

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, October 21, 2015 – 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:**
 - A. September 22, 2015 Special Meeting
 - B. September 23, 2015 Regular Board Meeting
- 3. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. AEW
 - B. L&B Realty Advisors
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT:**
 - A. 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 (on watch, alert, remove them from that status, or terminate) based on the information available at the Board meeting*
 - B. DISCUSSION AND POSSIBLE ACTION ON TO APPROVE AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT REGARDING REAL ESTATE INVESTMENTS MANAGED BY ANTHEUS**
 - C. DISCUSSION AND POSSIBLE ACTION ON SELECTION OF SEMIFINALISTS FROM REQUESTS FOR PROPOSALS FOR DEVELOPED AND EMERGING MARKETS (715 15 1003)**
 - D. DISCUSSION AND POSSIBLE ACTION ON SELECTION OF SEMIFINALISTS FROM REQUESTS FOR PROPOSALS FOR EMERGING AND FRONTIER MARKETS (715 15 1004)**
 - E. DISCUSSION ON CHIEF INVESTMENT OFFICER REPORT**
- 6. DISCUSSION AND POSSIBLE ACTION ON FY 2015 ACTUARIAL VALUATION REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION TO ADOPT AN ACTUARIAL FUNDING POLICY INCLUDING POSSIBLE AMENDMENTS TO ACTUARIAL ASSUMPTIONS OR METHODS**
- 8. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. § 307(B)(9) FOR THE PURPOSE OF ENGAGING IN DELIBERATIONS OR RENDERING A FINAL OR INTERMEDIATE DECISION IN AN INDIVIDUAL PROCEEDING PURSUANT TO ARTICLE II OF THE ADMINISTRATIVE PROCEDURES ACT REGARDING THE GRIEVANCE OF KERRI HAMILTON**
 - A. Vote to convene into executive session
 - B. Vote to return to open session
- 9. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**

- 10. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:**
 - A. Governance
 - i. DISCUSSION AND POSSIBLE ACTION ON AMENDMENTS TO BOARD OF TRUSTEES POLICY MANUAL
 - B. Audit
- 11. DISCUSSION AND POSSIBLE ACTION ON ELIGIBILITY OF AND NOTIFICATION TO RETIRED EDUCATORS' ASSOCIATIONS REGARDING APPOINTMENT OF NON-VOTING TRUSTEE**
- 12. DISCUSSION AND POSSIBLE ACTION ON AMENDMENT TO EXTERNAL AUDIT CONTRACT MEMORIALIZING THE CHANGE OF NAME FROM MCGLADREY, LLP TO RSM**
- 13. DISCUSSION AND POSSIBLE ACTION ON REVIEW OF 2015 BOARD RETREAT AND AMENDMENTS TO OTRS STRATEGIC PLAN**
- 14. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. SECTION 307(B)(4) FOR THE PURPOSE OF CONFIDENTIAL COMMUNICATIONS BETWEEN THE BOARD OF TRUSTEES AND ITS ATTORNEY CONCERNING A PENDING INVESTIGATION, CLAIM, OR ACTION RELATED TO RETIREE PAYMENTS IF THE PUBLIC BODY, WITH THE ADVICE OF ITS ATTORNEY, DETERMINES THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE PUBLIC BODY TO PROCESS THE CLAIM OR CONDUCT A PENDING INVESTIGATION, LITIGATION, OR PROCEEDING IN THE PUBLIC INTEREST**
 - A. Vote to convene into executive session
 - B. Vote to return to open session
- 15. DISCUSSION AND POSSIBLE ACTION ON ITEM DISCUSSED IN EXECUTIVE SESSION**
- 16. DISCUSSION AND POSSIBLE ACTION ON PROPOSED SCHEDULE FOR 2016 BOARD OF TRUSTEES MEETINGS**
- 17. DISCUSSION AND POSSIBLE ACTION ON POSSIBLE LEGISLATIVE PROPOSALS**
- 18. DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:**
 - A. Client Services (70 O.S. 17-105)
 - B. Human Resources
 - C. Finance
 - D. General Counsel
 - E. Executive Director
- 19. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 20. NEW BUSINESS** *(Any matter not known about or which could not have been reasonably foreseen prior to the time of posting.” 25 O.S. 2011, §311.)*
- 21. ADJOURNMENT**

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

**MEETING MINUTES
SEPTEMBER 22, 2015
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The special meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Bill Peacher, Chairman, at 1:00 p.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, <i>Chairman</i>	Jill Geiger
Vernon Florence, <i>Vice Chair</i>	Lance Nelson
Judie Harris, <i>Secretary</i>	Myron Pope*
Roger Gaddis*	Gary Trennepohl

TRUSTEES ABSENT:

Elaine Dodd
Kevin Moore
Phil Lewis
Billie Stephenson
Greg Winters

TRS STAFF PRESENT:

Julie Ezell, *General Counsel*
Sam Moore, *Director of Finance/CFO*
Susan Yingling, *Executive Assistant*

OTHERS PRESENT:

Norman Cooper, *OREA*
Ryan Falls, *Gabriel Roeder Smith, Actuaries*
Mark Randall, *Gabriel Roeder Smith, Actuaries*

*Denotes late arrival or early departure.

ITEM 1 – ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 1:00 p.m. and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. Florence, Ms. Geiger, Ms. Harris, Mr. Nelson, Dr. Trennepohl and Chairman Peacher.

A quorum was met when Roger Gaddis and Myron Pope arrived at 1:05 p.m.

ITEM 2 – DISCUSSION OF AN ACTUARIAL FUNDING POLICY INCLUDING POSSIBLE AMENDMENTS TO ACTUARIAL ASSUMPTIONS OR METHODS: Mark Randall and Ryan Falls, Actuarial Consultants from Gabriel Roeder Smith, led a lengthy discussion and review of the OTRS Actuarial Funding Policy. They said that OTRS is on the right path toward being fully funded. They said the goal of the funding policy is to achieve 100% funding status. They further explained that under the prior standards, an ARC (Actuarially Required Contributions) used a 30-year amortization schedule that renewed every year. They said today's discussion was to review that policy and determine if the OTRS Trustees wanted to change it.

Trustees reviewed a handout covering the proposed OTRS funding policy guidelines.

Dr. Pope suggested that Trustees review the current guidelines from the Wisconsin Retirement System as a comparison. A copy of those guidelines were provided to the OTRS Trustees. Trustees compared both documents and held a lengthy discussion about possible changes to the language. Ultimately, it was suggested that the policy be reviewed further with Executive Director, Tom Spencer before final adoption would be recommended.

The actuarial consultants said that the only piece that needed to be decided this month was regarding the amortization schedule. They said they needed those guidelines in order to proceed with their Actuarial Valuation Report that would be presented to the Trustees the following month. After further discussion, it was decided that the decisions regarding language for the full policy would be discussed further, but that the full Board would be presented with updated guidelines for the amortization period for the calculation of the Actuarially Determined Contribution.

No action was taken.

ITEM 3 – ADJOURNMENT: There being no further business, the meeting was adjourned at 2:57 p.m.

BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, *Chairman*

ATTEST:

BY: _____
Judie Harris, *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 October 21, 2015.

BY: _____
Susan Yingling, *Executive Assistant*

**MEETING MINUTES
SEPTEMBER 23, 2015
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 9:00 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, <i>Chairman</i>	Phil Lewis
Vernon Florence, <i>Vice Chair</i>	Kevin Moore
Judie Harris, <i>Secretary</i>	Lance Nelson
Elaine Dodd	Myron Pope*
Roger Gaddis	Billie Stephenson
Jill Geiger	Gary Trennepohl

TRUSTEES ABSENT:

Greg Winters

TRS STAFF PRESENT:

Julie Ezell, *General Counsel*
Dixie Moody, *Director of Client Services*
Sam Moore, *Director of Finance/CFO*
Kim Bold, *Director of Human Resources*
Debra Plog, *Manager of Employer Reporting*
Melissa Kempkes, *Investment Analyst*
Susan Yingling, *Executive Assistant*

OTHERS PRESENT:

Norman Cooper, *OREA*
Wayne Maxwell, *RPOE*
Greg Weaver, *Gregory W. Group*
Doug Anderson, *Gregory W. Group*
Eric Crabtree, *Causeway Capital Management, LLC*
Harry Hartford, *Causeway Capital Management, LLC*
Chris Greco, *Sawgrass Asset Management*
Martin LaPrade, *Sawgrass Asset Management*
Mark Davis, *Sawgrass Asset Management*

*Denotes late arrival or early departure.

ITEM 1 – ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 9:00 a.m. and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 2 – MEETING MINUTES: A motion was made by Ms. Geiger with a second made by Mr. Florence to approve the August 26, 2015 Regular Board meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 3 – PRESENTATION BY INVESTMENT MANAGERS: Eric Crabtree and Harry Hartford presented the investment manager report on behalf of Causeway Capital Management LLC, and Chris Greco, Martin LaPrade, and Mark Davis presented the investment manager report on behalf of Sawgrass Asset Management. No action was necessary.

ITEM 4 – 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 5 – INVESTMENT COMMITTEE REPORT:

ITEM 5A – MANAGER STATUS SUMMARY REPORT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of Gregory W. Group, presented the Manager Status Summary Report. They said that Advisory Research remained "On Alert" for performance, and there were no changes to the report. No action was necessary.

ITEM 5B – REAL ESTATE REPORT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of Gregory W. Group, gave their quarterly real estate report to the Board. No action was necessary.

A break was taken from 10:30 a.m. until 10:40 a.m.

ITEM 5C – UPDATE ON ADVISORY RESEARCH FEE AMENDMENT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of Gregory W. Group, reviewed the amended fee proposal that had been submitted by Advisory Research Inc. Mr. Florence said the Investment Committee had a motion on the item. A motion was made by Mr. Peacher with a second by Mr. Gaddis to accept the Advisory Research Fee amendment as presented, retroactive to August 1, 2015. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher. Mr. Nelson was out of the room during the vote.

ITEM 5D – AMENDMENT TO LIMITED PARTNERSHIP AGREEMENT REGARDING REAL ESTATE INVESTMENTS MANAGED BY ANTHEUS: Chairman Peacher said there was still some clarification needed regarding the amendment, so the item would be deferred until those answers could be obtained. After a brief discussion, no action was taken.

ITEM 5E – INVESTMENT DEPARTMENT REPORT: Investment Analyst, Melissa Kempkes, presented the Investment Department Report to the Board. No action was necessary.

ITEM 6 – ASSIGNMENT OF THE GREGORY W. GROUP CONTRACT TO THE BOGDahn GROUP: Julie Ezell explained to the Board that the contract with Gregory W. Group needed to be assigned to the Bogdahn Group because the firms were merging effective October 1, 2015. After a brief discussion, a motion was made by Dr. Trennepohl with a second made by Ms. Geiger to consent to assigning the Gregory W. Group contract to the Bogdahn Group. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 7 – DISCUSSION AND ACTION TO ADOPT AN ACTUARIAL FUNDING POLICY INCLUDING POSSIBLE AMENDMENTS TO ACTUARIAL ASSUMPTIONS OR METHODS:

Ryan Falls, Actuarial Consultant from Gabriel Roeder Smith, gave a brief overview of the previous day's discussion regarding the proposed Actuarial Funding Policy. He said that the overall policy was still being discussed, but it was necessary to have specific guidelines for the amortization schedule in order for them to proceed with their calculation of the Actuarially Determined Contribution. After some discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Gaddis to state that the amortization period on which the Actuarially Determined Contribution is calculated shall be the then applicable current Funding Period (11 years as of June 30, 2014) but in no event shall it exceed 20 years. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 8 – COMMITTEE REPORTS:

ITEM 8A – GOVERNANCE: Dr. Trennepohl, Chair of the Governance Committee, said the members had been reviewing the Board of Trustees Policy Manual and identifying some areas in need of updating. He specified the Trustee Travel and Trustee Education sections of the Policy and encouraged the Trustees to review the document and deliver any feedback to the Governance Committee. After some discussion, no action was necessary.

ITEM 8B – AUDIT: Mr. Gaddis, Chair of the Audit Committee, said that both the internal and external audits continued to move forward on schedule and on budget. After a brief discussion, no action was necessary.

ITEM 9 – DISCUSSION AND POSSIBLE ACTION ON DEVELOPMENT OF FY 2017 BUDGET REQUEST:

Julie Ezell and Sam Moore reviewed the Executive Summary of the FY 2017 Budget Request. Sam Moore explained that the request was due by October 1, 2015. He also said the budget work program would be brought before the Board in May 2016, but that the budget request needed to be approved by the Board. He said amendments could be made if that became necessary. After some discussion, a motion was made by Mr. Florence with a second made by Ms. Harris to approve the FY 2017 Budget Request including a possible increase in moving fees after staff researched the issue. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 10 – DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. SECTION 307(B)(4) FOR THE PURPOSE OF CONFIDENTIAL COMMUNICATIONS BETWEEN THE BOARD OF TRUSTEES AND ITS ATTORNEY CONCERNING A PENDING INVESTIGATION, CLAIM, OR ACTION RELATED TO RETIREE PAYMENTS IF THE PUBLIC BODY, WITH THE ADVICE OF ITS ATTORNEY, DETERMINES THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE PUBLIC BODY TO PROCESS THE CLAIM OR CONDUCT A PENDING INVESTIGATION, LITIGATION, OR PROCEEDING IN THE PUBLIC INTEREST: A motion was made by Dr. Trennepohl with a second made by Dr. Lewis to resolve into Executive Session at 11:20 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

After a lengthy discussion, a motion was made by Dr. Trennepohl with a second by Dr. Pope to return to open session at 12:03 p.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

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

ITEM 12 – DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:

ITEM 12A – CLIENT SERVICES REPORT: Dixie Moody, Director of Client Services, gave a brief presentation to the Board. After some discussion, a motion was made by Mr. Florence with a second made by Ms. Geiger to approve the monthly retirement report. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Dr. Pope, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

ITEM 12B – HUMAN RESOURCES REPORT: Kim Bold, Director of Human Resources, gave her report to the Board. No action was necessary.

ITEM 12C – FINANCE REPORT: Debra Plog, Manager of Employer Reporting, presented the Employer Reporting report to the Board. Sam Moore, Director of Finance/CFO, presented the Finance Report to the Board. No action was necessary.

Myron Pope left at 12:26 p.m.

ITEM 12D – GENERAL COUNSEL REPORT: Julie Ezell, General Counsel, presented the legal report to the Board. She informed the Board that they would be considering a member grievance at the October meeting. She also discussed her attendance at an Interim Study of the House Business, Labor and Retirement Committee on September 16th and the action that was taken at that Study. No action was necessary.

ITEM 12E – EXECUTIVE DIRECTOR REPORT: There was no executive director report.

ITEM 13 – QUESTIONS AND COMMENTS FROM TRUSTEES: Mr. Gaddis said he had recently spoken to a group of retired teachers on behalf of OTRS. He said it was a good opportunity to get out and meet the Clients and encouraged other Board members to do the same if given the opportunity.

ITEM 14 – NEW BUSINESS: There was no new business from the Board.

ITEM 15 – ADJOURNMENT: There being no further business, a motion was made by Ms. Geiger with a second made by Ms. Harris to adjourn the meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Dr. Lewis, Mr. Moore, Mr. Nelson, Ms. Stephenson, Dr. Trennepohl, and Chairman Peacher.

The meeting was adjourned at 12:35 p.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, *Chairman*

ATTEST:

BY: _____
Judie Harris, *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 October 21, 2015.

BY: _____
Susan Yingling, *Executive Assistant*

Market Overview (Domestic Equity vs. Domestic Fixed)

- For the month, large cap domestic equities underperformed domestic fixed income with the Russell 1000 Index returning -2.74% versus 0.68% for the Barclays Aggregate Index.
- For the year, the Russell 1000 Index is trailing the Barclays Aggregate Index with a return of -5.24% vs. 1.13%, respectively.

Broad Equity Market Overview

- Large cap domestic equities were the best equity performers for the month with the Russell 1000 Index returning -2.74%.
- International equities underperformed large cap domestic equities for the month (by -1.90%) with the ACWI ex USA Index returning -4.64%.
- For the month, small cap domestic equities underperformed both large cap domestic equities (by -2.17%) and international equities (by -0.27%) with the Russell 2000 Index returning -4.91%.
- On a year-to-date basis, large cap domestic equities are the best performing equity asset class with the Russell 1000 returning -5.24%.
- Small cap domestic equities are trailing large cap domestic equities for the year (by -2.49%) with the Russell 2000 Index returning -7.73%.
- For the year, international equities are trailing both large cap domestic equities (by -3.39%) and small cap domestic equities (by -0.90%) with the ACWI ex USA Index returning -8.63%.

Broad Fixed Market Overview

- For the month, domestic fixed securities outperformed global fixed ex US securities, with the BC Agg returning 0.68%.
- Global fixed ex US trailed domestic fixed (by -0.25%) for the month with the Global Agg ex US returning 0.43%.
- For the year, domestic fixed securities are outperforming global fixed ex US securities with the BC Agg returning 1.13%.
- Year-to-date, global fixed ex US securities are trailing domestic fixed securities by -5.95% with the Global Agg ex US returning -4.82%.

