

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, August 27, 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 JULY 23, 2014 BOARD MEETING**
- 3. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 4. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. AJO
 - B. L&B
- 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 CONSULTANT QUARTERLY REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY 403(B) REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT:** *(see attached agenda)*
- 9. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:**
 - A. Governance
 - B. Audit
 - C. Executive Director Search
- 10. DISCUSSION AND POSSIBLE ACTION ON DEVELOPMENT OF OTRS STRATEGIC PLAN**
- 11. DISCUSSION AND POSSIBLE ACTION ON GASB 68 IMPLEMENTATION**
- 12. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. 2011 SECTION 307(B)(1) FOR DISCUSSIONS REGARDING THE INTERVIEWING, EMPLOYMENT, HIRING, OR APPOINTMENT OF CANDIDATE(S) FOR THE POSITION OF EXECUTIVE DIRECTOR OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**
 - A. Vote to Convene in Executive Session
 - B. Vote to Return to Open Session

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, August 27, 2014 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA (continued)

- 13. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- 14. DISCUSSION AND POSSIBLE ACTION TO EXTEND STATE PERSONNEL INTERCHANGE PROGRAM CONTRACT FOR SERVICES OF INTERIM EXECUTIVE DIRECTOR**
- 15. 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. Interim Executive Director
- 16. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 17. NEW BUSINESS**
- 18. ADJOURNMENT**

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

**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, August 26, 2014 – 3:00 PM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK**

AGENDA

- 1. CALL TO ORDER**
- 2. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 3. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 4. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON FRANKLIN PARK PACING/COMMITMENT LETTER**
- 6. DISCUSSION AND POSSIBLE ACTION ON LORD ABBETT EXCEPTION REQUESTS**
- 7. DISCUSSION AND POSSIBLE ACTION ON REAL ESTATE SEARCH**
- 8. DISCUSSION AND POSSIBLE ACTION REGARDING THORNBURG PERSONNEL CHANGES**
- 9. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 10. ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:

Chair: Vernon Florence

Members: James Dickson, Roger Gaddis, Jill Geiger, Gary Trennepohl

MEETING MINUTES
JULY 23, 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 9:02 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

Judie Harris

Philip Lewis

Stewart Meyers

Andrew Oster

Billie Stephenson

Gary Trennepohl

Greg Winters*

TRUSTEES ABSENT:

Jill Geiger

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:

Wayne Maxwell, *RPOE*

Norman Cooper, *OREA*

Shawn Ashley, *eCapitol*

*Denotes late arrival or early departure.

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 9:02 a.m. and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 2 – MEETING MINUTES: A motion was made by Dr. Trennepohl with a second made by Mr. Oster to approve the June 25, 2014 Board meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 3 - 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 4 - PRESENTATION BY INVESTMENT MANAGER(S): Investment Managers, Hotchkis & Wiley and Sawgrass Asset Management, gave their respective reports to the Board. No action was necessary.

Dr. Winters arrived at 10:09 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. After some discussion, no action was necessary.

ITEM 6 - INVESTMENT COMMITTEE REPORT: Mr. Peacher, Chair of the Investment Committee, presented the Investment Committee Report from the July 22, 2014 meeting. Mr. Peacher said the Investment Committee had four motions to present to the Board for consideration.

Mr. Peacher explained that Wellington Management Company LLP had submitted a letter requesting consent to transfer the Investment Management Agreements between OTRS and WMC Massachusetts dated November 10, 2011, to WMC Delaware on or about January 1, 2015. A motion was made by Dr. Trennepohl with the second by Mr. Florence to approve the consent to transfer. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Peacher said that Geneva Capital Management Ltd. had been purchased by Henderson Global Investors and had submitted a letter requesting Consent to Assignment for the investment advisory agreement between OTRS and Geneva to be assigned to Henderson. Mr. Peacher explained that the Investment Committee had felt the Consent to Assignment was appropriate, but asked that more information be provided to the Board about Henderson Global Investors. In the meantime, it was recommended that Geneva/Henderson's status be changed to "On Alert." After some discussion, a motion was made by Mr. Gaddis with a second made by Dr. Trennepohl to approve the Consent to Assignment and put Geneva/Henderson "On Alert" status until 12/31/2014 due to the change in ownership. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Peacher said that Lord Abbett had submitted a letter to the Board indicating a change in personnel. After some discussion, a motion was made by Dr. Trennepohl with a second by Mr. Gaddis to downgrade Lord Abbett's status to "On Alert" until 12/31/2014 due to personnel changes. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Peacher said Lord Abbett had submitted a letter to the Board requesting an exception be made regarding High Yield portfolios. He said the current policy limited High Yield portfolios to a maximum of 10% to be concentrated in developing or emerging markets. The exception request

was to raise the maximum to 20%. After some discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Florence to deny Lord Abbett's exception request for now to invest up to 20% of its High Yield portfolio in developing or emerging markets pending further discussion with Lord Abbett. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Peacher said that concluded the Investment Committee report. No further action was necessary.

ITEM 7 – BOARD COMMITTEE REPORTS:

Dr. Gary Trennepohl, Chair of the Governance Committee, said there was no report from the committee. He said that once the new executive director was in place, the committee could move forward with additional projects. No action was necessary.

Mr. Stewart Meyers, Chair of the Audit Committee, said that the internal auditors would begin their work again in August to audit the functions of the Client Services division and the Alice database. No action was necessary.

Dr. Trennepohl, Chair of the Executive Director Search Committee, told the Board that the search committee met with Gary Hudepohl on July 22, 2014, to review applicants for the position of Executive Director. He said the committee was looking at several candidates and that it would be a very hard decision. He stressed that this selection process would be the most important decision the Board would make. Dr. Trennepohl said the committee was very pleased with the selection. After some discussion, no action was necessary.

ITEM 8 - ANNOUNCEMENT OF BOARD OF TRUSTEES COMMITTEE ASSIGNMENTS:

Chairman Peacher said the assignments for the FY-2015 Board Committees had been made. He encouraged anyone who wasn't on a committee, but had interest in serving, to contact him. Mr. Peacher announced the following committee assignments:

Audit Committee: Stewart Meyers (Chair), Roger Gaddis, Beth Kerr, Andrew Oster.

Investment Committee: Vernon Florence (Chair), James Dickson, Roger Gaddis, Jill Geiger, Gary Trennepohl.

Governance Committee: Gary Trennepohl (Chair), Beth Kerr, Stewart Meyers.

Executive Director Search Committee – Ad Hoc: Gary Trennepohl (Chair), James Dickson, Vernon Florence, Bill Peacher.

No further action was necessary.

ITEM 9 - DISCUSSION AND POSSIBLE ACTION TO EXTEND STATE PERSONNEL INTERCHANGE PROGRAM CONTRACT FOR SERVICES OF INTERIM EXECUTIVE DIRECTOR:

Mr. Tom Spencer said the OPERS Board had met and agreed to extend the State Personnel Interchange Program Contract for Services of Interim Executive Director for OTRS. The terms of

the extension were for one month (the month of August 2014) at 50% of Mr. Spencer's time spent with OTRS and 50% of his time spent with OPERS. Mr. Spencer said the contract could be revisited the following month if further extensions were needed. A motion was made by Dr. Winters with a second made by Ms. Kerr to approve the extension of the State Personnel Interchange Program Contract under the listed terms. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 10 - DISCUSSION AND POSSIBLE ACTION ON EMERGENCY RULE REGARDING AMENDMENT TO 70 O.S. 17-106:

Ms. Julie Ezell, General Counsel to the Board, said the Attorney General's Opinion regarding the passage of HB 2740 was complete. She reminded the Board of the Emergency Rule they had adopted in May 2014 and withdrawn in June 2014 pending the Attorney General's Opinion. She said it was the opinion of the Attorney General that the OTRS Board had the authority to promulgate an emergency rule to determine how the non-voting trustee from an organization representing retired teachers would be seated. Ms. Ezell presented the emergency rule that determined how the non-voting trustee would be appointed in the case that more than one organization representing retired teachers existed. She said that organizations needed to have at least 200 members to qualify and that organizations falling below that membership minimum would be removed from the list. She said the non-voting trustee would be seated every January and hold that position for one calendar year. A motion was made by Dr. Winters with a second made by Ms. Kerr to approve the Emergency Rule. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 11 - DISCUSSION AND POSSIBLE ACTION ON MAILING REQUEST FROM RETIRED PROFESSIONAL OKLAHOMA EDUCATORS (RPOE):

Ms. Ezell explained to the Board that the statute allowed for Retired Professional Oklahoma Educators to submit mailing materials to be sent to the members of OTRS. She indicated that RPOE would be responsible for covering the postage for their mailings and would not be given a mailing list. She said the materials would be mailed by OTRS staff.

After some discussion, a motion was made by Mr. Gaddis with a second made by Dr. Trennepohl to approve the mailing request from the Retired Professional Oklahoma Educators. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 12 - DISCUSSION AND POSSIBLE ACTION ON AMENDMENT TO LEGAL SERVICES CONTRACT WITH ICE MILLER DATED JUNE 25, 2014:

Ms. Ezell explained that the contract with Ice Miller had been amended to add a non-collusion clause and a non-appropriations clause in order to be approved by the Attorney General's office. She said that the Board needed to approve the addition of the amendments. A motion was made by Mr. Gaddis with a second made by Mr. Oster to add the amendments to the Ice Miller contract. The motion carried by a unanimous voice vote. Trustees responding were as follows:

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

ITEM 13 - DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:

Dixie Moody, Director of Client Services, gave a brief presentation to the Board. She said the new phone system and the addition of staff to the Information Center continued to enhance the customer service response times. She said the Client Services division was in the process of planning several retirement seminars for the fall. After a brief discussion, a motion was made by Mr. Dickson with a second made by Mr. Oster to approve the monthly retirement report. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Melissa Kempkes, Investment Analyst, gave a brief presentation on the Investments 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, updated the Board on the status of the delinquent schools. Ms. Plog said she was happy to report that there were no schools delinquent at this time. She said all of the schools were current with their reports and their contributions. The Trustees commended Ms. Plog on her hard work. After a brief discussion, no action was necessary.

Riley Shaull, Comptroller, gave a brief presentation over the Finance Report. After a brief discussion, no action was necessary.

Julie Ezell, General Counsel to the Board, gave a brief report regarding the administrative hearing findings status. After some discussion, no action was necessary.

Tom Spencer, Interim Executive Director, said the staff continued to evaluate the Alice project and push it along to completion. He said staff had received fourteen proposals from IT firms for a project manager and had selected one to hire. Mr. Spencer said he had seen a demonstration of the client portal which would allow OTRS members to review their account information online when the portal was deployed. He did not have a date of deployment, but said he was impressed by what he saw. Mr. Spencer also reported that staff expected to have the strategic plan draft available for the Board in August. After a brief discussion, no action was necessary.

ITEM 14 - QUESTIONS AND COMMENTS FROM TRUSTEES:

Ms. Kerr reminded the Trustees about the National Council of Teacher Retirement annual convention in October. She said she had been asked to speak at the conference.

ITEM 15 - NEW BUSINESS:

There was no new business from the Board.

ITEM 16 – ADJOURNMENT:

There being no further business, a motion was made by Mr. Gaddis with a second made by Mr. Oster to adjourn the meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Dickson, Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Kerr, Dr. Lewis, Mr. Meyers, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Peacher. The meeting was adjourned at 12:02 p.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, 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 August 27, 2014.

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

July 2014 - Market Performance Update

Risk Markets Sell Off

Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	-1.4	9.4	13.8	15.5
NASDAQ (prc chg only)	-0.9	20.5	16.6	17.2
S&P 500 cap weighted	-1.4	16.9	16.8	16.8
S&P 500 equal weighted	-2.3	18.0	17.7	19.7
S&P Mid Cap	-4.3	12.9	15.0	18.6
S&P Small Cap	-5.5	11.0	15.9	18.3
S&P REIT	0.0	12.1	11.2	21.3
Alerian MLP	-3.6	17.8	18.3	22.4
Russell 1000 Growth	-1.5	18.7	16.1	17.3
Russell 1000 Value	-1.7	15.5	17.6	17.0
Russell Mid Cap Growth	-3.0	15.1	14.8	18.6
Russell Mid Cap Value	-2.9	17.8	17.8	20.0
Russell 2000 Growth	-6.1	8.9	13.6	17.2
Russell 2000 Value	-6.1	8.2	13.6	15.8
Russell Top 200	-1.0	17.4	17.1	16.3
Russell 1000	-1.6	17.1	16.8	17.1
Russell Mid Cap	-3.0	16.4	16.4	19.3
Russell 2500	-4.9	12.1	15.1	18.4
Russell 2000	-6.1	8.6	13.6	16.6
MSCI World Ex US	-1.8	15.5	7.5	9.3
MSCI World Ex US Growth	-2.2	12.9	6.4	9.5
MSCI World Ex US Value	-1.4	18.1	8.7	9.1
MSCI EAFE	-2.0	15.1	8.0	9.4
MSCI Emerging Markets	1.9	15.3	0.4	7.3

Equity prices declined during July as a host of concerns overshadowed investor enthusiasm. Domestic equities and developed foreign equities both suffered losses. Emerging markets posted a gain during July.

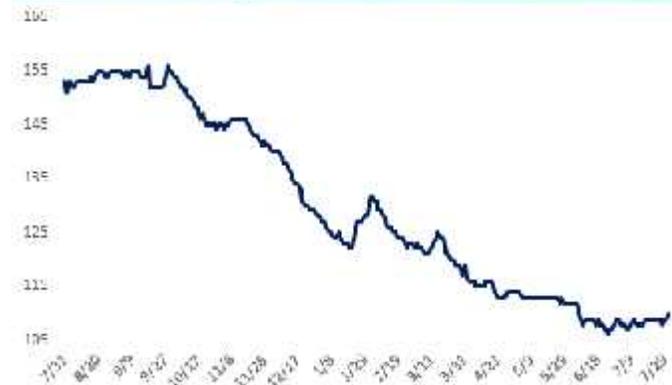
All major domestic equity index returns were negative during July. Small caps suffered the steepest declines. Growth and value suffered similar declines.

The aggregate bond market suffered a marginal loss during the month. Long Treasury bonds posted a modest gain while Treasury bills were flat for the month.

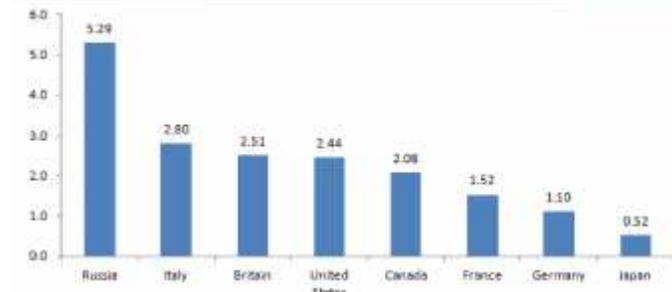
Bond Total Returns

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	0.6	8.9	7.5	7.4
BC US Agg	-0.3	4.0	3.0	4.5

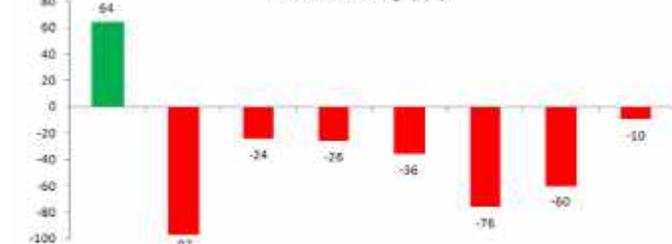
Investment Grade Spread To Treasuries: Last 12 Months (bps)



G8 10-Year Sovereign Yields (%)



One Month Change (bps)



Manager Profile - L&B Realty Advisors, LLC



Asset Class:	Core Real Estate & Non Core Real Estate
Status:	In Compliance
Core Portfolio Size:	\$186,245,204
Core Inception Date:	4/1/2011
Core Allocation:	1.3%
Annual Management Fee:	0.45%
Golden Driller Called Capital:	\$600,000
Golden Driller Inception Date:	7/1/2014
Location:	Dallas, Texas
Structure:	Employee Owned
Portfolio Management Team:	Christian Metten Mark Gerigk
Represented by:	G. Andrews Smith, Executive Chief Officer Mark R. Gerigk, Executive Vice President Christian Metten, Director

Notes:

The fund invests in traditional core property types, including multifamily, retail, office and industrial properties. The primary investment objective will be to protect equity and limit downside risk while assembling a diversified portfolio of appropriately priced, institutional quality, income-producing assets. The manager uses a core strategy that prudently uses leverage with a focus on the distribution of cash flow from operations. The manager will seek owners motivated to sell quality assets at prices expected to provide a desired rate of return with quantifiable downside risk. Manager will seek properties in markets affording long-term sustainable growth and avoid markets prone to excessive volatility and select assets with superior location using first hand experience and a network of strategic partners.

Founded: 1965

Return Profile	Q2 2014	Q1 2014	CY 2013	CY 2012	CY 2011*
L&B Core	0.9	1.0	4.0	3.3	1.0
NCREIF - OEDCE	-	-	-	-	-

Risk Characteristics	Number of Properties	Total Return	% Leverage (fund level)	% Leverage (property level)
L&B Core	9	11.7%	35% of GAV	50% of LTV

Note: All portfolio statistics as of 6/30/14

*Three quarter period.

Manager Profile - AJO Partners, Mid Cap Core/Value



Asset Class:	Mid Cap Domestic Equity
Status:	In Compliance
Portfolio Size:	\$522,731,005
Inception Date:	8/1/1998
Actual Allocation:	3.8%
Annual Management Fee:	0.55%
Location:	Philadelphia, Pennsylvania
Structure:	Employee owned
Portfolio Management Team:	Ted Aronson Martha Ortiz Gina Moore
Represented by:	Ted Aronson

Notes:

Rigorous bottom-up process that blends quantitative investment techniques, fundamental security analysis, and thorough attention to trading.

Founded: 1984

Note: Started managing international equity portfolios in 2012 and a hedge fund in 2013.

Firm AUM: \$24 Billion

Mid Cap AUM: \$0.5 Billion

Return Profile	Since Inception	Last 10 Years	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
AJO Partners	11.3	11.2	20.8	18.1	19.3	2.9	-2.3
Russell Mid Cap	9.4	10.6	19.3	16.4	16.4	2.5	-3.0

Risk Characteristics	Number of Holdings	Average Mkt Cap	Dividend Yield	P/E Ratio	P/B Ratio
AJO Partners	102	\$10,300	1.4%	16.5	2.3
Russell Mid Cap	-	\$9,837	1.4%	20.6	2.5

Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,898,918,095	20.9%	17.0%	3.9%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	1,979,221,842	14.3%	13.0%	1.3%	
Small Cap	1,384,306,936	10.0%	10.0%	0.0%	
Total Domestic Equity	6,262,446,873	45.2%	40.0%	5.2%	
Large Cap International Equity	1,458,575,477	10.5%	11.5%	-1.0%	
Small Cap International Equity	841,226,430	6.1%	6.0%	0.1%	
Total International Equity	2,299,801,907	16.6%	17.5%	-0.9%	
Core Fixed Income	2,108,604,399	15.2%	17.5%	-2.3%	
High Yield Bonds	775,517,198	5.6%	6.0%	-0.4%	Two searches underway
MLPs	1,145,607,898	8.3%	7.0%	1.3%	
Private Equity	390,565,886	2.8%	5.0%	-2.2%	
Real Estate	607,459,693	4.4%	7.0%	-2.6%	
Opportunistic Assets	179,526,475	1.3%	0.0%	1.3%	
Total Non-Core Assets	3,098,677,150	22.4%	25.0%	-2.6%	
Cash	92,023,256	0.7%	0.0%	0.7%	
Composite	13,861,618,364	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of July 31, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,861,618,364	12/1/1991	22.7	9.8	9.1	14.3	13.2	14.9	-2.1	2.2	-2.1
Total Fund (Net of Fees)				9.4	8.7	13.9	12.8	14.5	-2.5	2.1	-2.2
<i>Allocation Index</i>				9.5	7.8	12.7	11.2	12.2	-1.8	2.0	-1.8
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	6,262,446,873	4/1/1990	24.3	11.0	9.3	17.7	16.5	16.0	-3.3	1.7	-3.3
<i>S&P 500</i>	45.2%			9.7	8.0	16.8	16.8	16.9	-1.4	3.0	-1.4
Total All Cap Equity	913,038,535	9/1/2006	7.9	7.4	-	16.6	14.9	14.7	-1.9	2.9	-1.9
<i>Russell 3000</i>	6.6%			7.6	-	17.1	16.6	16.4	-2.0	2.7	-2.0
Total Large Cap Active Equity	1,096,002,584	1/1/1995	19.6	10.6	8.2	17.4	18.9	17.4	-1.7	1.7	-1.7
<i>S&P 500</i>	7.9%			9.7	8.0	16.8	16.8	16.9	-1.4	3.0	-1.4
Total Mid Cap Equity	1,979,221,842	11/1/1998	15.8	10.5	11.6	20.0	17.5	16.7	-3.6	1.7	-3.6
<i>Russell Mid Cap</i>	14.3%			9.8	10.6	19.3	16.4	16.4	-3.0	2.5	-3.0
Total Small Cap Equity	1,384,306,936	2/1/1998	16.5	9.5	9.8	16.6	13.6	14.0	-6.1	0.2	-6.1
<i>Russell 2000</i>	10.0%			7.4	8.8	16.6	13.6	8.6	-6.1	-0.3	-6.1
Total International Equity	2,299,801,907	2/1/1998	16.5	9.2	7.8	9.9	8.3	12.1	-2.4	0.5	-2.4
<i>MSCI ACWI ex-US</i>	16.6%			-	8.0	8.8	5.9	15.5	-1.0	2.6	-1.0
Core Fixed Income (ex- High Yield)	2,108,604,399	4/1/1990	24.3	7.3	6.7	7.5	6.3	7.6	-0.2	1.7	-0.2
<i>Barclays Aggregate</i>	15.2%			-	4.8	4.5	3.0	4.0	-0.3	0.9	-0.3
Master Limited Partnerships	1,145,607,898	2/28/2011	3.4	23.1	-	-	26.7	33.2	-5.4	9.1	-5.4
<i>Alerian MLP Index</i>	8.3%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
High Yield Bonds	775,517,198	2/1/2009	5.5	15.5	-	12.2	8.8	9.4	-1.2	1.1	-1.2
<i>ML High Yield II</i>	5.6%			16.6	-	12.3	8.3	8.3	-1.3	0.5	-1.3
Core Real Estate	607,459,693	4/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF</i>	4.4%			-	-	-	-	-	-	-	-
Cash	92,023,256	4/1/1990	24.3	-	-	-	-	-	-	-	-
<i>91 Day T-bill</i>	0.7%			-	1.6	0.1	0.1	0.0	0.0	0.0	0.0



Equity Portfolios Summary

As of July 31, 2014



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month	
All Cap / Large Cap Domestic												
Hotchkis & Wiley Large Cap	574,724,995	4/1/1990	24.3	11.2	7.7	19.3	20.2	17.6	-2.3	0.8	-2.3	
Russell 1000 Value	4.1%			10.3	8.0	17.0	17.6	15.5	-1.7	2.3	-1.7	
Sawgrass	521,277,589	7/1/2006	8.1	8.7	-	17.3	17.8	17.3	-1.0	2.6	-1.0	
Russell 1000 Growth	3.8%			9.0	-	17.3	16.1	18.7	-1.5	3.5	-1.5	
ARI All Cap	452,506,357	9/1/2006	7.9	6.5	-	16.3	14.2	12.8	-3.1	1.8	-3.1	
Russell 3000	3.3%			7.6	-	17.1	16.6	16.4	-2.0	2.7	-2.0	
EPOCH All Cap	460,532,177	9/1/2006	7.9	8.2	-	16.9	15.6	16.7	-0.7	4.0	-0.7	
Russell 3000	3.3%			7.6	-	17.1	16.6	16.4	-2.0	2.7	-2.0	
Passive Domestic Equity												
NT Cap Weighted Passive	442,103,288	4/1/2012	2.3	17.3	-	-	-	16.6	-1.4	3.0	-1.4	
S&P 500 Cap Weighted	3.2%			17.0	8.0	16.8	16.8	16.9	-1.4	3.0	-1.4	
SSGA Eq Weighted Passive	447,773,689	4/1/2012	2.3	19.9	-	-	-	17.7	-2.3	2.6	-2.3	
S&P 500 Equal Weighted	3.2%			-	10.3	19.7	17.7	18.0	-2.3	2.8	-2.3	
Mid Cap Domestic Equity												
Frontier Capital	502,039,261	6/1/2002	12.2	10.5	12.2	17.5	15.7	16.0	-4.0	2.1	-4.0	
Russell Mid Cap Growth	3.6%			9.5	10.2	18.6	14.8	15.1	-3.0	2.8	-3.0	
Wellington Management	448,294,573	9/1/1998	15.9	10.7	10.5	17.1	12.2	16.5	-4.3	-0.5	-4.3	
Russell Mid Cap Growth	3.2%			9.0	10.2	18.6	14.8	15.1	-3.0	2.8	-3.0	
AJO Partners	522,731,005	8/1/1998	16.0	11.3	11.2	20.8	18.1	19.3	-2.3	2.9	-2.3	
Russell MidCap	3.8%			9.4	10.6	19.3	16.4	16.4	-3.0	2.5	-3.0	
Hotchkis & Wiley Mid Cap	506,157,003	8/1/2002	12.0	14.7	12.2	24.5	23.9	15.3	-3.9	2.3	-3.9	
Russell MidCap Value	3.7%			11.9	10.6	20.0	17.8	17.8	-2.9	2.1	-2.9	
Small Cap Domestic Equity												
Shapiro Capital Management	658,682,914	2/1/1998	16.5	10.9	12.9	20.7	17.7	21.7	-7.3	0.9	-7.3	
Russell 2000	4.8%			7.4	8.8	16.6	13.6	8.6	-6.1	-0.3	-6.1	
Geneva Capital	178,201,055	6/1/2013	1.2	9.4	-	-	-	4.7	-4.7	-2.0	-4.7	
Russell 2000 Growth	1.3%			13.9	9.4	17.2	13.6	8.9	-6.1	0.7	-6.1	
Wasatch Advisors	176,871,089	6/1/2013	1.2	7.5	-	-	-	5.2	-4.2	-0.8	-4.2	
Russell 2000 Growth	1.3%			13.9	9.4	17.2	13.6	8.9	-6.1	0.7	-6.1	
Cove Street Capital	104,660,464	6/1/2013	1.2	12.2	-	-	-	9.2	-5.2	2.4	-5.2	
Russell 2000 Value	0.8%			12.4	8.1	15.8	13.6	8.2	-6.1	-1.3	-6.1	
Frontier Capital	155,182,083	6/1/2013	1.2	12.7	-	-	-	12.2	-6.6	-1.2	-6.6	
Russell 2000 Value	1.1%			12.4	8.1	15.8	13.6	8.2	-6.1	-1.3	-6.1	
Neumeier Poma	110,709,331	6/1/2013	1.2	16.7	-	-	-	10.8	-4.5	1.5	-4.5	
Russell 2000 Value	0.8%			12.4	8.1	15.8	13.6	8.2	-6.1	-1.3	-6.1	
International Large Cap Equity												
Causeway Capital	546,058,120	5/1/2003	11.3	10.9	8.1	11.7	8.5	13.1	-2.0	0.1	-2.0	
MSCI ACWI Ex US	3.9%			10.3	8.0	8.8	5.9	15.5	-1.0	2.6	-1.0	
Northern Trust Passive	438,653,212	9/1/2013	0.9	9.5	-	-	-	-	-2.0	0.7	-2.0	
MSCI EAFE	3.2%			16.6	7.1	9.4	8.0	15.1	-2.0	0.6	-2.0	
Thornburg	473,861,602	1/1/2006	8.6	6.6	-	8.2	3.6	5.4	-2.3	0.3	-2.3	
MSCI ACWI Ex US	3.4%			5.1	8.0	8.8	5.9	15.5	-1.0	2.6	-1.0	
International Small Cap Equity												
ARI Small Cap International	219,830,420	12/1/2011	2.7	20.0	-	-	-	22.0	-2.4	2.9	-2.4	
MSCI EAFE Small Cap	1.6%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Epoch Small Cap International	208,174,750	12/1/2011	2.7	17.0	-	-	-	15.3	-4.2	-2.7	-4.2	
MSCI EAFE Small Cap	1.5%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Wasatch Small Cap International	198,292,945	12/1/2011	2.7	21.8	-	-	-	8.4	-1.5	1.3	-1.5	
MSCI EAFE Small Cap	1.4%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	
Wellington Small Cap International	214,928,316	12/1/2011	2.7	23.4	-	-	-	19.3	-2.8	1.9	-2.8	
MSCI EAFE Small Cap	1.6%			18.4	9.0	13.0	9.4	18.8	-2.4	0.5	-2.4	

