaries	Finance/Accounting department	30,617.84
Salaries	Client Services department	74,267.10
Salaries	Investment department	4,666.67
Education Loan Incentives	Administrative department	8,051.97
Longevity Payroll		1,900.00
Excess Benefit Allowance		3,618.73
FICA/MQFE	Social Security and Medicare	10,575.42
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	796.50
Oklahoma Group Insurance	Employee health, dental life	29,651.01
Teachers' Retirement System of Oklahoma	Employees retirement contributions	28,835.74
Unemployment compensation	Unemployment for Agency payroll	94.80
		209,742.45

Grand Total		\$ 8,150,935.44
-------------	-------------	-----------------



P.O. Box 18485 • Oklahoma City, OK 73154

Oklahoma Retired Educators Association

Phone: 405.525.2230 • 800.310.2230 • www.orea.org

November 3, 2014

Ms. Julie Ezell
General Counsel
Oklahoma Teachers' Retirement System
2500 N. Lincoln Boulevard, Fifth Floor
Oklahoma City, OK 73105

RE: Contact Information for Ms. Elaine Dodd

Dear Ms. Ezell:

As I indicated in my telephone message and email from Friday, October 31, the purpose of this letter is to provide contact information for Ms. Elaine Dodd, OREA's designee to assume the non-voting position on the TRS Board of Trustees effective with the regular Board meeting in January, 2015.

Elaine Dodd
3215 E. 57th Street
Tulsa, OK 74105
(918) 744-5830 home
(918) 607-6508 cell
patriotic1970@gmail.com

Ms. Dodd has been designated by the Oklahoma Retired Educators Association Board of Directors to assume the non-voting TRS Board position. She is a member of the Oklahoma Retired Educators Association and a TRS annuitant. She is not a registered lobbyist.

I trust that you will be in contact with Ms. Dodd regarding any matters pertaining her service on the TRS Board.

Please contact me if I can provide service.

Best regards,

Norman W. Cooper
Executive Director