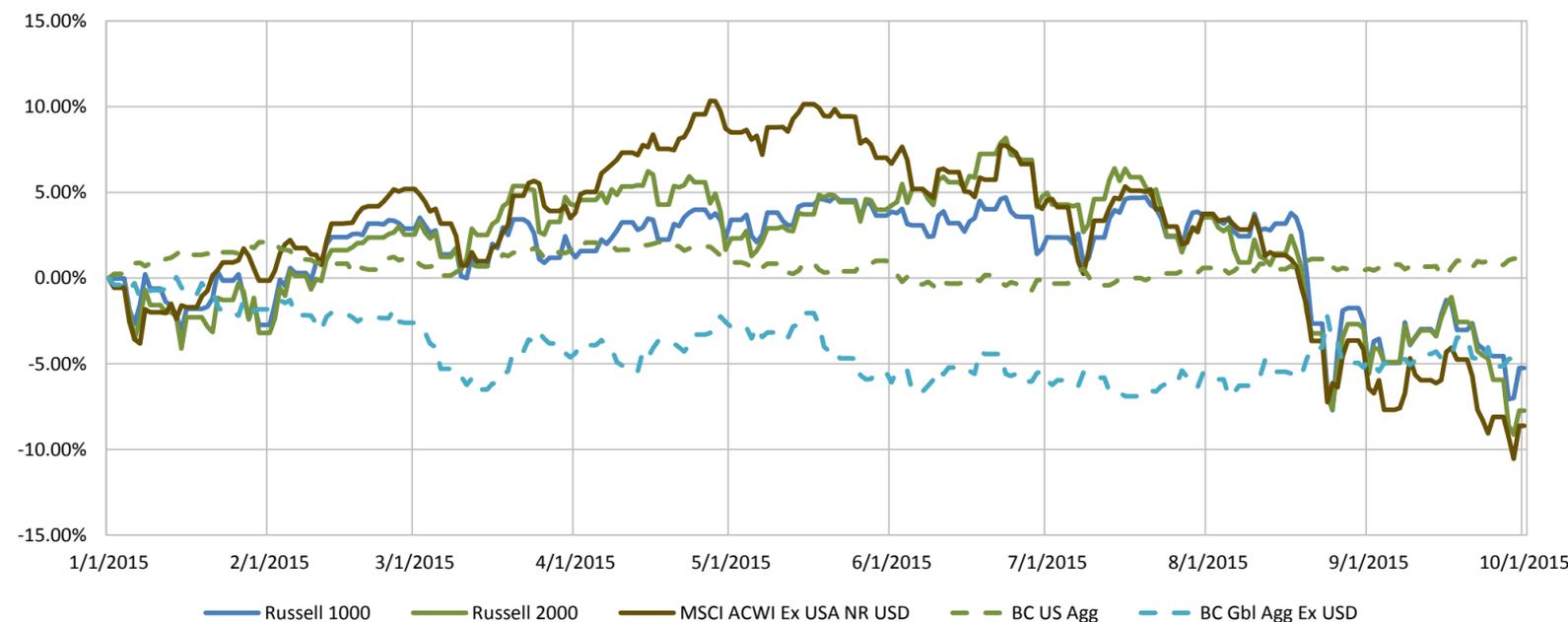
Equity Sector Performance For The Month

- The top three performing sectors for large cap domestic equities were: Utilities (return 2.70%), Consumer Staples (return 0.09%) and Information Technology (return -1.10%)
- The bottom three performing sectors for large cap domestic equities were: Materials (return -7.56%), Energy (return -7.36%) and Health Care (return -6.07%)
- The top three performing sectors for small cap domestic equities were: Utilities (return 1.52%), Telecommunication Services (return 0.90%) and Financials (return -0.08%)
- The bottom three performing sectors for small cap domestic equities were: Energy (return -15.93%), Health Care (return -11.96%) and Materials (return -10.72%)
- The top three performing sectors for international equities were: Consumer Staples (return -0.16%), Information Technology (return -1.99%) and Utilities (return -2.53%)
- The bottom three performing sectors for international equities were: Materials (return -8.40%), Energy (return -8.16%) and Telecommunication Services (return -6.69%)

Fixed Income Sector Performance For The Month

- The sector performance for domestic fixed income in order of best performing to worst was: Treasury (return 0.85%), MBS (return 0.62%) and Corporate (return 0.50%)
- The sector performance for Global ex US fixed income in order of best performing to worst was: Treasury (return 0.74%), MBS (return -0.27%) and Corporate (return -0.91%)

2015 Market Daily Index Total Return Performance



2015 Market Monthly Index Total Return Performance

	1/31/15	2/28/15	3/31/15	4/30/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	YTD
Russell 1000	-2.75%	5.78%	-1.25%	0.71%	1.31%	-1.88%	1.93%	-6.02%	-2.74%				-5.24%
Russell 2000	-3.22%	5.94%	1.74%	-2.55%	2.28%	0.75%	-1.16%	-6.28%	-4.91%				-7.73%
MSCI AC World Index EX USA	-0.15%	5.35%	-1.62%	5.05%	-1.56%	-2.79%	-0.28%	-7.64%	-4.64%				-8.63%
BC Agg	2.10%	-0.94%	0.46%	-0.36%	-0.24%	-1.09%	0.70%	-0.14%	0.68%				1.13%
BC Global Agg ex USD	-1.84%	-0.78%	-2.08%	2.17%	-3.02%	0.09%	-0.14%	0.35%	0.43%				-4.82%

Equity Sector Performance

	Month-To-Date			Year-To-Date		
	Russell 1000	Russell 2000	ACWI ex USA	Russell 1000	Russell 2000	ACWI ex USA
Energy	-7.36%	-15.93%	-8.16%	-21.79%	-34.05%	-8.16%
Materials	-7.56%	-10.72%	-8.40%	-16.35%	-25.43%	-8.40%
Industrials	-2.55%	-7.11%	-5.38%	-9.52%	-15.12%	-5.38%
Consumer Discretionary	-1.15%	-4.90%	-3.35%	2.61%	-7.65%	-3.35%
Consumer Staples	0.09%	-1.73%	-0.16%	-1.19%	-5.87%	-0.16%
Health Care	-6.07%	-11.96%	-6.43%	-1.49%	-1.61%	-6.43%
Financials	-2.54%	-0.08%	-4.71%	-5.93%	-3.39%	-4.71%
Information Technology	-1.10%	-2.16%	-1.99%	-2.93%	-3.59%	-1.99%
Telecommunication Services	-4.04%	0.90%	-6.69%	-3.33%	-6.94%	-6.69%
Utilities	2.70%	1.52%	-2.53%	-6.84%	-6.31%	-2.53%

Fixed Sector & Quality Performance

	Month-To-Date		Year-To-Date	
	BC Agg.	Global ex USD	BC Agg.	Global ex USD
Treasury	0.85%	0.74%	1.79%	-4.20%
MBS	0.62%	-0.27%	1.66%	-6.14%
Corporate	0.50%	-0.91%	-0.26%	-7.40%
Aaa	0.76%	0.10%	1.72%	-7.49%
Aa	0.74%	0.27%	1.16%	-5.23%
A	0.94%	0.96%	0.65%	-1.95%
Baa	-0.04%	-0.14%	-1.72%	-7.06%

Manager Profile - AEW Capital Management, LP



Asset Class:	Core Real Estate
Status:	In Compliance
Portfolio Size:	\$239,901,108
Inception Date:	5/1/2011
Initial Funding:	\$150,000,000
Subsequent Funding:	\$15,500,000
Annual Management Fee:	0.81%
Fees Paid 12 Month Trailing:	\$1,920,319
Location:	Boston, Massachusetts
Structure:	Wholly-owned by Natixis Global Management
Portfolio Management Team:	Dan Bradley, Senior Portfolio Manager Jon Martin, Portfolio Manager Cristen Conkling, Portfolio Manager (East Coast) Lily Kao, Portfolio Manager (West Coast) Stephen Reissfelder, Controller Elizabeth Lane, Assistant Controller
Represented by:	Jon Martin, Portfolio Manager Cristen Conkling, Portfolio Manager (East Coast)

Notes:

Members of AEW Research analyze economic data available to develop a comprehensive picture of the urban economy and its real estate markets. To compliment this top-down analysis, group members engage in active dialogue with AEW management professionals to gain a bottom-up perspective on market trends. The primary results of these efforts are semi-annual analyses that forecast market supply, demand and returns for each of the major property types in each of the metropolitan areas of the United States.

Founded: 1981
AEW Total AUM: \$3.92 billion

Return Profile	Trailing Two Year Return	Trailing One Year Return
AEW	11.6	12.3
NFI-ODCE	12.6	13.4

Risk Characteristics	Number of Holdings
AEW	62

*Return profile and risk characteristics as of 6/30/2015. Performance shown Net of Fees.

Contact Information:

Jon Martin
Portfolio Manager
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617-261-9211

Cristen Conkling
Portfolio Manager (East Coast)
cconkling@aw.com
617-261-9371

Manager Profile - L&B Realty Advisors, LLC



Asset Class:	Core Real Estate
Status:	In Compliance
Portfolio Size:	\$213,297,215
Inception Date:	4/1/2011
Initial Funding:	\$150,000,000
Subsequent Funding:	\$0
Annual Management Fee:	(NAV-Cash) times 0.20% per quarter
Fees Paid 12 Month Trailing:	\$871,831, net of management fee reduction, as of 6/30/2015
Location:	Dallas, Texas
Structure:	Employee Owned
Portfolio Management Team:	G. Andrews Smith, Chairman and CEO Christian Metten, Executive Vice President and Portfolio Manager Mark Gerigk, Executive Vice President and Portfolio Manager

Represented by:	G. Andrews Smith, Chairman and CEO Christian Metten, Executive Vice President and Portfolio Manager Mark Gerigk, Executive Vice President and Portfolio Manager
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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
L&B Total AUM: \$7.1 billion as of 6/30/2015

Return Profile	Trailing Two Year Return	Trailing One Year Return
L&B Realty Advisors	12.5	14.5
NFI-ODCE	12.6	13.4

Risk Characteristics	Number of Holdings
L&B Realty Advisors	10

*Return profile and risk characteristics as of 6/30/2015. Performance shown Net of Fees.

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Monthly Asset Allocation Review (Preliminary)



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,527,731,224	19.2%	17.0%	2.2%	Excess allocation bound for Private Equity and Real Estate.
Mid Cap	1,950,659,394	14.8%	13.0%	1.8%	
Small Cap	1,358,691,083	10.3%	10.0%	0.3%	
Total Domestic Equity	5,837,081,701	44.3%	40.0%	4.3%	
Large Cap International Equity	1,260,474,939	9.6%	11.5%	-1.9%	International equity allocation currently under review.
Small Cap International Equity	798,283,997	6.1%	6.0%	0.1%	
Total International Equity	2,058,758,936	15.6%	17.5%	-1.9%	
Core Fixed Income	2,145,128,685	16.3%	17.5%	-1.2%	
High Yield Fixed Income	758,925,600	5.8%	6.0%	-0.2%	Capital calls progressing. New portfolio structure underway.
MLPs	779,318,016	5.9%	7.0%	-1.1%	
Private Equity	581,184,635	4.4%	5.0%	-0.6%	
Real Estate	802,165,580	6.1%	7.0%	-0.9%	
Opportunistic Assets	162,530,482	1.2%	0.0%	1.2%	
Total Non-Core Assets	3,084,124,312	23.4%	25.0%	-1.6%	
Cash	45,504,303	0.3%	0.0%	0.3%	
Composite	13,170,597,938	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary (Preliminary)

As of September 30, 2015



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,170,597,938	12/1/1991	23.8	9.2	7.0	9.5	9.3	-3.0	-4.8	-7.8	-3.8
Total Fund (Net of Fees)				8.8	6.6	9.1	8.9	-3.4	-5.2	-7.9	-3.9
<i>Allocation Index</i>				8.9	6.0	8.6	7.4	-2.8	-4.9	-6.4	-2.8
<i>Actuarial Assumption</i>					8.0	8.0	8.0	8.0	6.2	1.9	0.6
Total Domestic Equity	5,837,081,701 44.3%	4/1/1990	25.5	10.5	7.2	13.0	13.7	-1.0	-6.3	-9.2	-3.9
<i>S&P 500</i>				9.3	6.8	13.3	12.4	-0.6	-5.3	-6.4	-2.5
Total All Cap Equity	916,099,762 7.0%	9/1/2006	9.1	6.5	-	12.3	12.2	-1.5	-6.8	-8.2	-3.2
<i>Russell 3000</i>				6.8	-	13.3	12.5	-0.5	-5.4	-7.2	-2.9
Total Large Cap Active Equity	1,103,705,095 8.4%	1/1/1995	20.8	10.0	6.4	14.0	14.1	-1.6	-6.7	-7.7	-3.6
<i>S&P 500</i>				9.2	6.8	13.3	12.4	-0.6	-5.3	-6.4	-2.5
Total Mid Cap Equity	1,950,659,394 14.8%	11/1/1998	16.9	9.8	8.9	14.2	15.5	-0.1	-5.5	-9.6	-4.0
<i>Russell Mid Cap</i>				9.0	7.9	13.4	13.9	-0.2	-5.8	-8.0	-3.6
Total Small Cap Equity	1,358,691,083 10.3%	2/1/1998	17.7	8.7	7.0	10.9	12.8	-1.3	-6.9	-11.3	-4.8
<i>Russell 2000</i>				6.8	6.5	11.7	11.0	1.2	-7.7	-11.9	-4.9
Total International Equity	2,058,758,936 15.6%	2/1/1998	17.7	8.2	4.4	5.0	6.4	-6.1	-2.6	-9.3	-4.4
<i>MSCI ACWI ex-US</i>				4.9	3.5	2.3	2.8	-11.8	-8.3	-12.1	-4.6
Large Cap International Equity	1,260,474,939 9.6%	2/1/1998	17.7	2.0	-	5.3	5.5	-8.3	-5.8	-10.8	-5.2
<i>MSCI ACWI ex-US</i>				-	-	2.3	2.8	-11.8	-8.3	-12.1	-4.6
Small Cap International Equity	798,283,997 6.1%	12/1/2011	16.9	12.9	-	-	10.1	-0.9	3.0	-6.9	-3.0
<i>MSCI EAFE Small Cap</i>				11.2	-	-	10.5	0.6	2.9	-6.8	-3.3
Core Fixed Income (ex- High Yield)	2,145,128,685 16.3%	4/1/1990	25.5	7.0	6.3	4.8	2.5	1.2	-1.0	-0.1	-0.1
<i>Barclays Aggregate</i>				6.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
Active Duration Fixed Income	324,634,398 2.5%	11/1/2004	10.9	8.3	7.7	7.4	3.0	10.2	-0.8	5.2	1.4
<i>Barclays Aggregate</i>				4.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
Master Limited Partnerships	779,318,016 5.9%	2/28/2011	4.6	8.1	-	-	5.1	-34.1	-28.5	-27.7	-18.3
<i>Alerian MLP Index</i>				-	-	-	-3.6	-39.2	-30.7	-22.1	-15.3
High Yield Bonds	758,925,600 5.8%	2/1/2009	6.7	12.2	-	6.8	4.7	-1.6	-0.7	-4.0	-2.2
<i>ML High Yield II</i>				-	-	5.9	3.5	-3.5	-2.5	-4.9	-2.6
Core Real Estate	694,494,406 5.3%	4/1/2011	4.5	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-
Non-Core Real Estate	107,671,174 0.8%	7/1/2014	1.2	-	-	-	-	-	-	-	-
<i>NCREIF</i>				-	-	-	-	-	-	-	-
Cash	45,504,303 0.3%	4/1/1990	25.5	-	-	-	-	-	-	-	-
<i>91 Day T-bill</i>				-	1.4	0.1	0.1	0.0	0.0	0.0	0.0

Equity Portfolios Summary (Preliminary)