Fixed Income Portfolios Summary

As of July 31, 2014

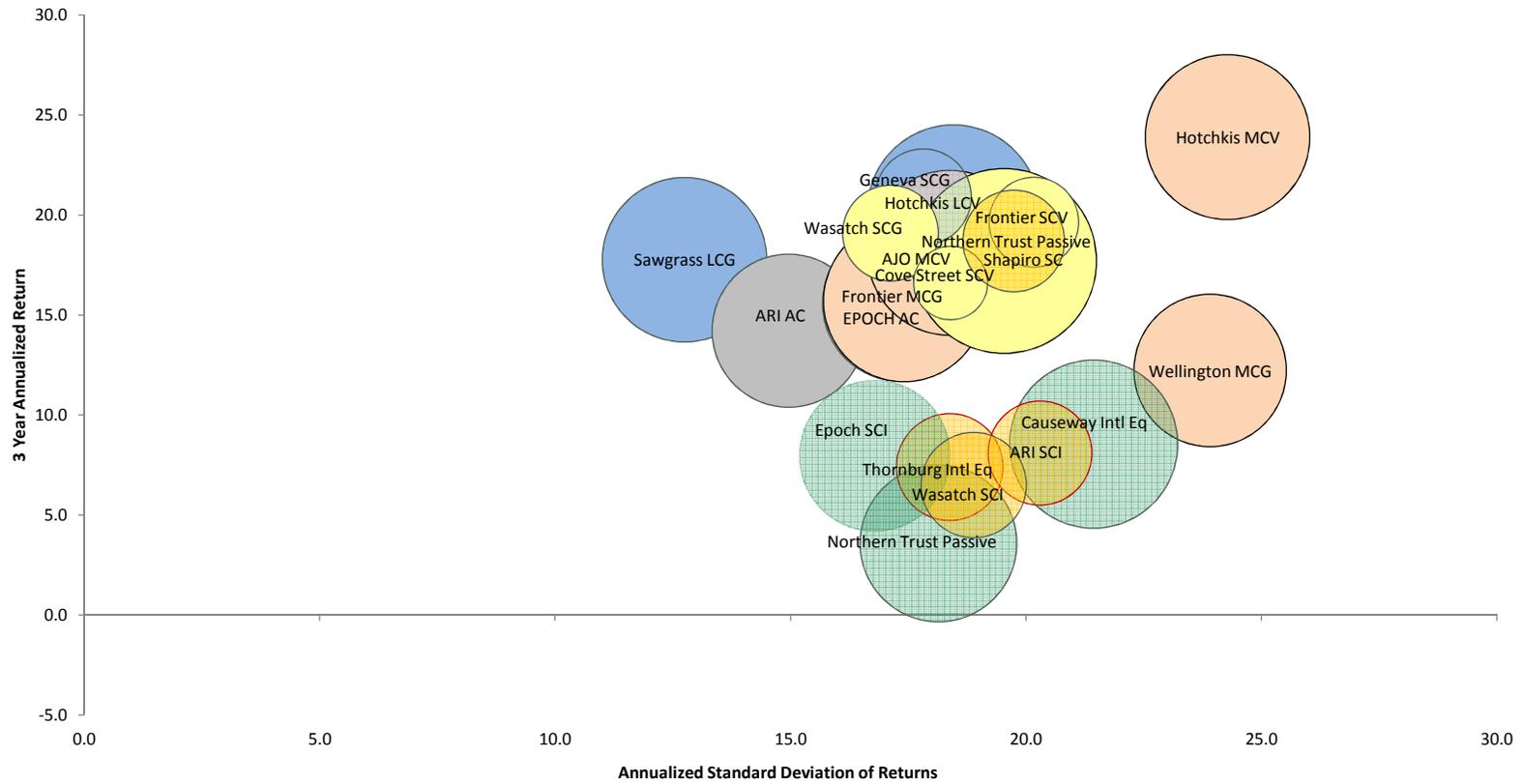
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Core Fixed Income											
Loomis Sayles	613,389,073	8/1/1999	15.0	7.2	7.9	8.7	6.6	8.5	-0.4	1.6	-0.4
<i>Barclays Aggregate</i>	4.4%			5.6	4.8	4.5	3.0	4.0	-0.3	0.9	-0.3
Lord Abbett	602,869,128	11/1/2004	9.8	6.2	-	6.7	5.2	6.2	-0.1	1.5	-0.1
<i>Barclays Aggregate</i>	4.3%			4.6	-	4.5	3.0	4.0	-0.3	0.9	-0.3
Mackay Shields	605,593,085	11/1/2004	9.8	6.4	-	7.5	5.8	5.7	-0.5	0.8	-0.5
<i>Barclays Aggregate</i>	4.4%			4.6	-	4.5	3.0	4.0	-0.3	0.9	-0.3
Active Duration Fixed Income											
Hoisington	286,753,113	11/1/2004	9.8	8.0	-	8.6	10.1	11.7	0.9	4.3	0.9
<i>Barclays Aggregate</i>	2.1%			4.6	-	4.5	3.0	4.0	-0.3	0.9	-0.3
High Yield Fixed Income											
Loomis Sayles High Yield	258,106,648	2/1/2009	5.5	15.5	-	11.9	7.8	9.9	-1.5	1.2	-1.5
<i>Merrill Lynch High Yield II</i>	1.9%			16.6	-	12.3	8.3	8.3	-1.3	0.5	-1.3
Lord Abbett High Yield	259,737,020	2/1/2009	5.5	16.5	-	13.5	10.1	10.5	-1.2	1.3	-1.2
<i>Merrill Lynch High Yield II</i>	1.9%			16.6	-	12.3	8.3	8.3	-1.3	0.5	-1.3
MacKay Shields High Yield	257,673,531	2/1/2009	5.5	14.4	-	11.2	8.5	7.9	-1.0	0.6	-1.0
<i>Merrill Lynch High Yield II</i>	1.9%			16.6	-	12.3	8.3	8.3	-1.3	0.5	-1.3

Non-Traditional Portfolios Summary

As of July 31, 2014

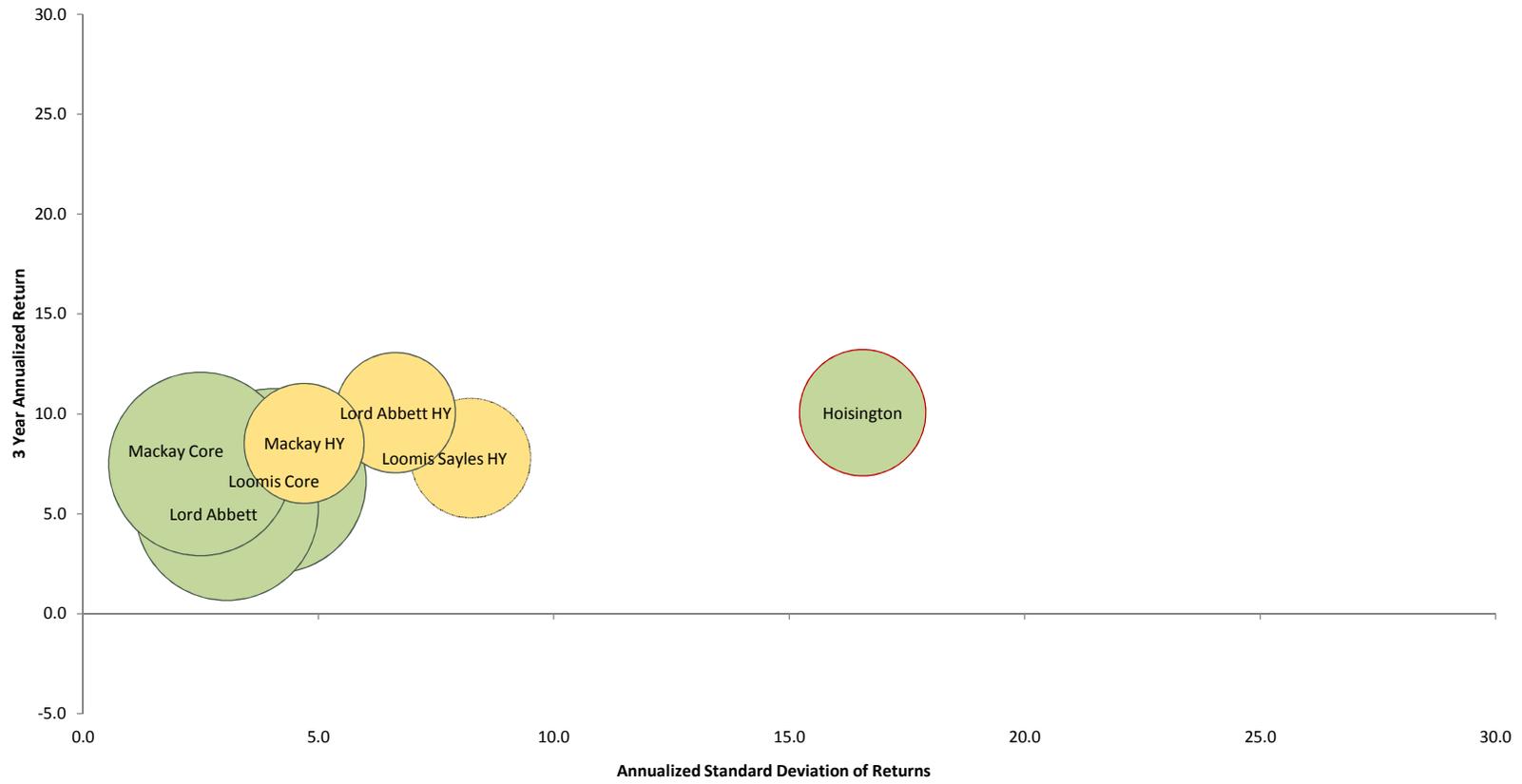
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Master Limited Partnerships											
Chickasaw Capital MLP	402,504,359	2/28/2011	3.4	30.9	-	-	35.0	44.6	-6.2	9.6	-6.2
<i>Alerian MLP Index</i>	2.9%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
Cushing MLP Management	393,873,343	2/28/2011	3.4	24.2	-	-	28.2	38.2	-5.3	9.1	-5.3
<i>Alerian MLP Index</i>	2.8%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
FAMCO MLP	349,230,195	2/28/2011	3.4	17.2	-	-	20.6	21.8	-4.7	8.5	-4.7
<i>Alerian MLP Index</i>	2.5%			15.5	-	-	18.3	17.8	-3.5	5.6	-3.5
Private Equity											
Legacy Private Equity Portfolio	68,330,123	10/1/2008	5.8	-	-	-	-	-	-	-	-
Franklin Park Private Equity	322,235,763	4/1/2010	4.3	-	-	-	-	-	-	-	-
	2.8%			-	-	-	-	-	-	-	-
Real Estate											
AEW Real Estate	211,466,008	5/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
Heitman Real Estate	209,148,481	5/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
L&B Real Estate	186,245,204	4/1/2011	3.3	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.3%			-	-	-	-	-	-	-	-
L&B Golder Driller	600,000	7/1/2014	0.1	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	0.0%			-	-	-	-	-	-	-	-
Opportunistic Fixed Income											
PIMCO BRAVO	141,364,106	3/31/2011	3.3	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	1.0%			-	-	-	-	-	-	-	-
PIMCO BRAVO II	38,162,369	3/31/2013	1.3	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.3%			-	-	-	-	-	-	-	-

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.

August 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
Thornburg Investment Management	International Equity	All Cap	485,023,195	3.42%	On Alert	Performance Issues	November 2013	June 2014	December 2014	Improvement in performance compared to peers and benchmark.
MacKay Shields LLC	Fixed Income	High Yield	260,381,683	1.84%	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	178,201,055	4.35%	On Alert	Acquisition	July 2014	July 2014	December 2014	Maintain continuity of management practices and results
Lord Abbett & Co. LLC	Fixed Income	Core Plus	602,869,128	1.29%	On Alert	Personnel Change	July 2014	July 2014	December 2014	Maintain continuity of management practices and results

All other managers currently rated In Compliance



OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report
second quarter, 2014**



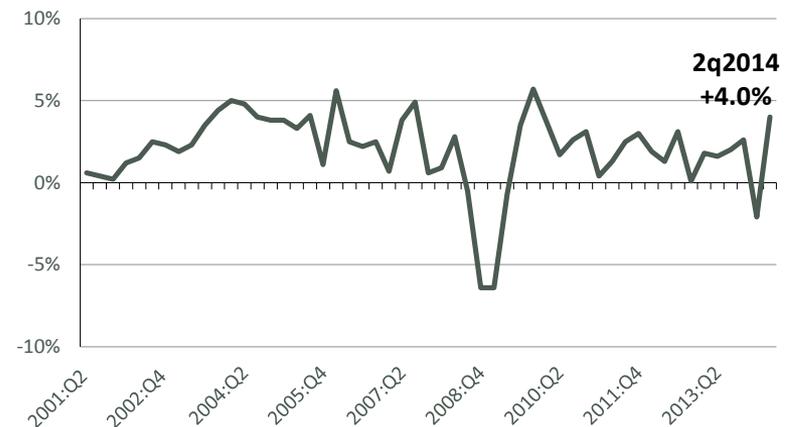
Market Environment – Second Quarter, 2014

- Strong market returns during first half of 2014 caught most investors off guard. Equity and bond investors both profited during the second quarter. Domestic and non-US investments both posted large gains.
- Domestic real GDP suffered an unexpectedly severe decline of -2.9% during the first quarter. Second quarter growth is likely to be below long-term goals.
- The U.S. unemployment rate improved from 6.7% to 6.1% during the quarter.
- The U.S. consumer price index rose 2.1% over the year ended June 30, 2014.
- Earlier this year the Federal Reserve began tapering its bond buying program (Quantitative Easing). At its peak, the program was buying \$85 billion in bonds per month. It has been tapering \$10 billion per month and it now stands at \$35 billion per month.
- Short term interest rates remain pegged at 0.0%, They have been fixed at this level for six years and will likely remain here until after 2015.
- Despite several macro-level events during 2014, market volatility has been low – roughly half of its historical levels.

Labor Force Participation Rate



US Real GDP Growth - Annualized



Equity Markets – Second Quarter, 2014

- The U.S. equity market posted strong positive returns during the second quarter (Russell 1000 +5.1%). Trailing year returns were extremely rewarding (+25.4%).
- Information Technology (+10.6% return), Energy (+10.5%), and Utilities (7.9%) were the best performing sectors. All sectors posted positive second quarter returns.
- The market's top contributing performers were Apple (+21.9%), Schlumberger (+21.4%), and Intel (+20.7%). The bottom three contributors were Bank of America (-10.6%), Pfizer (-6.8%), and JP Morgan (-4.5%).
- Valuations appear normal. The broad market forward P/E ratio was 15.6x at quarter end vs. 15.8x for its fifteen year average. The market's dividend yield was 1.9% vs. 1.7% for its long term average. The broad market is 45% higher than its previous high (October 2007) and 224% above the low set in March of 2009.
- Foreign equity markets also posted gains during the quarter. The MSCI All Country World index gained 5.2% during the quarter (\$USD). Emerging markets (+6.7% return) outperformed developed markets (4.3%) for the quarter.
- The top performing sectors in the MSCI ACWI ex-US index were Energy (+11.6%) Utilities (+7.7%) and Information Technology (+6.4%). All sectors posted second quarter gains.
- Top performance contributors were Royal Dutch Shell (14.6% return), BP (11.3%), and Shire (59.2%). Top detractors were all banks: Deutsche Bank (-14.9%), BNP Paribas (-9.5%), and UBS (-10.0%).
- Developed non-US equity valuations are above average. The forward P/E ratio for the EAFE index ended the quarter at 14.2x vs. 12.6x for its ten year average. Emerging markets valuations are slightly below average: the MSCI EM index forward P/E ratio was 10.9x vs. 11.1 for its ten year average.
- Equity returns have been very strong over the past three years. Volatility is currently low and valuations remain reasonable.

Current P/E Ratio as Percentage of Long Term Average

	Value	Blend	Growth
Large	107.4%	96.6%	87.1%
Mid	120.1%	111.7%	90.7%
Small	116.1%	107.6%	96.5%

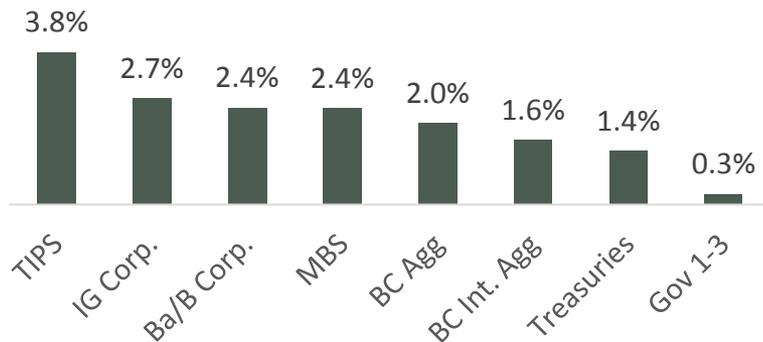
Russell 1000 Sector Analytics	Ending Weight	2q 2014 Return	Contribution
Consumer Discretionary	6.3%	6.0%	0.4%
Consumer Staples	6.9%	1.7%	0.1%
Energy	13.9%	10.5%	1.6%
Financials	28.5%	1.9%	0.5%
Health Care	13.1%	3.4%	0.4%
Industrials	10.5%	4.1%	0.4%
Information Technology	8.9%	10.6%	0.9%
Materials	3.4%	5.8%	0.2%
Telecommunications	2.3%	2.9%	0.1%
Utilities	6.3%	7.9%	0.5%
Total	100.0%	5.1%	5.1%

Fixed Income – Second Quarter, 2014

- Fixed income markets posted surprisingly high second quarter results. The rally in long bonds all year caught many off guard. After starting the year at 3.9%, the long Treasury bond yielded 3.4% by mid-year. Shorter-dated yields have been more stable, with five year notes trading in a range between 1.8% and 1.5% all year.
- The dollar index is relatively unchanged during 2014 after a rally to start the year followed by a reversal. The British Pound and the Euro moved gradually higher, while the Japanese Yen also strengthened.
- Investment Grade and High Yield bond spreads further declined during the quarter as the market scrambled for yield. Yield spreads are at their lowest since the pre-financial crisis environment of 2007, causing some concern among investors. The market is expensive but corporate balance sheets are the strongest on record which gives us comfort that a bond market crash similar to 2008 is unlikely. Defaults in high yield bonds remained low (2.1% vs. 4.0% historical rate).

Risk Level	Interest Rate Forecast	Time Horizon			
		1 Year		3 Years	
		Terminal Yield	Total Return	Terminal Yield	Total Return
Low Risk 2 Year Treasury	Pessimistic Most Likely	2.5% 1.3%	-3.5% -1.1%	4.0% 3.0%	-1.8% -1.2%
Present YTM: 0.46%	Optimistic	0.5%	0.4%	2.0%	-0.5%
Medium Risk 10 Year Treasury	Pessimistic Most Likely	4.5% 3.8%	-13.2% -7.5%	5.5% 4.5%	-5.2% -2.7%
Present YTM: 2.53%	Optimistic	2.5%	2.8%	3.5%	-0.1%
High Risk 30 Year Treasury	Pessimistic Most Likely	5.5% 4.5%	-27.9% -15.3%	6.0% 5.0%	-9.6% -5.2%
Present YTM: 3.36%	Optimistic	3.0%	10.5%	4.0%	-0.2%

Barclays Index Returns – 2q2014

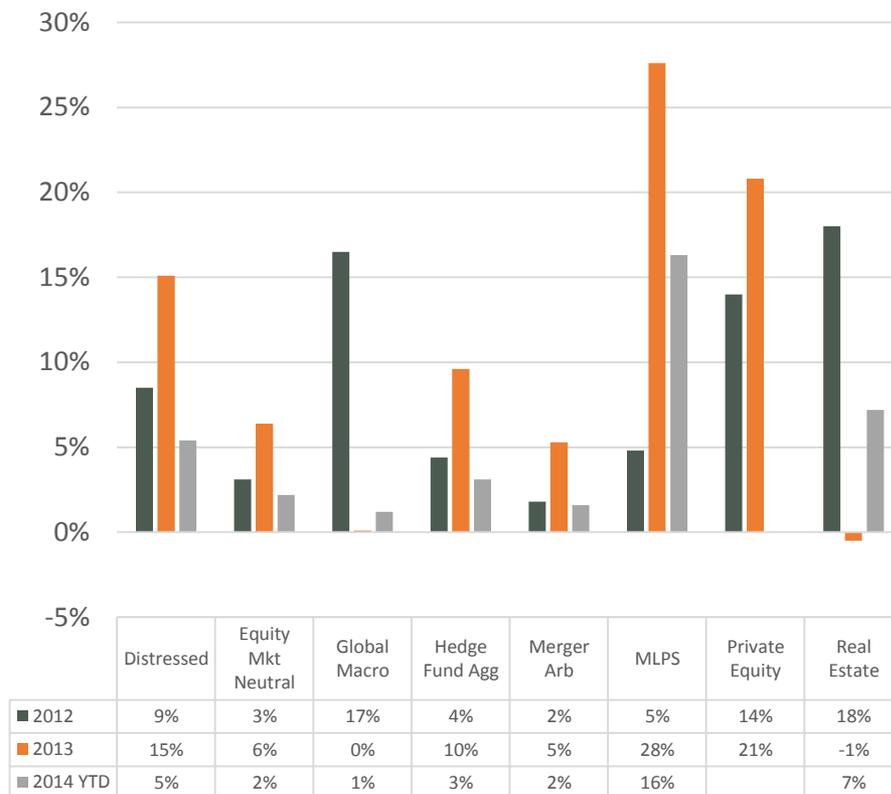


Yields and Spreads	3/31/2014	6/30/2014	YTD High	YTD Low
3 Month T-Bill	0.03%	0.02%	0.08%	0.00%
2 Year Treasury	0.42%	0.46%	0.48%	0.30%
10 Year Treasury	2.72%	2.53%	3.03%	2.44%
30 Year Treasury	3.56%	3.36%	3.97%	3.30%
Yield Curve 2-10 Year	230	207	265	206
Yield Curve 2-30 Year	314	290	359	290

Alternative Investments – Second Quarter, 2014

- Alternative investments posted diverse returns during the second quarter. Generally speaking, their returns trailed traditional asset categories.
- Hedge funds posted modest returns during the quarter. The HFRI weighted composite index gained 2.0% during the quarter, led by event driven and relative value arbitrage. While hedge funds have continued to gather assets, a few high profile institutions (California Public Employees' Retirement System most notably) have indicated dissatisfaction with the asset class.
- Real estate investments earned positive returns during the quarter (7.2%). Low-risk core real estate returns have been above average as investors have flocked to the asset class as an alternative to bonds. Real estate investors are moving in larger numbers towards higher risk/return categories and structures.
- Private equity returns have been positive but reasonable. The asset class gained just over 20% during 2013.
- Master Limited Partnerships (energy infrastructure/transport entities) were the best category of alternative assets, gaining 14% during the second quarter. Domestic energy production is undergoing a renaissance that saw the U.S. surpass Russia and Saudi Arabia in daily production over the past year. The gains resulted from extraction of oil and natural gas from shale formations which places the U.S. as the largest producer of oil in the world.
- Commodity prices remained relatively stable. Oil and natural gas stayed within established trading ranges. Gold prices moved slightly higher while food prices also gained.

Alternative Asset Category Returns



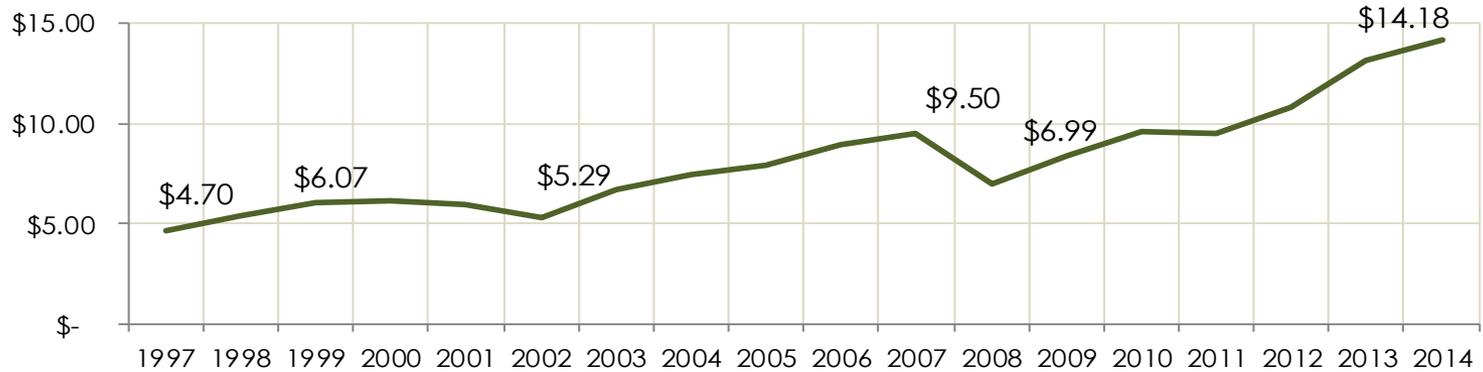
Domestic Equity	Last Quarter	Last Year	Last Three Years Annualized	Last Five Years Annualized	Last Ten Years Annualized
S&P 500	5.2	24.6	16.6	18.8	7.8
Russell 1000	5.1	25.4	16.6	19.3	8.2
Russell 1000 Value	5.1	23.8	16.9	19.2	8.0
Russell 1000 Growth	5.1	26.9	16.3	19.2	8.2
Russell 3000	4.9	25.2	16.5	19.3	8.2
Russell Midcap	5.0	26.9	16.1	22.1	10.4
Russell Midcap Value	5.6	27.8	17.6	23.0	10.7
Russell Midcap Growth	4.4	26.0	14.5	21.2	9.8
Russell 2000	2.1	23.6	14.6	20.2	8.7
Russell 2000 Value	2.4	22.5	14.7	19.9	8.2
Russell 2000 Growth	1.7	24.7	14.5	20.5	9.0
Alerian MLP	14.2	21.6	19.0	26.2	17.3
Fixed Income					
Barclays Capital Aggregate Bond	2.1	4.4	3.7	4.9	4.9
Barclays Capital Credit	2.7	7.4	5.9	7.7	5.9
Barclays Capital Government	1.3	2.1	2.9	3.5	4.4
Barclays Capital Govt/Credit	1.9	4.3	4.1	5.1	4.9
Barclays Capital Interm Credit	1.8	5.2	4.5	6.4	5.2
Barclays Capital Interm Govt	0.9	1.5	2.0	2.8	3.9
Barclays Capital Interm Govt/Cred	1.2	2.9	2.8	4.1	4.3
Barclays Capital Long Credit	5.0	13.3	9.8	11.1	7.7
Barclays Capital Long Term Govt	4.7	6.4	8.7	7.4	7.2
Barclays Capital Long Govt/Credit	4.9	10.8	9.6	9.6	7.6
Barclays Capital Fixed Rate MBS	2.4	4.7	2.8	3.9	5.0
Merrill Lynch US High Yield Master II	2.6	11.8	9.3	13.9	8.9
91 Day T-Bill	0.8	2.1	1.8	2.2	2.3
Consumer Price Index	0.0	0.0	0.1	0.1	1.5
International					
MSCI EAFE	4.1	23.6	8.1	11.8	6.9
MSCI World ex US	4.6	23.8	7.6	11.7	7.2
MSCI Europe	3.3	29.3	8.7	13.0	7.5
MSCI Japan	6.7	9.9	7.6	7.2	3.3
MSCI Pacific ex Japan	4.3	18.8	6.3	14.0	11.9
MSCI Emerging Markets	5.6	11.8	-2.9	6.7	9.3

Trailing Year Total Fund Return

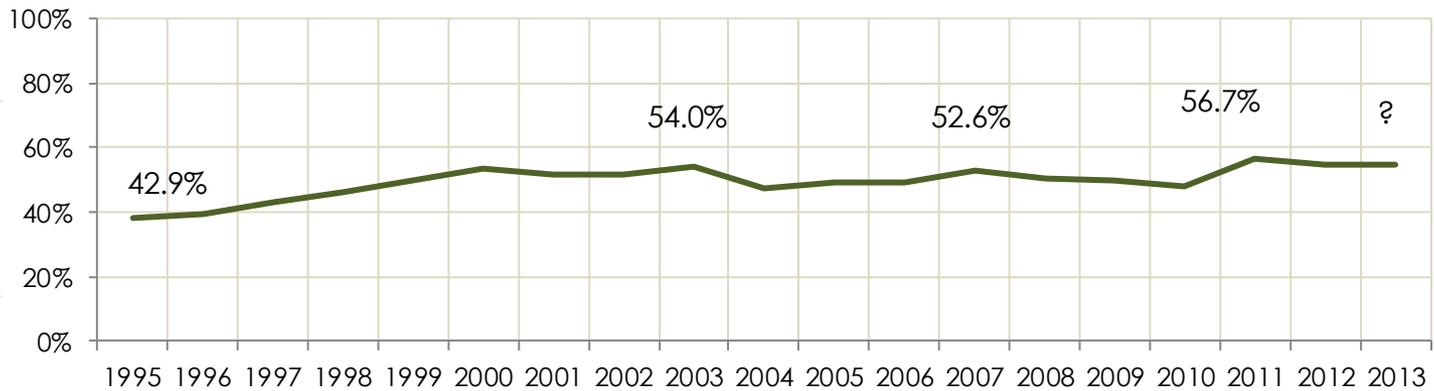
+22.4%

Plan History

Market Value History (\$Billions)



Funded Status History



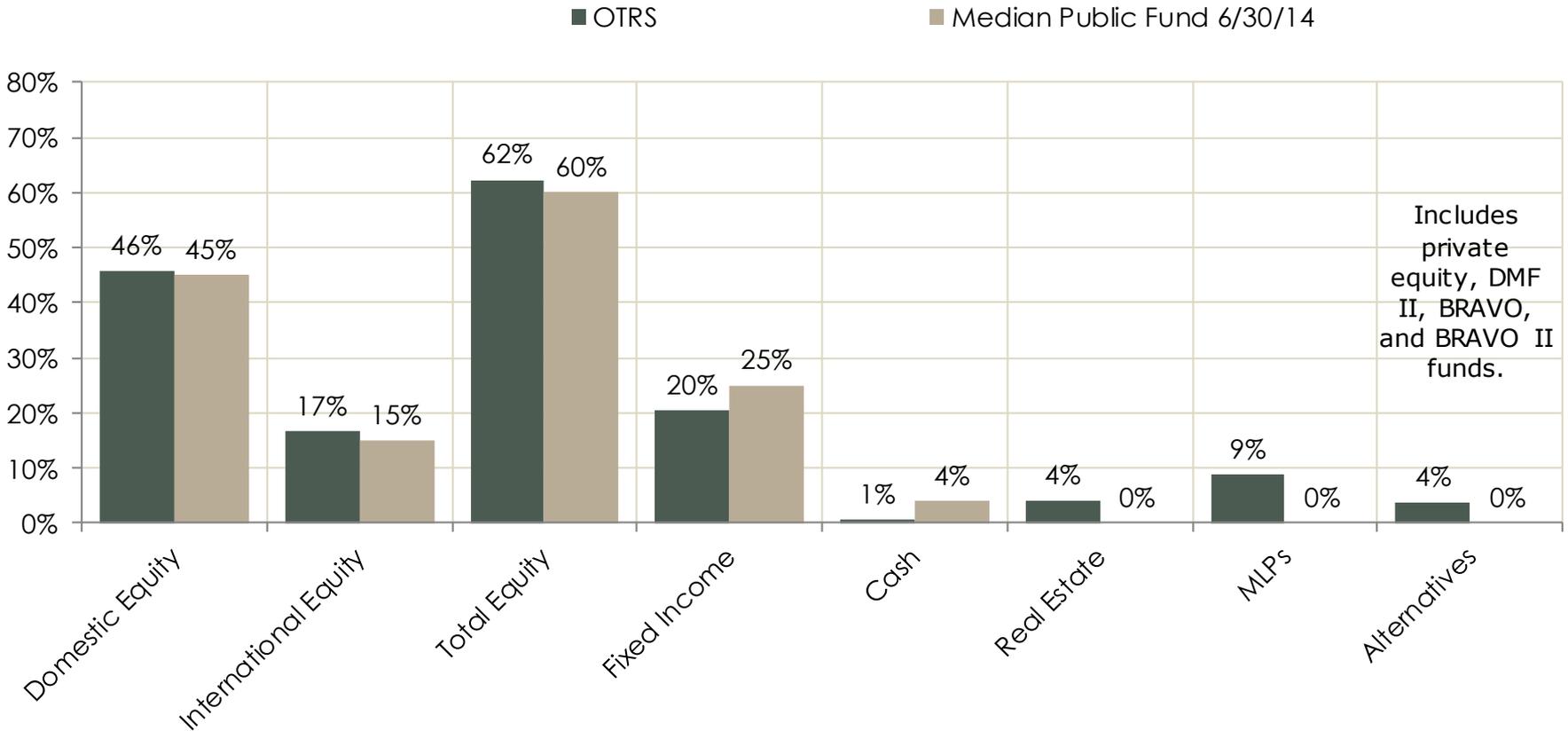
Observations – second quarter, 2014

- **INVESTMENT PERFORMANCE:** Total fund returns were positive during the quarter. The total fund earned a 4.9% return. Domestic equity results were positive. Core and High Yield fixed income results were also positive. The total fund's trailing returns were exceptional. The trailing year return was well above the actuarial assumption, above the allocation index and ranked in the top 1 percent among peer Pension Funds. **The total fund ranked in the first percentile of public funds for all 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 real estate managers are fully invested, at their previous target level. A full review of real estate options is currently underway.