As of September 30, 2015



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month	
All Cap / Large Cap Domestic												
Hotchkis & Wiley Large Cap	556,707,096	4/1/1990	25.5	10.5	4.9	13.5	14.7	-5.0	-9.5	-10.8	-5.1	
Russell 1000 Value	4.2%			9.6	5.7	12.3	11.6	-4.4	-9.0	-8.4	-3.0	
Sawgrass	546,997,999	7/1/2006	9.3	8.2	-	14.8	13.6	2.3	-3.6	-4.2	-2.1	
Russell 1000 Growth	4.2%			8.5	-	14.5	13.6	3.2	-1.5	-5.3	-2.5	
ARI All Cap	444,383,370	9/1/2006	9.1	5.4	-	11.6	10.6	-2.7	-6.5	-7.4	-2.9	
Russell 3000	3.4%			6.8	-	13.3	12.5	-0.5	-5.4	-7.2	-2.9	
EPOCH All Cap	471,716,392	9/1/2006	9.1	7.4	-	13.1	13.9	-0.3	-7.1	-8.8	-3.5	
Russell 3000	3.6%			6.8	-	13.3	12.5	-0.5	-5.4	-7.2	-2.9	
Passive Domestic Equity												
NT Cap Weighted Passive	241,959,751	4/1/2012	3.5	12.0	-	-	12.5	-0.1	-4.8	-6.3	-2.4	
S&P 500 Cap Weighted	1.8%			11.6	-	-	12.4	-0.6	-5.3	-6.4	-2.5	
SSGA Eq Weighted Passive	265,966,616	4/1/2012	3.5	12.9	-	-	14.0	-1.6	-7.2	-7.6	-3.4	
S&P 500 Equal Weighted	2.0%			12.6	-	-	14.3	-1.2	-6.9	-7.6	-3.2	
Mid Cap Domestic Equity												
Frontier Capital	505,985,271	6/1/2002	13.3	10.2	10.9	14.6	15.7	8.1	1.1	-8.5	-3.7	
Russell Mid Cap Growth	3.8%			8.9	8.1	13.6	14.0	1.4	-4.1	-8.0	-3.9	
Wellington Management	442,795,367	9/1/1998	17.1	9.8	7.6	11.0	14.7	-0.1	-6.4	-11.8	-4.6	
Russell Mid Cap Growth	3.4%			8.6	8.1	13.6	14.0	1.4	-4.1	-8.0	-3.9	
AJO Partners	531,559,412	8/1/1998	17.2	10.6	8.5	15.4	15.9	-0.6	-5.0	-7.4	-3.7	
Russell MidCap	4.0%			9.9	7.9	13.4	13.9	-0.2	-5.8	-8.0	-3.6	
Hotchkis & Wiley Mid Cap	470,319,345	8/1/2002	13.2	12.7	8.4	15.4	15.0	-7.5	-11.8	-11.0	-4.2	
Russell MidCap Value	3.6%			10.6	7.4	13.2	13.7	-2.1	-7.7	-8.0	-3.3	
Small Cap Domestic Equity												
Shapiro Capital Management	579,348,974	2/1/1998	17.7	9.4	8.6	11.2	11.0	-11.2	-15.5	-16.3	-7.4	
Russell 2000 Value	4.4%			6.8	6.5	11.7	11.0	1.2	-7.7	-11.9	-4.9	
Geneva Capital	208,350,074	6/1/2013	2.3	12.8	-	-	-	15.2	7.9	-3.4	-2.7	
Russell 2000 Growth	1.6%			8.5	-	-	-	4.0	-5.5	-13.1	-6.3	
Wasatch Advisors	195,673,869	6/1/2013	2.3	9.3	-	-	-	11.6	1.3	-8.1	-3.2	
Russell 2000 Growth	1.5%			8.5	-	-	-	4.0	-5.5	-13.1	-6.3	
Cove Street Capital	99,696,382	6/1/2013	2.3	4.0	-	-	-	-3.8	-4.5	-10.3	-4.3	
Russell 2000 Value	0.8%			4.1	-	-	-	-1.6	-10.1	-10.7	-3.5	
Frontier Capital	154,881,800	6/1/2002	13.3	9.1	9.4	11.6	10.7	2.1	-4.7	-7.1	-2.1	
Russell 2000 Value	1.2%			7.2	5.4	10.2	9.2	-1.6	-10.1	-10.7	-3.5	
Neumeier Poma	120,739,983	6/1/2013	2.3	12.1	-	-	-	6.8	0.3	-9.2	-2.2	
Russell 2000 Value	0.9%			4.1	-	-	-	-1.6	-10.1	-10.7	-3.5	
International Large Cap Equity												
Causeway Capital	480,546,005	5/1/2003	12.4	8.7	4.3	5.0	4.8	-10.3	-7.5	-12.0	-5.5	
MSCI ACWI Ex US	3.6%			8.2	3.0	1.8	2.3	-8.3	-4.9	-10.2	-5.0	
Northern Trust Passive	779,928,935	9/1/2013	2.1	-1.2	-	-	-	-7.3	-4.9	-10.1	-5.0	
MSCI EAFE	5.9%			1.5	-	-	-	-8.3	-4.9	-10.2	-5.0	
Transition Account - Northern	-	9/1/2014	1.1	-	-	-	-	-	-	-	-	
	0.0%			-	-	-	-	-	-	-	-	
International Small Cap Equity												
ARI Small Cap International	198,711,047	12/1/2011	3.8	10.5	-	-	8.5	-7.4	-2.4	-7.8	-2.4	
MSCI EAFE Small Cap	1.5%			11.2	-	-	10.5	0.6	2.9	-6.8	-3.3	
Epoch Small Cap International	194,397,051	12/1/2011	3.8	9.5	-	-	8.5	-1.9	4.0	-7.5	-4.0	
MSCI EAFE Small Cap	1.5%			11.2	-	-	10.5	0.6	2.9	-6.8	-3.3	
Wasatch Small Cap International	199,952,590	12/1/2011	3.8	15.0	-	-	10.9	5.4	6.2	-6.8	-1.9	
MSCI EAFE Small Cap	1.5%			11.2	-	-	10.5	0.6	2.9	-6.8	-3.3	
Wellington Small Cap International	205,223,309	12/1/2011	3.8	14.4	-	-	12.6	1.2	4.7	-5.5	-3.7	
MSCI EAFE Small Cap	1.6%			11.2	-	-	10.5	0.6	2.9	-6.8	-3.3	

Fixed Income Portfolios Summary (Preliminary)

As of September 30, 2015



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Core Fixed Income											
Loomis Sayles	601,744,656	8/1/1999	16.2	6.6	7.1	4.7	1.9	-1.9	-2.3	-2.4	-1.2
<i>Barclays Aggregate</i>	4.6%			6.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
Lord Abbett	615,902,125	11/1/2004	10.9	5.7	5.9	4.4	2.6	1.7	0.5	0.0	0.2
<i>Barclays Aggregate</i>	4.7%			6.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
Mackay Shields	602,847,507	11/1/2004	10.9	5.7	6.0	4.6	2.1	-0.6	-1.2	-0.8	-0.2
<i>Barclays Aggregate</i>	4.6%			6.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
Active Duration Fixed Income											
Hoisington	324,634,398	11/1/2004	10.9	8.3	7.7	7.4	3.0	10.2	-0.8	5.2	1.4
<i>Barclays Aggregate</i>	2.5%			4.4	4.6	3.1	1.7	2.9	1.1	1.2	0.7
High Yield Fixed Income											
Loomis Sayles High Yield	247,165,339	2/1/2009	6.7	11.9	-	5.6	3.8	-3.7	-3.1	-5.7	-2.6
<i>Merrill Lynch High Yield II</i>	1.9%			4.5	-	5.9	3.5	-3.5	-2.5	-4.9	-2.6
Lord Abbett High Yield	256,692,800	2/1/2009	6.7	13.1	-	7.8	5.7	-1.4	-0.3	-3.7	-2.3
<i>Merrill Lynch High Yield II</i>	1.9%			4.5	-	5.9	3.5	-3.5	-2.5	-4.9	-2.6
Mackay Shields High Yield	255,067,461	2/1/2009	6.7	11.5	-	6.7	4.2	-0.4	0.5	-3.2	-1.7
<i>Merrill Lynch High Yield II</i>	1.9%			4.5	-	5.9	3.5	-3.5	-2.5	-4.9	-2.6

Non-Traditional Portfolios Summary (Preliminary)
As of September 30, 201 (unless otherwise noted)



Master Limited Partnerships

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Chickasaw Capital MLP	282,099,788	2/28/2011	4.6	13.1	-	-	9.8	-33.6	-28.3	-28.4	-18.6
Alerian MLP Index	2.1%			-	-	-	-3.6	-39.2	-30.7	-22.1	-15.3
Cushing MLP Management	266,542,328	2/28/2011	4.6	8.5	-	-	7.2	-34.3	-28.7	-27.8	-18.6
Alerian MLP Index	2.0%			-	-	-	-3.6	-39.2	-30.7	-22.1	-15.3
ARI MLP	230,675,900	2/28/2011	4.6	2.8	-	-	2.3	-23.0	-26.0	-26.7	-17.6
Alerian MLP Index	1.8%			-	-	-	-3.6	-39.2	-30.7	-22.1	-15.3

Private Equity

	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 9/30/2015	% Called	\$ Return as of 9/30/2015	IRR Inception	IRR 3 Year	IRR 1 Year	Performance as of
Legacy Private Equity Portfolio	49,105,424	10/1/2008	7.0	\$97,500,000	\$94,780,850	97.2%	\$81,038,508	11.8%	11.3%	4.0%	3/31/2015
Russell 1000 + 4%	0.4%							16.0%	20.5%	16.7%	
Franklin Park Private Equity	532,079,211	4/1/2010	5.5	\$1,200,000,000	\$518,037,500	43.2%	\$84,477,225	14.6%	17.5%	20.2%	3/31/2015
Russell 1000 + 4%	4.0%							18.7%	20.5%	16.7%	

Real Estate

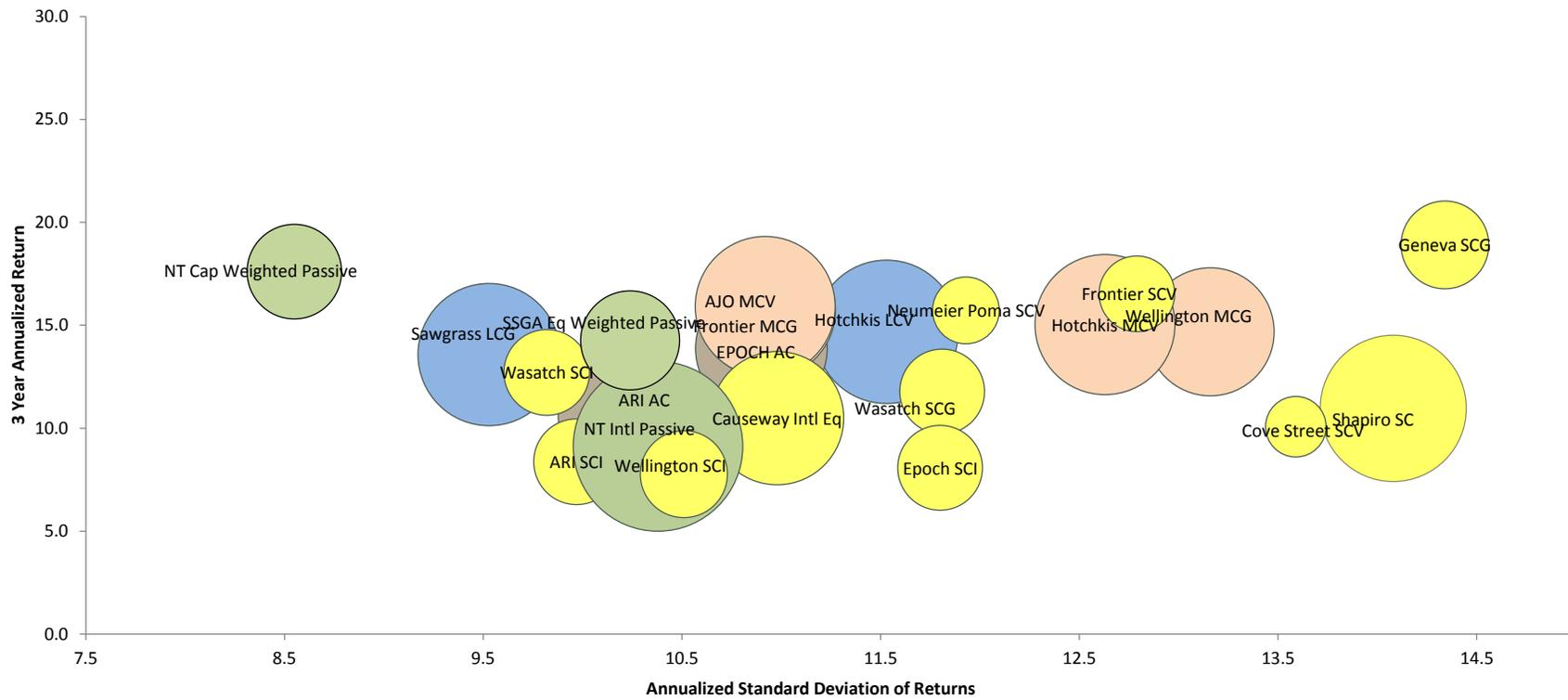
	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 9/30/2015	% Called	\$ Return as of 9/30/2015	Time Weighted Trailing Two Year Return (Annualized) ¹	Time Weighted Trailing One Year Return ¹	Performance as of
AEW Real Estate	239,901,108	5/1/2011	4.4	\$165,500,000	\$165,500,000	100%	\$2,468,058	11.6%	12.3%	6/30/2015
NF-ODCE	1.8%							12.6%	13.4%	
Heitman Real Estate	241,296,083	5/1/2011	4.4	\$157,400,000	\$157,400,000	100%	N/A	27.2%	12.9%	6/30/2015
NF-ODCE	1.8%							12.6%	13.4%	
L&B Real Estate	213,297,215	4/1/2011	4.5	\$150,000,000	\$150,000,000	100%	\$0	12.5%	14.5%	6/30/2015
NF-ODCE	1.6%							12.6%	13.4%	
Antheus Capital	21,500,000	10/1/2014	1.0	\$53,750,000	\$21,500,000	40%	\$0	-	-	-
NF-ODCE	0.2%							-	-	-
Dune	25,890,872	10/1/2014	1.0	\$53,750,000	\$21,435,612	40%	\$0	-	-	-
NF-ODCE	0.2%							-	-	-
GreenOak Real Estate	16,427,624	10/1/2014	1.0	\$50,000,000	\$16,316,504	33%	\$0	-	-	-
NF-ODCE	0.1%							-	-	-
L&B Golden Driller	26,742,860	7/1/2014	1.2	\$60,000,000	\$13,290,000	22%	\$0	-	-	-
NF-ODCE	0.2%							-	-	-
Landmark Realty	2,357,992	12/1/2014	0.8	\$35,000,000	\$2,255,623	6%	\$0	-	-	-
NF-ODCE	0.0%							-	-	-
American Realty	14,751,826	12/1/2014	0.8	\$53,750,000	\$13,745,100	26%	\$0	-	-	-
NF-ODCE	0.1%							-	-	-
Starwood	-	-	-	\$53,750,000	\$0	0%	\$0	-	-	-
NF-ODCE	0.0%							-	-	-

¹ Performance shown Net of Fees.
Preliminary data displayed where final audited figures are unavailable.

Opportunistic Fixed Income

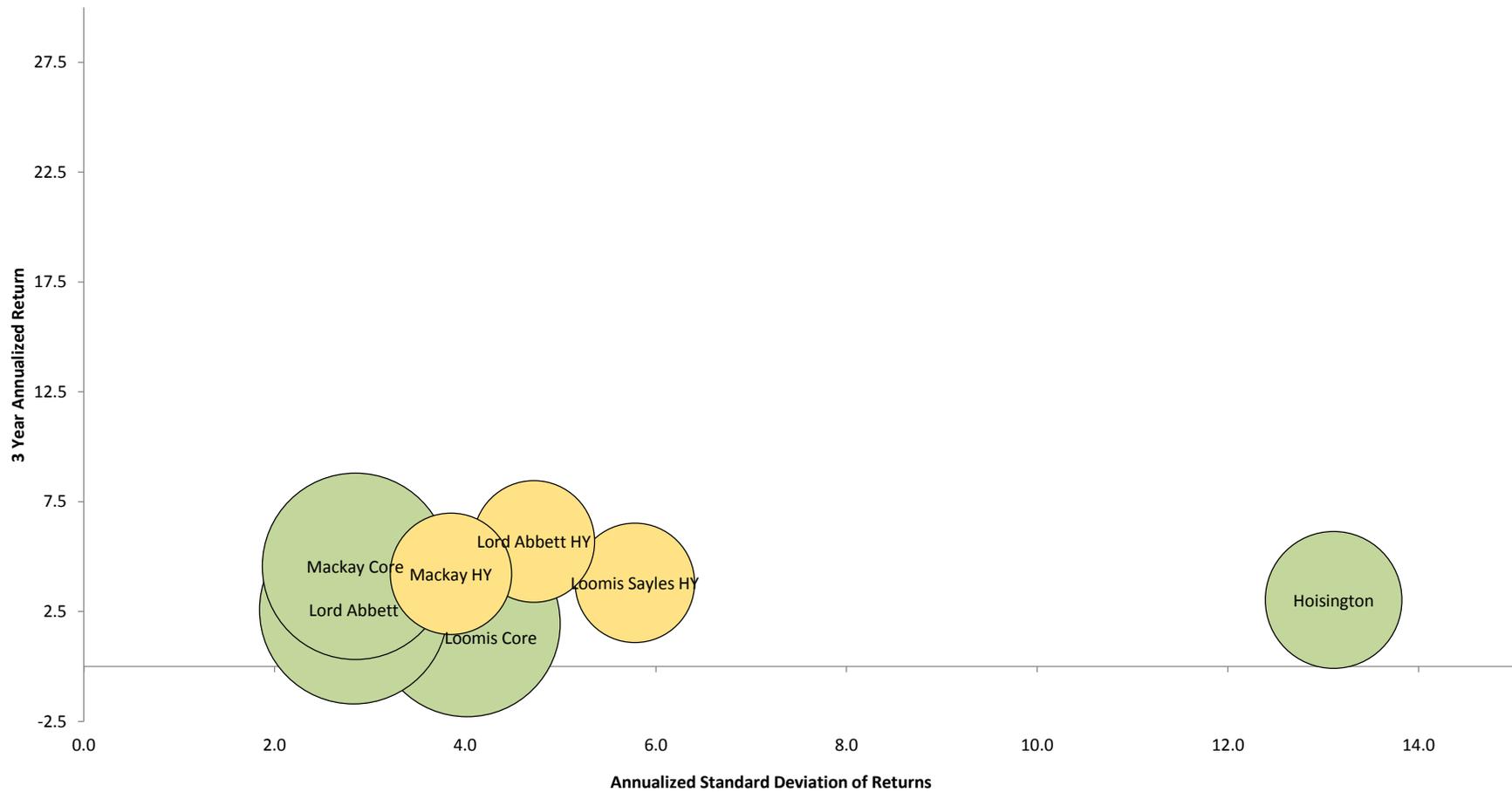
	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 9/30/2015	% Called ³	\$ Return as of 9/30/2015	Time Weighted Return Since Inception (Annualized)	Time Weighted One Year Return	Performance as of
PIMCO BRAVO	56,376,690	3/31/2011	4.5	\$100,000,000	\$100,000,000	100%	\$136,680,819	22.0%	12.0%	6/30/2015
Barclays Aggregate	0.4%							3.6%	1.9%	
PIMCO BRAVO II	106,153,792	3/31/2013	2.5	\$150,000,000	\$93,750,000	63%	\$0	20.2%	13.1%	6/30/2015
Barclays Aggregate	0.8%							1.7%	1.9%	

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.
Please note difference in standard deviation axis from previous page.