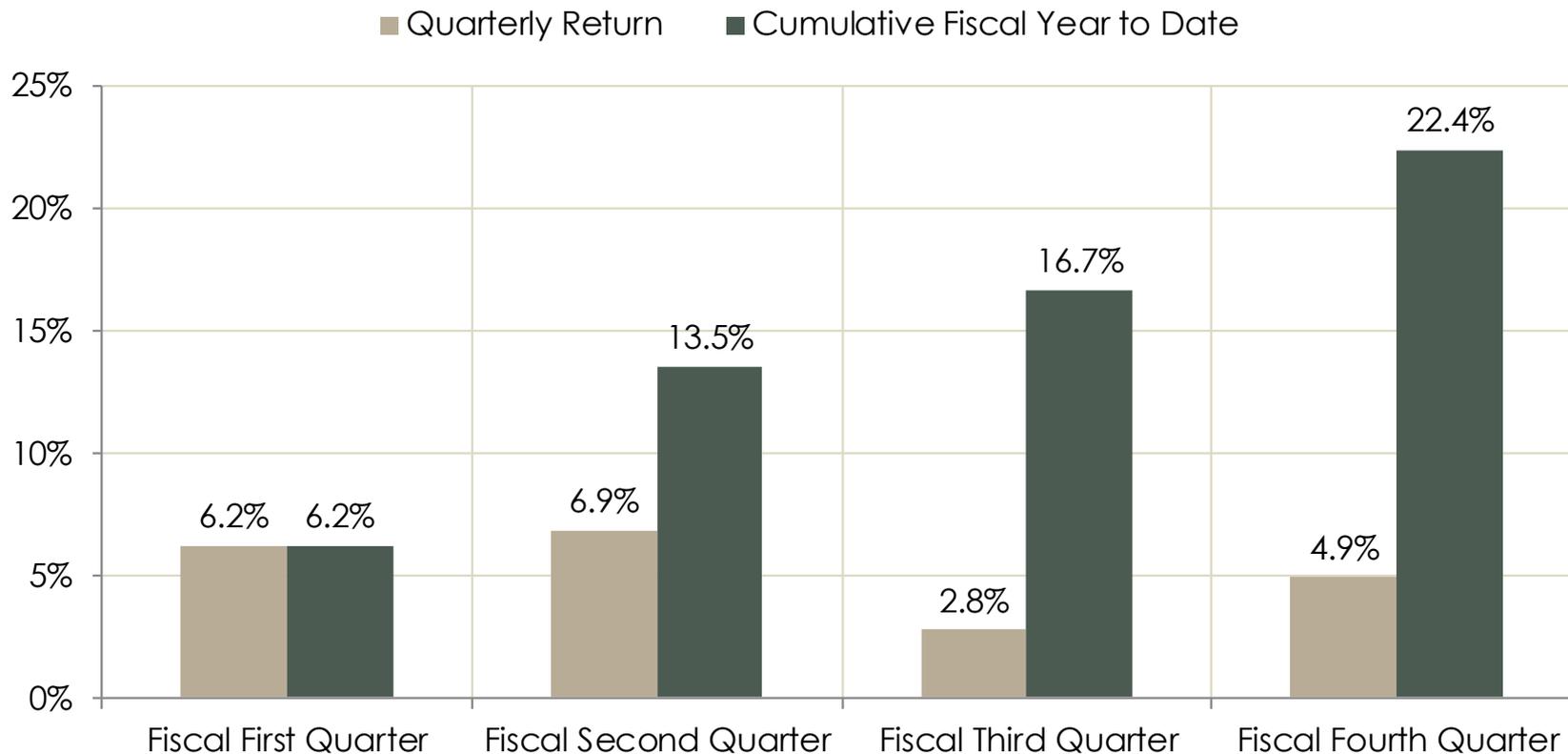
Asset Allocation Summary – Total Fund

	Current Allocation	New Target Allocation	Difference
Domestic Equity	45.68%	40.00%	5.68%
International Equity	16.60%	17.50%	-0.90%
Core Fixed Income	14.89%	17.50%	-2.61%
Opportunistic Assets	1.19%	0.00%	1.19%
High Yield Fixed Income	5.54%	6.00%	-0.46%
Real Estate	4.07%	7.00%	-2.93%
Private Equity	2.61%	5.00%	-2.39%
MLPs	8.76%	7.00%	1.76%
Cash	0.66%	0.00%	0.66%
Total	100.00%	100.00%	0.00%

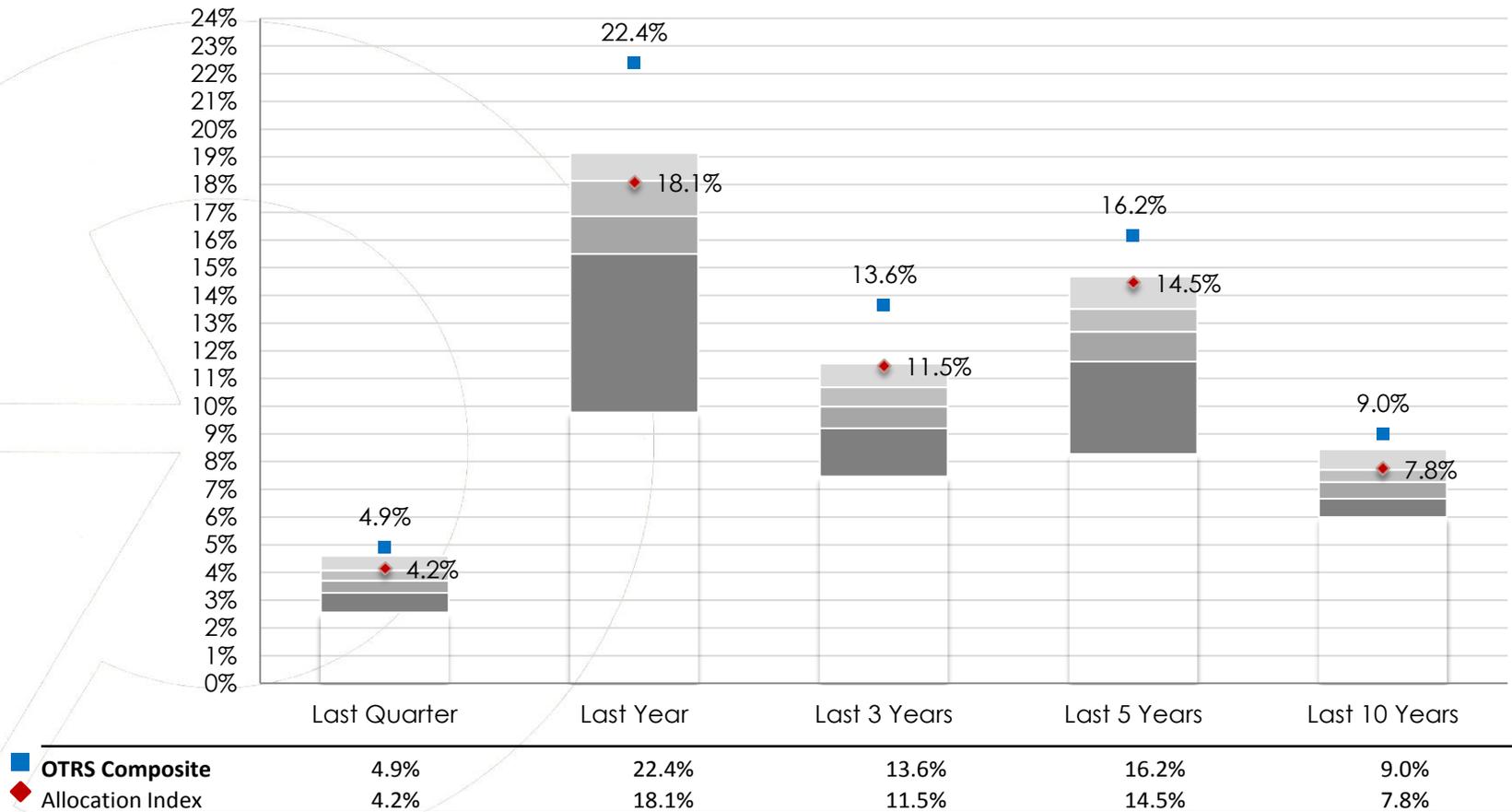
Total Fund Allocation vs. Median Public Fund



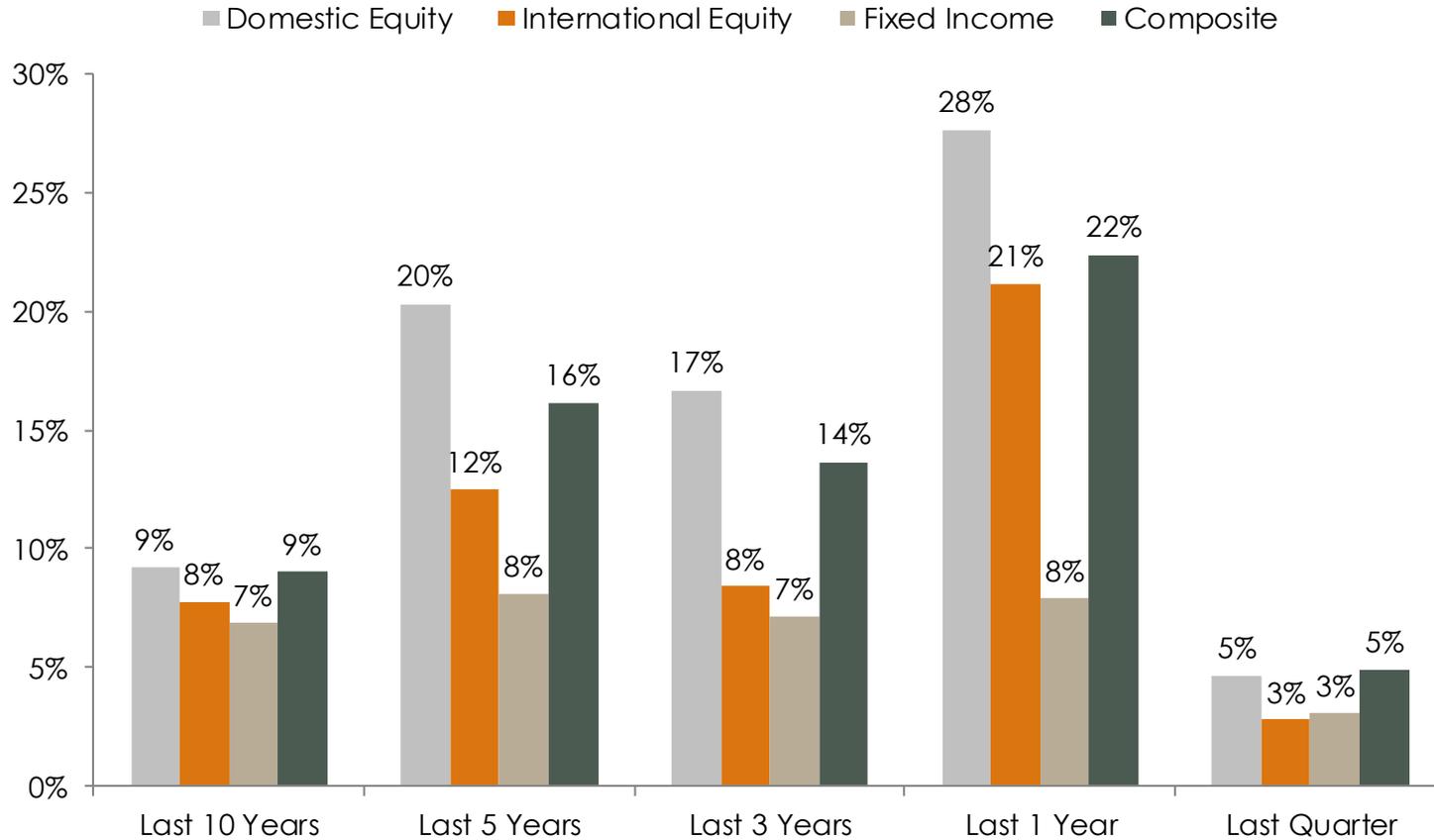
Composite Performance Summary as of June 30, 2014



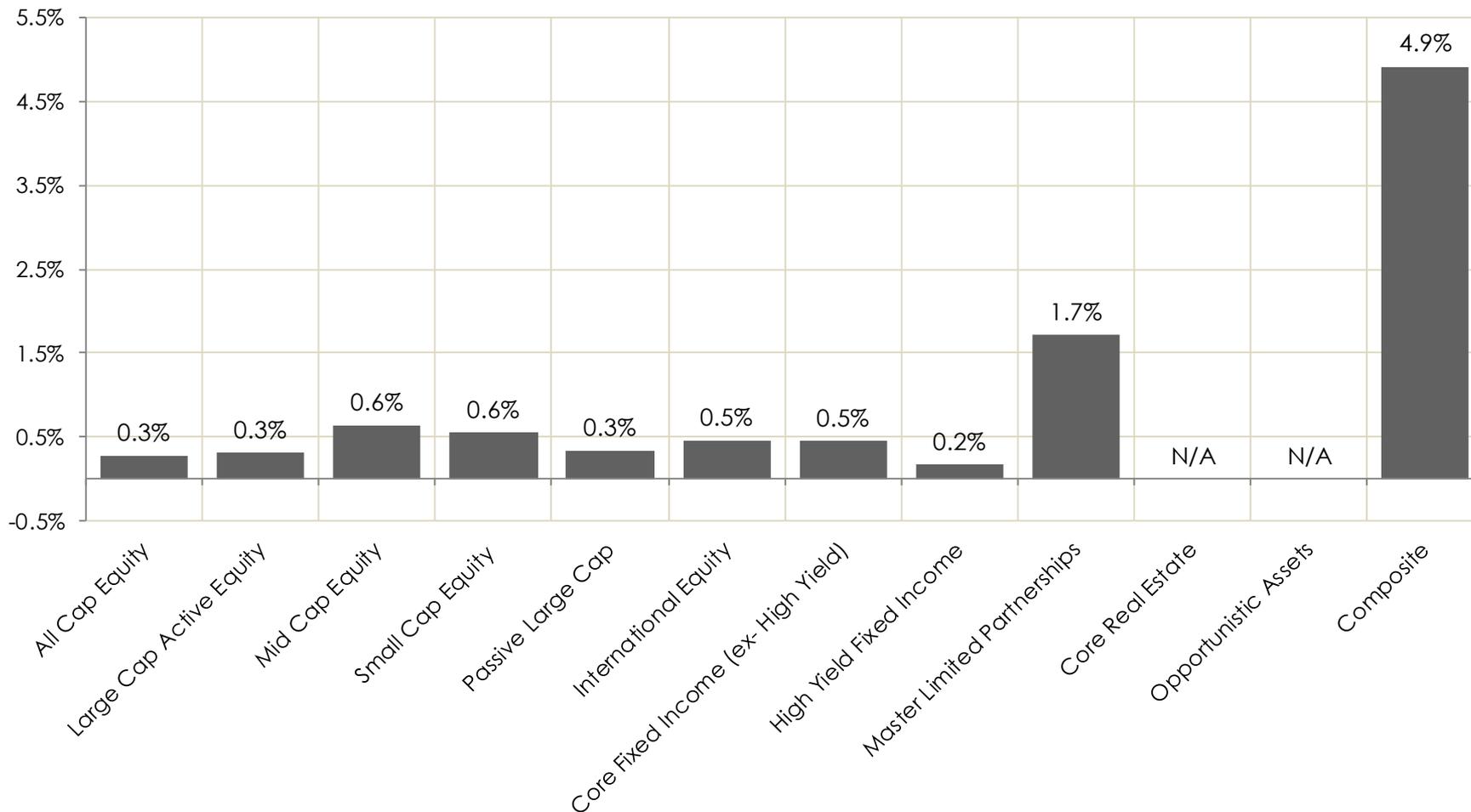
Total Fund vs. Public Fund Peer Universe



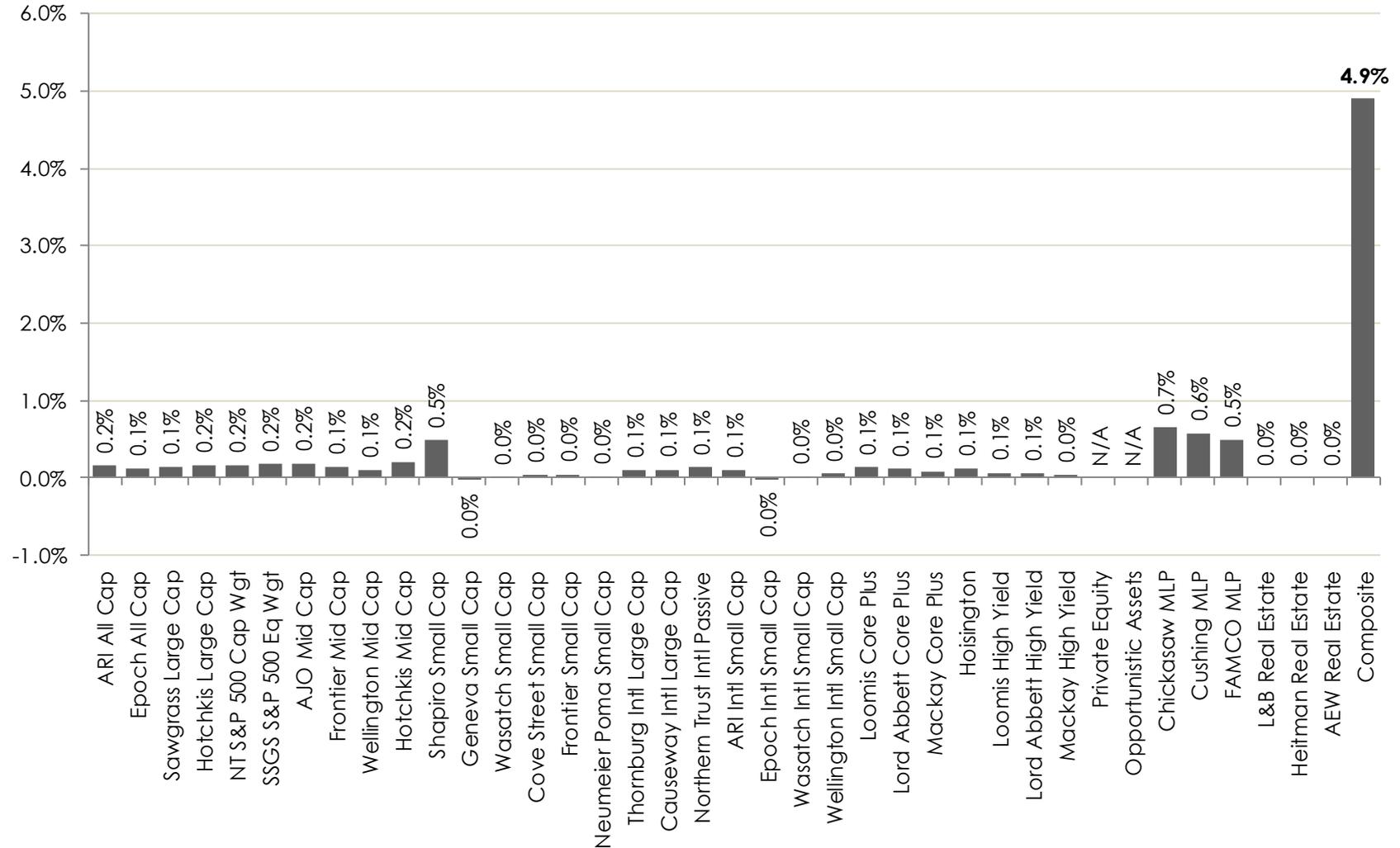
Composite Performance Summary as of June 30, 2014



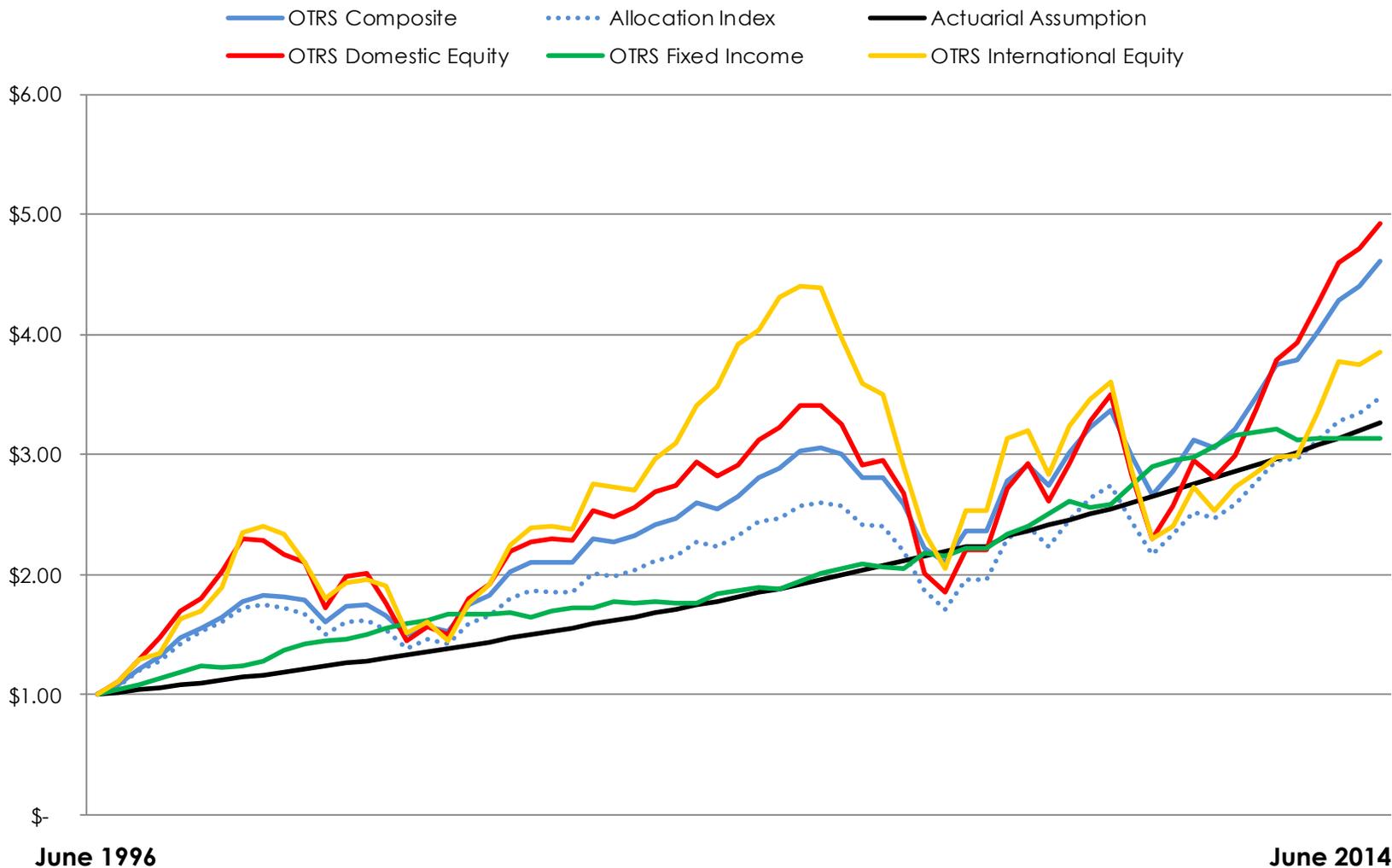
Composition of Quarterly Return by Asset Class



Composition of Quarterly Return by Portfolio



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



Performance – Total Fund

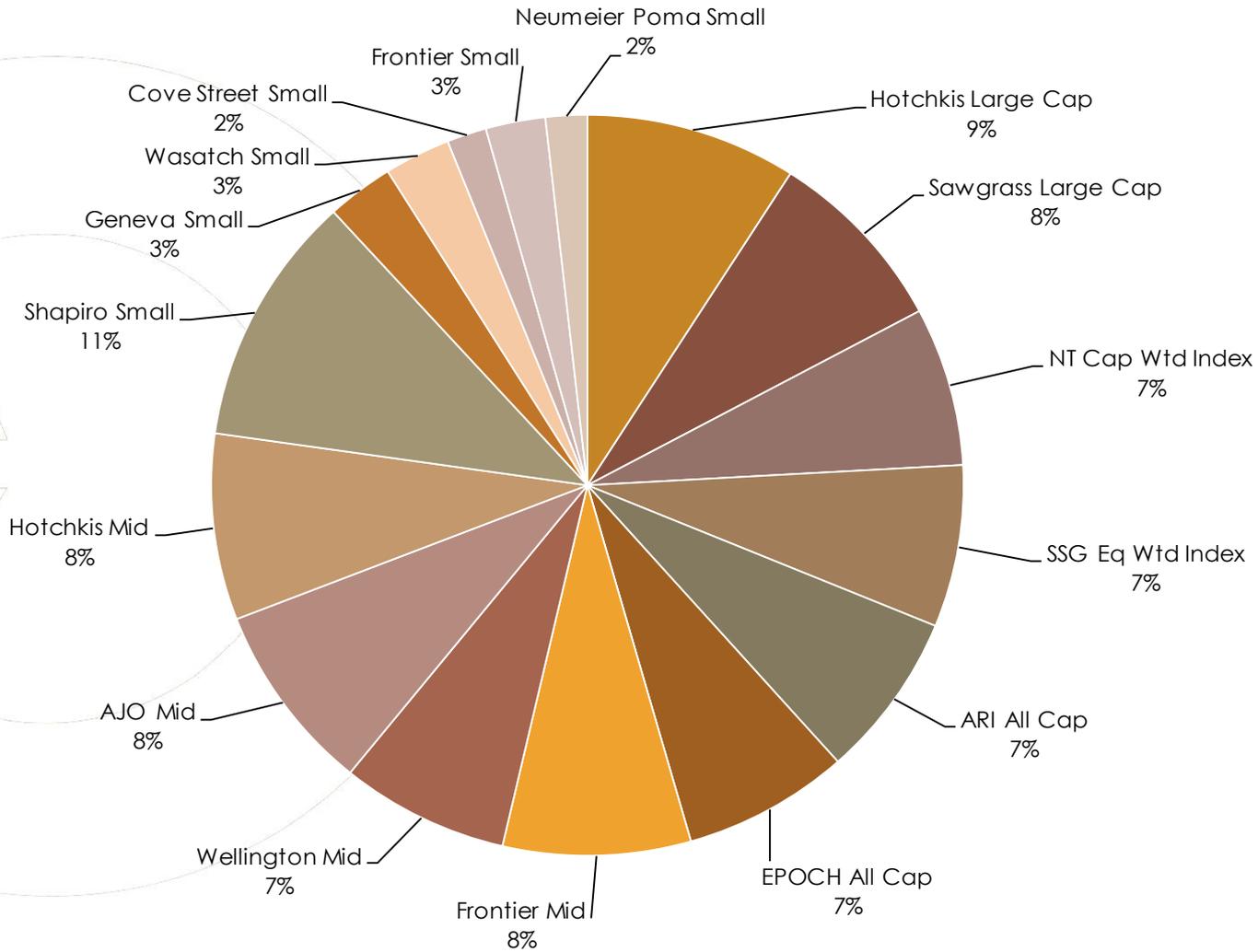
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Years	% Rank	Last Quarter	% Rank
Total Fund	9.0	1	16.1	1	13.6	1	22.4	1	4.9	1
<i>Allocation Index</i>	7.8		14.5		11.5		18.1		4.2	
<i>Actuarial Assumption</i>	8.0		8.0		8.0		8.0		1.9	
Total Domestic Equity	9.2	19	20.3	2	16.7	3	27.6	4	4.7	37
<i>S&P 500</i>	7.8		18.8		16.6		24.6		5.2	
Total International Equity	7.8	58	12.5	47	8.4	22	21.1	77	2.8	96
<i>MSCI ACWI ex-US</i>	7.8		11.1		5.7		21.8		5.0	
Total Core Fixed Income	6.8	2	8.1	21	7.1	13	7.9	22	3.1	8
<i>Barclays Aggregate</i>	4.9		4.9		3.7		4.4		2.0	

Composite Peer Ranking History

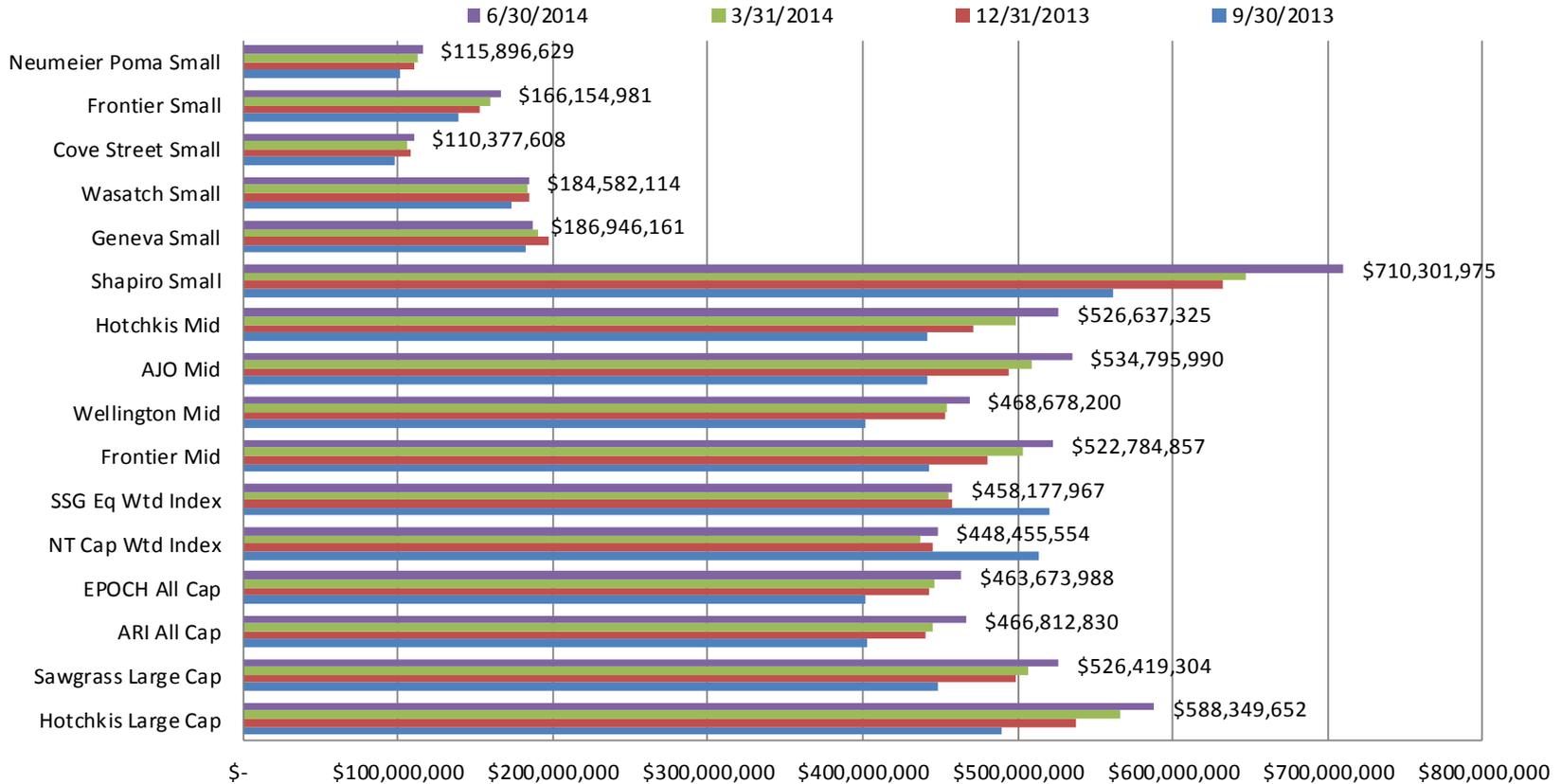
Periods Ended	Trailing 5 Years	Trailing 3 Years	Trailing Year	Last Quarter
2q2014	1	1	1	1
1q2014	3	1	1	7
4q2013	1	1	1	2
3q2013	2	3	1	14
2q2013	1	3	1	11
1q2013	3	4	4	3
4q2012	15	3	11	24
3q2012	21	13	8	10
2q2012	24	4	33	75
1q2012	22	13	25	14
4q2011	36	14	52	8
3q2011	31	23	95	89
2q2011	20	13	23	93
1q2011	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	33	35
% of Observations in Top Quartile	75%	53%	53%	50%
% of Observations Above Median	100%	91%	69%	72%

second quarter, 2014

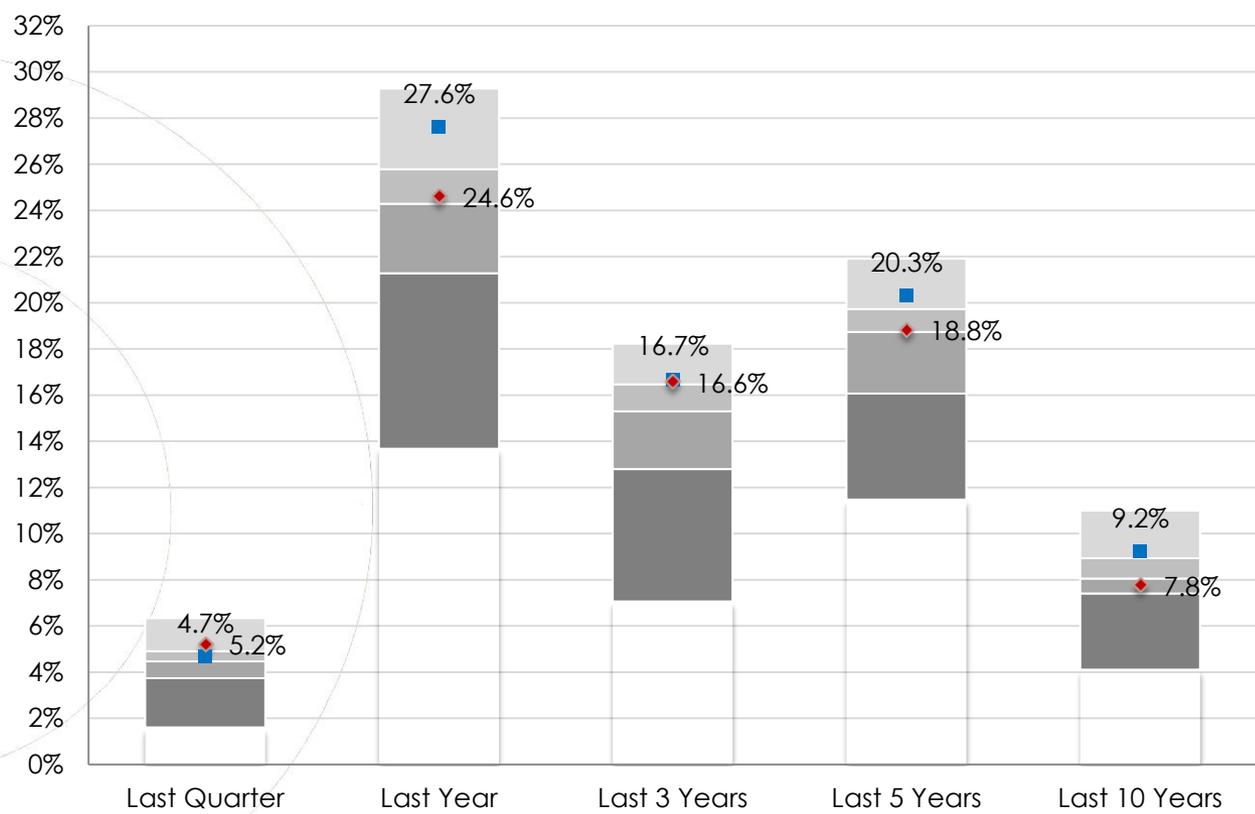
Asset Allocation Summary – Domestic Equity Allocation



Asset Allocation Summary – Domestic Equity Allocation

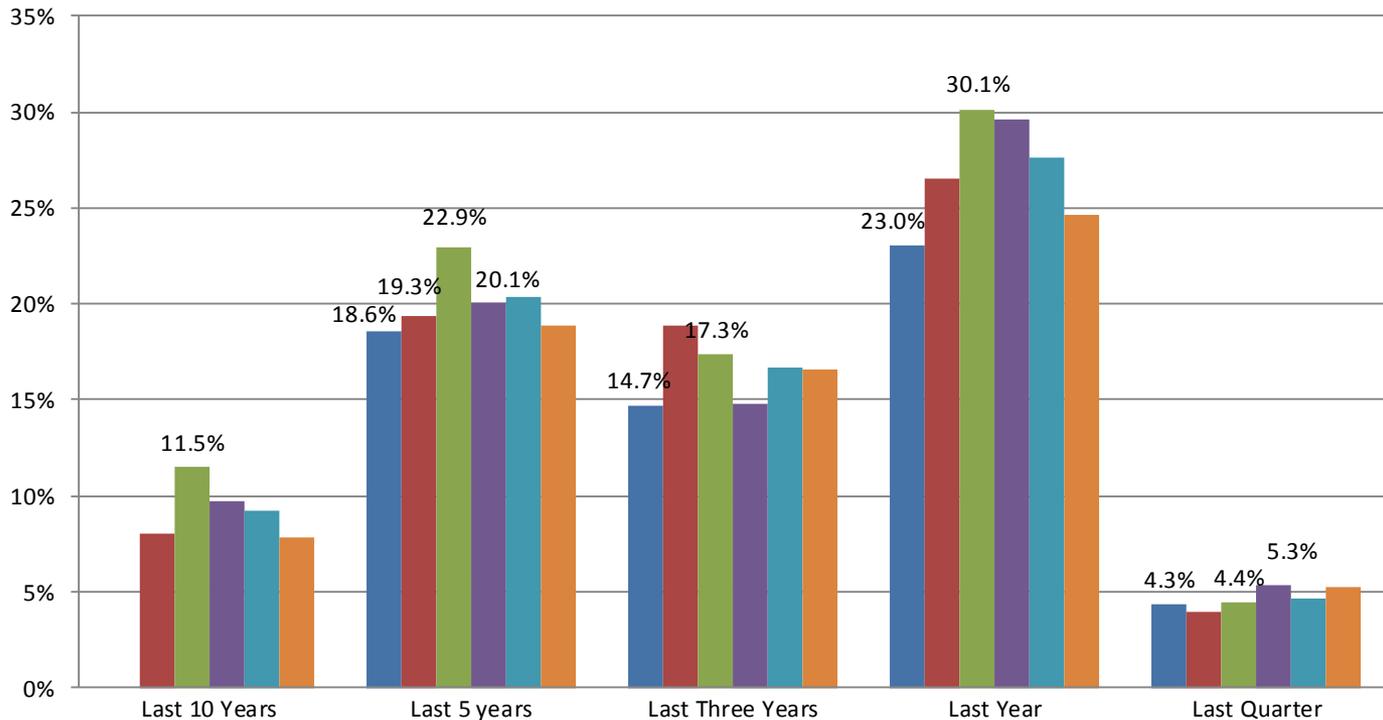


Domestic Equity Composite vs. U.S. Equity Allocation Peer Universe



■ OTRS Equity Composite	4.7%	27.6%	16.7%	20.3%	9.2%
◆ S&P 500	5.2%	24.6%	16.6%	18.8%	7.8%

Domestic Equity Performance: Capitalization Composites



■ All Cap		18.6%	14.7%	23.0%	4.3%
■ Large Cap Active	8.0%	19.3%	18.9%	26.6%	3.9%
■ Mid Cap	11.5%	22.9%	17.3%	30.1%	4.4%
■ Small Cap	9.7%	20.1%	14.8%	29.6%	5.3%
■ All Domestic Equity	9.2%	20.3%	16.7%	27.6%	4.7%
■ S&P 500 (Cap Weighted)	7.8%	18.8%	16.6%	24.6%	5.2%

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	-	-	18.7	71	15.0	65	22.4	70	4.8	33
EPOCH	-	-	18.4	76	14.4	72	23.7	58	3.8	55
<i>Russell 3000 Value</i>	-		19.3		16.5		25.2		4.9	
<i>Russell 3000</i>	-		19.3		16.6		25.2		4.9	
Hotchkis LCV	7.7	N/A	21.9	1	19.9	1	27.6	15	4.0	70
Sawgrass LCG	-		19.0	55	17.6	27	25.4	29	3.8	76
<i>S&P 500</i>	7.8		18.8		16.6		24.6		5.2	
<i>Russell 1000 Value</i>	8.0		19.2		16.9		23.8		5.1	
<i>Russell 1000 Growth</i>	-		19.2		16.3		26.9		5.1	
NT Cap Weighted	-	-	-	-	-	-	24.3	71	5.3	24
SSGA Equal Weighted	-	-	-	-	-	-	27.0	16	5.5	24
<i>S&P 500 Cap Weighted</i>	7.8		18.8		16.6		24.6		5.2	
<i>S&P 500 Equal Weighted</i>	10.1		22.4		17.2		27.4		5.5	

Performance – Mid Cap and Small Cap Equity Managers

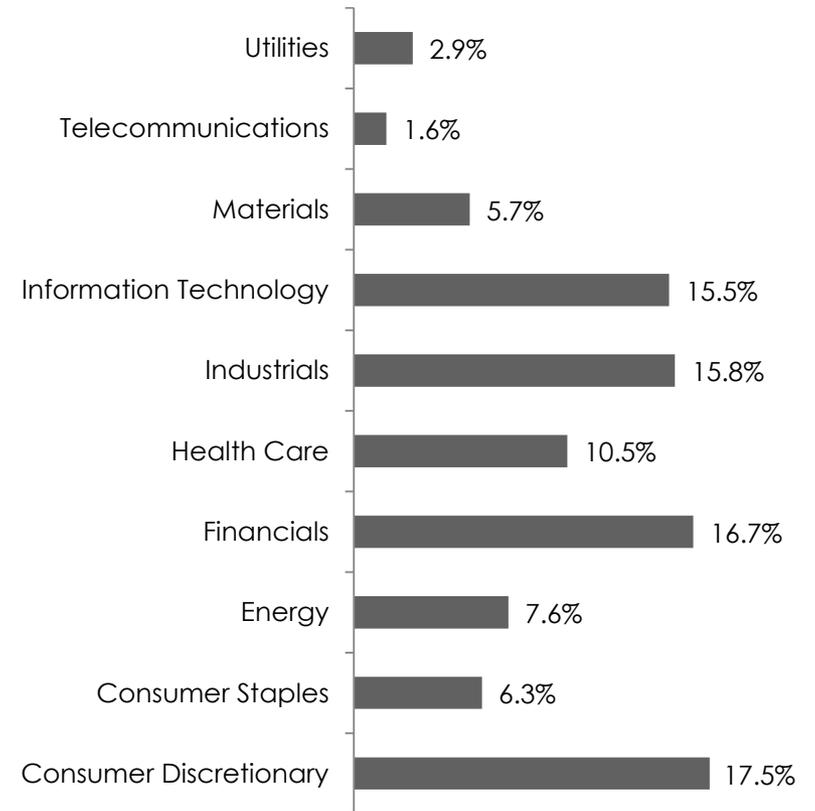
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
AJO MCC	11.1	74	23.2	22	17.7	28	30.6	17	5.0	29
Frontier MCG	11.9	37	20.1	76	15.6	41	29.5	21	3.9	26
Hotchkis MCV	12.2	N/A	28.4	7	23.5	5	29.7	25	5.7	71
Wellington MCG	10.4	63	20.3	74	12.3	80	31.0	6	3.1	52
<i>Russell MC</i>	10.4		22.1		16.1		26.9		5.0	
<i>Russell MC Growth</i>	9.8		21.2		14.5		26.0		4.4	
<i>Russell MC Value</i>	10.7		23.0		17.6		27.8		5.6	
Shapiro SCC	13.3	1	25.2	4	19.7	3	39.5	1	9.7	1
Geneva SCG	-	-	-	-	-	-	17.3	79	-2.1	78
Wasatch SCG	-	-	-	-	-	-	17.0	81	0.7	52
Cove Street SCV	-	-	-	-	-	-	23.6	44	4.7	14
Frontier SCV	-	-	-	-	-	-	29.0	14	4.2	25
Neumeier Poma SCV	-	-	-	-	-	-	24.6	38	2.4	57
<i>Russell 2000</i>	8.7		20.2		14.6		23.6		2.0	
<i>Russell 2000 Value</i>	8.7		20.2		14.6		23.6		2.1	

Total Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Aarons	0.49%
ADT	0.47%
Entegris	0.46%
Compass Minerals	0.46%
Axiall	0.45%
WPX Energy	0.45%
CST Brands	0.44%
Molson Coors Brewing	0.44%
Cablevision	0.43%
Lindsay	0.43%
Top Ten Total Weight	4.52%

Sector Weightings



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	\$109.85 billion	1.95%	3.85%	2.16	0.95	1.46	13.65
Mid Cap Equity	\$9.83 billion	1.05%	5.02%	-1.25	0.94	1.26	17.91
Small Cap Equity	\$12.25 billion	0.92%	2.71%	3.44	0.44	0.67	8.31
International Equity	\$38.81 billion	2.28%	2.29%	0.28	0.52	0.42	9.53
Total Equity	\$44.89 billion	1.59%	3.04%	0.61	0.66	0.86	11.37

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	123.5	106.3	21.9%	0.96	-0.32
Sawgrass	Large Cap Growth	94.4	85.7	19.1%	0.98	-0.18
Advisory Research	All Cap	97.3	95.6	18.8%	0.98	-0.29
EPOCH	All Cap	108.2	121.0	18.3%	0.98	-0.29
AJO	Mid Cap Core	138.4	115.2	23.2%	0.96	-0.30
Frontier	Mid Cap Growth	108.9	101.1	20.2%	0.92	-0.18
Hotchkis & Wiley	Mid Cap Value	195.4	129.5	28.6%	0.93	-0.28
Wellington	Mid Cap Growth	151.9	160.9	20.4%	0.93	-0.33
Shapiro	Small Cap Value/Core	166.9	123.5	26.0%	0.91	-0.35
Cove Street	Small Cap Value	128.7	90.6	24.0%	0.94	-0.24
Neumeier Poma	Small Cap Value	131.2	98.7	23.7%	0.90	-0.28
Frontier	Small Cap Value	150.5	89.6	27.1%	0.94	-1.39
Geneva	Small Cap Growth	116.3	121.4	19.5%	0.82	-0.35
Wasatch	Small Cap Growth	105.1	87.3	20.4%	0.88	-0.37

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

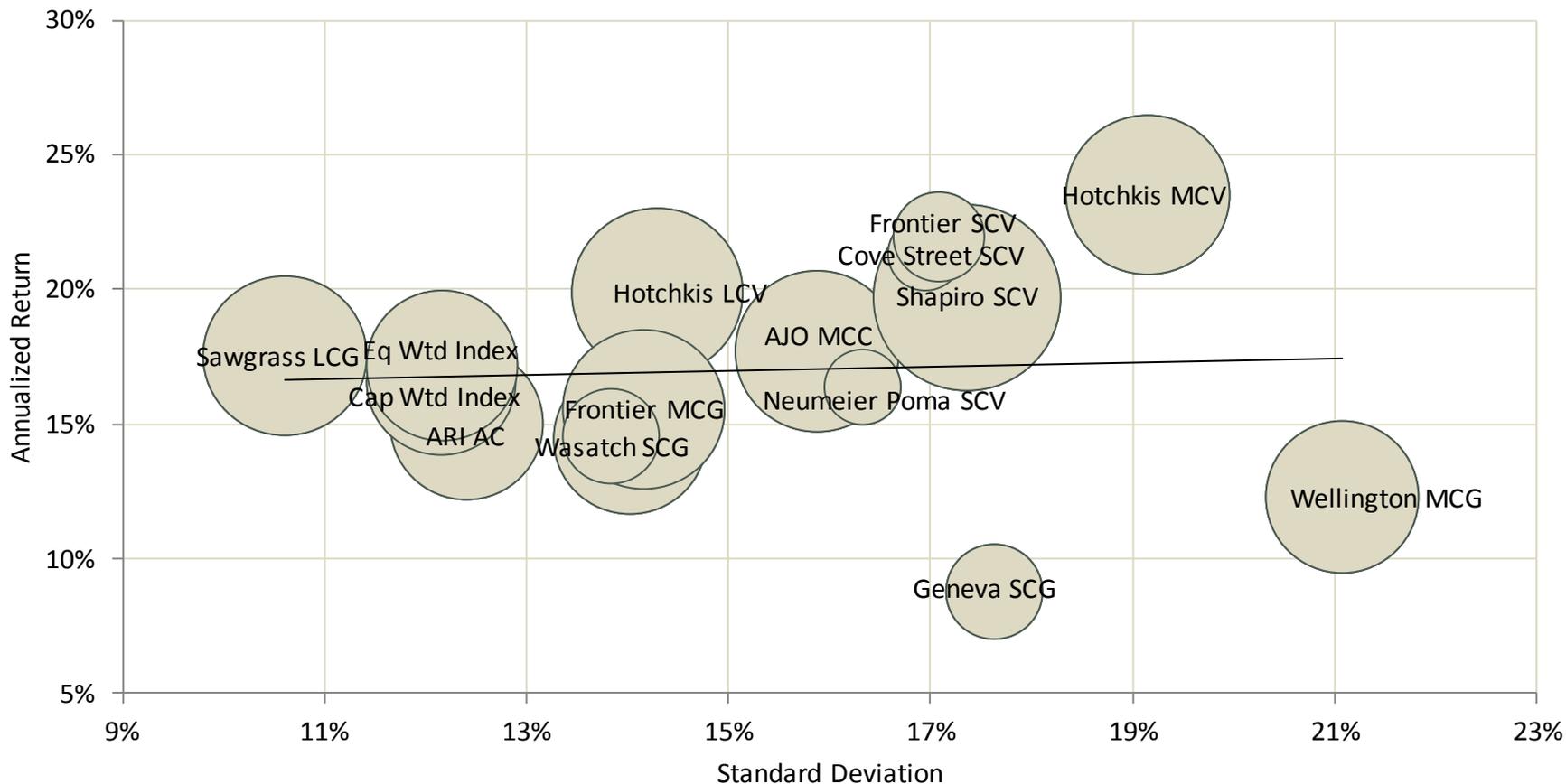
second quarter, 2014

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	0.94	0.92	-											
Epoch AC	0.97	0.95	0.90	-										
Frontier MCG	0.97	0.92	0.89	0.95	-									
Frontier SCV	0.98	0.96	0.95	0.96	0.95	-								
Geneva SCG	0.94	0.93	0.90	0.91	0.93	0.95	-							
Hotchkis LCV	0.93	0.93	0.89	0.94	0.91	0.93	0.90	-						
Hotchkis MCV	0.92	0.95	0.95	0.95	0.94	0.96	0.92	0.96	-					
Neumeier Poma SCV	0.96	0.94	0.91	0.95	0.93	0.95	0.92	0.88	0.91	-				
Sawgrass LCG	0.97	0.96	0.91	0.96	0.94	0.94	0.91	0.94	0.92	0.91	-			
Shapiro SCC	0.95	0.94	0.94	0.93	0.94	0.96	0.92	-	-	0.94	0.92	-		
Wasatch SCG	0.94	0.90	0.92	0.93	0.95	0.95	0.96	0.89	0.94	0.92	0.91	0.94	-	
Wellington MCG	0.97	0.94	0.93	0.94	0.95	0.94	0.92	0.93	0.95	0.94	0.92	0.97	0.94	-

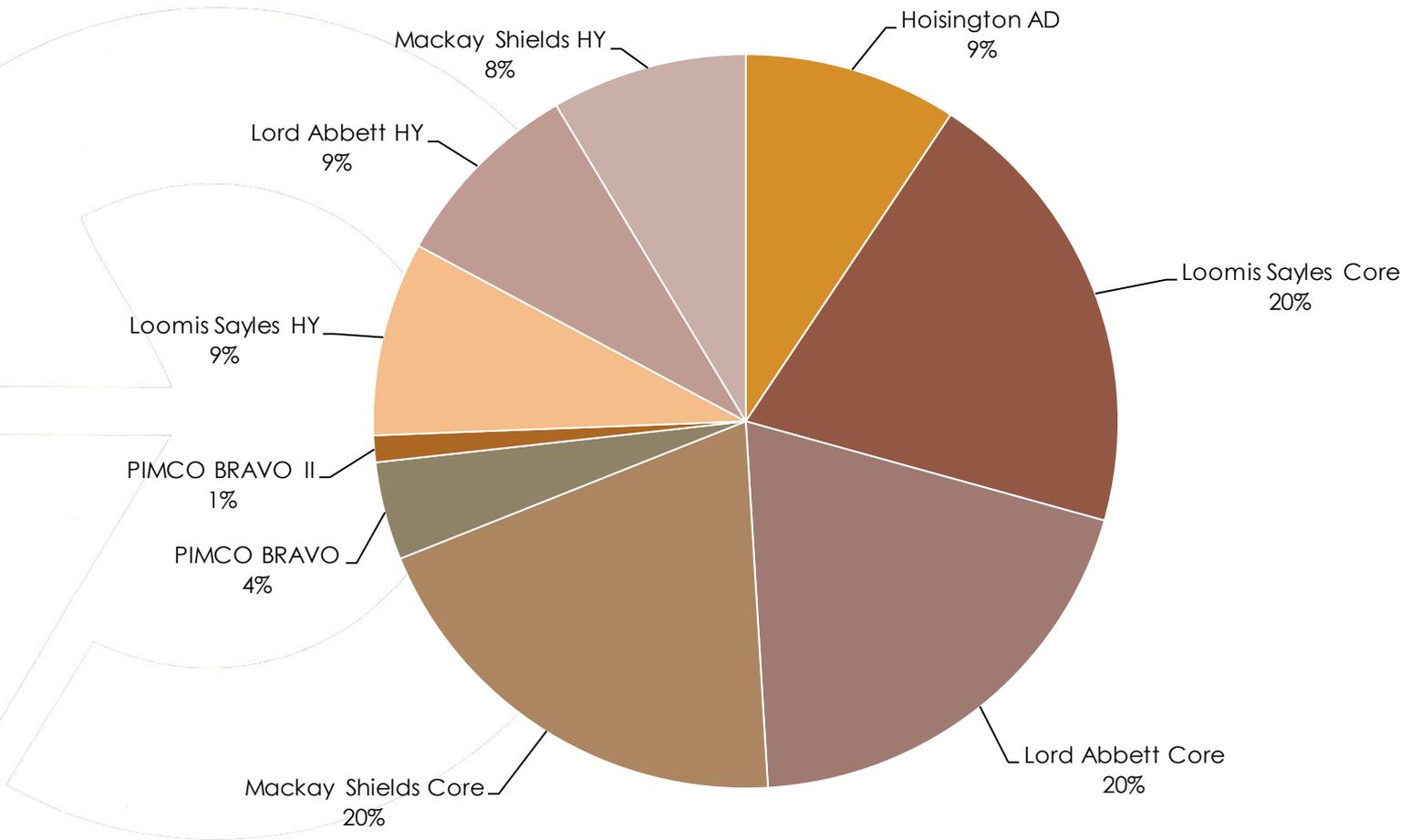
Domestic Equity Risk Return Comparison

Composite Data Used – Three Years Ended June 30, 2014

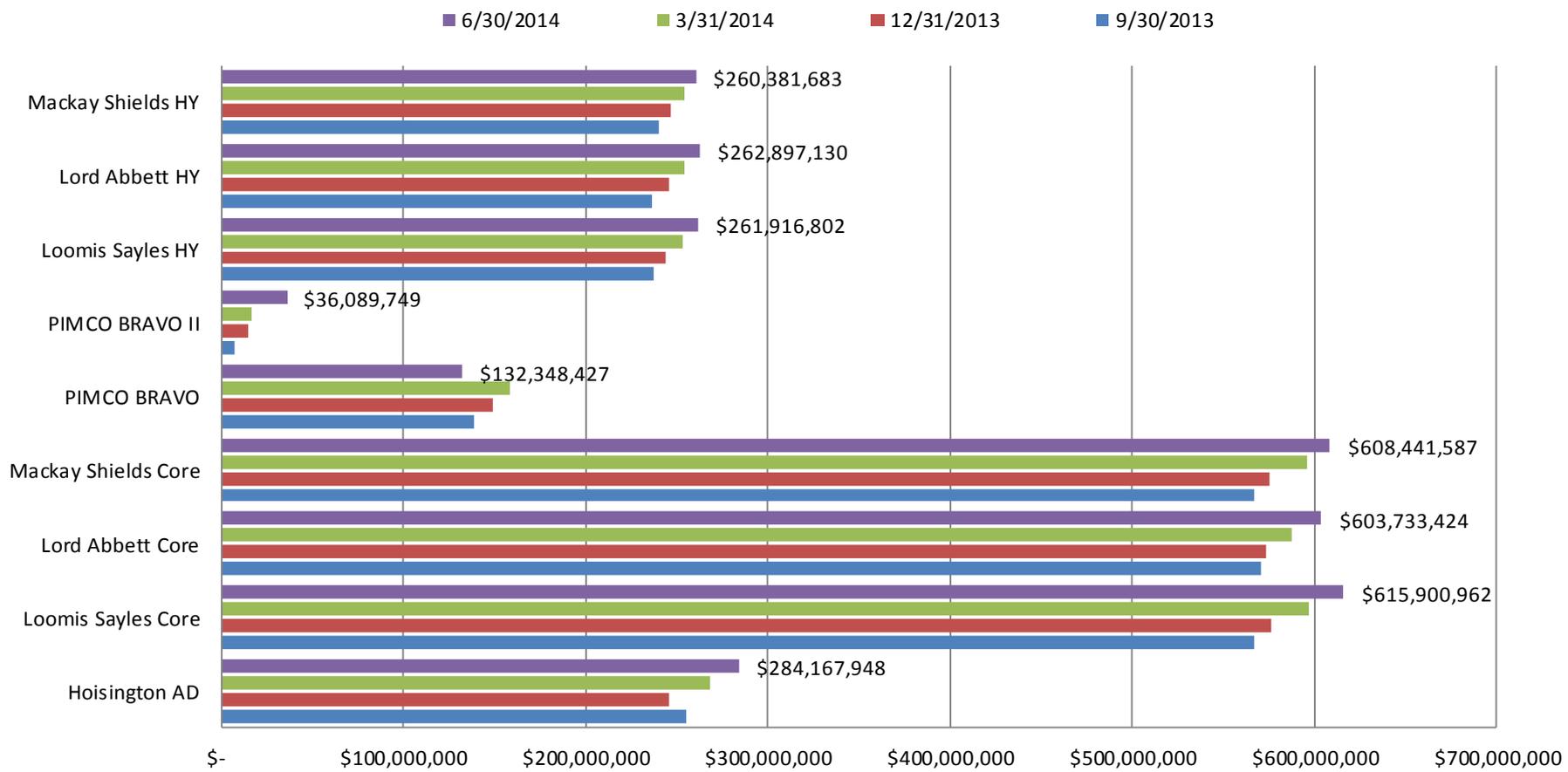


*Composite performance used when necessary.