October 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
Advisory Research	Domestic Equity	All Cap	444,383,370	3.37%	On Alert	Performance	July 2015	July 2015	December 2015	Improvement in performance compared to peers and benchmark.

All other managers currently rated In Compliance

**Investment Policy Exception Review
October 2015**

Manager	Expiration	IPS Section	Exception	Reporting Required
Hoisington	12/31/2016	VII:E:1	Increase maximum portfolio concentration in cash and cash equivalents from 5% to 100%	Quarterly reporting illustrating the contribution to total return
Wellington	12/31/2016	VII:D.5	Increase the maximum portfolio exposure in Japan from 35% to 40%	When the portfolio exposure in Japan exceeds 35%, provide quarterly reporting illustrating the contribution to total return
Lord Abbett	8/31/2017	VII: G.6	Increase the maximum concentration in developing or emerging markets issuers as determined by MSCI to 15%	Attribution from the EM allocation reported monthly as a component of portfolio total return
Shapiro	12/31/2017	VII:A	Selectively hold up to 15% of the portfolio in larger capitalization companies	Quarterly reporting with and without large cap holdings
Loomis Sayles <i>(High Yield)</i>	12/31/2017	VII: G.5,6	Increase the maximum portfolio concentration in emerging markets from 10% to 30%; increase the maximum portfolio concentration in non-USD from 20% to 40%; establish a 10% allocation to preferred stock in the High Yield Portfolio	Attribution from the allocation reported quarterly as a component of portfolio total return
Loomis Sayles <i>(Core Plus)</i>	4/30/2018	VII: G.5	Increase the maximum portfolio concentration in emerging markets from 10% to 15%	Attribution from the allocation reported quarterly as a component of portfolio total return

Teachers' Retirement System of Oklahoma
Actuarial Funding Policy
(Adopted: ~~September 23~~October 21, 2015)

The purpose of this funding policy is to state the overall funding goals for the Teachers' Retirement System of Oklahoma (OTRS), the benchmark that will be used to measure progress in achieving those goals, and the methods and assumptions that will be employed to develop the benchmarks.

FUNDING OBJECTIVES

~~The main financial objective of OTRS is to receive employer contributions, member contributions, and other sources of state revenue, to fund the long term costs of benefits provided to plan members and their beneficiaries. From the perspective of the members and beneficiaries, a funding policy based on actuarially determined contributions is one which will pay all benefits when due. From the perspective of the plan sponsor and taxpayers, the actuarially determined contributions have the additional objectives of keeping contribution rates relatively stable as a percentage of active member payroll and equitably allocating the costs over the active members' period of active service. For pension funding, the payment of benefits is supported in part by income earned on invested assets. In meeting this objective, OTRS will strive to meet the following funding goals:~~

- ~~• To maintain a stable or increasing ratio of assets to accrued liabilities, and eventually reach and or maintain the 100% funding target, as defined herein.~~
- ~~• To maintain adequate asset levels to finance the benefits promised.~~
- ~~• With legislative support to develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the individual Entry Age Normal Actuarial Cost method. As of the date of the initial adoption of this Funding Policy, employer and employee contributions are fixed by statute.~~
- ~~• To provide intergenerational equity for taxpayers with respect the OTRS costs. This seeks to have each generation of taxpayers incur the costs of benefits for the employees who provide services to those taxpayers, rather than deferring those costs to future taxpayers.~~

The main funding objective of OTRS is to ~~100%~~ fund the actuarial accrued liability 100% through disciplined and timely accumulation of sufficient assets to deliver earned benefits on a continuing basis in order to provide:

- Benefit Adequacy – Contributions and current plan assets must be sufficient to provide for all benefits expected to be paid to members and their beneficiaries when due.

- Contribution Stability and Predictability – Contribution volatility must be controlled to the extent reasonably possible, consistent with other policy goals.
- Inter-Generational Equity – Costs of benefits should be paid for by the generation that receives the benefit.

Board Established Policy Associated with Funding:

Actuarial Cost Method

Annual valuations of OTRS will be based on the use of the individual entry age normal actuarial cost method. The purpose of this method is to determine the annual Normal Cost for each individual active member, payable from the date of employment to the date of retirement, that is:

- (i) Sufficient to accumulate to the value of the member's benefit at the time of retirement, and
- (ii) A constant percentage of the member's year by year projected covered pay.

Asset Valuation Method

The Actuarial Value of Assets is based on the market value with investment gains and losses smoothed over five (5) years. ~~At any time it may be either greater or less than Market Value. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.~~

Amortization Method

The amortization method is a level percentage of payroll. As part of the actuarial valuation prepared as of June 30th of each year, the Board shall have an actuary determine the amount of the unfunded accrued liability. On the basis of each such calculation of unfunded accrued liability, the Board shall have an actuary determine the level annual contribution required to discharge such amount over a period equal to the then-existing funding period calculated as of the same valuation (i.e. 11 years as of June 30, 2014) but in no event shall it be in excess of a fixed period of twenty (20) years beginning with the FY 2015 valuation, and thereafter not less than ten (10) years. Special consideration may apply to the amortization of any surplus (e.g., use of a longer amortization period).

Funding Target

The funding objective is to achieve 100% funding. For this purpose, 100% funding means that the Actuarial Value of Assets equals the Actuarial Accrued Liability.

Risk Management

The main financial objective of this funding policy is to fund the long-term costs of benefits provided to plan members and beneficiaries. There are numerous risks that OTRS faces in trying to achieve this objective including funding risk, demographic risk, investment risk, and benefit risk. The Board policies for managing these risks are outlined in this section.

Funding Risk

Frequency of Actuarial Valuations

Annual valuations manage funding risk by allowing employer contribution rates to reflect actual experience as it emerges.

Demographic and Investment Risk

Process for Reviewing and Updating Actuarial Assumptions

Demographic and investment risks may be managed in part by having regular reviews of the actuarial assumptions. The Board shall have the actuary make an actuarial investigation into the experience of OTRS at least once every five (5) years. If circumstances warrant, the Board may change assumptions more frequently based on the recommendation of the actuary.

The experience study report will serve as the basis for determinations by the Board regarding whether or not demographic or economic assumptions should be modified for future valuations.

Responding to Favorable/Unfavorable Investment Experience

~~Annual investment experience other than assumed is reflected in the valuation asset method described above.~~

Asset Liability Studies

The Board adopts an asset allocation based on recommendations from the Investment Consultant and investment staff. The asset allocation approved by the Board will reflect the results of an Asset Liability Study performed at least once in every five-year period, or more often, as recommended by System staff, and the Investment Consultant.

Risk Measures

In order to quantify the risks outlined in this actuarial funding policy, the following metrics will be included in annual valuation reports. These metrics provide quantifiable measurements of risk and its movement over time:

- i. Funded ratio (Actuarial Value of Assets divided by Actuarial Accrued Liability).
 - Measures progress towards the funding objective of the 100% target funded ratio.
- ii. Total Unfunded Actuarial Accrued Liability (UAAL) divided by Total Payroll
 - Measures the risk associated with contribution decreases relative impact on the ability to fund the UAAL. A decrease in this measure indicates a decrease in contribution risk.

- iii. Funding Period (Number of years forecasted to pay unfunded liability based on current revenue levels).
 - Measures the number of years by which a 100% funded ratio will be achieved regardless of the remaining amortization period.

Miscellaneous Matters Associated with Funding:

Overall Conformance with Professional Standards of Practice

The work of the actuary in connection with this policy shall conform to Actuarial Standards of Practice for public employee retirement plans promulgated by the Actuarial Standards Board and shall satisfy the requirements of applicable federal and state laws.

Continuation of Dedicated State Tax and Other Revenue

At the time of adoption of the initial Funding Policy, OTRS received dedicated state revenue in the form of statutorily prescribed percentages of State income tax, sales tax, tobacco taxes and Lottery revenue. This revenue has ensured that OTRS received funding that was close to, or exceeded, the Actuarial Required Contributions in past years. OTRS acknowledges that when it achieves 100% funding that these revenues might be decreased or eliminated if contribution revenue is sufficient.

Chapter 1 – Trustee Education Policy

Purpose

In order to permit Trustees to discharge their fiduciary duties under the Oklahoma Constitution and the laws and rules governing the System to act with care, skill, prudence, and diligence and to ensure that all Trustees have a full understanding of the issues facing Oklahoma Teachers Retirement System, the Board has adopted orientation and mentoring programs, mandatory fiduciary education and ethics training sessions; encourages education; and makes available appropriate periodicals to foster Trustee awareness of relevant developments. Participation on certain committees, including but not limited to the Investment Committee, may require educational development. The Annual Work plan for each committee will set forth educational requirements for the year.

Orientation of New Trustees

1. Attendance: Each new Trustee and designated representative shall attend an orientation session.
2. Timing for Orientation: The new Trustee (or designated representative) is urged to attend the orientation session before sitting at the first Board meeting as a voting member.
3. Development and Content: The orientation sessions will be developed by the Executive Director and will, at a minimum, include the following topics:
 - A. A brief history and overview of Oklahoma Teachers Retirement System, including the mission and purpose of the System
 - B. A summary of the laws and rules governing Oklahoma Teachers Retirement System and the Board
 - C. A summary of the Oklahoma Teachers Retirement System benefit structure
 - D. An overview of the role of the system actuary
 - E. An explanation of fiduciary responsibility, code of conduct, and ethics
 - F. An explanation of the strategic plan and the process
 - G. A high level review of existing Board policies
 - H. A briefing on current and emerging issues before the Board
 - I. A review of Board committees and their purposes
 - J. Biographical information on the other Trustees
 - K. A review of best practices for Board governance

- L. An introduction to Oklahoma Teachers Retirement System Executive Management team
 - M. A tour of the Oklahoma Teachers Retirement System offices, if practicable.
4. Materials: At or before the orientation session, the following documents will be made available to new members:
- A. A listing of names, addresses, and contact information for the Trustees
 - B. A listing of names, addresses, and contact information for Executive Management
 - C. The Trustee Handbook, which contains policies and committee charters
 - D. The strategic plan
 - E. A sample Board packet
 - F. A copy of the Oklahoma Open Meeting Act
 - G. A “Statement of Financial Interests” Form for filing with the Oklahoma Ethics Commission
 - H. Copies of Board and committee meeting minutes for the past twelve months
 - I. A list of upcoming recommended educational conferences
 - J. Any other relevant information or documents deemed appropriate by the Executive Director.

Mentoring

Any new Trustee may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board Chair will designate one experienced Trustee to be a mentor to the new Trustee for a period of one year. The mentor will contact the new Trustee at least once each calendar quarter, outside of regularly scheduled Board meetings, for consultation or discussion related to new Trustee orientation.

Ongoing Trustee Education

1. Educational Conferences: The Executive Director will maintain a list of educational conferences appropriate for Trustees and Trustees may attend any of these conferences subject to the Board’s travel expense policy. The Executive Director will regularly update this list when new educational opportunities arise.

The list will also be modified to reflect the evaluations from Trustees who have attended specific conferences to ensure that the conferences remain worthy of the Board’s time

and the System's expense. In considering out-of-state educational opportunities, Trustees should weigh the costs and benefits of travel versus locally based education.

2. In-House Education Sessions: Based on the personal education needs of the Trustees, the Executive Director will arrange for staff or outside service providers to conduct educational sessions throughout the year at regularly scheduled Board meetings or off-sites.
3. First Year: In the Trustees' first year of service on the Board, in addition to attending the orientation session, the Trustees are encouraged to attend one educational session or conference designed to give them a general understanding of the responsibilities of a public retirement system fiduciary.
4. Second Year: During the Trustees' second year of service on the Board, Trustees are encouraged to attend one educational session or conference designed to help them become proficient in performing their duties on Board committees.

~~5. Evaluation Form. Trustees must complete an Education Evaluation form upon completion of any educational conference and such form must be turned in with any request for reimbursement of expenses associated with the conference. A reimbursement will not be made without a completed Education Evaluation form. All Years: Trustees are encouraged to provide feedback to the entire Board on all conferences, seminars and educational events attended to enable other Trustees to gauge whether their attendance in the future may be beneficial.~~

Fiduciary Education Session

At least every two years the Executive Director will arrange for a fiduciary education session that will update the Trustees on issues affecting their service on the Board. Trustees and their designated representatives are expected to attend.

State Ethics Training

At least every two years the Executive Director will arrange for a training course on the requirements of the Oklahoma State Ethics Commission for the Trustees.

Retirement Industry Periodicals

Trustees are encouraged to subscribe to periodicals selected from a list of pension and investment-related periodicals maintained by the Executive Director. The expense for the periodicals will be paid by the System. The Executive Director will annually review and update this list with input from the Trustees.

Chapter 2 – Travel Expense Policy

Purpose

As fiduciaries, the Trustees must ensure that only reasonable and necessary expenses are incurred in the governance and management of the System. This is accomplished through the annual operating budget, which the staff proposes, the Board approves, and both monitor on a regular basis. In addition to the budget, the Board has adopted this Travel Expense Policy to provide more detail about the parameters for Board travel.

Required Travel

Travel is required to attend any publicly noticed meeting or offsite of the Oklahoma Teachers Retirement System Board. Public notice of a Board meeting serves as automatic prior approval of any Trustee or staff travel necessary to attend the meeting.

At times travel is also required to conduct specific business or to attend a specific event and represent the System in an official capacity. No prior approval is necessary for this type of travel.

Travel Related to Board Education

Travel may be required to attend seminars, conferences or educational classes as set forth in the Board's Educational Policy. Trustees are encouraged to take advantage of all relevant educational opportunities.

A budget for travel expenses (transportation, per diem, and lodging) will be established within the annual operating budget to cover reimbursement of travel expenses incurred in meeting educational goals as set forth in the Board's Educational Policy. The Board chair will be responsible for annually reviewing the budget; updating the members as to the status of the budget; and making any changes to the budget thereafter. In consultation with the Executive Director, the Board Chair will give final approval for all Trustee travel.

When a trustee would like to travel to an educational program and be reimbursed by OTRS they should consult with the Executive Director to ensure that sufficient funds are available in the travel budget. They also should coordinate with OTRS staff so that travel arrangements are made in a manner to permit so that full reimbursement is possible following under state travel policies.

Expenses are reimbursable under the System's fiscal requirements and must be disclosed and reported pursuant to those requirements. Additionally, ~~before reimbursement can be made, Trustees must submit a Conference Evaluation form relating to the specific seminar, conference, or education class they attended. The Conference Evaluation Form can be found in Attachment H below.~~ Trustees are encouraged to provide feedback to the entire Board on all conferences, seminars and educational events attended to enable other Trustees to gauge whether their attendance in the future may be beneficial.

Reimbursement for Travel Expenses

Oklahoma Teachers Retirement System shall pay for reasonable travel expenses in accordance with State regulations and guidelines, including actual transportation and related lodging and subsistence. While traveling, Trustees and staff may accept meals provided by third parties, subject to the threshold reporting requirements of the Oklahoma Ethics Commission. In these situations, per diem reimbursement for such meals cannot be claimed.

Submission of claims for reimbursement for all travel expenses shall be made on a timely basis but no later than the close of the fiscal year or as soon thereafter as reasonably possible and shall be accompanied by receipts. Claims for reimbursement shall be submitted on the form then in use by Oklahoma Teachers Retirement System and presented to the Executive Director.