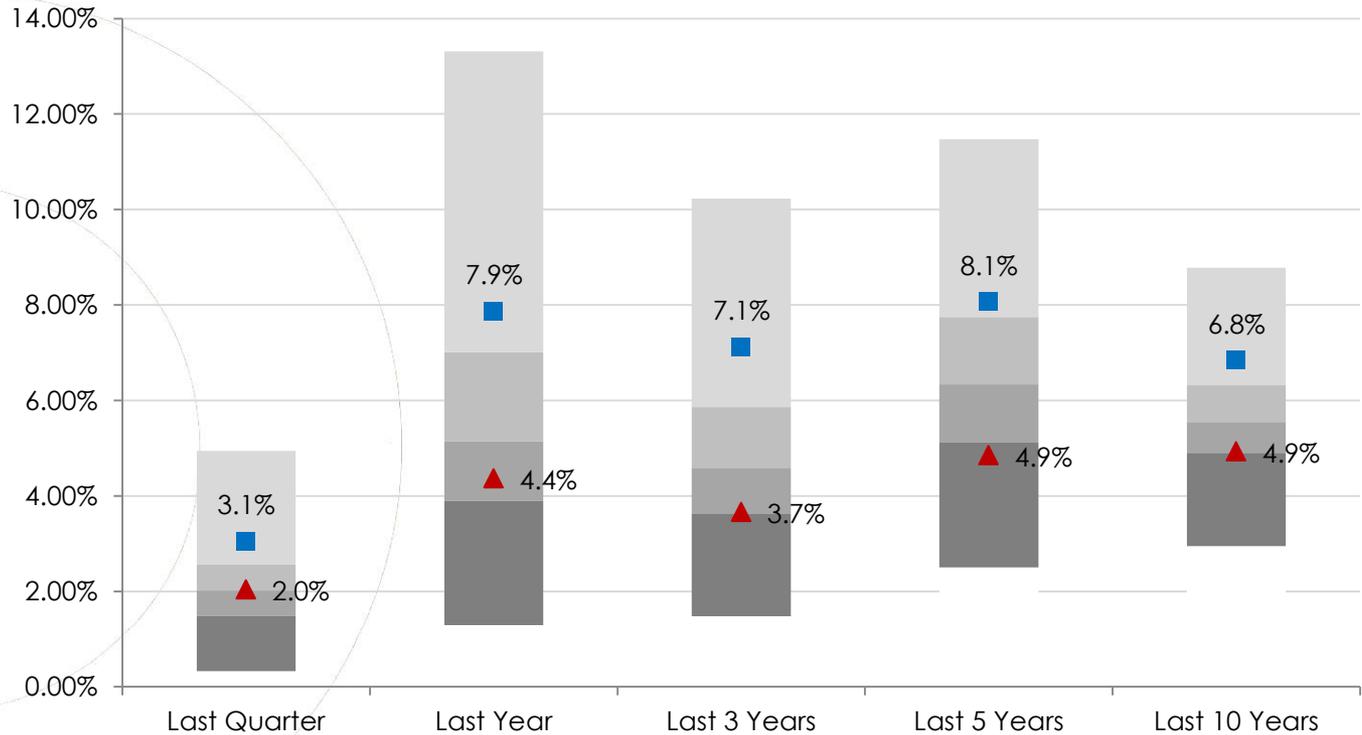
Asset Allocation Summary – Fixed Income Allocation



Asset Allocation Summary – Fixed Income Allocation



Fixed Income Composite vs. Core Fixed Income Peer Universe



■ OTRS Fixed Income Composite
◆ Barclays Capital Aggregate

■ OTRS Fixed Income Composite	3.1%	7.9%	7.1%	8.1%	6.8%
◆ Barclays Capital Aggregate	2.0%	4.4%	3.7%	4.9%	4.9%

Performance – Fixed Income Managers

	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last Year	% Rank	Last Quarter	% Rank
Loomis Sayles	8.1	8	9.7	12	7.4	17	9.5	15	3.1	22
Lord Abbett	-	-	7.5	25	5.9	23	6.6	25	2.7	30
Mackay Shields	-	-	8.1	22	6.5	20	6.9	24	2.0	75
Hoisington	-	-	8.5	36	11.7	4	7.8	43	5.9	2
<i>BC Aggregate</i>	4.9		4.9		3.7		4.4		2.0	
Loomis HY	-	-	13.7	40	8.4	78	12.5	39	3.6	29
Lord Abbett HY	-	-	15.3	17	10.9	12	14.2	19	3.4	33
Mackay HY	-	-	12.7	68	9.4	46	10.9	66	2.3	61
<i>ML High Yield II</i>	-		13.9		9.3		11.8		2.6	

Fixed Income Portfolio Characteristics – Trailing Five Years

	Asset Class	Credit Quality	Modified Duration	Maturity	Yield to Maturity
Loomis Sayles	Core Plus	A-	5.3	7.8	3.4%
Lord Abbett	Core Plus	AA	5.2	7.2	2.9%
Mackay Shields	Core Plus	A+	3.4	8.8	2.9%
Hoisington	Active Duration	AAA	20.0	24.2	3.3%
Core Fixed Income Composite	Core Plus	A+	6.7	10.1	3.1%
Loomis Sayles	High Yield	B	4.3	7.0	4.6%
Lord Abbett	High Yield	B+	5.5	6.9	6.1%
Mackay Shields	High Yield	B+	3.2	6.1	4.7%
High Yield Composite	High Yield	B	4.2	6.7	5.1%

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	186.8%	42.1%	9.4%	0.64	0.62
Lord Abbett	Core Plus	146.0%	53.1%	7.5%	0.82	0.43
Mackay Shields	Core Plus	140.6%	28.4%	7.4%	0.89	0.36
Hoisington	Active Duration	297.1%	593.7%	8.5%	0.75	-0.33
Loomis Sayles	High Yield	286.1%	-260.3%	16.0%	0.24	0.75
Lord Abbett	High Yield	252.9%	-305.0%	15.3%	0.22	0.71
Mackay Shields	High Yield	216.5%	-297.7%	12.8%	0.23	0.69

Upside and downside capture ratios measured against the Barclays Capital Aggregate index.
*Composite performance used when necessary.

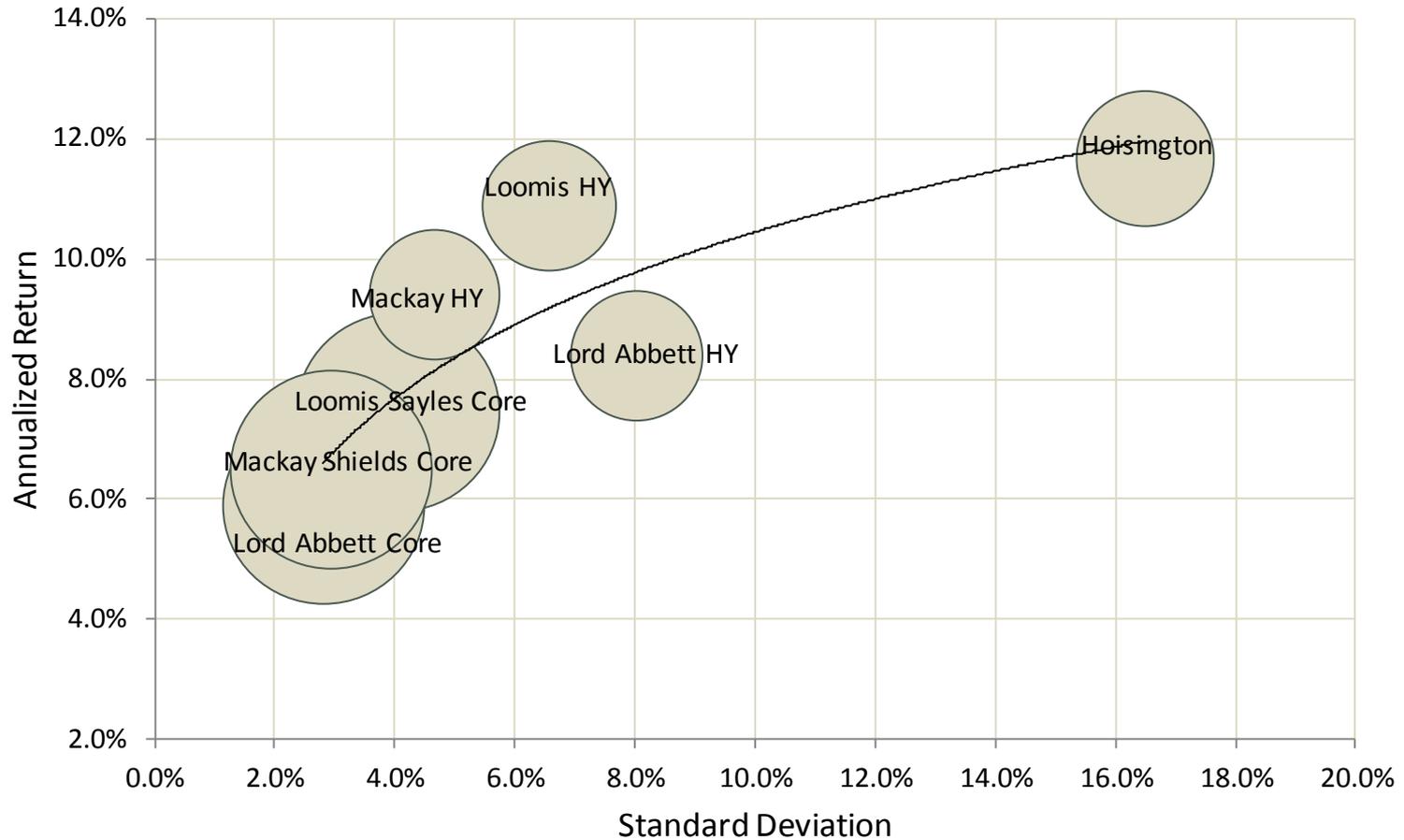
Fixed Income Portfolios: 5 Year Correlation Matrix

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	0.17	-					
Loomis High Yield	-0.49	0.72	-				
Lord Abbett Core	0.31	0.91	0.59	-			
Lord Abbett High Yield	-0.53	0.66	0.97	0.53	-		
Mackay Shields Core	0.38	0.91	0.51	0.88	0.46	-	
Mackay Shields High Yield	-0.43	0.73	0.96	0.63	0.97	0.52	-

*Composite performance used when necessary.

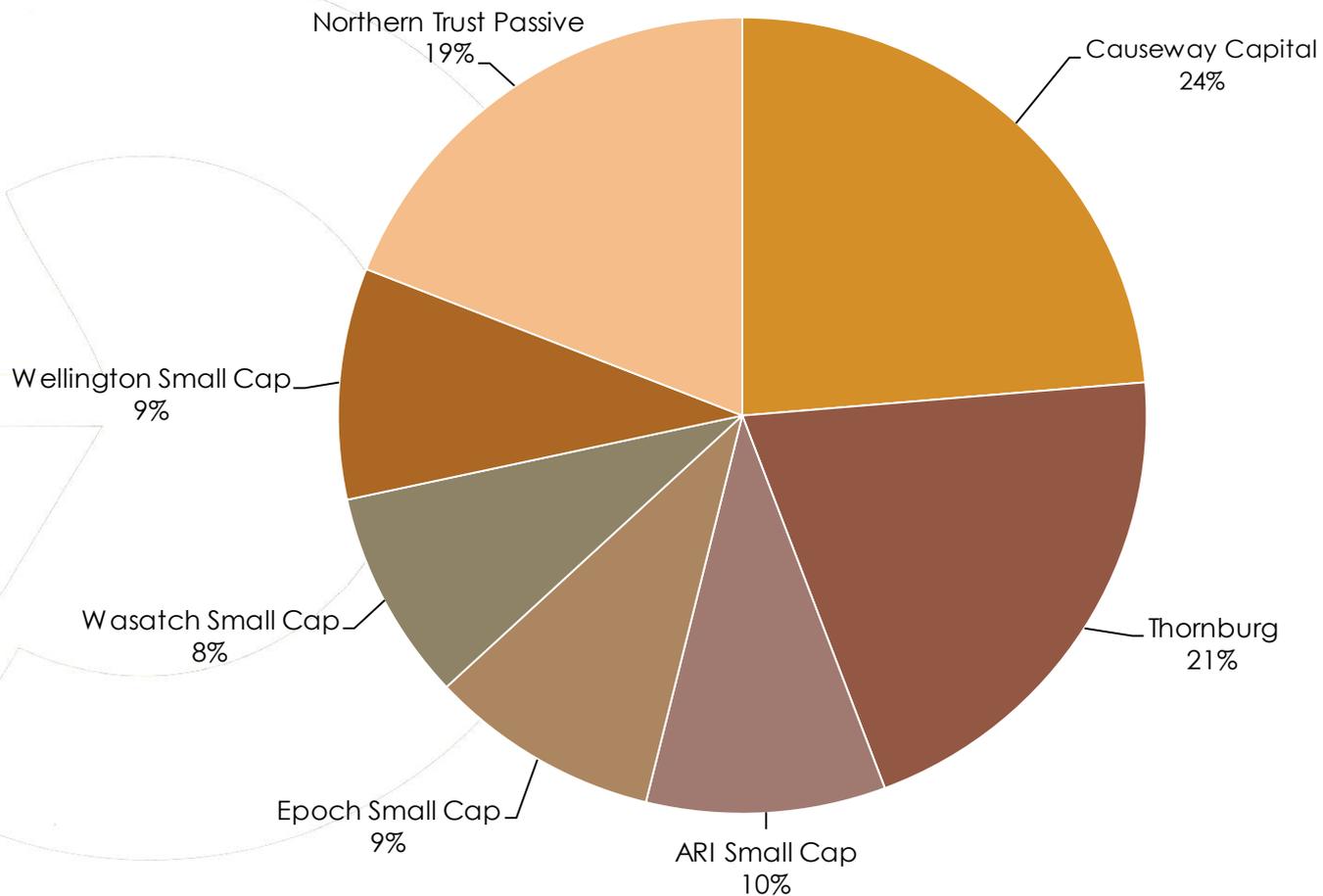
Fixed Income Risk Return Comparison

Composite Data Used – Three Years Ended June 30, 2014



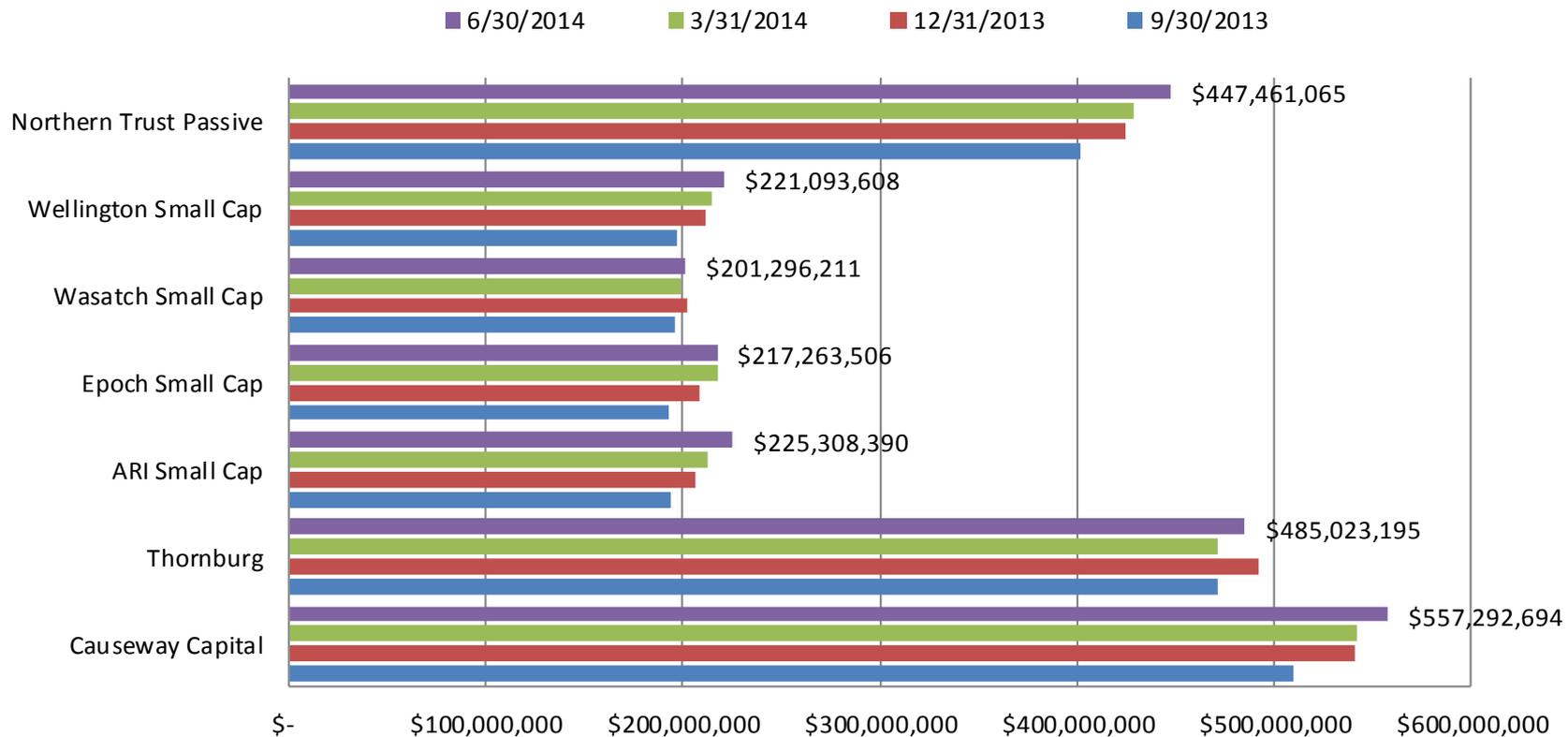
*Composite performance used when necessary to calculate figures.

Asset Allocation Summary – International Equity Allocation

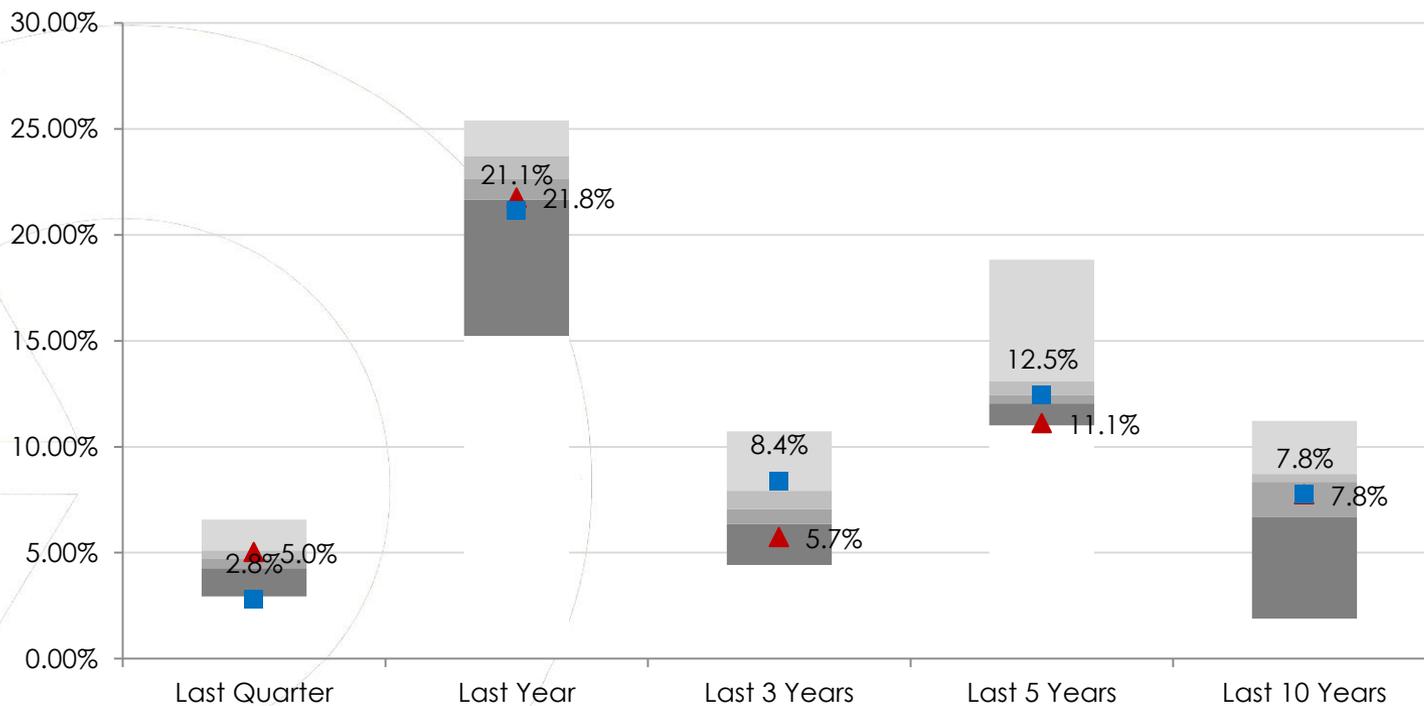


second quarter, 2014

Asset Allocation Summary – International Equity Allocation



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



■ OTRS International Equity Composite

◆ MSCI ACWI Ex-US

2.8% 21.1% 8.4% 12.5% 7.8%

5.0% 21.8% 5.7% 11.1% 7.8%

Performance – International Equity Managers

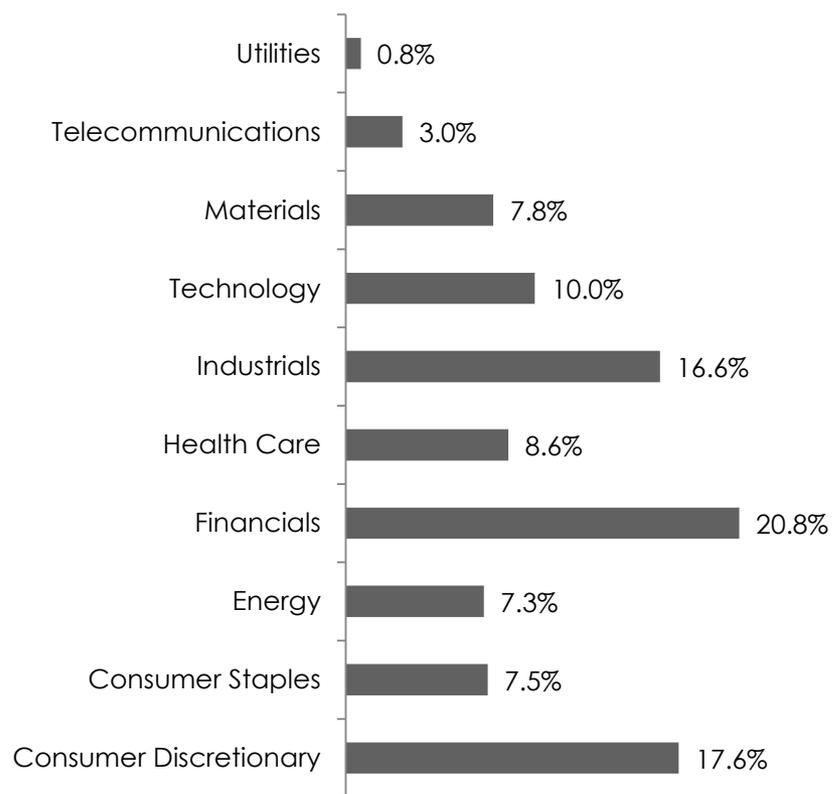
	Last 10 Years	% Rank	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Causeway	8.0	55	14.6	20	8.9	18	21.8	72	2.8	95
Northern Trust Passive	-		-		-		-		4.3	74
Thornburg	-		10.7	95	3.7	97	13.4	96	2.9	95
MSCI ACWI Ex US	6.9		-		-		-		-	
ARI	-	-	-	-	-	-	29.8	2	6.2	10
EPOCH	-	-	-	-	-	-	28.3	4	-0.2	97
Wasatch	-	-	-	-	-	-	16.7	90	1.2	95
Wellington	-	-	-	-	-	-	29.5	3	3.2	91
MSCI EAFE Small Cap	8.7		15.2		9.8		29.1		2.1	

Total International Equity Portfolio Holdings Review

Largest Equity Positions

Position	% of Total Equity Allocation
Reed Elsevier	1.04%
AKZO Nobel	0.86%
KDDI	0.82%
Toyota	0.80%
Sanofi	0.76%
Daimler	0.75%
Novartis	0.75%
Nestle	0.73%
Novartis	0.69%
British American Tobacco	0.68%
Top Ten Total Weight	7.88%

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	129.1%	91.3%	16.1%	0.92	0.97
Northern Trust	Passive Index	100.0%	100.0%	11.4%	0.88	0.99
Thornburg	Large Cap Core	86.5%	90.5%	10.4%	0.92	0.99
Advisory Research	Small Cap Value	115.4%	70.3%	16.9%	0.85	0.95
EPOCH	Small Cal Value	137.8%	95.6%	16.7%	0.89	0.97
Wasatch	Small Cap Growth	150.4%	65.3%	21.9%	0.86	0.95
Wellington	Small Cap Growth	110.1%	88.5%	14.0%	0.92	0.99

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

*Composite performance used when necessary.

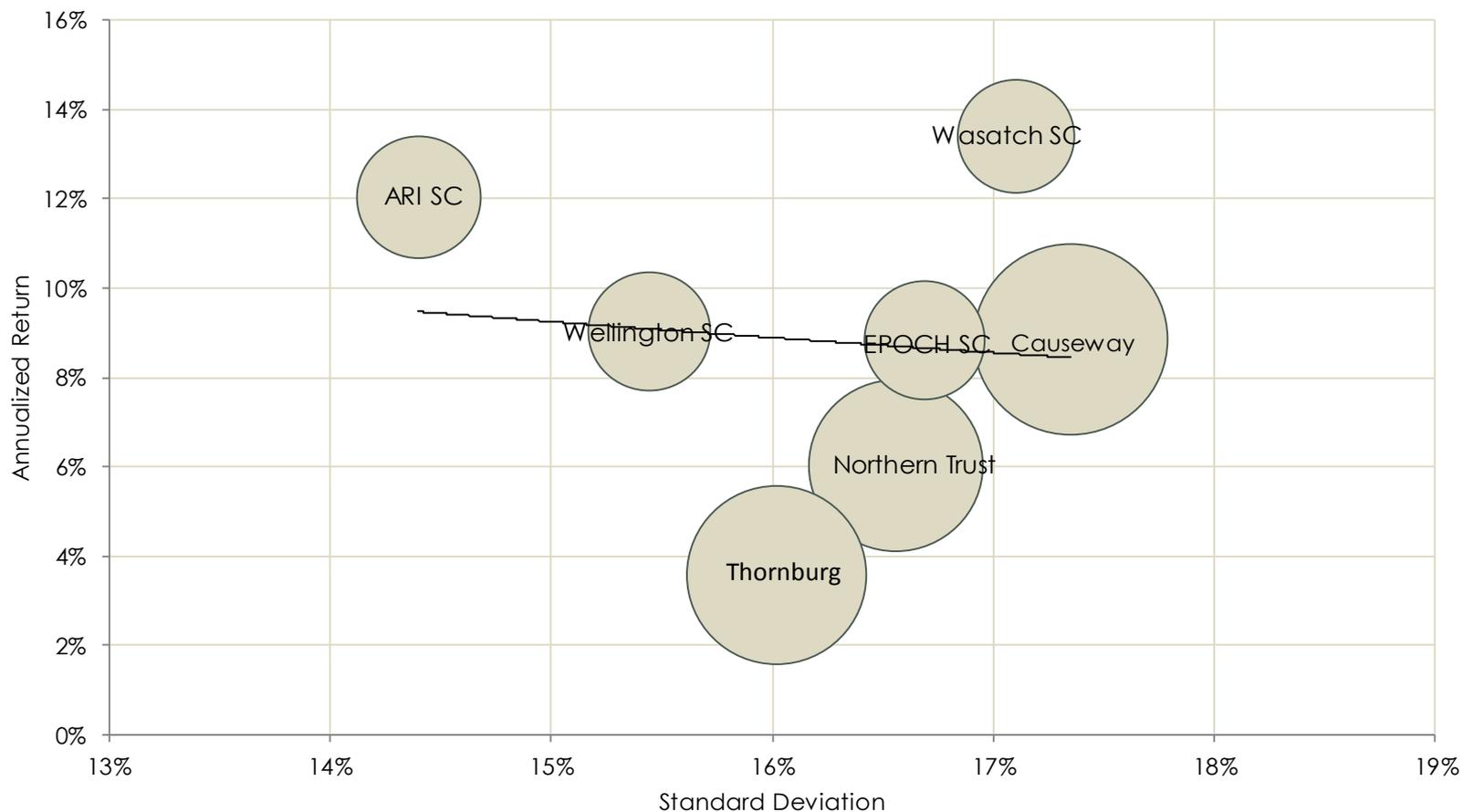
International Equity Portfolios: 5 Year Correlation Matrix

Trailing Five Years	ARI SCI	Causeway LCI	EPOCH SCI	Northern Trust	Thornburg LCI	Wasatch SCI	Wellington SCI
ARI SCI	-						
Causeway LCI	0.92	-					
EPOCH SCI	0.93	0.94	-				
Northern Trust Passive	0.93	0.97	0.96	-			
Thornburg LCI	0.90	0.96	0.95	0.98	-		
Wasatch SCI	0.87	0.88	0.94	0.94	0.93	-	
Wellington SCI	0.92	0.98	0.96	0.99	0.98	0.93	-

*Composite performance used when necessary.

International Equity Risk Return Comparison

Composite Data Used – Three Years Ended June 30, 2014



Performance – MLPs

	Last 5 Years	% Rank	Last 3 Years	% Rank	Last 1 Year	% Rank	Last Quarter	% Rank
Chickasaw	-	-	38.0	-	54.6	-	21.5	-
FAMCO	-	-	30.3	-	29.3	-	17.5	-
Swank	-	-	22.2	-	47.3	-	19.5	-
<i>Alerian MLP</i>	-		19.0		21.6		14.2	



OKLAHOMA TEACHERS RETIREMENT SYSTEM

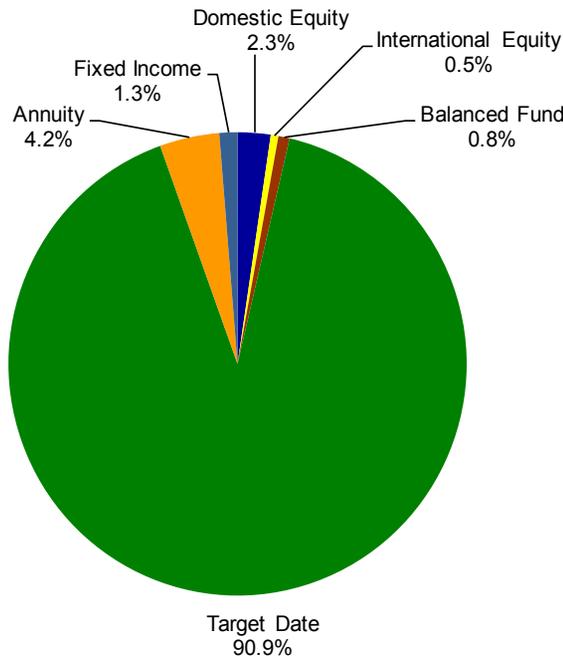
**403(b) executive summary report
second quarter, 2014**



403(B) PLAN

PERIODS ENDED JUNE 30, 2014

The Oklahoma Teachers' Retirement System 403(b) Plan ended the second quarter with a total market value of **\$209,992,061, up from \$208,037,319 at the end of last quarter**. The Plan was allocated¹ 90.9% to target date funds, 4.2% to an annuity fund, 1.3% to fixed income, 2.3% in domestic equity funds, 0.5% to international equity, and 0.7% to a balanced fund. The Plan's current allocation is depicted below:



Source: ING

¹Plan's allocation may not equal 100.0% due to rounding.

403(B) PLAN REVIEW

PERIODS ENDED JUNE 30, 2014

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
Voya Fixed Plus III	-		-		-		-		\$8,838,637 4.2%
Loomis Sayles Inv Gr Bond	3.3%	1	10.4%	1	6.6%	2	9.7%	3	\$2,678,058 1.3%
<i>Barclay's Cap Agg</i>	1.9%		4.3%		3.7%		4.9%		
VY MFS Total Return	3.1%	79	15.3%	70	10.6%	33	11.9%	67	\$1,657,931 0.8%
<i>S&P 500/BC Agg (60/40)</i>	4.0%		16.5%		11.4%		13.2%		
Voya Russell Large Cap Index	5.1%	32	24.0%	48	16.2%	31	17.5%	48	\$444,197 0.2%
<i>Russell 1000</i>	5.1%		25.4%		16.6%		19.3%		
American Funds Growth Fund	5.0%	28	26.6%	45	15.8%	26	17.0%	63	\$2,002,249 1.0%
<i>Russell 1000 Growth</i>	1.7%		24.7%		14.5%		20.5%		
Voya Large Cap Value	4.1%	67	20.8%	72	16.2%	24	18.7%	19	\$336,310 0.2%
<i>Russell 1000 Value</i>	5.1%		23.8%		16.9%		19.2%		
Voya Invesco Growth & Income	4.3%	62	21.7%	58	15.4%	45	17.7%	41	\$713,424 0.3%
<i>Russell 1000 Value</i>	5.1%		23.8%		16.9%		19.2%		
Voya FMR Diversified	3.6%	26	27.6%	19	13.0%	43	17.8%	74	\$561,571 0.3%
<i>Russell Mid Cap Growth</i>	5.0%		26.9%		16.1%		22.1%		
Voya JPMorgan Small Cap Core	3.4%	20	25.9%	24	16.5%	19	21.3%	25	\$812,445 0.4%
<i>Russell 2000</i>	2.1%		23.6%		14.6%		20.2%		
American Funds Euro Pacific	2.9%	77	21.9%	36	7.0%	43	11.6%	42	\$1,137,880 0.5%
<i>MSCI EAFE</i>	4.1%		23.6%		8.1%		11.8%		
Voya Index Solution Funds									\$190,809,360 90.9%
Total Market Value excluding ING Index Funds									\$19,182,701
Total Market Value including ING Index Funds									\$209,992,061

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

403(B) PLAN REVIEW
PERIODS ENDED JUNE 30, 2014

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
Voya Index Solution Income	2.9%	43	11.1%	39	6.9%	34	8.1%	71	\$113,655,401
<i>Morningstar Lifetime Moderate 2000</i>	3.1%		10.8%		6.8%		9.4%		59.6%
Voya Index Solution 2015	3.1%	60	12.4%	60	7.3%	49	9.6%	79	\$42,035,737
<i>Morningstar Lifetime Moderate 2015</i>	3.5%		12.7%		8.0%		10.8%		22.0%
Voya Index Solution 2025	3.7%	46	17.0%	41	9.5%	32	12.5%	71	\$25,058,527
<i>Morningstar Lifetime Moderate 2025</i>	4.1%		17.8%		10.3%		14.2%		13.1%
Voya Index Solution 2035	4.1%	38	20.1%	34	11.0%	25	14.1%	62	\$8,298,597
<i>Morningstar Lifetime Moderate 2035</i>	4.6%		21.4%		11.6%		15.9%		4.3%
Voya Index Solution 2045	4.5%	23	21.8%	20	11.4%	34	15.1%	51	\$1,541,421
<i>Morningstar Lifetime Moderate 2045</i>	4.7%		22.3%		11.7%		16.1%		0.8%
Voya Index Solution 2055	4.6%	17	21.9%	24	11.4%	38	-	-	\$219,677
<i>Morningstar Lifetime Moderate 2055</i>	4.7%		22.3%		11.4%		15.9%		0.1%
Total Market Value									\$190,809,360

All performance shown net of fees.
Sources: Morningstar, ING.
Data believed to be accurate, but cannot be guaranteed.

Loomis Sayles Investment Grade Bond

LIGRX

Fixed Income

The **Loomis Sayles Investment Grade Bond Fund** seeks high total investment return through a combination of current income and capital appreciation. The fund employs a value driven, opportunistic approach that focuses on a long term investment horizon. The fund uses out of benchmark securities to provide value and diversification. The fund will invest at least 80% of its net assets in investment-grade fixed-income securities. It may invest up to 10% of assets in below investment-grade fixed-income securities, and may invest any portion of its assets in securities of Canadian issuers, up to 20% of assets in securities of other foreign issuers, including emerging markets securities.

Voya MFS Total Return

IMSRX

Balanced Fund

The **Voya MFS Total Return Fund** seeks above-average income consistent with the prudent employment of capital, a secondary objective is the reasonable opportunity for growth of capital and income. The fund mainly invests in equity securities and debt instruments. It seeks to invest between 40% and 75% of assets in equity securities and at least 25% of its assets in fixed-income senior securities. The fund may invest up to 25% of assets in foreign securities, including up to 10% in emerging-market securities.

Voya Russell Large Cap Index

IRLCX

Large Cap Blend

The **Voya Russell Large Cap Index Fund** seeks investment results that correspond to the total return of the Russell Top 200 Index. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in equity securities of companies, which are at the time of purchase, included in the index; convertible securities that are convertible into stocks included in the index; other derivatives whose economic returns are, by design, closely equivalent to the returns of the index or its components; and exchange-traded funds.

American Funds Growth Fund	RGAEX	Large Cap Growth
-----------------------------------	--------------	-------------------------

The **American Funds Growth Fund** seeks capital growth. The fund's multiple manager structure allows ten portfolio managers to each manage a portion of the aggregate portfolio. The portfolio managers select stocks individually. The portfolio invests in companies that are expected to produce long-term growth, but only when they are reasonably priced. The fund may invest up to 25% of its assets in securities of issuers domiciled outside the United States.

Voya Large Cap Value	IPVSX	Large Cap Value
-----------------------------	--------------	------------------------

The **Voya Large Cap Value Fund** seeks capital appreciation. The fund normally invests at least 80% of total assets in equity securities of mid-size companies. It may invest up to 25% of its total assets in equity and debt securities of non-U.S. issuers. The fund may invest in other investment companies, including exchange-traded funds.

Voya Invesco Growth & Income	IVGSX	Large Cap Value
---	--------------	------------------------

The **Voya Invesco Fund** seeks long-term growth of capital and income. The fund invests primarily in income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities rated "investment grade". It may invest up to 25% of total assets in securities of foreign issuers. The fund may purchase and sell certain derivative instruments for various purposes.

Voya FMR Diversified	IFDSX	Mid Cap Growth
-----------------------------	--------------	-----------------------

The **Voya FMR Diversified Fund** seeks long-term growth of capital. The fund invests up to 80% of assets in securities of companies with medium market capitalization. The sub-adviser generally defines medium market capitalization companies as those whose market capitalization is similar to the market capitalization of companies in the Russell Midcap Index or the Standard and Poor's MidCap 400 Index. The fund normally invests its assets in common stocks and may invest up to 25% of assets in securities of foreign issuers, including emerging markets securities, in addition to securities of domestic issuers.

Voya JPMorgan	IJSSX	Small Cap Blend
----------------------	--------------	------------------------

The **Voya JPMorgan Small Cap Core Equity Fund** seeks capital growth over the long term. The fund invests at least 80% of assets in equity securities of small-capitalization companies. The sub-adviser defines small-capitalization companies as companies with a market capitalization equal to those within a universe of Russell 2000 Index stocks at the time of purchase. It may also invest up to 20% of total assets in foreign securities. The fund may also invest up to 20% of total assets in convertible securities which generally pay interest or dividends and which can be converted into common or preferred stock.

American Funds EuroPacific Growth	REREX	International
--	--------------	----------------------

The **American Funds EuroPacific Growth Fund's** investment objective is to provide long-term growth of capital. The fund invests in companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. The fund invests primarily in common stocks (may also invest in preferred stocks), convertibles, American Depositary Receipts, European Depositary Receipts, bonds and cash. The holdings are primarily outside the U.S. except a nominal portion that may be held in U.S. dollars. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

Voya Index Solution Income	ISKSX	Income
----------------------------	-------	--------

The **Voya Solution Income Portfolio** seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. The ING Solution Income Portfolio is designed for people who plan to begin living their retirement goals now. It is a conservative ING Solution Portfolio.

Voya Index Solution 2015	ISASX	Target Date
--------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2015 Portfolio is designed for people who plan to begin living their retirement goals in the years 2011 to 2020. It is a moderately conservative ING Index Solution Portfolio.

Voya Index Solution 2025	ISDSX	Target Date
--------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2025 Portfolio is designed for people who plan to begin living their retirement goals in the years 2021 to 2030. It is a moderate ING Index Solution Portfolio.

Voya Index Solution 2035	ISESX	Target Date
--------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2035 Portfolio is designed for people who plan to begin living their retirement goals in the years 2031 to 2040. It is a moderately aggressive ING Index Solution Portfolio.

Voya Index Solution 2045	ISJSX	Target Date
--------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2045 Portfolio is designed for people who plan to begin living their retirement goals in the years 2041 to 2050. It is an aggressive ING Index Solution Portfolio.

Voya Index Solution 2055	IIS SX	Target Date
--------------------------	--------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2055 Portfolio is designed for people who plan to begin living their retirement goals during or after the year 2051. It is the most aggressive ING Index Solution Portfolio.

401(K) AND PROFIT SHARING PLAN – MANAGER EXPENSE REVIEW

PERIOD ENDED JUNE 30, 2014

Manager	Mandate	Expense Ratio	Category Average
Fixed Income			
Voya Fixed Plus Account III	Annuity	n/a	n/a
Loomis Sayles Investment Grade Bond	Fixed Income	0.83%	0.89%
Balanced			
Voya MFS Total Return	Balanced	0.95%	1.30%
Domestic Equity			
Voya Russell Large Cap Index	Large Cap Blend	0.62%	0.55%
American Fund Growth Fund	Large Cap Growth	0.68%	1.24%
Voya Large Cap Value	Large Cap Value	0.91%	1.18%
Voya Invesco Growth & Income	Large Cap Value	0.88%	1.18%
Voya FMR Diversified Mid Cap	Mid Cap Growth	0.89%	1.35%
Voya JPMorgan Small Cap Core Equity	Small Cap Blend	1.11%	1.42%
International Equity			
American Funds EuroPacific Growth	International Equity	0.68%	1.41%
Asset Allocation			
Voya Index Solution Income	Asset Allocation	0.36%	-
Voya Index Solution 2015	Target Date	0.36%	-
Voya Index Solution 2025	Target Date	0.36%	-
Voya Index Solution 2035	Target Date	0.37%	-
Voya Index Solution 2045	Target Date	0.36%	-
Voya Index Solution 2055	Target Date	0.36%	-

Source: Morningstar

second quarter, 2014

FY 2016 - 2020 Strategic Plan

For

Teachers Retirement System

as of:

August 30, 2014

Agency Number

715

Address

P.O. Box 53524
2500 North Lincoln Boulevard
Oklahoma City, OK 73152 - 3524

Agency Director

Tom Spencer, Interim

Board of Trustees

William L. “Bill” Peacher, Chairman

Vernon Florence, Vice-Chairman

Elizabeth H. Kerr, Secretary

James Dickson

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Jill Geiger

Judie Harris

Dr. Philip Lewis

Stewart E. Meyers, Jr.

Andrew Oster

Billie Stephenson

Dr. Gary L. Trennepohl

Dr. Greg Winters

Agency Management/Division/Program Directors

Title	Name
Interim Executive Director	Tom Spencer
General Counsel	Julie Ezell
Comptroller	Riley Shaull
Director of Client Services	Dixie L. Moody
Director of Human Resources	Kim Bold

Describe the strategic planning process followed by the agency.

Senior management staff directly participated in the planning process with a series of meetings from July 2014 through August 2014. The agency's strategic planning committee has reviewed and updated the original plan and subsequent plans to arrive at the FY 2016-2020 plan. Meetings were conducted with individual section leaders and senior management. Goals, performance measurements, and action plans were evaluated and modified to produce the current plan. Statistical information was developed to illustrate the growth of membership population (active and retired members) and services provided to various groups of the System's membership. The Board of Trustees reviewed a draft at the August meeting and adopted the final Plan at its September board meeting.

EXECUTIVE SUMMARY

Summary of environmental assessment.

A. Economy: We must be aware of the condition of the national and state economies, which have a direct impact on the Teachers' Retirement System. Return on investments and revenue collections are two of the main sources of income to the System. While there were downturns in the national and global markets five and six years ago, investment returns have rebounded nicely in recent years. With interest rates at historic lows, it will be difficult to achieve good returns in many fixed income investments over the near term. TRS has added alternative investments such as real estate, private equity and master limited partnership interests, to complement its equity holdings. The portfolio is well-diversified. The Board of Trustees monitors and adjusts the System's investment policies and strategies as needed to maximize returns while protecting the asset base. State revenues, member and local school district contributions have increased during the past several years and modest growth in these revenue sources is expected to continue for the next several years. Senate Bill 1376, enacted in 2002, provides that the agency receives 5% of state sales, use and income tax collections. Senate Bill 357, enacted in 2007, increased contributions from local school districts by 1.5% of employees' pay over a three-year period. These revenue increases are intended to reduce the Retirement System's unfunded liabilities.

B. Social/Demographic: Our aging membership parallels societal trends, which create additional requirements on pension plans. The "baby-boomers" are at retirement age and require more timely information on benefits than past generations of retirees. We are working to improve our delivery of benefits and information by better use of the Internet, as well as written and oral communications.

C. Government and Regulatory: In 2006, HB 1179XX included a significant change in the retirement benefit formula affecting 30,000 active members. The agency had to implement major changes to address this legislation. Further reform took place in recent years that delays the retirement age for new members. New pension legislation at both state and federal levels must be anticipated and accommodated to ensure member entitlements are accurate and timely. New accounting standards like GASB 67 & 68 are increasing staff time and time spent by our retained service providers on actuarial and auditing work. There may be efforts to consolidate the

administration of the state pension plans. There also may be those who favor closing the TRS defined benefit plan and moving to a defined contribution plan or cash balance plan.

D. Competition: While TRS is not in direct competition with private sector providers, members' expectations from their dealings with private financial institutions require TRS to improve delivery of financial services and benefit information. TRS provides a defined benefit plan to 146,036 members and an optional defined contribution plan to approximately 3,783 participants.

E. Technology: The TRS membership uses the Internet and smart phones more and more to conduct personal financial business. In response to technological advancements, TRS has enhanced its website to include the addition of an Employer Portal in 2013 that provides a more efficient method for remitting agencies reporting monthly contributions. A retirement benefit estimator was updated in FY-2006. The website will continue to be upgraded and used to increase member awareness of available benefits and services. Our document imaging system has enabled staff to improve response time to member inquiries. TRS is nearing completion on a custom-built pension administration system called "Alice." The basic system has active and retired client data including a fully integrated image viewing system. TRS recently retained an outside project manager to evaluate the project to date, and bring the basic development to a conclusion. The basic system is already in place with some fixes in process. The TRS and developer are currently working on data migration and data cleanup projects. Two enhancements to Alice were authorized in the fall of 2013 including an accounting piece (general ledger) and a client portal.

F. Market/Customers: During the past ten years, the number of active members has increased 6.2%, while the number of retirees has increased 38.3%. Annual benefit payments have increased from \$701 million to \$1.077 billion. Current members are more knowledgeable and desire a higher level of information for long-term financial planning.

G. Industry Trends and Best Practices: TRS participates in several national or regional organizations that promote innovative practices to improve delivery of retirement benefits. Benefit design, investment opportunities, technology, accounting and internal auditing are areas that have benefited from participation in national or state meetings of peer groups. The Board of Trustees has shown its commitment to best practices in several areas. It has adopted a strong Governance Policy as well as a Fraud Reporting Policy. It also implemented a fraud and abuse reporting system using an independent, external provider. In addition the Board continues its thorough internal audit program using an external firm specializing in auditing financial systems and other processes.

H. Factors of Production and Internal Environment: TRS operates at a relatively low level of administrative expense compared to other state-run pension plans. A global benchmarking firm has documented that TRS administrative cost per member and ratio of staff per member is well below national averages. Implementation of our strategic plan will enable us to continue to provide quality service at minimum cost per member. The reduction in cost will be balanced by a need to deliver quality services to client.

I. The Role of a Retirement Plan in Recruitment and Retention: A well-funded retirement plan for teachers and educators is necessary if the state is to attract and retain professionals who can

improve the education being received by our students. This is important if the stated educational goals are to be achieved. A better-funded System may also allow cost-of-living adjustments to improve the economic condition of our retired members and raise the average income of Oklahoma.

J. Staff Development: The TRS Strategic Plan also includes plans to educate and train our staff in the use of the most up-to-date technology. This will be necessary if the System is to improve services to our members while maintaining our relatively low number of staff providing these services. Other staff training and education will also improve the delivery of quality customer service.

K. The Financial Condition of TRS Affects the State's Fiscal Condition: The underfunded condition of the Teachers' Retirement System has affected the overall bond rating of the state, which can increase the cost of all state borrowing. As funding levels improve, financial resources used to pay down pension debt may be available for other state needs.

Assumptions: Conditions/issues that will exist in the short and long term future.

The following highlight conditions/issues that will exist during the period covered by this strategic plan:

The condition of the national economy may require further adjustments in investment strategy. The State economy and State tax policy may impact TRS funding levels. The agency relies on income from investments to finance benefit payments. The impact of past negative market conditions have re-enforced the necessity of a better-funded status of the Retirement System.

Past legislative actions have both increased and decreased the actuarial funded status of the Teachers' Retirement System. Passage of Senate Bills 1376 (2002) and 357 (2007) have benefited the System but benefit increases to participants have also increased liabilities. The State's budget and revenue needs might impact the System's ability to amortize existing liabilities over the current funding period of 17 years.

As more active teachers approach retirement age, the need for improved communications and retirement benefit projections will increase. During the last ten years the increase in the number of retired members has averaged 3.6% per year. The average increase in active members has been 0.95% per year for the last ten years. Active membership decreased 0.3% during FY-2012, increased 1.8% in FY-2013 and 0.2% for FY-2014. Questions concerning Social Security may also increase awareness and concerns for better retirement planning and communication.

Pension benefit design change is a national issue and will undoubtedly receive serious study in future legislative sessions. Compliance with state and federal laws, as well as changes in professional standards, may require modifications to existing programs and work processes.

Retired and active clients will expect TRS to keep up with the latest technology in their interaction with the System. Improvements to the TRS pension administration system including a full-featured client portal will enable us to continue to increase productivity and client services.

Summary of agency - wide action plans to address the needs.

The agency-wide action plans address how we can:

- Improve and Enhance Client Services including Better Communications
- Achieve Superior Returns and Secure Adequate Funding
- Develop an Efficient, Knowledgeable Professional Team
- Enhance IT Capabilities and Services

The System includes four general goals, nine performance measures, and twenty action plan items. A team of staff members has been assigned to see that each goal, corresponding performance measures and action items are accomplished within the established time lines.

Summary of financial needs to address issues.

The Teachers' Retirement System is a state-run trust that provides retirement benefits to education employees. The main sources of revenue are member contributions, employer contributions from local school districts, dedicated revenue from the state of Oklahoma and investment income. The System is seriously underfunded with total assets representing approximately 60% of future liabilities. Although investment returns have consistently been above the median for public pension plans, an influx of new monies would improve the chances that current members and retirees will receive what they have earned and been promised. Annual benefit payments to retired members now exceed \$1.077 billion. Cost-of-living adjustments for retirees are necessary on a regular basis to prevent purchasing power erosion, but these increases and other benefit improvements add to overall liabilities of the System. In 2011 the Legislature enacted HB 2132 which makes it significantly harder to pass COLA legislation. Future COLA legislation for all state pension plans must have sufficient funding to pay the cost. Since 2002, the state legislature has addressed the funding level of the System by increasing state revenues directed to the Retirement System and increasing the contribution rate paid by local school districts. It is imperative these increased revenue sources be maintained.

The Teachers' Retirement System is a non-appropriated agency. Administrative expenses are paid from investment income. Like other state agencies, an annual budget is submitted to the Office of Management and Enterprise Services. Implementation of most of the action plans can be accomplished without any significant increase in current budget levels.

Agency Mission

We collect, protect and grow assets to provide a secure retirement income for public education employees.

Agency Vision

The vision of OTRS is to:

Provide quality service to our clients in an efficient, economical manner,

Provide our clients on-demand and accurate access to their personal financial information,

Educate our clients about their retirement benefits, and

Inform our clients about the financial status of OTRS so they will be confident in our ability to provide their benefits.

Values and Behaviors

Customer Service:

We are dedicated to professional, accurate, timely and cost-effective delivery of services and benefits to clients and retirees.

Teamwork:

We value a cooperative work environment in which each employee is motivated to achieve the goals of the agency.

Reputation:

We take pride that TRS is known for the quality of its work as well as the services it provides to its clients, and we strive to continuously improve our work product.

Adequate Funding:

We recognize the importance of a properly funded pension plan and the role we play in the lives of our constituents.

Competency:

We believe that training and constructive supervision are keys to a professional staff.

Ethical Behavior:

We are open, responsive, and ethical in the conduct of business with clients, annuitants, government officials and the public.

TRS GOALS

SUMMARY OF GOALS

Our long-term goals are to improve the funded status of the pension plan by maximizing return on investment and securing adequate funding from the state. We will improve customer service by building and maintaining a professional staff and through the utilization of the Internet and other technology.

Goal #1: Improve and Enhance Client Services including Better Communications

Goal #2: Achieve Superior Returns and Secure Adequate Funding

Goal #3: Develop an Efficient, Knowledgeable Professional Team

Goal #4: Enhance IT Capabilities and Services

AGENCY ACTION PLANS AND KEY PERFORMANCE MEASURES TO REACH TRS GOALS

GOAL #1: Improve and Enhance Client Services including Better Communications

Action Plan #1: Establish comprehensive and periodic customer satisfaction survey program.

KPM: Completion time for implementing the project.

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
FY-20014	0%	FY-2015	0%	FY-2016	50%
				FY-2017	75%
				FY-2018	100%

Introduction: TRS will create a program to survey our various business processes, including new retirements, walk-in visits, withdrawal of contributions, phone service, counseling, and others as identified.

- Identify high-volume business processes to survey (March 2015).
- Benchmark what other retirement systems across the country are surveying and their methodology (July 2015).
- Establish a timeline and communications plan for the rollout of each survey (November 2015).
- Calculate the number of completed responses to obtain statistically valid response data (March 2016).
- Review the business case for outsourcing vs. internal management in the development of various surveys and the compilation of results, considering the costs and benefits associated with paper, online or phone surveying (Dec. 2016).

- Initiate process of survey development (July 2017).

Implementation Team: *Leader:* Dixie Moody *Team Members:* Lisa Giles, Susan Yingling, Donna Spurrier.

Action Plan #2: Issuance of Annual Statements.

Description: Annual statement to members age 50+ or those with 20+ years of service to show estimated monthly benefits at retirement age.

Implementation Team: *Leader:* Lisa Giles *Team Members:* Dixie Moody, Debra Plog, Kaleb Jones and Susan Yingling

Action Plan #3: Create/distribute an annual financial report in non-technical language for TRS clients and stakeholders

Description: Develop and distribute a Popular Annual Financial Statement (“PAFR”) that will provide important information from the Consolidated Annual Financial Report (“CAFR”). The goal of the PAFR will be to provide important financial and funding information to TRS clients and school officials. Target date is January 2016.

Implementation Team: *Leader:* Lisa Giles *Team Members:* Riley Shaull, and Susan Yingling g

GOAL #2: Achieve Superior Returns and Secure Adequate Funding

Action Plan #4: Protect Funding Sources and Increase Funded Ratio

Description: TRS needs to continuously protect its funding sources during each session of the Legislature. The improvement in TRS’ funded ratio has come in large part to the increase in funding sources enacted by past legislatures. In an environment where the State’s revenue may be declining, every source of revenue will be scrutinized. Only through continued communication with state leaders about the importance of staying on track with TRS funding progress. Below are goals for increased funded ratios.

Key Performance Measures (funded ratio)

Actual	Budgeted	Estimated
FY-2014 57%	FY-2015 62%	FY-2016 64%
		FY-2017 66%
		FY-2018 68%
		FY-2019 70%
		FY-2020 72%

Implementation Team: *Leader:* Executive Director *Team Members:* Julie Ezell, General Counsel; Susan Yingling

Action Plan #5: Maintain investment policies to maximize return on investments.

Description: The TRS Board of Trustees working with the investment consultant will continue to review current investment strategies and employ policies to achieve a 5-year annualized return on investments of 9%. Our goal is to remain in the top quartile when measured against investment returns of public pension plans of similar size.

Persons Responsible	Date
Board of Trustees	Continual
Executive Director	
Chief Investment Officer	
TRS Investment Consultant	

GOAL #3: Develop an Efficient, Knowledgeable Professional Team

Action Plan #6: Staff development program

Description: Staff training program based on needs assessment, which will be reviewed annually. Due consideration will be given to private sector training. This will be measured by the percentage of employees completing the prescribed training program.

Key Performance Measures (% emp'ees trained)

Actual	Budgeted	Estimated
FY-2014 75%	FY-2015 80%	FY-2016 85%
		FY-2017 90%
		FY-2018 95%
		FY-2019 100%
		FY-2020 100%

Implementation Team: *Leader:* Kim Bold *Team Members:* Dixie Moody, Riley Shaull, and Chief Investment Officer

GOAL #4: Enhance IT Capabilities and Services

Action Plan #7: Disaster Recovery Plan. Acquire or contract for a hot site or cold site. Develop capability to continue operations at an offsite location in the event of disaster.

KPM: Completion time for developing and implementing a disaster recovery plan.

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
FY-2014	0%	FY-2015	20%	FY-2016	60%
				FY-2017	80%
				FY-2018	90%
				FY-2019	100%

Action Plan:

Introduction: It is important to recognize that technology is just a single component of an overall disaster recovery plan. It is the business processes by which an organization operates that determines the overall strategy.

Action Items:

- Identify business processes (January 2015).
- Prioritize business processes, determine which processes, if lost, create a high, medium or low impact on the business (July 2015).
- Identify all inputs and outputs to business processes. Inputs include but are not limited to the following: all online screens, online data, imaged data, spreadsheet data, form input, agency phone/address/email information, client address information. Outputs include but are not limited to retiree payments, retiree notices, retiree and client newsletters, agency phone/address/email information, client address information (December 2015).
- Determine what infrastructure is necessary to support the business process. Create an inventory list of all items needed at the disaster site. Examples would be phone system, copiers, fax machines, local area servers and printers, PC workstations, PC printers, internet connectivity, Alice database, paper supplies, paper check supplies, special form supplies, documentation of business procedures (June 2016).
- Determine space requirements for all staff functions (August 2016).
- Write cold site and hot site requirements for items 4 and 5 above. Also include travel distance for staff, power, heat and air, lighting, handicap concerns, bathroom, and parking requirements, etc. (January 2017).
- Acquire hot site or cold site (September 2017).

Implementation Team: *Leader:* Donna Spurrier. *Team Members:* Dixie Moody, Lisa Giles, Riley Shaull, Julie Ezell, OMES staffer and Susan Yingling.

Action Plan 8: Produce information in the form of industry standard media files online to complement existing pre-retirement seminar videos and other information for clients and education payroll officers.

KPM: Percentage of project completion for full implementation.

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
FY-2014	0%	FY-2015	10%	FY-2016	100%

Action Plan:

- Research capability of providing online training videos (January 2015 – July 2015).
- Identify software application (January 2016).
- Modify content to suit the chosen medium (by July 2016).

- Produce and/or purchase products (by January 2017).
- Complete implementation of retirement training program and upload videos for client use. (July 2017).
- Staff edits procedure manual text for conversion to video script. (July 2011 through November 1, 2011).
- Create training files and test (November 2011 through March 2012).
- Provide training files on agency Intranet (April 2012).

Implementation Team: *Leader:* Lisa Giles *Team Members:* Dixie Moody, Susan Yingling, Frances Rogers.

MEMORANDUM

TO: OTRS Board of Trustees

FROM: Tom Spencer, TRS Interim Executive Director

DATE: August 22, 2014

RE: Computing pension liability for OU & OSU under GASB 67 & 68

With the adoption of GASB 67 & 68, public plans and their participating employers must calculate and allot the “net pension liability” of all participating employers. In the implementation guidance from the GASB, there are a few acceptable methods for public plans to adopt. Both the TRS staff and the OPERS staff are recommending making the allocations based on the amount of employer contributions to the plan. Both plans’ actuaries and external auditors are recommending this method. On page 92 of the GASB 68 Implementation Guide, is the guidance to plans picking that method of allocation. It states, “[a] liability should be recognized for the employer’s proportionate share of the collective net pension liability.” There is a single liability shared by a group of participating employers. Paragraph 48(a) makes clear that it is measured by one employer’s proportionate share of those contributions compared to the entire group of contributing employers. Using one methodology for one or two employers, and using a different methodology of allocation is inconsistent with this guidance.

The legislation that permits OU and OSU to set up alternative retirement plans is found in 70 O.S. Section 17-201 et seq. These statutes passed into law in 2004. The clear purpose of these statutes is to grant permission to certain institutions of higher education to set up their own plans even though they had been participating in the Oklahoma Teachers’ Retirement System since its inception in 1943. OU and OSU are the only institutions of higher education that currently qualify under the legislation. The secondary reason behind the statutes was to ensure that these two institutions continue to financially support OTRS since many retired members worked at OU and OSU. A substantial amount of unfunded liability has built up over time and some of this debt is directly attributable to paying retirees of these two institutions. These statutes, which pre-date GASB 67 & 68, provide a statutory mechanism to track these institutions’ fair share of the pension liability. A surcharge of 2.5% of compensation is collected from the institutions based on the compensation of current active employees who opt out of OTRS. The legislation also has a method by which OU & OSU could be liable for an additional surcharge should the financial condition of OTRS deteriorate enough to trigger the extra charge.

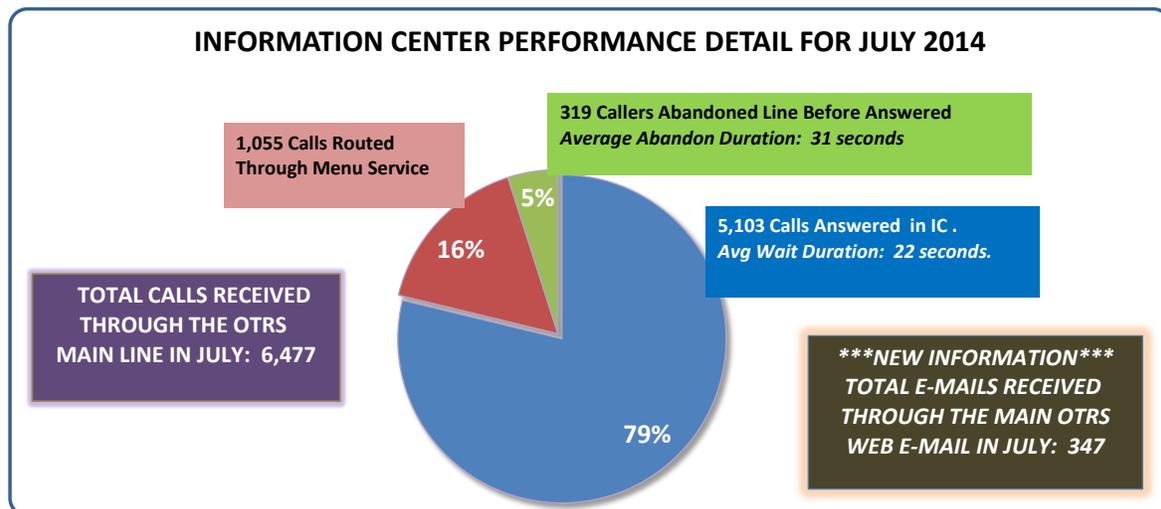
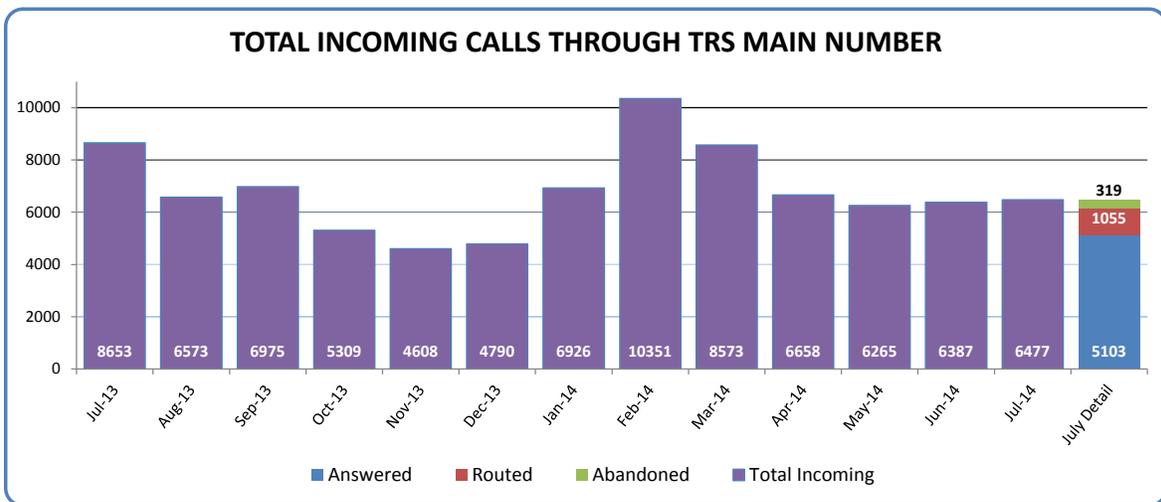
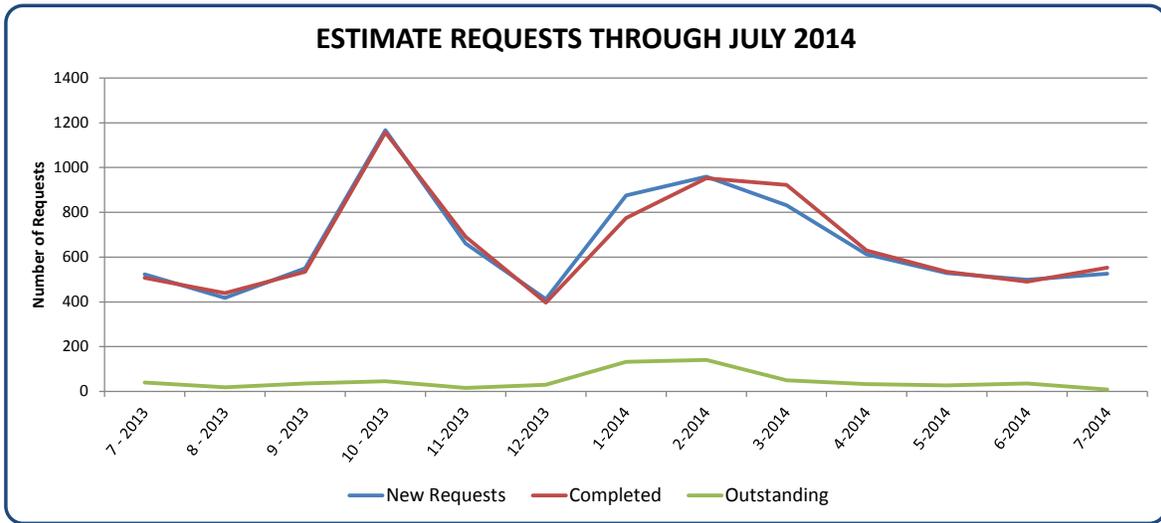
The purpose of the statutory scheme is (a) permission to create new plans outside of OTRS, and (b) a method by which OU and OSU will continue to fund the legacy unfunded debt of OTRS. Its main purpose concerns adequately funding OTRS and has nothing to do with financial reporting.