~~In situations~~ Situations may arise where third parties offer payments, advances, or reimbursements for travel, including actual transportation and related lodging and subsistence to Oklahoma Teachers Retirement System Trustees or staff. Prior to accepting these payments, the Trustee or OTRS employee should have the arrangement reviewed and approved by OTRS legal counsel to insure that the payment is in accordance with ~~the acceptance of such payments will be handled on a case-by-case basis and in accordance with~~ applicable Oklahoma Ethics Commission laws and regulations. ~~For Trustees, prior approval must be given by the full Board.~~

Executive Director Travel

For budgetary purposes travel requests by the Executive Director also should be signed by the Director of Finance/CFO Assistant Director only to indicate that sufficient funds are in the budget to cover expected travel expenses. Each month the Executive Director will provide the Board Chair of the Trusteesman of the Board a detailed listing of all travel claims/reimbursements of the Executive Director that were processed the preceding month. For the Executive Director, prior approval must be given by the Board Chair or designee. For other staff, approval must be given by the Executive Director. Travel claims/reimbursements of the Executive Director will be given to the Board Chair for review in the month following the month travel occurred. on the date of the Board meeting in the month after the month in which the travel took place. The Executive Director must follow all state and OTRS travel policies and regulations.

Additional Disclosure Requirements

All Oklahoma Teachers Retirement System Trustees and staff are subject to the disclosure and reporting requirements of the System's Code of Conduct and Oklahoma Ethics Commission laws and regulations. Any Trustee or staff member who receives a gift of travel expenses (paid or reimbursed) or the actual transportation and related lodging and subsistence from any third party other than either the System or the State of Oklahoma has the responsibility to obtain prior approval pursuant to the "Reimbursement of Travel Expenses Policy" outlined above to ensure compliance with applicable laws and rules.

Absent compliance with State ethics laws and rules, receipt of actual transportation and related lodging and subsistence or any payment or reimbursement of the same to Trustees or Staff

regarding travel of any kind by third parties may subject the recipient to disqualification from participation in making decisions related to the third party. It is the recipient's responsibility to ensure that he or she does not engage in any action that places him or her in a conflict of interest. Trustees and staff are encouraged to confer with the Legal Counsel of Oklahoma Teachers Retirement System if they have questions concerning possible conflicts of interest.

ATTACHMENT II

Oklahoma Teachers Retirement System Conference Evaluation Form

Sponsoring Entity:	
Conference Name:	
Dates:	
Location:	
What topics or presentations were most interesting?	
What topics or presentations were least interesting?	
Were there any speakers that should present to the Board? If so, please list name(s):	
How would you rate the topics covered and the lineup of speakers?	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
How would you rate the facilities?	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
How would you rate the organization of the conference?	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
How would you rate the conference overall?	<input type="checkbox"/> Excellent <input type="checkbox"/> Good <input type="checkbox"/> Average <input type="checkbox"/> Fair <input type="checkbox"/> Poor
Would you recommend this conference?	<input type="checkbox"/> Yes <input type="checkbox"/> No

Board of Trustees Retreat Review

On August 25, 2015 the Board of Trustees held a Board retreat at the Credit Union House in Oklahoma City. The retreat began with an OTRS staff presentation overviewing agency functions, current issues, and successes. As the strategic planning session of the retreat began, the Board identified all OTRS stakeholders to be considered during the planning.

Stakeholders identified were:

1. Members
 - a. Current teachers
 - b. Retired teachers
2. Taxpayers of the State of Oklahoma
3. Business and industry
4. OTRS participating employers
5. Policymakers
6. Students and parents
7. OTRS Staff

Next, the Board reviewed common themes from customer and client feedback. These included:

1. Consistent reports of a high-level of satisfaction from members.
2. A dichotomy that some members believe they are given too much information from OTRS, while others believe they don't receive enough information.
3. Clients would like the ability to communicate with OTRS how they want to communicate and receive information relevant to them.
4. 40% of active members don't understand the basics about their OTRS retirement plan.
5. 87% of members contribute to a retirement plan outside of OTRS.

The Board then reviewed OTRS internal and external challenges. They were:

External:

1. Fewer teachers/teacher shortage
2. Educating new members/new hires
3. Defined benefit plan vs. defined contribution plan
4. Low interest rate environment forces OTRS into riskier positions

Internal:

1. Lack of an OTRS funding policy
2. Need to evaluate the OTRS assumed rate of return
3. OTRS Board commitment and development
4. Technology modernization and management
5. Administrative rules need updating

6. Statutory updates
7. Retirement process needs to be simplified
8. IT security and lack of OTRS control over IT in general

The Board then reviewed the strengths of OTRS, as well as the recent accomplishments. Those listed were:

1. Experienced and dedicated staff
2. OTRS administrative costs are low with a low number of employees
3. Improvements in management of the agency:
 - a. In-house General Counsel
 - b. External internal auditors
 - c. Chief Investment Officer
4. A renewed focus on legal compliance and best practices
5. Excellent investment strategies and investment advisors
6. Cohesiveness between Board and OTRS management (lack of conflict)
7. Staff is client service focused
8. RFP's for multiple service providers were successfully administered in the last year (Custodian Bank, Investment Advisor, External Auditor)
9. Near completion of Alice IT project
10. GASB 67/68 implementation
11. Legislative success
12. Additional pre-retirement seminars were conducted for clients
13. First ever PAFR issued
14. Multiple tax/pension plan issues successfully concluded
15. Strong internal audit program

Building upon the strengths identified, the Board isolated opportunities for further successes in the coming year. They were:

1. Enhance management/staff in IT to become more robust
2. Hire a public relations/communications vendor
3. Update rules and statutes
4. Educate new teachers/employees about OTRS when they begin employment
5. Increase financial modeling on the part of the Investment Committee and full board (including evaluation of the assumed rate of return, funding policy, and actuarial assumptions)
6. Strengthen Board involvement, commitment, and relationships
7. Governance Committee scope of work
8. Begin the process of finding new offices for OTRS either through a building purchase or a lease
9. Develop and implement a competitive compensation plan for OTRS staff

It was then discussed on who would take the lead on the projects identified above. It was discussed that the Board would be responsible for taking the lead on numbers 5, 6 and 7, and the others would best be initiated by Staff.

Lastly, it was discussed how it would be decided if these projects, goals, and opportunities had been achieved. Tangible result metrics that were identified were:

1. Monthly and yearly reports such as financial statements, actuarial reports, client services report.
2. Member surveys and authentic assessments

FY 20176 - 20210 Strategic Plan

For

Teachers Retirement System

as of:

October~~September~~ 21-24, 20154

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~~ Judie Harris, Secretary

~~Elaine Dodd~~ James Dickson

Roger Gaddis

Jill Geiger, Designee of Preston Doerflinger

Judie Harris

Dr. Phillip V. Lewis

~~Kevin Moore~~ Stewart E. Meyers, Jr.

Lance Nelson, Designee of Joy Hofmeister

~~Myron Pope~~ Andrew Oster

Billie Stephenson

Dr. Gary L. Trennepohl

Dr. Greg Winters, Designee of Marcie Mack

Agency Management/Division/Program Directors

Title

Name

~~Interim~~ Executive Director

Tom Spencer

General Counsel

Julie Ezell

Director of Finance/CFO ~~Comptroller~~

Sam Moore ~~Riley Shaul~~

Director of Client Services

Dixie L. Moody

Director of Human Resources

Kim Bold

Chief Investment Officer

Kirk Stebbins

Describe the strategic planning process followed by the agency.

The Board and sSenior management held a planning retreat on August 25, 2015. The Board and staff discussed several current issues with the goal of updating the FY 2016-2020 Strategic Plan adopted last year. 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. An outside facilitator was used to guide the discussion and keep the participants on schedule. The morning was devoted to a staff review of the duties and responsibilities of each division. A brief review of the existing Strategic Plan was conducted. The Board and staff identified stakeholders of OTRS and reviewed the last client surveys that were done a few years ago. Current external and internal challenges were also discussed. The afternoon discussion was used to identify and discuss Strengths, Opportunities, Aspirations and how to determine Results at OTRS. Several new action plans were discussed that will meet the goals of the System. The Board of Trustees reviewed a draft of the Revised Strategic Plan at the ~~October~~August meeting and adopted the final Plan at ~~that time 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 d~~Downturns in the national and global markets five and six years ago ~~were followed by rebounding-~~ investment returns ~~in the last several have rebounded nicely in recent~~ years. During FY 2015, equity markets started to retreat and OTRS ended up with a disappointing 3.5% return. With iInterest rates remain at historic lows with the Federal Reserve talking about gradually raising rates. ~~it~~ 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 ~~portfolioequity 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. With state revenue shortfalls occurring in recent years, there are some legislators talking about reducing the amount of dedicated revenue to OTRS.

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~~147,976 members and an optional defined contribution plan to approximately ~~3,783~~ 3,583 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. Enhancements to Alice were authorized in the fall of 2013 and 2015. OTRS now has a fully functioning and include the client portal which gives access to a great deal of account information to active and retired clients.

F. Market/Customers: During the past ten years, the number of active members has increased ~~6.22.7%~~, while the number of retirees has increased ~~38.340.9%~~. Annual benefit payments have increased from ~~\$701.727~~ million to ~~\$1.0771.2~~ 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~~has 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~~11 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%~~3.7% per year. The average increase in active members has been ~~0.95%~~0.94% 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 ~~and 0.1% in FY 2015~~. 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 Risk-Adjusted Returns
- Secure Adequate Revenue to Improve the Funded Status of the Plan
- Develop an Efficient, Knowledgeable Professional Team (Staff & Board)
- Enhance and Modernize IT Capabilities and Services

The System includes five general goals, ~~five~~seven performance measures, and ~~eight~~eleven 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 ~~educational entities~~local school districts, dedicated revenue from the state of Oklahoma and investment income. The System is seriously underfunded with total assets representing approximately ~~63~~0% of future liabilities. Although investment returns have consistently been above the median for public pension plans, a continuation of the dedicated state tax and other revenues~~n influx of new monies would~~will 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~~1.2 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~~ the trust assets in the Plan. 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 Risk-adjusted Returns and Manage the Assets of the Plan Prudently.
- Goal # 3: Secure Adequate Revenue to Improve the Funded Status of the Plan
- Goal #4: Develop an Efficient, Knowledgeable Professional Team (Staff and Board)
- Goal #5: Enhance and Modernize 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-201 <u>5</u> 4 0%	FY-201 <u>6</u> 5 <u>25</u> 0%	FY-201 <u>7</u> 6 <u>25</u> 0%
		FY-201 <u>8</u> 7 <u>50</u> +00%

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 201~~6~~⁵).
- Benchmark what other retirement systems across the country are surveying and their methodology (July 201~~6~~⁵).
- Establish a timeline and communications plan for the rollout of each survey (November 201~~6~~⁵).
- Calculate the number of completed responses to obtain statistically valid response data (March 201~~7~~⁶).
- 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. 201~~7~~⁶).
- Initiate process of survey development (July 201~~8~~⁷).

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. Most statements will be provided online to clients through the Client Portal.

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

Statements will be mailed out by the end of calendar 2015
Statements will be available on the Client Portal by fall of 2016

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 Shaul~~Sam Moore, and Susan Yingling

The first PAFR for FY 2014 was published in May 2015. Subsequent PAFRs will be published no later than the January following each fiscal year end.

Action Plan #4: Establish “onboarding” seminars for new clients.

KPM: Completion time for implementing the project.

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
<u>FY-2015</u>	<u>0%</u>	<u>FY-2016</u>	<u>10%</u>	<u>FY-2017</u>	<u>70%</u>
				<u>FY-2018</u>	<u>20%</u>

Introduction: TRS will create an “onboarding” education program to provide basic information to new TRS clients that explains TRS pension benefits as well as the ability to save more for retirement through a 403(b) plan.

- Develop curriculum and content for onboarding presentation (December 2016).
- Research the most efficient delivery methods for the presentation including cost of additional personnel, travel and other necessary expenditures (March 2017).
- Hire personnel and train them how to communicate with new clients (July 2017).
- If live presentations are not feasible, pursue online capabilities. (See Action Plan #11)

Implementation Team: Leader: Dixie Moody Team Members: Lisa Giles, and Debra Schmitt,

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Action Plan #5: Engage in continuous work process simplification to reduce costs and deliver services more quickly

Description: Improving efficiency at TRS should be a continuous process. It takes the cooperation and coordination of TRS management and all TRS divisions including internal auditors and legal counsel. No single individual is responsible for these activities, but a single staff coordinator should be identified. This individual should have a demonstrated background in analyzing and implementing work process improvements and efficiencies, as well as project management.

Implementation Team: Leader: Debra Plog Team Members: Sam Moore, Dixie Moody and OMES I.T. staffer.

GOAL #2: Achieve Superior Risk-Adjusted Returns and Manage the Assets of the Plan Prudently.

Action Plan #64: Maintain investment policies to maximize investment performance.

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 at least the actuarial assumed return of 8%. Our goal is to remain in the top quartile when measured against investment returns of public pension plans of similar size.

Persons Responsible
Board of Trustees

Date
Continual

Executive Director
 Chief Investment Officer
 TRS Investment Consultant

Action Plan #7 Establish a subcommittee or working group to study the possible acquisition of an office building that will provide a “permanent” home for OTRS and to produce a good return on the investment.

KPM: Completion time to develop strategy and recommendation to acquire an office building.

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
<u>FY-2015</u>	<u>0%</u>	<u>FY-2016</u>	<u>25%</u>	<u>FY-2017</u>	<u>50%</u>
				<u>FY-2018</u>	<u>80%</u>
				<u>FY-2019</u>	<u>100%</u>

Action Plan:

- Research office building options chosen by other retirement systems including renting or purchasing an existing building (June 2016).
- Employ appropriate consultant to advise the Board on the most cost-effective option (August 2016).
- If the decision is made to acquire an office building, conduct site selection for best location (February 2017).
- Make an offer on a building (August 2017).
- Close on existing building (January 2018).

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GOAL # 3: Secure Adequate Revenue to Improve the Funded Status of the Plan

Action Plan #85: 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 from 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)

<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
<u>FY-2015</u>	<u>57%</u>	<u>FY-2016</u>	<u>6266%</u>	<u>FY-2017</u>	<u>664%</u>
				<u>FY-2018</u>	<u>686%</u>
				<u>FY-2019</u>	<u>7068%</u>
				<u>FY-2020</u>	<u>729%</u>
				<u>FY-2021</u>	<u>724%</u>

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

GOAL #4: Develop an Efficient, Knowledgeable Professional Team (Staff & Board)

Action Plan #96: 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-201 <u>54</u> <u>107</u> 5%	FY-201 <u>65</u> 80%	FY-201 <u>76</u> 85%
		FY-201 <u>87</u> 90%
		FY-201 <u>98</u> 95%
		FY-20 <u>2019</u> 100%

Implementation Team: *Leader:* Kim Bold *Team Members:* Dixie Moody, ~~Sam Moore~~Riley Shaulh, and ~~Kirk Stebbins~~Chief Investment Officer

GOAL #5: Enhance and Modernize IT Capabilities and Services

Action Plan #107: 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-201 <u>54</u> 0%	FY-201 <u>65</u> <u>12</u> 0%	FY-201 <u>76</u> 60%
		FY-201 <u>87</u> 80%
		FY-201 <u>89</u> 90%
		FY-20 <u>2019</u> 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~~June 20165).
- Prioritize business processes, determine which processes, if lost, create a high, medium or low impact on the business (~~July~~September 20165).

- 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~~February 2017~~5~~).
- 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~~April 2016~~7~~).
- Determine space requirements for all staff functions (~~July~~August 2017~~6~~).
- 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 2018~~7~~).
- Acquire hot site or cold site (September 2018~~7~~).

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

Action Plan #118: 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. Develop onboarding presentation online to describe basic information about TRS benefits to new clients.

KPM: Percentage of project completion for full implementation.

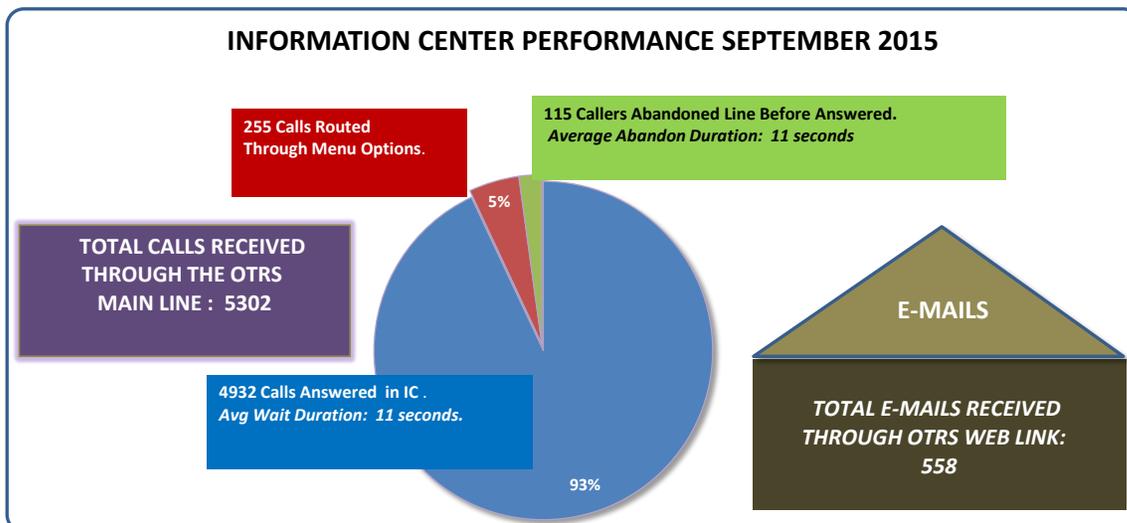
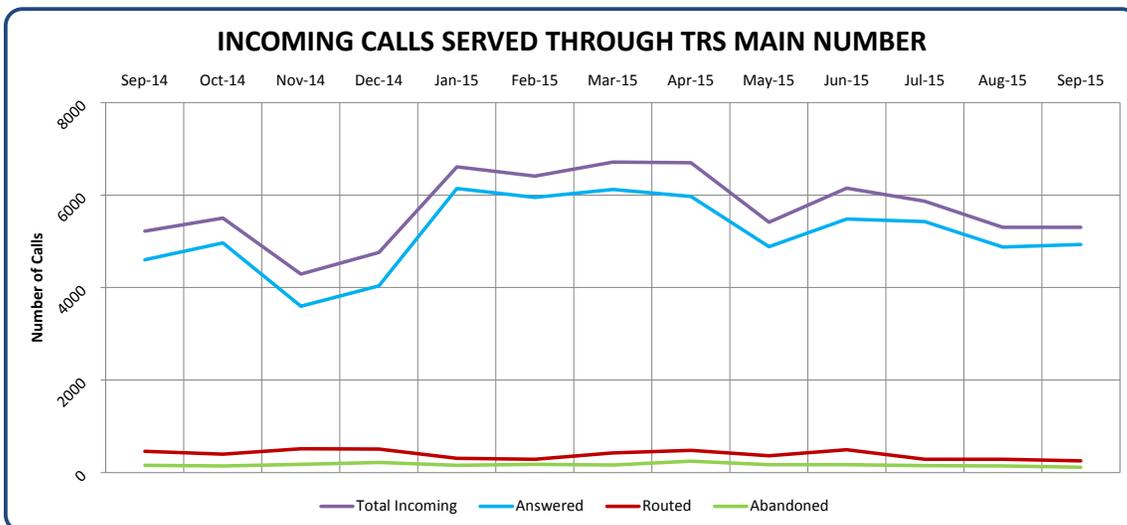
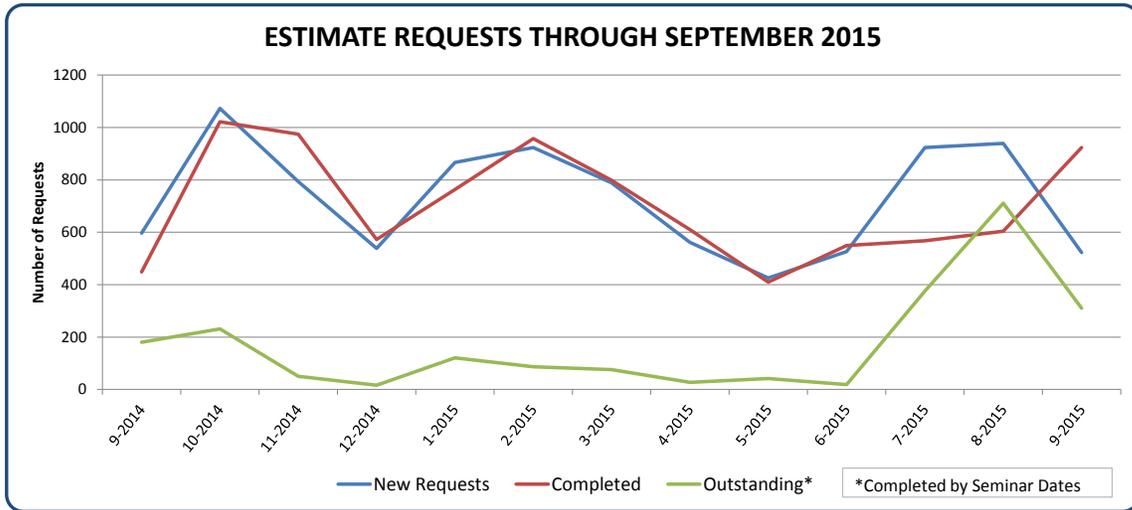
<u>Actual</u>		<u>Budgeted</u>		<u>Estimated</u>	
FY-2015 4	0%	FY-2016 5	2 0%	FY-2016 7	10 0%
				<u>FY-2018</u>	<u>100%</u>

Action Plan:

- Research capability of providing online ~~training~~ videos (January 2015~~6~~ – July 2016~~5~~).
- Identify software application (~~October~~January 2016).
- Modify content to suit the chosen medium (by January~~July~~ 2017~~6~~).
- Produce and/or purchase products (by March~~January~~ 2017).
- Complete implementation of pre-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 onboarding video~~training files~~ and test (November 2014~~7~~ through March 2018~~2~~).
- Provide onboarding videos online~~training files on agency Intranet~~ (June~~April~~ 2018~~2~~).

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

CLIENT SERVICES PERFORMANCE METRICS THROUGH SEPTEMBER 2015





OKLAHOMA TEACHERS RETIREMENT SYSTEM

PO BOX 53524 OKLAHOMA CITY, OKLAHOMA 73152
(405) 521-2387 OR TOLL FREE (877) 738-6365

Monthly Retirement Status Report

(Amended for September 1, 2015)

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Normal	1	\$6,582.65	\$6,582.65	41.17	65
Q0047178		\$6,582.65	\$6,582.65	41.17	65



OKLAHOMA TEACHERS RETIREMENT SYSTEM

PO BOX 53524 OKLAHOMA CITY, OKLAHOMA 73152
(405) 521-2387 OR TOLL FREE (877) 738-6365

Monthly Retirement Status Report

October 1, 2015

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Disability	5	\$3,713.19	\$742.64	14.70	55.20
Normal	122	\$174,917.81	\$1,433.75	19.56	62.26
Total	127	\$178,631.00	\$1,406.54	19.36	61.98
Terminated Annuities	116	(\$162,134.92)	1397.71	25.19	81.10

NORMAL RETIREMENTS		From 10/1/2015 to 10/1/2015			
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0140393	47	69	10/1/2015	105778	\$3,693.45
Q0237836	33	62	10/1/2015	105689	\$3,023.33
Q0288003	8	65	10/1/2015	105763	\$200.38
Q0214553	17	63	10/1/2015	105536	\$1,419.32
Q0235774	18	62	10/1/2015	105657	\$1,284.89
Q0033030	29	59	10/1/2015	105737	\$2,139.65
Q0296832	7	62	10/1/2015	105652	\$691.44
Q0163722	21	61	10/1/2015	105900	\$1,195.33
Q0035622	10	62	10/1/2015	105779	\$292.43
Q0020078	13	62	10/1/2015	105686	\$753.50
Q0018153	10	64	10/1/2015	105701	\$573.08
Q0108927	23	56	10/1/2015	105866	\$1,071.33
Q0245635	8	62	10/1/2015	105690	\$320.11
Q0108838	30	52	10/1/2015	105933	\$1,986.45
Q0051688	8	55	10/1/2015	105901	\$82.45
Q0239916	25	62	10/1/2015	105759	\$1,831.72
Q0020189	10	62	10/1/2015	105517	\$732.79
Q0232691	10	62	10/1/2015	105764	\$334.97
Q0088132	22	61	10/1/2015	105791	\$1,836.39
Q0166378	37	57	10/1/2015	105594	\$2,567.45
Q0260525	13	62	10/1/2015	105902	\$1,413.97
Q0085726	27	64	10/1/2015	105692	\$1,901.17
Q0144391	21	61	10/1/2015	105554	\$1,670.83
Q0091469	29	53	10/1/2015	105903	\$2,263.04
Q0302919	8	63	10/1/2015	105765	\$215.28
Q0259735	30	68	10/1/2015	105613	\$3,019.87
Q0163139	26	56	10/1/2015	105702	\$1,945.91
Q0047560	7	67	10/1/2015	105738	\$360.40
Q0070230	10	55	10/1/2015	105693	\$107.86
Q0037871	35	54	10/1/2015	105573	\$1,913.33
Q0297868	5	62	10/1/2015	105488	\$332.24
Q0224057	11	63	10/1/2015	105766	\$498.86
Q0159662	17	69	10/1/2015	105731	\$1,213.19
Q0102809	13	68	10/1/2015	105904	\$437.30
Q0038544	32	66	10/1/2015	105767	\$2,900.87
Q0197820	21	68	10/1/2015	105956	\$492.38
Q0061742	43	73	10/1/2015	105703	\$4,735.69
Q0110324	29	56	10/1/2015	105639	\$2,076.14
Q0163411	10	63	10/1/2015	105695	\$546.35
Q0122013	14	66	10/1/2015	105574	\$909.77
Q0105515	12	63	10/1/2015	105575	\$590.44
Q0104213	14	62	10/1/2015	105768	\$930.32
Q0009343	10	55	10/1/2015	105796	\$367.19
Q0201769	17	60	10/1/2015	105739	\$635.41
Q0105920	35	62	10/1/2015	105640	\$3,240.77
Q0215182	17	62	10/1/2015	105958	\$1,553.89
Q0198877	16	65	10/1/2015	105770	\$694.20
Q0067143	26	63	10/1/2015	105959	\$1,806.69

Q0014410	10	64	10/1/2015	105641	\$471.78
Q0087492	28	60	10/1/2015	105771	\$1,903.52
Q0212158	26	55	10/1/2015	105887	\$2,491.96
Q0145895	28	60	10/1/2015	105707	\$2,227.75
Q0315360	5	66	10/1/2015	105761	\$79.23
Q0251995	10	63	10/1/2015	105595	\$653.76
Q0167118	22	59	10/1/2015	105694	\$1,367.27
Q0049944	19	58	10/1/2015	105826	\$765.74
Q0238955	33	69	10/1/2015	105832	\$2,942.71
Q0257591	26	67	10/1/2015	105705	\$1,531.22
Q0281929	9	63	10/1/2015	105706	\$714.88
Q0164878	21	59	10/1/2015	105547	\$1,997.41
Q0183144	36	63	10/1/2015	105772	\$2,601.35
Q0048188	24	62	10/1/2015	104924	\$2,441.65
Q0284405	6	68	10/1/2015	105773	\$851.15
Q0148388	34	56	10/1/2015	105774	\$2,044.33
Q0287320	9	63	10/1/2015	105742	\$496.58
Q0032869	14	62	10/1/2015	105638	\$736.76
Q0255378	34	75	10/1/2015	105800	\$1,146.26
Q0233040	24	65	10/1/2015	105629	\$537.54
Q0256015	6	63	10/1/2015	105508	\$1,195.83
Q0125674	18	61	10/1/2015	105746	\$1,381.60
Q0065820	6	66	10/1/2015	105628	\$311.59
Q0162251	24	63	10/1/2015	105569	\$1,804.17
Q0203498	36	60	10/1/2015	105896	\$2,972.34
Q0253693	29	59	10/1/2015	105736	\$3,006.43
Q0202905	10	62	10/1/2015	103431	\$253.70
Q0228730	12	71	10/1/2015	105749	\$1,094.89
Q0047392	22	62	10/1/2015	105753	\$796.30
Q0201959	37	59	10/1/2015	105618	\$3,820.03
Q0279655	8	65	10/1/2015	105678	\$553.34
Q0123790	25	65	10/1/2015	105521	\$1,606.90
Q0215895	11	63	10/1/2015	105821	\$1,033.16
Q0091716	26	54	10/1/2015	105138	\$1,866.58
Q0277478	11	66	10/1/2015	105819	\$735.30
Q0144584	10	62	10/1/2015	105566	\$924.92
Q0016136	14	62	10/1/2015	105804	\$1,096.74
Q0037255	6	63	10/1/2015	105683	\$120.50
Q0034334	16	62	10/1/2015	103173	\$844.01
Q0072111	29	52	10/1/2015	103507	\$2,069.34
Q0201691	24	64	10/1/2015	105733	\$1,067.63
Q0128869	26	55	10/1/2015	104513	\$2,472.19
Q0288235	9	63	10/1/2015	105784	\$1,175.84
Q0224290	24	59	10/1/2015	105820	\$1,744.85
Q0229023	38	62	10/1/2015	105568	\$2,563.92
Q0147429	31	60	10/1/2015	105610	\$1,705.57
Q0232696	35	63	10/1/2015	105741	\$6,301.24
Q0306874	6	66	10/1/2015	105542	\$136.21
Q0252647	12	65	10/1/2015	105762	\$501.68
Q0250510	18	62	10/1/2015	105824	\$1,212.33
Q0150109	29	51	10/1/2015	105543	\$3,171.20
Q0281316	7	87	10/1/2015	105752	\$142.79
Q0187152	28	52	10/1/2015	105740	\$2,256.89
Q0085849	8	65	10/1/2015	105760	\$796.13

Q0226757	20	67	10/1/2015	105654	\$2,104.33
Q0277107	10	62	10/1/2015	105656	\$840.65
Q0246352	28	54	10/1/2015	105531	\$3,052.85
Q0083822	41	71	10/1/2015	105599	\$2,215.33
Q0088476	11	61	10/1/2015	105786	\$671.26
Q0288331	9	70	10/1/2015	105509	\$524.84
Q0149049	28	53	10/1/2015	105883	\$3,379.93
Q0013200	6	62	10/1/2015	105507	\$529.13
Q0300485	7	65	10/1/2015	105696	\$158.56
Q0007796	15	62	10/1/2015	105957	\$1,546.98
Q0085186	19	63	10/1/2015	105801	\$1,690.59
Q0163285	12	61	10/1/2015	105751	\$598.09
Q0280745	8	62	10/1/2015	105557	\$475.00
Q0162399	31	65	10/1/2015	105635	\$1,929.63
Q0118070	11	73	10/1/2015	105549	\$541.53
Q0162572	34	63	10/1/2015	105785	\$3,119.93
Q0232368	22	62	10/1/2015	105790	\$1,470.32
Q0203633	27	58	10/1/2015	105590	\$2,066.03
Q0240186	20	62	10/1/2015	105431	\$1,422.10
Q0211193	20	60	10/1/2015	105789	\$1,037.92
Averages	19.56	62.26			
			Totals	122	\$1,433.75
					\$174,917.81

DISABILITY RETIREMENTS			From 10/1/2015 to 10/1/2015		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0297897	12	53	10/1/2015	D105926	\$704.64
Q0071238	13	55	10/1/2015	D105924	\$730.06
Q0169314	14	51	10/1/2015	D105925	\$902.30
Q0107360	15	58	10/1/2015	D105923	\$919.79
Q0146643	19	59	10/1/2015	D105927	\$456.40
Averages	14.70	55.20			
			Totals	5	\$742.64
					\$3,713.19

TERMINATIONS

From 9/1/2015 to 9/30/2015

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	36	104	8/24/2015	9/1/2015	013632	\$1,601.46
Deceased	33	102	8/18/2015	9/1/2015	015010	\$1,644.67
Deceased	35	100	8/26/2015	9/1/2015	015113	\$1,449.97
Deceased	31	100	8/11/2015	9/1/2015	015307	\$1,310.83
Deceased	33	101	8/2/2015	9/1/2015	015879	\$1,543.83
Deceased	31	98	8/25/2015	9/1/2015	018233	\$606.69
Deceased	17	96	8/31/2015	9/1/2015	018912	\$707.84
Deceased	38	96	8/2/2015	9/1/2015	018974	\$1,659.19
Deceased	36	100	8/15/2015	9/1/2015	019952	\$1,833.55
Deceased	24	95	8/18/2015	9/1/2015	020330	\$846.47
Deceased	31	93	8/15/2015	9/1/2015	022003	\$769.18
Deceased	34	89	8/27/2015	9/1/2015	022690	\$848.67
Deceased	15	86	8/4/2015	9/1/2015	023081	\$450.38
Deceased	26	85	8/12/2015	9/1/2015	023545	\$1,302.68
Deceased	16	92	8/23/2015	9/1/2015	023568	\$662.34
Deceased	24	99	8/9/2015	9/1/2015	023739	\$1,199.01
Deceased	35	85	8/25/2015	9/1/2015	024149	\$1,006.59
Deceased	35	91	8/7/2015	9/1/2015	024380	\$2,147.24
Deceased	32	88	8/9/2015	9/1/2015	024942	\$875.36
Deceased	25	87	8/16/2015	9/1/2015	025487	\$1,552.97
Deceased	22	88	8/27/2015	9/1/2015	026228	\$1,366.62
Deceased	25	94	8/30/2015	9/1/2015	026386	\$1,145.74
Deceased	41	91	8/24/2015	9/1/2015	026533	\$2,094.21
Deceased	38	89	8/26/2015	9/1/2015	026646	\$1,959.98
Deceased	33	83	8/6/2015	9/1/2015	026954	\$922.85
Deceased	29	86	8/6/2015	9/1/2015	027465	\$1,661.34
Deceased	12	91	8/15/2015	9/1/2015	027542	\$165.96
Deceased	20	85	8/25/2015	9/1/2015	027935	\$567.92
Deceased	17	88	8/17/2015	9/1/2015	028354	\$762.81
Deceased	37	90	8/7/2015	9/1/2015	028618	\$2,427.62
Deceased	24	85	8/12/2015	9/1/2015	028630	\$1,613.58
Deceased	25	86	8/24/2015	9/1/2015	029105	\$1,753.38
Deceased	30	81	8/17/2015	9/1/2015	029182	\$1,706.12
Deceased	43	89	8/30/2015	9/1/2015	029296	\$3,483.20
Deceased	17	93	8/26/2015	9/1/2015	029745	\$300.79
Deceased	14	95	8/19/2015	9/1/2015	030265	\$570.83
Deceased	22	85	8/6/2015	9/1/2015	031948	\$1,117.62
Deceased	33	79	8/11/2015	9/1/2015	032208	\$2,476.98
Deceased	30	87	8/3/2015	9/1/2015	032813	\$1,967.45
Deceased	39	89	8/27/2015	9/1/2015	033007	\$3,059.59
Deceased	14	85	8/8/2015	9/1/2015	033480	\$323.63
Deceased	29	80	8/25/2015	9/1/2015	033549	\$849.54
Deceased	20	85	8/9/2015	9/1/2015	033618	\$1,373.25
Deceased	24	86	8/16/2015	9/1/2015	033629	\$1,434.41
Deceased	23	84	8/24/2015	9/1/2015	033799	\$991.68
Deceased	26	89	8/24/2015	9/1/2015	033946	\$1,984.58
Deceased	29	91	8/21/2015	9/1/2015	034100	\$1,922.03
Deceased	29	79	8/14/2015	9/1/2015	034574	\$2,286.61
Deceased	30	88	8/9/2015	9/1/2015	034752	\$2,358.25
Deceased	17	88	8/17/2015	9/1/2015	034824	\$867.57