OU and OSU are suggesting that the proportionate amount of their liability under GASB 68 be determined by this statutory methodology established in 2004 rather than the proportionate share of contributions methodology set out in the implementation guide. They suggest that their state

statutory calculation be used to reduce the entire Plan's net pension liability and then the amount be left over be allocated using whatever method OTRS chooses.

The most significant thing in GASB 67 & 68 is the express "divorce" of funding from financial reporting. Previous GASB statements (e.g. 25 & 27) kept these two things in lock step. In the opinion of TRS staff and its outside auditor Cole & Reed, OU and OSU's share of the net pension liability under GASB 67 & 68 must be calculated in the same manner as every other participating employer in OTRS. It will be determined by the employer contribution amounts into OTRS.

CLIENT SERVICES PERFORMANCE METRICS THROUGH JULY 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

August 1, 2014

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Disability	14	\$16,476.36	\$1,176.88	17.17	51.71
Normal	311	\$549,853.50	\$1,768.02	23.22	62.31
Total	325	\$566,329.86	\$1,742.55	22.96	61.86
Terminated Annuities	104	\$ (128,624.15)	\$ 1,236.77	23.56	81.26

NORMAL RETIREMENTS**8/1/2014**

Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0085055	20	67	8/1/2014	101689	\$1,356.77
Q0222355	10	62	8/1/2014	102034	\$236.97
Q0235454	9	67	8/1/2014	102039	\$516.33
Q0177163	19	72	8/1/2014	102043	\$2,384.50
Q0147185	28	59	8/1/2014	101692	\$988.37
Q0107688	25	58	8/1/2014	101851	\$1,780.45
Q0290751	8	68	8/1/2014	102168	\$1,569.42
Q0309583	5	73	8/1/2014	102045	\$180.19
Q0157501	43	74	8/1/2014	101890	\$3,388.40
Q0186298	26	55	8/1/2014	102046	\$1,721.96
Q0206579	26	54	8/1/2014	101694	\$1,678.30
Q0088378	27	59	8/1/2014	101696	\$2,090.99
Q0239707	15	73	8/1/2014	102047	\$3,000.40
Q0105147	30	56	8/1/2014	101381	\$2,456.28
Q0198251	25	70	8/1/2014	101918	\$3,058.02
Q0066768	43	64	8/1/2014	101922	\$4,506.81
Q0124858	26	62	8/1/2014	102021	\$2,587.03
Q0231141	12	63	8/1/2014	101697	\$1,686.01
Q0185631	28	52	8/1/2014	101304	\$1,848.97
Q0218440	38	60	8/1/2014	101921	\$3,726.15
Q0029585	22	60	8/1/2014	101553	\$1,632.78
Q0045823	36	59	8/1/2014	102048	\$2,345.69
Q0145333	22	58	8/1/2014	101711	\$1,339.48
Q0119555	10	73	8/1/2014	101823	\$272.02
Q0161207	31	65	8/1/2014	101654	\$1,421.29
Q0227408	6	62	8/1/2014	102067	\$343.68
Q0047796	15	61	8/1/2014	101690	\$251.74
Q0029692	14	70	8/1/2014	101698	\$1,161.72
Q0186965	27	53	8/1/2014	101819	\$2,142.63
Q0066094	22	66	8/1/2014	102051	\$1,105.97
Q0229008	11	61	8/1/2014	101821	\$609.68
Q0034100	29	65	8/1/2014	101824	\$2,307.38
Q0031128	20	64	8/1/2014	102261	\$1,027.60
Q0195666	23	72	8/1/2014	102260	\$1,352.56
Q0216735	18	61	8/1/2014	101822	\$1,090.68
Q0180918	29	63	8/1/2014	101925	\$1,050.29
Q0219174	12	65	8/1/2014	101310	\$588.98
Q0025093	21	68	8/1/2014	102259	\$2,950.54
Q0217605	15	64	8/1/2014	102036	\$906.77
Q0222554	20	64	8/1/2014	102348	\$2,716.10
Q0123572	5	64	8/1/2014	102262	\$375.13
Q0165888	30	59	8/1/2014	102127	\$1,859.32
Q0251788	17	55	8/1/2014	101958	\$659.63
Q0063301	20	66	8/1/2014	102263	\$756.89
Q0065756	18	64	8/1/2014	101920	\$1,803.17
Q0084413	41	65	8/1/2014	101812	\$2,254.74
Q0030530	25	64	8/1/2014	101592	\$4,035.74
Q0233750	29	65	8/1/2014	101826	\$1,868.98
Q0084682	11	65	8/1/2014	101919	\$423.43
Q0186447	26	54	8/1/2014	102044	\$2,004.25
Q0049817	35	58	8/1/2014	102023	\$2,977.82

NORMAL RETIREMENTS			8/1/2014		
Client	Years Of		Estimate	Retirement	
Number	Service	Age	Ret. Date	Number	Benefit
Q0142423	17	67	8/1/2014	101561	\$2,316.51
Q0203537	37	60	8/1/2014	102264	\$2,935.59
Q0206364	28	52	8/1/2014	101448	\$2,091.60
Q0178145	27	69	8/1/2014	101818	\$879.54
Q0068230	28	62	8/1/2014	102265	\$2,501.46
Q0092319	30	51	8/1/2014	099927	\$2,688.69
Q0045705	14	68	8/1/2014	101811	\$826.77
Q0106066	25	62	8/1/2014	102266	\$702.19
Q0052576	28	53	8/1/2014	101926	\$3,026.70
Q0083114	10	66	8/1/2014	102267	\$507.16
Q0041233	12	83	8/1/2014	101810	\$136.16
Q0253859	24	66	8/1/2014	101853	\$2,322.72
Q0083899	17	66	8/1/2014	101725	\$435.80
Q0033204	16	56	8/1/2014	102268	\$711.11
Q0198456	17	66	8/1/2014	102269	\$1,178.73
Q0203110	43	67	8/1/2014	101909	\$3,579.20
Q0238958	31	63	8/1/2014	101356	\$3,662.26
Q0024529	21	57	8/1/2014	101923	\$1,032.17
Q0062929	12	70	8/1/2014	101275	\$352.18
Q0083733	10	65	8/1/2014	101992	\$395.76
Q0122225	20	65	8/1/2014	102270	\$1,499.46
Q0103378	30	66	8/1/2014	101570	\$1,996.54
Q0032663	21	65	8/1/2014	102271	\$2,139.51
Q0224896	12	67	8/1/2014	102272	\$717.71
Q0143709	27	63	8/1/2014	101405	\$2,192.56
Q0124796	23	61	8/1/2014	101972	\$1,803.21
Q0146011	30	57	8/1/2014	102273	\$2,400.99
Q0228474	19	71	8/1/2014	101990	\$1,464.95
Q0249694	19	61	8/1/2014	101895	\$1,741.30
Q0144073	17	66	8/1/2014	101252	\$452.15
Q0123740	14	63	8/1/2014	101896	\$1,284.87
Q0223560	32	55	8/1/2014	102275	\$2,877.74
Q0142341	45	66	8/1/2014	102276	\$4,509.73
Q0239767	13	71	8/1/2014	100919	\$311.93
Q0052451	30	52	8/1/2014	101606	\$2,107.69
Q0027025	24	62	8/1/2014	102277	\$1,705.74
Q0201600	41	62	8/1/2014	101259	\$3,194.43
Q0182582	11	62	8/1/2014	100902	\$333.50
Q0128183	33	57	8/1/2014	102278	\$2,590.41
Q0232373	12	59	8/1/2014	102279	\$883.53
Q0048936	16	62	8/1/2014	102280	\$1,266.56
Q0066313	33	64	8/1/2014	101475	\$3,091.61
Q0163559	32	60	8/1/2014	101836	\$3,015.73
Q0064978	13	64	8/1/2014	101854	\$1,210.14
Q0086796	23	62	8/1/2014	100091	\$1,320.26
Q0166953	22	67	8/1/2014	100907	\$686.50
Q0088624	20	59	8/1/2014	102015	\$1,500.24
Q0100107	29	72	8/1/2014	101407	\$1,212.89
Q0207279	30	51	8/1/2014	102001	\$2,107.27
Q0202624	33	60	8/1/2014	101973	\$2,770.48
Q0101890	19	67	8/1/2014	102192	\$1,537.94

NORMAL RETIREMENTS			8/1/2014		
Client	Years Of		Estimate	Retirement	
Number	Service	Age	Ret. Date	Number	Benefit
Q0304263	5	62	8/1/2014	102281	\$89.61
Q0254689	15	64	8/1/2014	101492	\$1,210.27
Q0085345	12	67	8/1/2014	101993	\$370.15
Q0064033	10	67	8/1/2014	101910	\$484.78
Q0215912	10	63	8/1/2014	102282	\$246.41
Q0026555	33	55	8/1/2014	101834	\$2,649.57
Q0143537	36	65	8/1/2014	100500	\$2,412.15
Q0068980	30	59	8/1/2014	101911	\$3,193.64
Q0105011	21	62	8/1/2014	102283	\$1,011.36
Q0031412	36	58	8/1/2014	101616	\$3,056.31
Q0108986	24	57	8/1/2014	100253	\$662.87
Q0242341	38	63	8/1/2014	102194	\$2,647.29
Q0021684	31	52	8/1/2014	101860	\$2,413.64
Q0047512	33	61	8/1/2014	101228	\$3,260.85
Q0123132	17	63	8/1/2014	102004	\$1,759.31
Q0219255	14	60	8/1/2014	100936	\$568.74
Q0087950	26	58	8/1/2014	101549	\$1,473.03
Q0229211	38	67	8/1/2014	101376	\$3,287.68
Q0183701	30	51	8/1/2014	101547	\$2,076.79
Q0089733	16	55	8/1/2014	101996	\$497.79
Q0020367	14	72	8/1/2014	102286	\$273.66
Q0179170	18	72	8/1/2014	101392	\$458.94
Q0294600	7	65	8/1/2014	100569	\$284.69
Q0145897	30	58	8/1/2014	101608	\$2,424.54
Q0053066	31	53	8/1/2014	101837	\$2,822.89
Q0216317	23	78	8/1/2014	102287	\$1,337.09
Q0242605	25	60	8/1/2014	102284	\$2,159.78
Q0202479	23	62	8/1/2014	102285	\$1,767.35
Q0161312	37	59	8/1/2014	102016	\$3,211.82
Q0087505	32	56	8/1/2014	102288	\$2,724.38
Q0020406	17	64	8/1/2014	102289	\$973.53
Q0212862	21	55	8/1/2014	101933	\$349.96
Q0066731	22	62	8/1/2014	101935	\$1,031.04
Q0108095	25	57	8/1/2014	102290	\$1,638.80
Q0088936	32	56	8/1/2014	102291	\$2,006.94
Q0182069	40	63	8/1/2014	102025	\$2,832.41
Q0296130	6	56	8/1/2014	101940	\$134.07
Q0127276	34	58	8/1/2014	102005	\$5,134.29
Q0260806	22	66	8/1/2014	101447	\$1,462.66
Q0085829	16	64	8/1/2014	102366	\$2,132.20
Q0202706	16	61	8/1/2014	101941	\$3,561.44
Q0047461	39	62	8/1/2014	102292	\$3,403.92
Q0166149	31	52	8/1/2014	102035	\$3,081.21
Q0304076	5	63	8/1/2014	101944	\$217.23
Q0180243	13	66	8/1/2014	102000	\$935.99
Q0232678	17	61	8/1/2014	101945	\$427.60
Q0236009	32	66	8/1/2014	102293	\$2,788.42
Q0226674	23	62	8/1/2014	102294	\$3,368.02
Q0203738	21	61	8/1/2014	101946	\$1,909.23
Q0048580	18	62	8/1/2014	101947	\$1,035.87
Q0064671	28	66	8/1/2014	102295	\$1,213.44

NORMAL RETIREMENTS			8/1/2014		
Client	Years Of		Estimate	Retirement	
Number	Service	Age	Ret. Date	Number	Benefit
Q0034476	29	59	8/1/2014	101893	\$715.51
Q0120854	20	70	8/1/2014	102296	\$878.71
Q0028489	18	55	8/1/2014	102297	\$856.88
Q0245060	26	59	8/1/2014	101934	\$1,861.44
Q0124898	12	62	8/1/2014	101091	\$620.76
Q0107329	39	61	8/1/2014	102298	\$3,008.03
Q0149118	29	53	8/1/2014	102299	\$2,000.41
Q0085132	30	67	8/1/2014	101948	\$2,400.30
Q0089438	31	56	8/1/2014	102199	\$2,473.61
Q0020905	32	60	8/1/2014	102300	\$3,504.58
Q0108340	8	57	8/1/2014	102301	\$435.77
Q0101793	11	70	8/1/2014	101949	\$1,460.69
Q0294316	7	63	8/1/2014	101950	\$149.73
Q0226316	8	82	8/1/2014	101951	\$726.00
Q0199700	11	66	8/1/2014	102135	\$420.32
Q0141885	13	68	8/1/2014	102132	\$503.56
Q0217695	9	62	8/1/2014	101954	\$742.96
Q0084167	13	64	8/1/2014	101747	\$913.66
Q0227199	8	61	8/1/2014	101470	\$653.04
Q0067787	10	62	8/1/2014	099893	\$466.84
Q0252908	27	63	8/1/2014	102106	\$1,318.44
Q0163162	16	63	8/1/2014	101956	\$2,007.39
Q0166949	33	56	8/1/2014	102037	\$2,503.20
Q0184651	31	58	8/1/2014	101963	\$2,686.37
Q0149629	29	51	8/1/2014	102008	\$4,335.43
Q0107340	36	57	8/1/2014	101988	\$3,548.16
Q0037495	26	71	8/1/2014	102186	\$938.42
Q0147182	11	56	8/1/2014	102302	\$281.61
Q0123296	25	65	8/1/2014	101965	\$2,247.02
Q0247184	44	88	8/1/2014	101966	\$4,432.36
Q0049707	35	58	8/1/2014	101382	\$2,752.40
Q0257565	14	66	8/1/2014	101967	\$925.86
Q0201705	18	62	8/1/2014	102303	\$381.69
Q0104600	23	65	8/1/2014	102304	\$634.90
Q0030545	20	62	8/1/2014	101097	\$1,583.21
Q0003616	32	62	8/1/2014	102305	\$2,464.29
Q0163664	17	62	8/1/2014	102306	\$1,459.66
Q0235235	26	57	8/1/2014	101969	\$2,728.12
Q0046518	19	62	8/1/2014	101970	\$612.09
Q0083334	10	62	8/1/2014	101971	\$463.64
Q0069669	27	56	8/1/2014	101975	\$1,813.04
Q0252903	13	65	8/1/2014	102307	\$723.02
Q0107199	29	55	8/1/2014	101937	\$2,645.11
Q0051164	34	57	8/1/2014	102308	\$2,857.16
Q0056740	24	57	8/1/2014	102309	\$1,114.54
Q0199149	36	67	8/1/2014	101936	\$2,844.07
Q0062323	36	70	8/1/2014	101942	\$1,132.31
Q0118776	25	73	8/1/2014	102310	\$806.36
Q0166107	19	57	8/1/2014	102311	\$822.36
Q0142373	37	65	8/1/2014	102312	\$3,456.52
Q0181159	35	65	8/1/2014	101959	\$2,255.82

NORMAL RETIREMENTS			8/1/2014		
Client	Years Of		Estimate	Retirement	
Number	Service	Age	Ret. Date	Number	Benefit
Q0089019	30	57	8/1/2014	102313	\$1,605.70
Q0254943	24	64	8/1/2014	102314	\$1,699.29
Q0019370	29	65	8/1/2014	101987	\$2,596.69
Q0145118	30	61	8/1/2014	102315	\$2,322.78
Q0219184	12	62	8/1/2014	101875	\$1,019.81
Q0244668	12	55	8/1/2014	102316	\$418.69
Q0145003	23	61	8/1/2014	101653	\$1,750.68
Q0229778	38	62	8/1/2014	102317	\$2,715.07
Q0103846	18	64	8/1/2014	102318	\$327.42
Q0275683	10	71	8/1/2014	102319	\$244.33
Q0069782	32	57	8/1/2014	101977	\$2,491.90
Q0146453	25	59	8/1/2014	102320	\$1,794.37
Q0174071	19	84	8/1/2014	102321	\$1,810.00
Q0023461	18	55	8/1/2014	101981	\$637.78
Q0048193	17	63	8/1/2014	101102	\$796.04
Q0125884	24	60	8/1/2014	102327	\$907.30
Q0048015	14	63	8/1/2014	101982	\$947.28
Q0064712	25	64	8/1/2014	101980	\$2,104.13
Q0068459	14	62	8/1/2014	102326	\$1,088.84
Q0201225	39	66	8/1/2014	102369	\$3,303.79
Q0046568	37	64	8/1/2014	101983	\$3,538.44
Q0122222	28	67	8/1/2014	101985	\$2,238.65
Q0203705	34	59	8/1/2014	101986	\$2,701.73
Q0051538	23	58	8/1/2014	102322	\$1,433.07
Q0121394	25	62	8/1/2014	102323	\$2,317.38
Q0145074	38	62	8/1/2014	101989	\$3,394.94
Q0203315	36	58	8/1/2014	102324	\$2,764.86
Q0211238	7	55	8/1/2014	102329	\$430.89
Q0104220	12	63	8/1/2014	101997	\$873.38
Q0258923	22	62	8/1/2014	101974	\$1,667.61
Q0037977	18	66	8/1/2014	100213	\$1,167.79
Q0292083	7	65	8/1/2014	102325	\$662.99
Q0043424	31	71	8/1/2014	102331	\$1,590.17
Q0103785	19	65	8/1/2014	101917	\$3,126.11
Q0006147	21	71	8/1/2014	102038	\$3,514.07
Q0178873	33	66	8/1/2014	102330	\$3,577.09
Q0091108	33	55	8/1/2014	101642	\$3,041.88
Q0160021	13	68	8/1/2014	101467	\$929.40
Q0219893	41	66	8/1/2014	101915	\$3,901.09
Q0182740	39	62	8/1/2014	102332	\$4,322.16
Q0199905	31	65	8/1/2014	101939	\$1,537.46
Q0141461	17	68	8/1/2014	101914	\$1,215.09
Q0145465	21	59	8/1/2014	101962	\$1,580.03
Q0101770	13	71	8/1/2014	102350	\$471.65
Q0052160	26	54	8/1/2014	101478	\$1,891.01
Q0045291	18	64	8/1/2014	101955	\$938.42
Q0237762	14	63	8/1/2014	101913	\$449.48
Q0163337	26	63	8/1/2014	101877	\$2,433.20
Q0026289	9	67	8/1/2014	102333	\$518.57
Q0246810	24	62	8/1/2014	101874	\$1,716.13
Q0307727	5	68	8/1/2014	102334	\$227.45

NORMAL RETIREMENTS			8/1/2014		
Client	Years Of		Estimate	Retirement	
Number	Service	Age	Ret. Date	Number	Benefit
Q0122742	42	67	8/1/2014	101876	\$2,500.17
Q0214333	13	64	8/1/2014	101870	\$878.03
Q0052010	33	54	8/1/2014	101869	\$2,489.27
Q0128616	32	54	8/1/2014	102335	\$2,250.69
Q0129774	28	52	8/1/2014	101868	\$2,014.73
Q0240184	36	62	8/1/2014	101650	\$2,453.00
Q0090342	24	56	8/1/2014	102179	\$1,454.35
Q0004954	19	62	8/1/2014	102120	\$2,057.94
Q0143476	22	61	8/1/2014	102336	\$1,380.78
Q0047890	17	60	8/1/2014	099843	\$908.61
Q0232398	26	55	8/1/2014	101867	\$2,780.04
Q0083410	40	63	8/1/2014	101647	\$4,729.56
Q0199884	12	67	8/1/2014	101994	\$493.86
Q0305937	5	65	8/1/2014	101912	\$341.60
Q0199475	25	65	8/1/2014	102337	\$1,633.96
Q0221509	18	72	8/1/2014	102183	\$2,053.82
Q0031415	28	62	8/1/2014	102338	\$2,173.94
Q0032918	15	60	8/1/2014	102339	\$912.75
Q0126684	26	57	8/1/2014	101849	\$1,464.95
Q0049141	40	62	8/1/2014	102389	\$5,910.58
Q0184939	35	56	8/1/2014	101651	\$2,748.62
Q0047186	15	61	8/1/2014	101499	\$744.19
Q0199982	10	62	8/1/2014	102340	\$757.46
Q0069943	31	57	8/1/2014	101508	\$3,949.67
Q0288934	8	67	8/1/2014	101497	\$130.44
Q0306621	5	66	8/1/2014	101613	\$133.32
Q0106147	15	61	8/1/2014	101576	\$256.44
Q0298284	6	62	8/1/2014	101491	\$353.74
Q0031025	26	55	8/1/2014	102341	\$3,451.59
Q0046335	25	66	8/1/2014	101490	\$1,624.32
Q0017649	25	60	8/1/2014	102342	\$811.41
Q0129396	28	53	8/1/2014	101961	\$2,096.61
Q0183093	31	61	8/1/2014	102343	\$2,459.87
Q0044521	25	65	8/1/2014	102344	\$2,596.37
Q0298283	7	61	8/1/2014	101503	\$307.34
Q0102854	23	68	8/1/2014	101505	\$1,461.68
Q0087644	34	60	8/1/2014	101507	\$2,584.22
Q0163764	33	60	8/1/2014	101506	\$2,900.08
Q0217649	41	62	8/1/2014	102345	\$3,555.21
Q0220749	39	61	8/1/2014	102346	\$4,475.24
Q0184559	23	60	8/1/2014	102349	\$1,643.52
Q0214284	36	66	8/1/2014	101960	\$3,751.92
Q0004615	43	70	8/1/2014	102351	\$4,464.18
Q0144991	37	61	8/1/2014	101504	\$3,156.97
Q0205916	24	56	8/1/2014	102031	\$1,088.51
Q0015878	24	67	8/1/2014	102352	\$3,332.01
Q0048666	21	60	8/1/2014	101489	\$1,448.46
Q0071563	15	55	8/1/2014	102353	\$376.42
Q0187420	28	52	8/1/2014	102354	\$2,053.18
Q0046940	17	63	8/1/2014	102355	\$365.89
Q0069381	26	57	8/1/2014	102357	\$2,939.63

NORMAL RETIREMENTS			8/1/2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0088618	18	60	8/1/2014	102358	\$1,273.62
Q0105613	29	51	8/1/2014	102090	\$2,299.76
Q0202024	19	62	8/1/2014	101848	\$1,293.70
Q0294332	7	62	8/1/2014	102359	\$160.40
Averages	23.22	62.31			\$1,768.02
			Totals	311	\$549,853.50

DISABILITY RETIREMENTS			8/1/2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0012855	20	52	8/1/2014	D101878	\$2,196.66
Q0165488	22	56	8/1/2014	D102052	\$1,936.35
Q0164247	17	59	8/1/2014	D102206	\$613.32
Q0184727	23	53	8/1/2014	D102207	\$1,641.59
Q0132774	16	39	8/1/2014	D102208	\$1,159.74
Q0182313	18	59	8/1/2014	D102245	\$1,087.30
Q0093088	10	34	8/1/2014	D102200	\$590.74
Q0204487	17	58	8/1/2014	D102209	\$987.09
Q0110002	12	50	8/1/2014	D102205	\$296.49
Q0167953	17	53	8/1/2014	D102210	\$1,268.26
Q0191352	14	37	8/1/2014	D102211	\$927.52
Q0234108	20	60	8/1/2014	D102212	\$1,790.79
Q0198415	10	59	8/1/2014	D102213	\$481.28
Q0091687	24	55	8/1/2014	D102214	\$1,499.23
Averages	17.17	51.71			\$1,176.88
			Totals	14	\$16,476.36

TERMINATIONS

From 7/1/2014 to 7/31/2014

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	30	101	6/3/2014	7/1/2014	010425	\$998.57
Deceased	34	100	6/6/2014	7/1/2014	013540	\$1,349.27
Deceased	26	102	6/24/2014	7/1/2014	015449	\$1,252.45
Deceased	15	97	6/10/2014	7/1/2014	016622	\$605.92
Deceased	31	93	6/21/2014	7/1/2014	016759	\$1,039.80
Deceased	24	98	6/11/2014	7/1/2014	017378	\$1,198.01
Deceased	35	96	6/27/2014	7/1/2014	019515	\$1,133.63
Deceased	30	90	6/12/2014	7/1/2014	021152	\$1,089.16
Deceased	16	92	6/12/2014	7/1/2014	022672	\$822.68
Deceased	39	91	6/11/2014	7/1/2014	022996	\$948.20
Deceased	25	92	6/14/2014	7/1/2014	023479	\$1,156.69
Deceased	37	92	6/24/2014	7/1/2014	024441	\$1,089.82
Deceased	24	91	6/11/2014	7/1/2014	024481	\$689.11
Deceased	15	92	6/17/2014	7/1/2014	025197	\$867.82
Deceased	39	92	6/30/2014	7/1/2014	025314	\$1,885.85
Deceased	30	83	6/5/2014	7/1/2014	025464	\$1,736.37
Deceased	32	90	6/1/2014	7/1/2014	025703	\$1,828.71
Deceased	16	90	6/25/2014	7/1/2014	025962	\$864.91
Deceased	32	84	6/26/2014	7/1/2014	026281	\$1,616.65
Deceased	35	87	6/16/2014	7/1/2014	026420	\$1,876.97
Deceased	30	84	6/15/2014	7/1/2014	026749	\$1,650.04
Deceased	23	87	6/11/2014	7/1/2014	026831	\$1,418.83
Deceased	32	84	6/15/2014	7/1/2014	026917	\$1,928.87
Deceased	15	90	6/12/2014	7/1/2014	026927	\$772.48
Deceased	36	86	6/28/2014	7/1/2014	027199	\$1,775.67
Deceased	16	100	6/17/2014	7/1/2014	027410	\$266.51
Deceased	37	90	6/14/2014	7/1/2014	027426	\$1,837.27
Deceased	31	95	6/21/2014	7/1/2014	027838	\$2,523.29
Deceased	25	84	12/14/2013	7/1/2014	027941	\$1,388.88
Deceased	42	87	6/25/2014	7/1/2014	028556	\$3,402.17
Deceased	36	86	6/5/2014	7/1/2014	029234	\$2,916.14
Deceased	15	88	6/1/2014	7/1/2014	029303	\$420.48
Deceased	11	88	6/22/2014	7/1/2014	030383	\$303.03
Deceased	17	87	6/11/2014	7/1/2014	030606	\$262.14
Deceased	15	87	6/5/2014	7/1/2014	030715	\$794.51
Deceased	14	85	5/14/2014	7/1/2014	031859	\$671.99
Deceased	11	79	6/24/2014	7/1/2014	032766	\$206.26
Deceased	40	88	6/6/2014	7/1/2014	032855	\$2,661.58
Deceased	21	83	6/6/2014	7/1/2014	033197	\$1,633.34
Deceased	29	84	6/30/2014	7/1/2014	033293	\$1,413.53
Deceased	15	91	6/10/2014	7/1/2014	033599	\$183.19
Deceased	32	85	6/23/2014	7/1/2014	033782	\$1,603.61
Deceased	30	75	6/25/2014	7/1/2014	033793	\$1,541.32
Deceased	12	79	6/4/2014	7/1/2014	034754	\$530.98
Deceased	32	82	6/29/2014	7/1/2014	034912	\$1,833.84
Deceased	34	84	6/16/2014	7/1/2014	035120	\$837.09
Deceased	11	84	6/16/2014	7/1/2014	035121	\$146.71
Deceased	17	91	6/16/2014	7/1/2014	035455	\$645.37
Deceased	24	84	6/25/2014	7/1/2014	036015	\$1,858.21