Deceased	21	85	8/23/2015	9/1/2015	035089	\$1,047.08
Deceased	40	83	8/2/2015	9/1/2015	035450	\$3,169.24
Deceased	24	83	8/2/2015	9/1/2015	035451	\$440.89
Deceased	10	85	8/12/2015	9/1/2015	035488	\$434.32
Deceased	12	85	8/30/2015	9/1/2015	035995	\$357.51
Deceased	39	87	8/24/2015	9/1/2015	036294	\$3,054.47
Deceased	26	89	8/17/2015	9/1/2015	036403	\$573.36
Deceased	28	82	8/19/2015	9/1/2015	036719	\$1,600.43
Deceased	16	84	8/5/2015	9/1/2015	037421	\$338.81
Deceased	31	73	8/14/2015	9/1/2015	037427	\$1,311.51
Deceased	27	75	8/26/2015	9/1/2015	037463	\$2,085.20
Deceased	13	80	8/11/2015	9/1/2015	038088	\$246.74
Deceased	26	86	8/14/2015	9/1/2015	038135	\$1,549.43
Deceased	26	80	8/5/2015	9/1/2015	038467	\$1,926.15
Deceased	30	72	8/23/2015	9/1/2015	038755	\$2,021.96
Deceased	26	81	8/16/2015	9/1/2015	039063	\$2,023.51
Deceased	17	76	8/21/2015	9/1/2015	039396	\$587.24
Deceased	11	78	8/20/2015	9/1/2015	039494	\$573.09
Deceased	11	82	8/29/2015	9/1/2015	041290	\$438.40
Deceased	41	77	8/20/2015	9/1/2015	041413	\$1,688.77
Deceased	27	77	8/20/2015	9/1/2015	042340	\$1,843.16
Deceased	28	75	8/7/2015	9/1/2015	044426	\$2,108.29
Deceased	46	82	8/27/2015	9/1/2015	045598	\$3,224.58
Deceased	10	83	8/24/2015	9/1/2015	045810	\$232.40
Deceased	18	80	8/14/2015	9/1/2015	046192	\$322.10
Deceased	24	73	8/29/2015	9/1/2015	046963	\$1,454.82
Deceased	13	80	8/31/2015	9/1/2015	048772	\$424.78
Deceased	30	70	8/6/2015	9/1/2015	050121	\$2,018.52
Deceased	21	73	8/15/2015	9/1/2015	052660	\$1,583.00
Deceased	38	80	8/28/2015	9/1/2015	052987	\$2,557.48
Deceased	29	70	8/23/2015	9/1/2015	054133	\$1,954.87
Deceased	17	75	8/10/2015	9/1/2015	054383	\$1,122.26
Deceased	29	75	8/13/2015	9/1/2015	054476	\$2,119.99
Deceased	14	80	8/26/2015	9/1/2015	055842	\$513.95
Deceased	45	86	8/10/2015	9/1/2015	055884	\$3,174.88
Deceased	13	80	8/25/2015	9/1/2015	056703	\$713.37
Deceased	26	83	8/4/2015	9/1/2015	058107	\$590.61
Deceased	23	74	8/30/2015	9/1/2015	058219	\$1,133.73
Deceased	5	79	8/3/2015	9/1/2015	058545	\$143.81
Deceased	40	75	8/11/2015	9/1/2015	060468	\$2,932.16
Deceased	35	75	8/7/2015	9/1/2015	064760	\$2,766.18
Deceased	30	62	8/10/2015	9/1/2015	066338	\$1,222.71
Deceased	26	71	8/9/2015	9/1/2015	067201	\$497.83
Deceased	14	76	8/7/2015	9/1/2015	068377	\$368.00
Deceased	28	70	8/22/2015	9/1/2015	068862	\$790.00
Deceased	24	72	8/25/2015	9/1/2015	069925	\$591.48
Deceased	40	69	8/22/2015	9/1/2015	070678	\$2,161.61
Deceased	28	73	8/15/2015	9/1/2015	072231	\$1,057.79
Deceased	30	60	8/15/2015	9/1/2015	073566	\$927.90
Deceased	12	67	8/15/2015	9/1/2015	074533	\$678.00
Deceased	20	66	8/8/2015	9/1/2015	075224	\$1,508.57
Deceased	7	62	8/26/2015	9/1/2015	075694	\$229.47
Deceased	33	69	8/9/2015	9/1/2015	078213	\$2,397.58
Deceased	8	68	8/6/2015	9/1/2015	093019	\$506.12

Deceased	39	63	8/13/2015	9/1/2015	095029	\$6,772.40
Deceased	10	80	8/14/2015	9/1/2015	099853	\$677.07
Deceased	31	63	8/23/2015	9/1/2015	100632	\$3,109.07
Deceased	32	62	8/23/2015	9/1/2015	103211	\$1,939.17
Deceased	12	61	8/5/2015	9/1/2015	103544	\$1,055.13
Deceased	29	59	8/7/2015	9/1/2015	105089	\$2,932.39
Deceased	11	106	8/29/2015	9/1/2015	B01224	\$194.89
Deceased	12	58	8/24/2015	9/1/2015	D01280	\$360.44
Deceased	15	68	8/28/2015	9/1/2015	D01840	\$780.90
Deceased	22	54	8/10/2015	9/1/2015	D03238	\$982.08
Deceased	13	62	8/28/2015	9/1/2015	D102883	\$1,370.30
Deceased	11	50	8/26/2015	9/1/2015	D103065	\$1,085.91
Averages	25.19	81.10				\$1,397.71
				Totals	116	\$162,134.92



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

HR STATUS REPORT
10/21/2015

HR STATUS REPORT

• **New Hires (September 2015):**

Employee: 110118
Title: Chief Investment Officer
Salary: \$175,000
Effective: 09/28/2015

• **Resignations/Terminations/Retirements (September 2015):**

n/a

• **Promotions (September 2015):**

n/a

MISCELLANEOUS PAYMENTS

• **Severance Payments:**

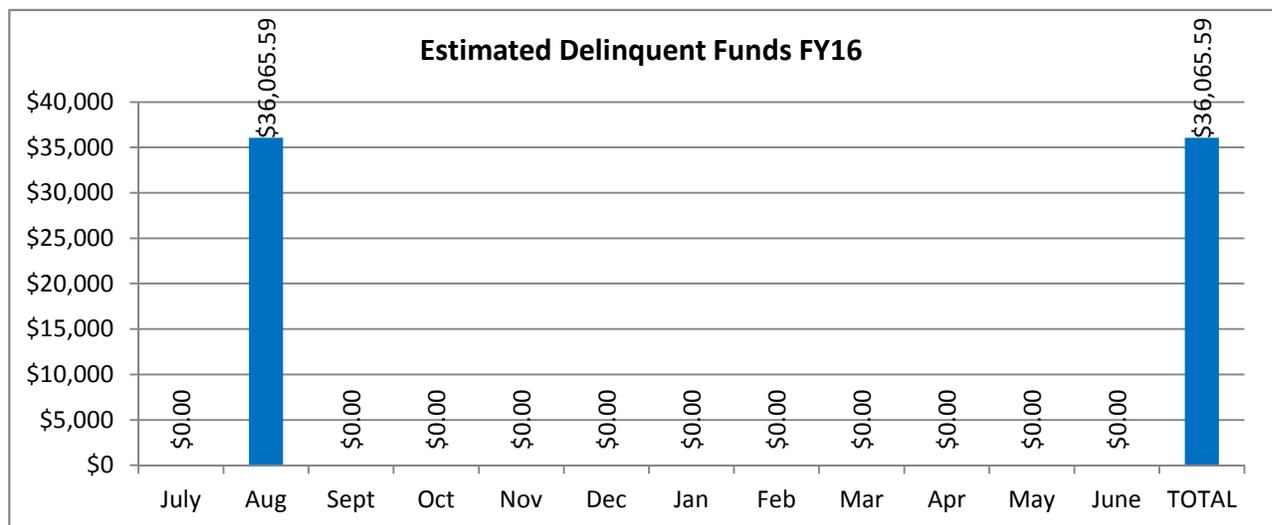
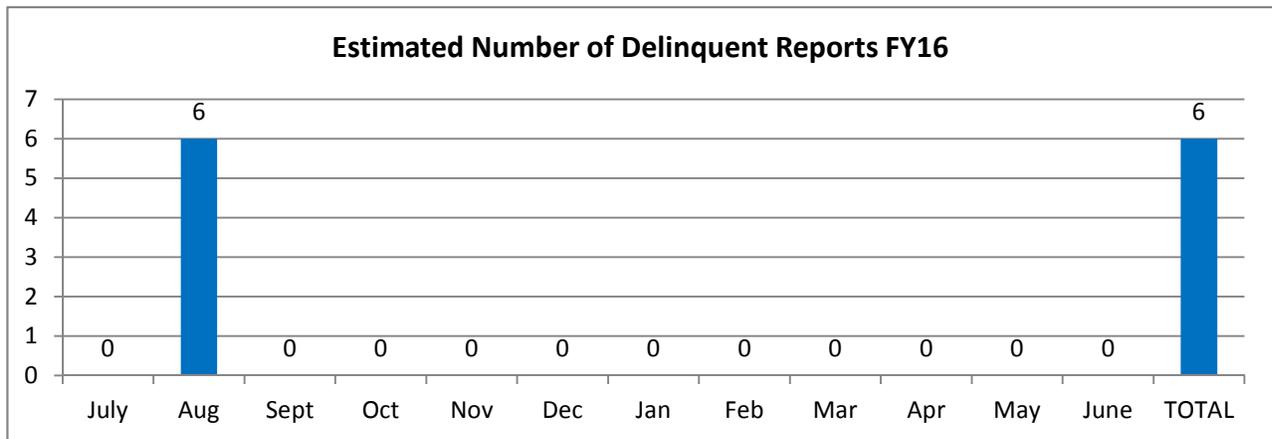
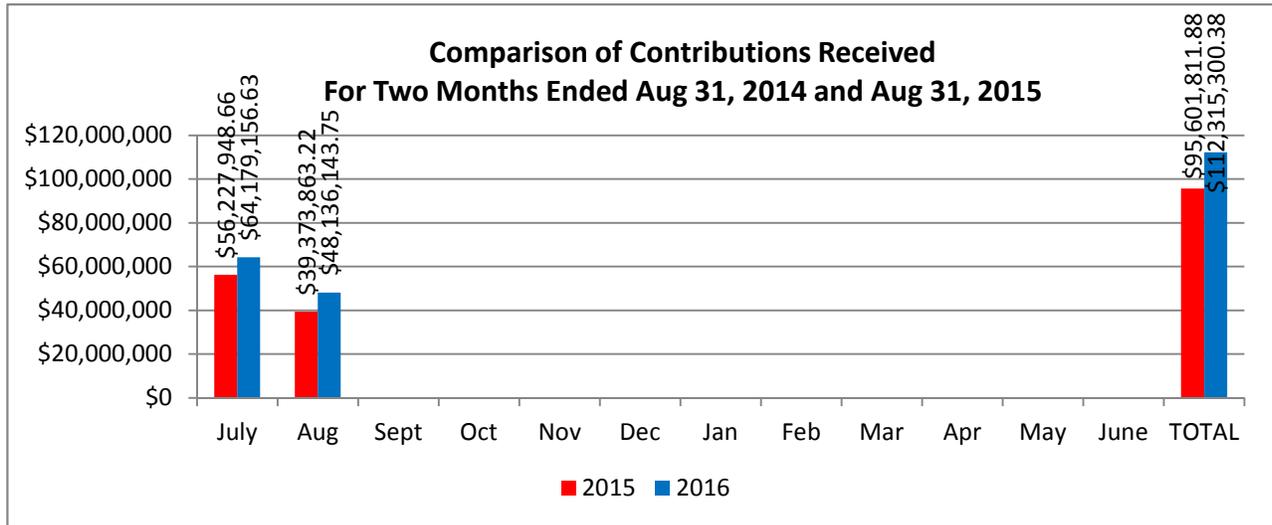
n/a

NEW HIRES, RESIGNATIONS, RETIREMENTS OR OTHER CHANGES PENDING

- n/a

Employer Reporting

Analysis of Employee and Employer Contributions Received





**BALANCE SHEET
AUGUST 31, 2015**

<u>CURRENT ASSETS:</u>	
Cash Not Available For Investment	\$8,105,375.72
Equities (At Market Value)	10,532,286,571.57
Fixed Income (At Market Value)	2,875,765,630.01
Short-Term Investment Account	354,233,701.96
Due From/(To) Broker	(67,532,545.73)
Accounts Receivable Installment Payments	1,271,016.06
Accrued Income	<u>52,861,733.94</u>
Total Current Assets	13,756,991,483.53
<u>CAPITAL ASSETS:</u>	
Office Furniture and Equipment	3,924,987.00
Accumulated Depreciation	<u>(275,838.00)</u>
TOTAL ASSETS	<u>\$13,760,640,632.53</u>
<u>CURRENT LIABILITIES:</u>	
Teachers' Savings Fund	\$4,587,174,487.08
Retirement Benefit Fund	9,601,422,948.38
Interest Fund	(536,186,806.91)
Expense Fund	63,638,967.86
Suspense Fund	<u>40,475,755.80</u>
Total Current Liabilities	13,756,525,352.21
TRs Capital Investment	<u>4,115,280.32</u>
TOTAL LIABILITIES AND CAPITAL INVESTMENT	<u>\$13,760,640,632.53</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE TWO MONTHS ENDED AUGUST 31

	<u>Year to Date</u> (FY 2016)	<u>Year to Date</u> (FY 2015)	<u>% Change</u>
Balance of Cash and Investments Net Position, Beginning of Year	\$14,374,427,590.20	\$14,201,669,559.43	
<u>RECEIPTS:</u>			
Members' Deposits	39,709,612.34	37,845,749.48	4.92%
Employer Contributions	58,127,809.20	55,432,823.49	4.86%
State Credits	0.00	5,878,053.00	-100.00%
Reimbursed Administrative	1,175.00	210.00	459.52%
Matching Funds from Schools	3,610,506.51	3,359,008.29	7.49%
Lottery Revenue	551,411.97	630,865.00	-12.59%
Cigarette Sales Tax Revenue	291,876.39	272,417.03	7.14%
Dedicated Revenue	52,142,654.38	55,205,385.23	-5.55%
Total Retirement Receipts	154,435,045.79	158,624,511.52	-2.64%
Interest Income (Fixed Income and Short-Term)	63,996,926.35	21,172,726.59	202.26%
Dividend Income	39,899,187.33	40,336,231.41	-1.08%
Net Realized Gain/(Loss)	144,593,227.06	139,324,963.50	3.78%
Net Unrealized Gain/(Loss)	(785,082,467.95)	(80,106,772.16)	-880.05%
Investment Operations Income:			
Class Action Lawsuit Proceeds	0.00	0.00	0.00%
Other Income	0.00	43,505.25	-100.00%
Securities Lending Income	406,320.30	1,428,660.07	-71.56%
Total Investment Income	(536,186,806.91)	122,199,314.66	-538.78%
TOTAL RECEIPTS	(381,751,761.12)	280,823,826.18	-235.94%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	211,987,209.81	201,835,075.04	5.03%
Insurance Premiums Paid for Retirees	5,054,552.00	5,013,141.00	0.83%
Death Benefits	2,075,612.09	3,948,103.48	-47.43%
Withdrawals of Accounts	5,546,397.46	4,838,426.99	14.63%
Total Benefit Payments	224,663,771.36	215,634,746.51	4.19%
Administrative Expense:			
General Operations	908,142.64	861,377.43	5.43%
Investment Expense	10,112,431.55	13,182,963.30	-23.29%
Total Administrative Expenses	11,020,574.19	14,044,340.73	-21.53%
TOTAL DISBURSEMENTS	235,684,345.55	229,679,087.24	2.61%
NET INCREASE/(NET DECREASE)	(617,436,106.67)	51,144,738.94	-1307.23%
Balance of Cash and Investments, August 31	\$13,756,991,483.53	\$14,252,814,298.37	



SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2015 and Fiscal Year 2016
3 Months Ended September 30, 2015

Object of Expenditure	FY-2015 YTD Actual Expenditures 9/30/2014	FY-2016 YTD Actual Expenditures 9/30/2015	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	420,517	499,206	78,689	18.7%
Taxes, Benefits, and Other Expenses	209,612	258,439	48,827	23.3%
Subtotal Personal Services	630,129	757,645	127,516	20.2%
Professional Services				
Investment Manager Expenses	0	0	0	0.0%
Investment Consultant Expenses	175,500	177,000	1,500	0.9%
Investment Custodian Expenses	0	0	0	0.0%
Pension Commission Expenses	0	0	0	0.0%
Subtotal Investment Expenses	175,500	177,000	1,500	0.9%
Legal Services - Special Projects	105	12,304	12,199	11618.1%
Legal Services - Attorney General	0	0	0	0.0%
Administrative Hearings	0	0	0	0.0%
Auditing Services	8,404	0	(8,404)	0.0%
Actuarial Services	0	27,664	27,664	0.0%
Medical Hearings	2,400	2,669	269	11.2%
Reimbursement for Executive Director Services	0	0	0	0.0%
Marketing/Management Consultant	0	1,000	1,000	0.0%
Miscellaneous Services	14,493	1,465	(13,028)	-89.9%
Subtotal Professional Services	25,402	45,102	19,700	0.0%
Total Professional Services	200,902	222,102	21,200	10.6%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	9,936	3,715	(6,221)	-62.6%
Employee Training	1,770	3,415	1,645	92.9%
Employee Travel Expenses	81	2,266	2,185	2697.5%
Subtotal Travel and Per Diem Expenses	11,786	9,396	(2,390)	-20.3%
Administrative Expenses				
Postage	79,110	6,368	(72,742)	-92.0%
Telecommunications Services	1,734	299	(1,435)	-82.8%
Printing and Binding Contracts	221	2,683	2,462	1114.0%
Informational Services	6,307	0	(6,307)	0.0%
Rent and Maintenance	40,998	43,818	2,820	6.9%
Office Supplies	5,597	7,347	1,750	31.3%
Buildings and Other Structures Construction and Renovation	0	0	0	0.0%
Miscellaneous Administrative Expenses	2,006	8,554	6,548	326.4%
Subtotal Administrative Expenses	135,972	69,069	(66,903)	-49.2%
Data Processing Expenses				
Professional Services	143,967	210,174	66,207	46.0%
Rent and Maintenance	0	1,187	1,187	0.0%
Membership in Organizations	0	0	0	0.0%
Office Supplies	771	0	(771)	0.0%
Equipment -Telecommunications	0	0	0	0.0%
Subtotal Data Processing Expenses	144,738	211,361	66,623	0.0%
Total Expenses	1,123,527	1,269,573	146,046	13.0%
Total Investment Expenses Only	175,500	177,000	1,500	0.9%
Total Data Processing Expenses Only	144,738	211,361	66,623	46.0%
Total except Investment & Data Processing Expenses	803,289	881,212	77,923	9.7%



SCHEDULE II
Comparison of FY2016 Budget to Actual Expenses
3 Months ended September 30, 2015 Year to Date Comparison

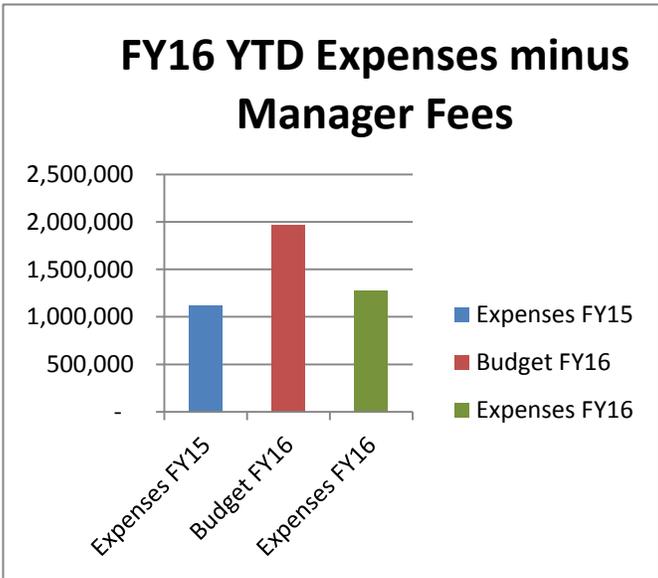
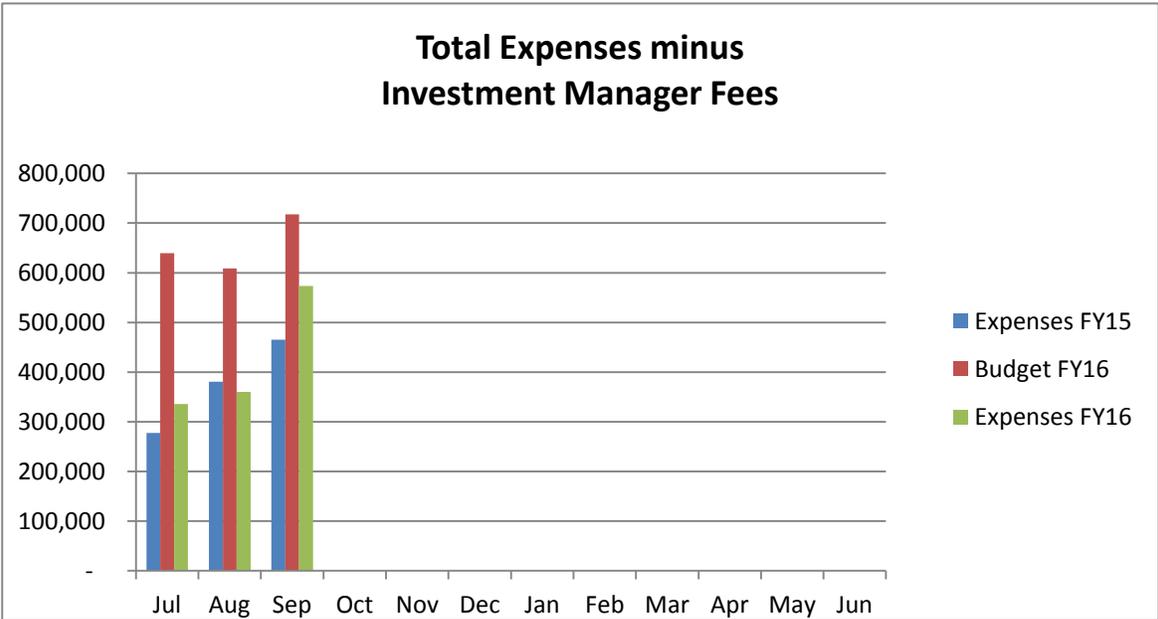
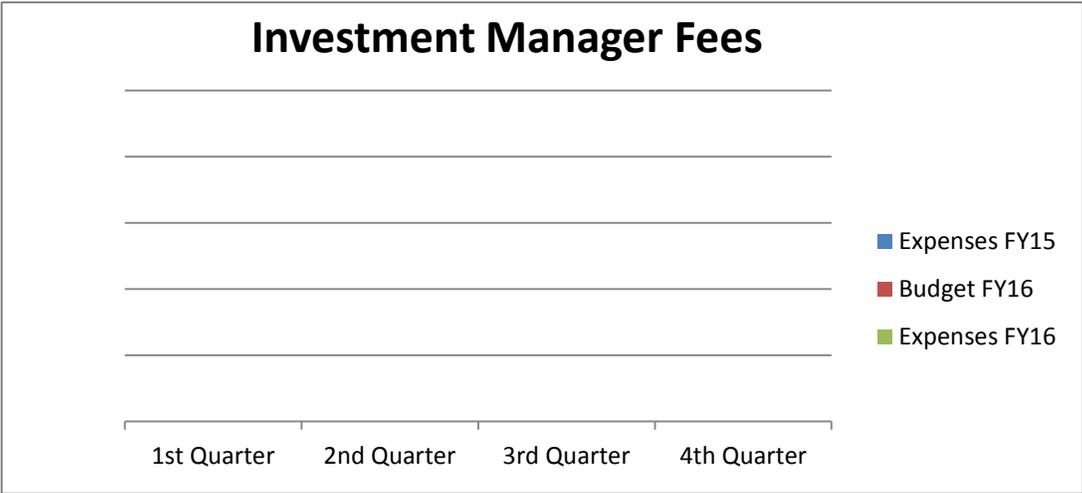
Object of Expenditure	3 Months FY-2016 YTD Budget	3 Months FY-2016 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	601,116	499,206	(101,910)	-17.0%
Taxes, Benefits, and Other Expenses	308,151	258,439	(49,712)	-16.1%
Subtotal Personal Services	909,267	757,645	(151,622)	-16.7%
Professional Services				
Investment Manager Expenses	0	0	0	0.0%
Investment Consultant Expenses	270,500	177,000	(93,500)	-34.6%
Investment Custodian Expenses	8,750	0	(8,750)	0.0%
Pension Commission Expenses	0	0	0	0.0%
Subtotal Investment Expenses	279,250	177,000	(102,250)	-36.6%
Legal Services - Special Projects	6,249	12,304	6,055	96.9%
Legal Services - Attorney General	1,875	0	(1,875)	0.0%
Administrative Hearings	1,250	0	(1,250)	0.0%
Auditing Services	82,500	0	(82,500)	0.0%
Actuarial Services	0	27,664	27,664	0.0%
Medical Hearings	3,853	2,669	(1,184)	-30.7%
CIO Executive Search	21,750	0	(21,750)	0.0%
Communications Firm	12,501	0	(12,501)	0.0%
Contract Lobbyist	0	0	0	0.0%
Marketing/Management Consultant	0	1,000	1,000	0.0%
Miscellaneous Services	4,451	1,465	(2,986)	0.0%
Subtotal Professional Services	134,429	45,102	(89,327)	-66.4%
Total Professional Services	413,679	222,102	(191,577)	-46.3%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	12,900	3,715	(9,185)	-71.2%
Employee Training	3,125	3,415	290	9.3%
Employee Travel Expenses	18,550	2,266	(16,284)	-87.8%
Subtotal Travel and Per Diem Expenses	34,575	9,396	(25,179)	-72.8%
Administrative Expenses				
Postage	43,602	6,368	(37,234)	0.0%
Telecommunications Services	7,505	299	(7,206)	0.0%
Printing and Binding Contracts	28,500	2,683	(25,817)	0.0%
Informational Services	11,500	0	(11,500)	0.0%
Rent and Maintenance	58,630	43,818	(14,812)	-25.3%
Office Supplies	7,130	7,347	217	3.0%
Equipment	6,250	0	(6,250)	0.0%
Buildings-Purch, Construction Repairs	0	0	0	0.0%
Miscellaneous Administrative Expenses	10,300	8,554	(1,746)	0.0%
Subtotal Administrative Expenses	173,417	69,069	(104,348)	-60.2%
Data Processing Expenses				
Professional Services	343,706	210,174	(133,532)	-38.9%
Membership in Organizations	0	1,187	1,187	0.0%
Travel and Per Diem Expenses	0	0	0	0.0%
Rent and Maintenance	1,125	0	(1,125)	0.0%
Office Supplies	624	0	(624)	0.0%
Equipment	89,500	0	(89,500)	0.0%
Miscellaneous Administrative Expenses	0	0	0	0.0%
Subtotal Data Processing Expenses	434,955	211,361	(223,594)	-51.4%
Total Expenses	1,965,893	1,269,573	(696,320)	-35.4%
Total Investment Expenses Only	279,250	177,000	(102,250)	-36.6%
Total Data Processing Expenses Only	434,955	211,361	(223,594)	-51.4%
Total except Investment and Data Processing Expenses	64 1,251,688	881,212	(370,476)	-29.6%

Miscellaneous Professional Services Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Background Checks/CIO Search	\$21,770.00	\$19.00	\$13,788.00
Document Destruction	900.00	270.00	90.00
Other Professional, Science & Technology Svc. (Communications)	12,500.00	384.20	0.00
Business Service Center	1,200.00	792.12	615.26
	<u>\$44,370.00</u>	<u>\$1,465.32</u>	<u>\$14,493.26</u>

Miscellaneous Administrative Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Informational Services	\$11,650.00	\$6,975.98	\$0.00
Bank Service Charges	2625.00	1273.45	646.25
Membership in Organizations	705.00	305.00	115.00
	<u>\$15,775.00</u>	<u>\$8,554.43</u>	<u>\$2,006.17</u>





**CLAIMS FOR AUTHORIZED EXPENDITURES
SEPTEMBER 30, 2015**

Expenses of Board

American Airlines	NCTR - Conference flight - Trustee	\$ 542.20
Trustee	Meeting, August travel	127.40
Trustee	Meeting, July travel	198.20
		867.80

Travel of Employees

Director of Client Services	Retirement seminar	111.55
United Airlines	NCTR - Conference flight - Exec. Director	368.20
		479.75

Communications

Ala Carte Courier	Courier services	384.20
AT&T	Wireless, OneNet charges	560.99
Cox Communications	Cable charges	43.49
JP Morgan Chase Bank, NA	Account analysis bank fees July and August	1,273.45
Thomson West	Legal information services	470.00
		2,732.13

Contingency, Maintenance, Insurance, Rent, Etc.

Aunt Pitty Pats	Board retreat catering	1,809.00
Business Manager	Reimbursement - kitchen supplies	80.82
CYMA Systems, Inc.	Software/technical support	695.00
Department of Libraries	Records storage - July and August	979.80
Extreme Beans Coffee	Kitchen supplies	498.10
Executive Assistant	Reimbursement - board meeting supplies	13.91
FedEx Freight	Shipping	70.27
Jason's Deli	Quarterly employee recognition meeting	539.52
McAlister's Deli	August board meeting	240.30
M. Howard	Facility service	1,000.00
National Council on Teacher Retirement	NCTR - Conference reg. - Trustees & Exec. Director	3,150.00
National Institute of Government Procurement	NIGP - bid protest training - Business Mgr./Fin. Accountant	810.00
Oklahoma State Bureau of Investigations	Background checks	19.00
Office of Management and Enterprise Services	Office rent - July and August	26,390.54
Precision Document Solutions	Printer maintenance	231.26
South Central Industries	Kitchen/meeting supplies	396.18
Staples	Office supplies	468.06
Walker Companies	Notary Commission supplies	29.92
		37,421.68



**CLAIMS FOR AUTHORIZED EXPENDITURES
SEPTEMBER 30, 2015**

Investment Expenditures

Advisory Research	Investment management fees fourth quarter	\$ 1,081,934.75
Bloomberg Financial Markets LP	Terminal usage	6,270.00
Cushing MLP Asset Management LP	Investment management fees fourth quarter	427,853.28
Gregory W Group	September 2015 consultant fees	88,500.00
Wellington Management Co.	Investment management fees fourth quarter	942,295.42
		2,546,853.45

Professional Services, Workers Comp Insurance

22nd Century Staffing	Project Manager: July 2015	9,774.70
Compsource Mutual Insurance Company	Volunteer Firefighter's premium (OTRS' pro-rated share)	104.00
Dathan D. Jay, MD	Medical Board - September	300.00
Gabriel, Roeder Smith & Co.	Actuarial evaluation and consulting - June, July, and August	29,189.75
Gay Abston Tudor	Administrative Law Service through September	1,575.00
George R. Jay, MD	Medical Board - September	300.00
MY Consulting Inc.	ALICE/Client server development - August	133,500.00
Office of Management and Enterprise Services	Interagency mail/postage	7,075.52
Office of Management and Enterprise Services	Printing	2,683.69
Peyton Osborne, MD	Medical Board - September	300.00
The Meadows	Document destruction	135.00
		184,937.66

Salaries and Fringe Benefits

Salaries	Administrative department	29,726.18
Salaries	Finance/Accounting department	32,766.17
Salaries	Client Services department	85,928.58
Salaries	Investment department	5,000.00
Longevity Payroll		9,062.00
Excess Benefit Allowance		4,009.23
FICA/MQFE	Social Security and Medicare	12,533.80
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	907.80
Oklahoma Group Insurance	Employee health, dental, and life	35,377.23
Teachers' Retirement System of Oklahoma	Employees' retirement contributions	35,966.60
Unemployment compensation	Unemployment for agency payroll	20.76
		251,298.35

		\$ 3,024,590.82
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