TERMINATIONS

From 7/1/2014 to 7/31/2014

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	23	83	6/17/2014	7/1/2014	036494	\$1,268.53
Deceased	12	79	6/16/2014	7/1/2014	037182	\$365.00
Deceased	22	79	6/24/2014	7/1/2014	037309	\$1,692.37
Deceased	23	83	6/9/2014	7/1/2014	037429	\$1,387.79
Deceased	17	82	6/2/2014	7/1/2014	038503	\$956.72
Deceased	31	84	6/26/2014	7/1/2014	039132	\$1,985.24
Deceased	23	76	6/10/2014	7/1/2014	039964	\$1,299.74
Deceased	13	81	6/7/2014	7/1/2014	040553	\$384.82
Deceased	17	86	6/18/2014	7/1/2014	041174	\$321.85
Deceased	30	70	6/6/2014	7/1/2014	041938	\$1,527.67
Deceased	31	73	6/28/2014	7/1/2014	042154	\$2,432.13
Deceased	21	80	6/25/2014	7/1/2014	042687	\$1,018.69
Deceased	12	74	6/27/2014	7/1/2014	043156	\$251.80
Deceased	16	72	6/19/2014	7/1/2014	043541	\$649.98
Deceased	41	81	6/13/2014	7/1/2014	043821	\$2,712.99
Deceased	30	82	6/2/2014	7/1/2014	044417	\$1,756.94
Deceased	11	97	6/10/2014	7/1/2014	044444	\$315.31
Deceased	32	71	6/28/2014	7/1/2014	045801	\$1,178.73
Deceased	21	80	6/14/2014	7/1/2014	046283	\$347.49
Deceased	11	97	3/15/2014	7/1/2014	047151	\$443.88
Deceased	18	81	6/12/2014	7/1/2014	047602	\$353.71
Deceased	28	74	6/3/2014	7/1/2014	047763	\$1,627.42
Deceased	13	80	6/25/2014	7/1/2014	049410	\$210.59
Deceased	17	75	6/26/2014	7/1/2014	052051	\$617.93
Deceased	11	78	6/12/2014	7/1/2014	052615	\$341.63
Deceased	29	63	6/20/2014	7/1/2014	053405	\$1,917.73
Deceased	29	63	1/23/2014	7/1/2014	053843	\$1,962.97
Deceased	15	78	6/7/2014	7/1/2014	054595	\$901.05
Deceased	16	74	6/27/2014	7/1/2014	054954	\$514.96
Deceased	35	78	6/17/2014	7/1/2014	056840	\$2,388.76
Deceased	12	68	6/8/2014	7/1/2014	059674	\$275.37
Deceased	33	65	6/21/2014	7/1/2014	059822	\$1,752.77
Deceased	14	68	6/9/2014	7/1/2014	060899	\$310.10
Deceased	5	75	6/14/2014	7/1/2014	061789	\$172.88
Deceased	31	69	6/23/2014	7/1/2014	062239	\$2,794.75
Deceased	28	65	6/6/2014	7/1/2014	063883	\$1,829.71
Deceased	35	66	6/6/2014	7/1/2014	064258	\$2,453.29
Deceased	11	71	6/30/2014	7/1/2014	067602	\$1,159.98
Deceased	10	69	6/8/2014	7/1/2014	069222	\$325.23
Deceased	21	65	6/6/2014	7/1/2014	069720	\$1,927.84
Deceased	15	69	6/15/2014	7/1/2014	073491	\$285.83
Deceased	29	67	6/9/2014	7/1/2014	074797	\$1,874.56
Deceased	6	87	6/4/2014	7/1/2014	075828	\$146.81
Deceased	23	61	6/9/2014	7/1/2014	077053	\$2,078.54
Deceased	35	66	6/30/2014	7/1/2014	078430	\$1,993.91
Deceased	17	74	6/18/2014	7/1/2014	078513	\$618.04
Deceased	13	66	6/14/2014	7/1/2014	095326	\$1,964.56
Deceased	25	70	6/15/2014	7/1/2014	095686	\$989.94
Deceased	41	75	6/17/2014	7/1/2014	099490	\$2,938.64
Deceased	32	73	3/18/2014	7/1/2014	101399	\$2,386.47

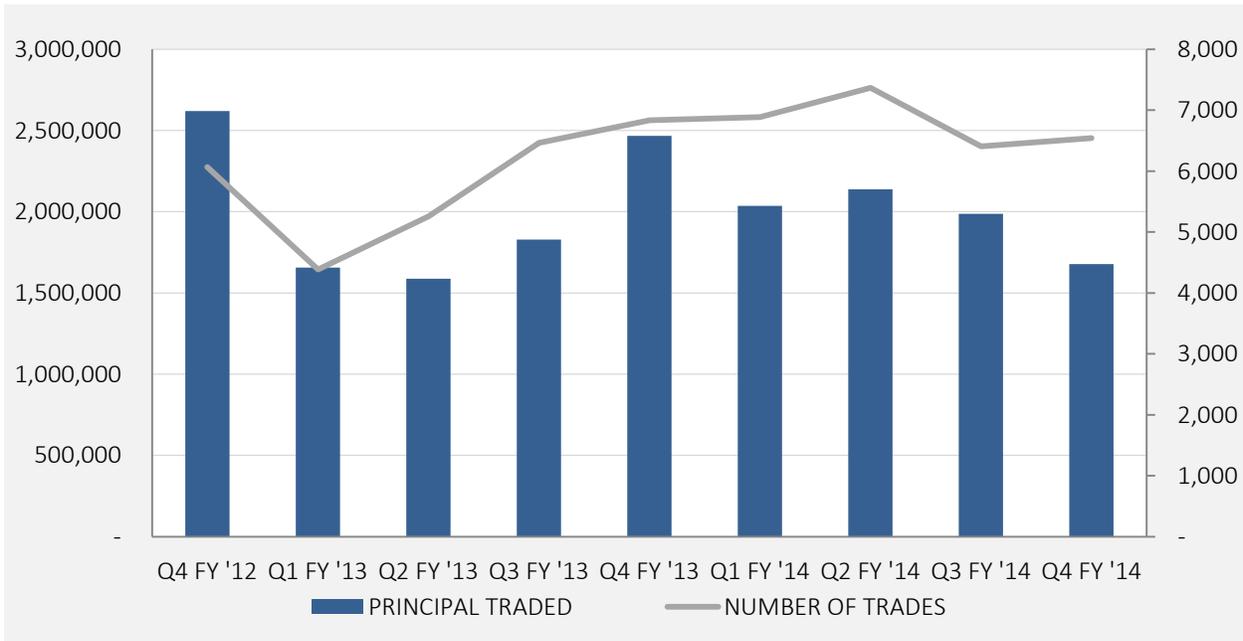
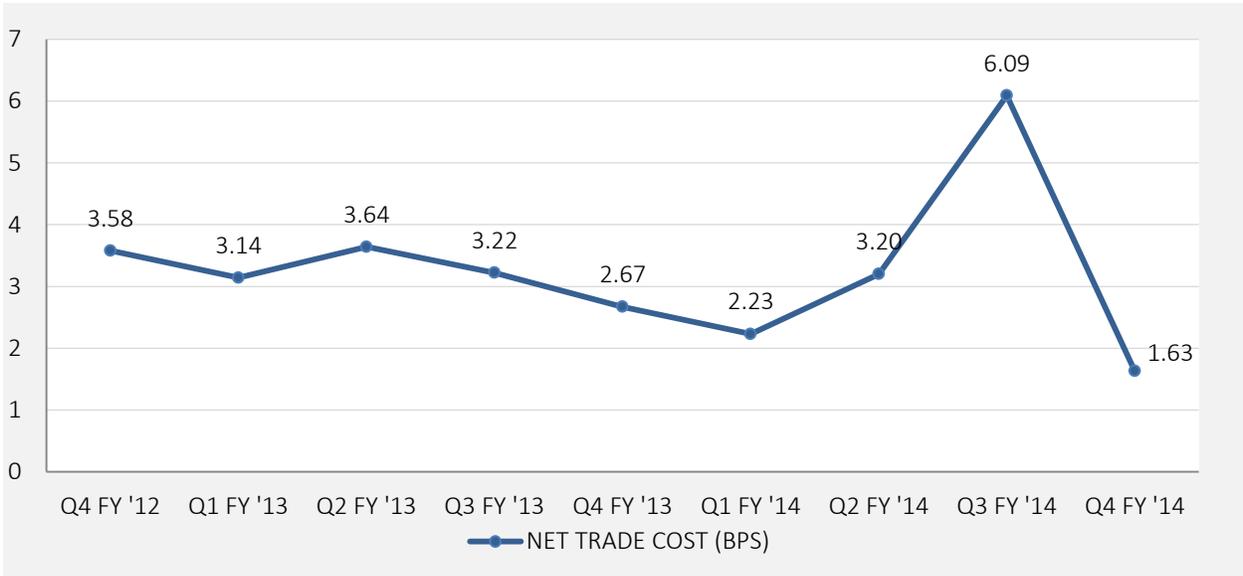
TERMINATIONS

From 7/1/2014 to 7/31/2014

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	12	63	2/5/2013	7/1/2014	101905	\$1,570.96
Deceased	9	63	3/15/2014	7/1/2014	102003	\$394.38
Deceased	30	92	6/23/2014	7/1/2014	D00718	\$1,406.93
Deceased	30	92	6/23/2014	7/1/2014	D00718	\$1,406.93
Averages	23.56	81.26				\$1,236.77
				Totals	104	\$128,624.15

Trade Cost Summary for Q4 FY14

PERIOD	NET TRADE COST (BPS)	PRINCIPAL TRADED	NUMBER OF TRADES	PEER RANK	QUARTILE
Q4 FY '12	3.58	\$ 2,619,209.23	6,068	31%	3
Q1 FY '13	3.14	\$ 1,656,037.16	4,387	24%	4
Q2 FY '13	3.64	\$ 1,587,486.07	5,260	29%	3
Q3 FY '13	3.22	\$ 1,828,059.64	6,464	41%	3
Q4 FY '13	2.67	\$ 2,468,021.86	6,836	32%	3
Q1 FY '14	2.23	\$ 2,035,280.14	6,889	39%	3
Q2 FY '14	3.20	\$ 2,138,838.87	7,366	44%	3
Q3 FY '14	6.09	\$ 1,986,360.00	6,407	21%	4
Q4 FY '14	1.63	\$ 1,678,223.00	6,541	85%	1





OKLAHOMA TEACHERS
RETIREMENT SYSTEM

HR STATUS REPORT

08/27/2014

HR STATUS REPORT

• **New Hires (July 2014):**

Employee: 291234
Title: Retirement Planning Consultant (information center)
Salary: \$36,276
Effective: 07/23/2014

• **Resignations/Terminations/Retirements (July 2014):**

Employee: 259410
Title: Retirement Planning Consultant (information center)
Salary: \$36,276
Effective: 07/22/2014

MISCELLANEOUS PAYMENTS

• **Employee of the Quarter**

Employee: 280519
Title: Financial Accountant
Payment: \$250
Effective: 07/31/2014

• **Severance Payments:**

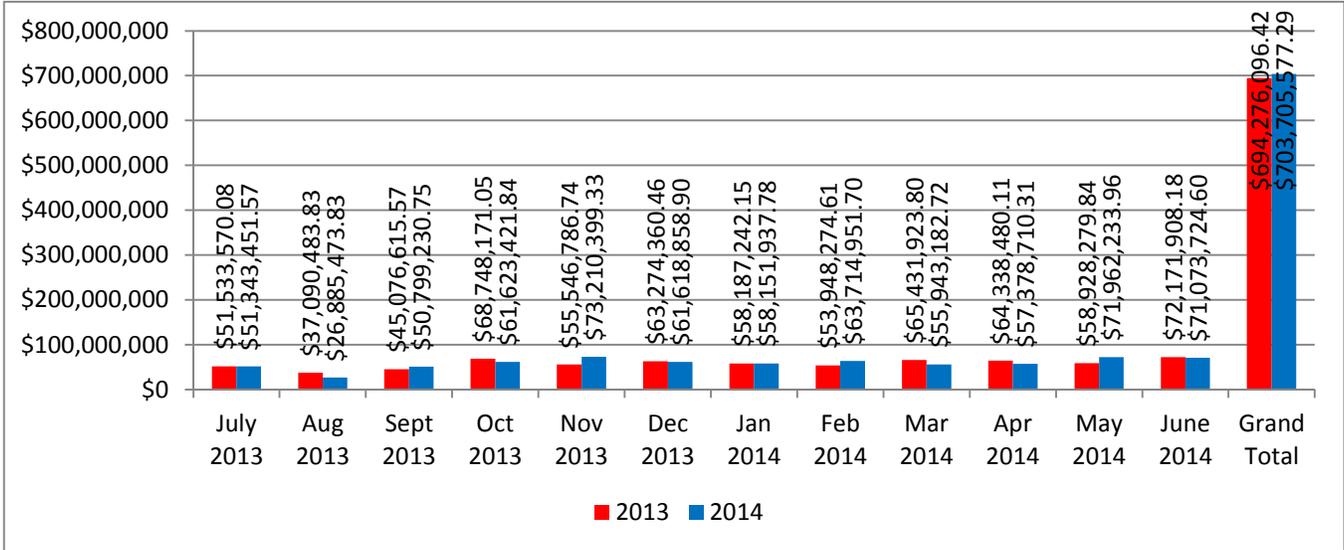
n/a

NEW HIRES, RESIGNATIONS, RETIREMENTS OR OTHER CHANGES PENDING

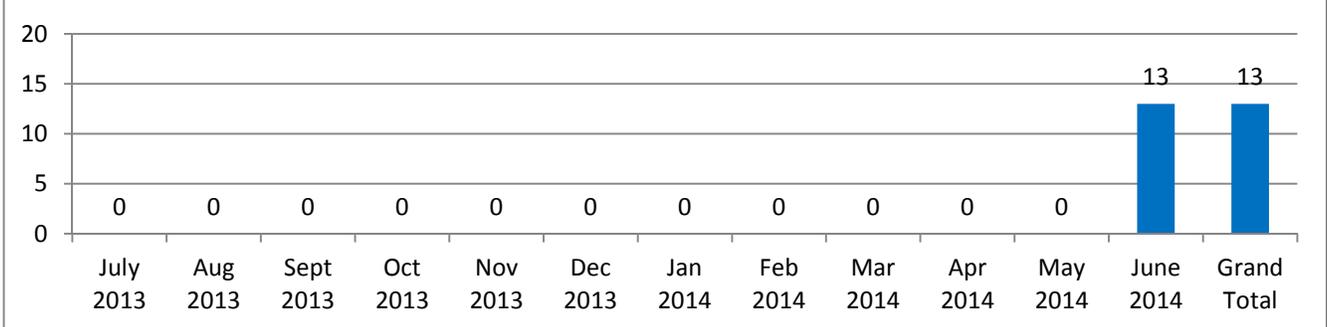
- Retirement Planning Consultant (info. center) – new hire – effective 08/04/2014 (Sep 2014 report)
- Business Analyst – internal applicant – effective 08/18/2014 (Sep 2014 report)

Employer Reporting Analysis of Employee and Employer Contributions Received

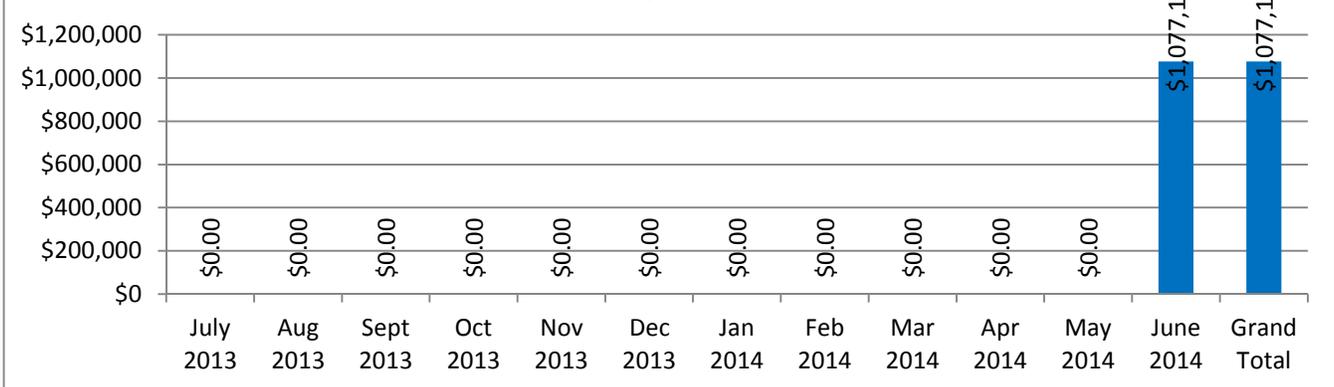
Comparison of Contributions Received For the Twelve Months Ended June 30, 2013 and June 30, 2014



Estimated Number of Delinquent Reports FY2014



Estimated Delinquent Funds FY2014





BALANCE SHEET
JULY 31, 2014

CURRENT ASSETS:

Cash Not Available For Investment	\$5,596,214.15
Equities (At Market Value)	10,656,113,781.45
Fixed Income (At Market Value)	2,838,281,954.49
Short-Term Investment Account	443,326,977.95
Due From/(To) Broker	(123,275,270.66)
Accounts Receivable Installment Payments	1,237,028.93
Accrued Income	<u>47,170,921.23</u>

Total Current Assets

13,868,451,607.54

CAPITAL ASSETS:

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

TOTAL ASSETS

\$13,871,300,178.51

CURRENT LIABILITIES:

Teachers' Savings Fund	\$4,315,422,793.67
Retirement Benefit Fund	9,739,584,695.68
Interest Fund	(304,534,167.32)
Expense Fund	81,274,079.72
Suspense Fund	<u>36,244,929.53</u>

Total Current Liabilities

13,867,992,331.28

TRS Capital Investment	<u>3,307,847.23</u>
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TOTAL LIABILITIES AND CAPITAL INVESTMENT

\$13,871,300,178.51

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE ONE MONTH ENDED JULY 31

	<u>Year to Date</u> (FY 2015)	<u>Year to Date</u> (FY 2014)	<u>% Change</u>
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	24,045,177.12	24,393,656.89	-1.43%
Employer Contributions	36,827,442.56	35,833,566.69	2.77%
State Credits	0.00	0.00	0.00%
Reimbursed Administrative	210.00	10,531.80	-98.01%
Matching Funds from Schools	2,269,151.36	2,663,822.56	-14.82%
Lottery Revenue	630,865.00	718,703.00	-12.22%
Cigarette Sales Tax Revenue	124,663.95	135,942.96	-8.30%
Dedicated Revenue	29,506,018.66	<u>28,063,864.18</u>	5.14%
Total Retirement Receipts	<u>93,403,528.65</u>	<u>91,820,088.08</u>	1.72%
Interest Income (Fixed Income and Short-Term)	10,205,885.93	10,460,837.43	-2.44%
Dividend Income	22,776,983.24	14,761,274.69	54.30%
Net Realized Gain/(Loss)	84,502,770.46	68,450,491.40	23.45%
Net Unrealized Gain/(Loss)	(422,782,071.52)	398,092,569.41	-206.20%
Investment Operations Income:			
Class Action Lawsuit Proceeds	0.00	0.00	0.00%
Other Income	19,337.95	0.00	100.00%
Securities Lending Income	742,926.62	740,235.32	0.36%
Total Investment Income	<u>(304,534,167.32)</u>	<u>492,505,408.25</u>	-161.83%
TOTAL RECEIPTS	<u>(211,130,638.67)</u>	<u>584,325,496.33</u>	-136.13%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	99,930,473.54	98,976,351.92	0.96%
Insurance Premiums Paid for Retirees	2,490,599.00	2,457,757.00	1.34%
Death Benefits	2,066,609.45	1,815,484.91	13.83%
Withdrawals of Accounts	2,445,528.03	2,324,879.34	5.19%
Total Benefit Payments	<u>106,933,210.02</u>	<u>105,574,473.17</u>	1.29%
Administrative Expense:			
General Operations	394,658.87	415,080.20	-4.92%
Investment Expense	7,818,187.87	63,000.00	12309.82%
Total Administrative Expenses	<u>8,212,846.74</u>	<u>478,080.20</u>	1617.88%
TOTAL DISBURSEMENTS	<u>115,146,056.76</u>	<u>106,052,553.37</u>	8.57%
NET INCREASE/(NET DECREASE)	<u>(326,276,695.43)</u>	<u>478,272,942.96</u>	-168.22%
Balance of Cash and Investments, July 31	<u>\$13,875,392,864.00</u>	<u>\$12,296,034,188.36</u>	



**SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2014 and Fiscal Year 2015
1 Month Year to Date Comparison**

Object of Expenditure	FY-2014 YTD Actual Expenditures 7/31/2013	FY-2015 YTD Actual Expenditures 7/31/2014	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	163,957	134,921	(29,036)	-17.7%
Taxes, Benefits, and Other Expenses	81,375	69,385	(11,991)	-14.7%
Subtotal Personal Services	245,332	204,306	(41,027)	-16.7%
Professional Services				
Investment Manager Expenses	0	0	0	0.0%
Investment Consultant Expenses	58,500	58,500	0	0.0%
Investment Custodian Expenses	0	0	0	0.0%
Pension Commission Expenses	0	0	0	0.0%
Subtotal Investment Expenses	58,500	58,500	0	0.0%
Legal Services - Special Projects	0	0	0	0.0%
Legal Services - Attorney General	0	0	0	0.0%
Administrative Hearings	0	0	0	0.0%
Auditing Services	0	0	0	0.0%
Actuarial Services	0	0	0	0.0%
Medical Hearings	600	900	300	50.0%
Management Consultant	0	0	0	0.0%
Marketing Consultant	0	0	0	0.0%
Miscellaneous Services	0	0	0	0.0%
Subtotal Professional Services	600	900	300	50.0%
Total Professional Services	59,100	59,400	300	0.5%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	0	780	780	0.0%
Employee Training	0	0	0	0.0%
Employee Travel Expenses	320	0	(320)	-100.0%
Subtotal Travel and Per Diem Expenses	320	780	460	143.8%
Administrative Expenses				
Postage	0	0	0	0.0%
Telecommunications Services	340	0	(340)	-100.0%
Printing and Binding Contracts	0	0	0	0.0%
Informational Services	0	0	0	0.0%
Rent and Maintenance	0	13,195	13,195	0.0%
Office Supplies	0	0	0	0.0%
Buildings and Other Structures Construction and Renovation	0	0	0	0.0%
Miscellaneous Administrative Expenses	200	0	(200)	-100.0%
Subtotal Administrative Expenses	540	13,195	12,655	2342.2%
Data Processing Expenses				
Professional Services	0	0	0	0.0%
Rent and Maintenance	0	0	0	0.0%
Office Supplies	0	0	0	0.0%
Equipment -Telecommunications	0	0	0	0.0%
Subtotal Data Processing Expenses	0	0	0	0.0%
Total Expenses	305,293	277,681	(27,612)	-9.0%
Total Investment Expenses Only	58,500	58,500	0	0.0%
Total Data Processing Expenses Only	0	0	0	0.0%
Total except Investment & Data Processing Expenses	246,793	219,181	(27,612)	-11.2%



**SCHEDULE II
Comparison of FY2015 Budget to Actual Expenses
1 Months ended July 31, 2014 Year to Date Comparison**

Object of Expenditure	1 Month FY-2015 YTD Budget	1 Month FY-2015 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	202,119	134,921	(67,198)	-33.2%
Taxes, Benefits, and Other Expenses	107,878	69,385	(38,493)	-35.7%
Subtotal Personal Services	309,997	204,306	(105,691)	-34.1%
Professional Services				
Investment Manager Expenses	0	0	0	0.0%
Investment Consultant Expenses	58,500	58,500	0	0.0%
Investment Custodian Expenses	0	0	0	0.0%
Pension Commission Expenses	0	0	0	0.0%
Subtotal Investment Expenses	58,500	58,500	0	0.0%
Legal Services - Special Projects	700	0	(700)	-100.0%
Legal Services - Attorney General	625	0	(625)	-100.0%
Administrative Hearings	415	0	(415)	-100.0%
Auditing Services	19,000	0	(19,000)	-100.0%
Actuarial Services	0	0	0	0.0%
Medical Hearings	1,285	900	(385)	-30.0%
Management Consultant	0	0	0	0.0%
Benchmarking/Global Trading Consulting	0	0	0	0.0%
Miscellaneous Services	8,383	0	(8,383)	-100.0%
Subtotal Professional Services	30,408	900	(29,508)	-97.0%
Total Professional Services	88,908	59,400	(29,508)	-33.2%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	4,300	780	(3,520)	-81.9%
Employee Training	4,230	0	(4,230)	-100.0%
Employee Travel Expenses	8,846	0	(8,846)	-100.0%
Subtotal Travel and Per Diem Expenses	17,376	780	(16,596)	-95.5%
Administrative Expenses				
Postage	21,250	0	(21,250)	-100.0%
Telecommunications Services	3,333	0	(3,333)	-100.0%
Printing and Binding Contracts	21,416	0	(21,416)	-100.0%
Informational Services	3,918	0	(3,918)	-100.0%
Rent and Maintenance	18,708	13,195	(5,513)	-29.5%
Office Supplies	4,968	0	(4,968)	-100.0%
Equipment	2,585	0	(2,585)	-100.0%
Buildings-Purch, Construction Repairs	0	0	0	0.0%
Miscellaneous Administrative Expenses	2,147	0	(2,147)	-100.0%
Subtotal Administrative Expenses	78,325	13,195	(65,130)	-83.2%
Data Processing Expenses				
Professional Services	81,705	0	(81,705)	-100.0%
Travel and Per Diem Expenses	0	0	0	0.0%
Rent and Maintenance	375	0	(375)	-100.0%
Office Supplies	208	0	(208)	-100.0%
Equipment	3,000	0	(3,000)	-100.0%
Miscellaneous Administrative Expenses	0	0	0	0.0%
Subtotal Data Processing Expenses	85,288	0	(85,288)	-100.0%
Total Expenses	579,894	277,681	(302,213)	-52.1%
Total Investment Expenses Only	58,500	58,500	0	0.0%
Total Data Processing Expenses Only	85,288	0	(85,288)	-100.0%
Total except Investment and Data Processing Expenses	436,106	219,181	(216,925)	-49.7%



Miscellaneous Professional Services Expenses

	Budget	Expenses	Expenses
	<u>2015</u>	<u>2015</u>	<u>2014</u>
Security	733.00	0.00	0.00
Business Service Center	700.00	0.00	0.00
Computer Professional Services	6,950.00	0.00	0.00
	<u>\$8,383.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Miscellaneous Administrative Expenses

	Budget	Expenses	Expenses
	<u>2015</u>	<u>2015</u>	<u>2014</u>
Bank Service Charges	620.00	0.00	0.00
ERP Systems -PeopleSoft	272.00	0.00	0.00
Licenses, Permits, Certificates and Other Rights	0.00	0.00	200.00
Membership in Organizations	395.00	0.00	0.00
Advertising	860.00	0.00	0.00
	<u>\$2,147.00</u>	<u>\$0.00</u>	<u>\$200.00</u>



**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
JULY 31, 2014**

Expenses of Board

Trustee	Meeting, July 23 board meeting travel	\$ 131.20
Trustee	Meeting, July 23 board meeting travel	264.76
Trustee	Meeting, July 23 board meeting travel	128.96
Trustee	Meeting, July 23 board meeting travel	255.44
		780.36

Travel of Employees

Comptroller	AGA Conference, Orlando, FL	888.07
		888.07

Communications

Ala Carte Courier Services	Courier service	440.70
AT&T	Wireless, OneNet charges	406.63
Cox Communications	Cable charges	43.40
FedEx	Freight	15.70
Government Finance Office	GAAFR supplement	30.00
Office of Management and Enterprise Services	Telecommunications, transaction fees	1,183.66
Office of Management and Enterprise Services	Printing / mail service	252.33
Office of Management and Enterprise Services	VOIP	56,089.01
University of Oklahoma	Printing	10,000.00
WWW.OKAPP.ORG	OKAPP	25.00
		68,486.43



**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
JULY 31, 2014**

Contingency, Maintenance, Insurance, Rent, Etc.

Precision Document Solution	Printer maintenace	\$	358.47
Earls Rib Palace Bricktown	Catering - July board meeting		409.71
Extreme Beans Coffee Service	Kitchen supplies		624.95
First Aid Express	Safety supplies		93.05
First Choice Coffee Service	Kitchen supplies		367.84
Office of Management and Enterprise Services	Office rent - July		13,195.27
Oklahoma State Bureau of Investigations	Background checks		19.00
Patco Electrical Service	Outlet installation		470.00
South Central Industries	Kitchen supplies		196.68
Staples	Office supplies		1,169.07
State Treasurer	Bank charges		15.00
Walker Stamp	Stamp		39.83
			<hr/>
			16,958.87

Investment Expenditures

American Stock Transfer & Trust	Lost stock certificate replacement		0.14
Aronson Johnson	Investment management fees fourth quarter		276,236.00
Chickasaw Capital Management	Investment management fees fourth quarter		855,882.98
Cove Street Captial, LLC	Investment management fees fourth quarter		194,219.00
Sawgrass Asset Management	Investment management fees fourth quarter		447,465.00
Frontier Capital Management LLc	Investment management fees fourth quarter		1,076,761.96
Hoisington Investment Management Company	Investment management fees fourth quarter		106,103.01
Epoch Investment Partners	Investment management fees fourth quarter		895,272.85
Neumeier Poma Investment Counsel LLC	Investment management fees fourth quarter		186,210.00
Gregory W Group	July 2014 consulting fee		58,500.00
Shapiro Capital Management	Investment management fees fourth quarter		1,445,020.12
The Northern Trust Company	Investment management fees fourth quarter		46,931.84
Wasatch Advisors Inc	Investment management fees fourth quarter		835,002.87
Wellington Management Co	Investment management fees fourth quarter		901,240.08
Lord Abbett & Co, LLC	Investment management fees fourth quarter		493,323.16
			<hr/>
			7,818,169.01



**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
JULY 31, 2014**

Professional Services, Workers Comp Insurance

Attorney General	March legal fees	\$ 5,082.14
Compsource Ok	Workers comp insurance premium	3,553.00
Dathan D Jay MD	July 2014 medical board	300.00
Cole & Reed PC	June audit service	10,080.00
George R Jay MD	July 2014 medical board	300.00
Douglas F Price	Legal fees	1,200.00
Ice Miller, LLP	Legal fees	547.70
MY Consulting Inc	ALICE development	66,900.00
Hudepohl & Associates Inc	Ex Dir Search Expense	778.26
Office of Management and Enterprise Services	Interagency mail/postage	3,579.74
Oklahoma Public Employees Retirement System	Interim Director services	10,307.36
Peyton Osborne MD	July 2014 medical board	300.00
The Meadows	Document destruction	330.16
		<hr/>
		103,258.36

Salaries and Fringe Benefits

Salaries	Administrative department	16,666.67
Salaries	Finance/Accounting department	27,609.34
Salaries	Client Services department	72,681.88
Salaries	Investment department	4,666.67
Termination Payroll	Information Technology department	6,685.33
Longevity Payroll		3,226.00
Excess Benefit Allowance		3,385.06
FICA/MQFE	Social Security and Medicare	10,206.33
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	796.50
Oklahoma Group Insurance	Employee health, dental life	30,050.77
Teachers' Retirement System of Oklahoma	Employees retirement contributions	28,216.33
Unemployment compensation	Unemployment for Agency payroll	114.76
		<hr/>
		204,305.64

Grand Total		\$ <u><u>8,212,846.74</u></u>
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