



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED
MEETING

APRIL 25, 2012

9:00 AM

MEETING MATERIALS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, April 25, 2012 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. SWEARING IN OF NEW TRUSTEE – BETH KERR**
- 3. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE MARCH 28, 2012 BOARD MEETING**
- 4. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. Aronson Johnson Ortiz
 - B. Hotchkis & Wiley – Large Cap
 - C. Hotchkis & Wiley – Mid Cap
- 5. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 6. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT - *The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting***
- 7. DISCUSSION AND POSSIBLE ACTION ON RENEWAL OF CONTRACT FOR EXTERNAL AUDITOR**
- 8. DISCUSSION AND POSSIBLE ACTION ON REVIEW OF TRAVEL EXPENSE POLICY**
- 9. DISCUSSION AND POSSIBLE ACTION ON LEGAL REPORT**
- 10. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
 - A. Client Status Update
 - B. Legislative Update
 - C. FY-2012 Budget
 - D. ING Quarterly Report
 - E. Other Items for Discussion
- 11. DISCUSSION AND POSSIBLE ACTION ON RECOGNITION OF FORMER TRUSTEES**
 - A. Cathy Conway
 - B. Richard Gorman
 - C. Dick Neptune
 - D. Galeard Roper
 - E. Jim Smith
- 12. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 13. NEW BUSINESS**
- 14. ADJOURNMENT**

**MEETING MINUTES
MARCH 28, 2012
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 Michael Simpson, 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 was posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Michael Simpson, *Chairman*
Gary Trennepohl, *Vice Chairman*
Bruce DeMuth, *Secretary*
Cathy Conway
James Dickson
Vernon Florence

Roger Gaddis
Jill Geiger*
Stewart Meyers, Jr.
William Peacher
Jonathan Small*
Billie Stephenson

TRUSTEES ABSENT:

Sherrie Barnes

TRS STAFF PRESENT:

James R. Wilbanks, *Executive Director*
Grant Soderberg, *Investment Associate*

Becky Wilson, *Executive Assistant*

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT:

Greg Weaver, *Gregory W. Group*
Tony Kay, *Gregory W. Group*

Douglas J. Anderson, *Gregory W. Group*
Colin Cornell, *Gregory W. Group*

OTHERS PRESENT:

Terry Ingmire, *OK Retired Educators Association*
Wayne Maxwell, *Retired Professional OK Educators*

Steve Massey

**Denotes either late arrival or early departure*

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Simpson called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Mr. Meyers; Mr. Peacher; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 2 – SWEARING IN OF NEW TRUSTEE: Roger Gaddis was sworn in as a new Trustee to the Board.

ITEM 3 - MEETING MINUTES: Chairman Simpson asked if there were any changes to the meeting minutes. A motion was made by Ms. Stephenson with a second made by Ms. Conway to approve the February 22, 2012 meeting minutes. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Mr. Meyers; Mr. Peacher; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 4 – PRESENTATION BY INVESTMENT MANAGERS: Advisory Research All Cap and Epoch Investment Partners All Cap, Investment Managers, were present to give respective presentations to the Board. Ms. Geiger and Mr. Small joined the meeting during the presentations.

A break was taken from 10:17 a.m. to 10:29 a.m.

ITEM 5 – INVESTMENT CONSULTANT MONTHLY REPORT: Greg Weaver and Douglas Anderson, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

ITEM 6 – MANAGER STATUS SUMMARY REPORT: Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. After discussion, a motion was made by Dr. Trennepohl with a second made by Mr. Small to keep Brandes on alert for performance until June 2012. The motion carried by a unanimous voice vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson. Ms. Conway was absent during the vote.

ITEM 7 – INVESTMENT COMMITTEE REPORT: Dr. Wilbanks and Dr. Trennepohl, Chairman of the Investment Committee, updated the Board on items discussed in the Investment Committee Meeting held on March 27, 2012. After discussion, the Investment Committee recommended the approval of amendments to the Investment Policy Statement as presented. The recommendation carried by a unanimous voice vote. Trustees responding were Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson. Ms. Conway was absent during the vote.

Dr. Wilbanks also presented the Board with an award from Money Management Intelligence, a division of Institutional Investor Magazine. TRS was recognized as the best mid-sized pension plan investor in the US.

ITEM 8 – CONTRIBUTION RATE FOR GRANT MATCHING FUNDS FOR FY-2013: Dr. Wilbanks gave a brief presentation to the Board on the Contribution Rate for Grant Matching Funds for FY-2013. After discussion, a motion was made by Mr. Small with a second made by Dr. Trennepohl to set the Federal and State Matching Rate at 8.0% for Contributions. Trustees responding with a yes vote were: Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson. Trustees responding with a no vote were: Ms. Geiger. Chairman Simpson declared the motion to have passed.

ITEM 9 – ATTORNEY GENERAL CONTRACT RENEWAL: Dr. Wilbanks presented to the Board details of the Attorney General Contract. After a brief discussion, a motion was made by Ms. Conway with a second made by Mr. DeMuth to approve the Contract for Legal Services with the Office of Attorney General for FY-2013. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 10 – EXECUTIVE SESSION REGARDING CONFIDENTIAL COMMUNICATIONS BETWEEN THE BOARD OF THE OKLAHOMA TEACHERS RETIREMENT SYSTEM AND ITS ATTORNEY CONCERNING PENDING ACTION IN RE: MEDTRONIC LITIGATION:

- A. A motion was made by Mr. DeMuth with a second made by Ms. Stephenson to enter into Executive Session at 11:25 a.m. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms.

Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

- B. A motion was made by Mr. DeMuth with a second made by Dr. Trennepohl to return to Open Session at 12:03 p.m. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 11 – POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: A motion was made by Mr. DeMuth with a second made by Ms. Stephenson to approve the settlement as directed by legal counsel. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

A break for lunch was taken from 12:05 p.m. to 12:35 p.m.

ITEM 12 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board, including the client status update and legislative updates. A motion was made by Mr. DeMuth with a second made by Ms. Conway to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 13 – QUESTIONS AND COMMENTS FROM TRUSTEES: There were no questions or comments from the Trustees.

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

ITEM 15 – ADJOURNMENT: There being no further business, a motion was made by Ms. Conway with a second made by Ms. Stephenson to adjourn. The meeting was adjourned at 1:15 p.m. Trustees present at adjournment were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Gaddis; Ms. Geiger; Mr. Meyers; Mr. Peacher; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Michael Simpson, Chairman

ATTEST:

BY: _____
Bruce DeMuth, 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 April 25, 2012.

BY: _____
Becky Wilson, Executive Assistant to the Executive Director

March 2012 - Market Performance Update

Equities Extend Gains



Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	2.2	10.2	23.6	4.2
NASDAQ (prc chg only)	4.2	11.2	26.5	5.0
S&P 500 cap weighted	3.3	8.5	23.4	2.0
S&P 500 equal weighted	2.4	4.9	30.5	3.6
S&P Mid Cap	1.9	2.0	28.6	4.8
S&P Small Cap	2.9	5.0	29.2	3.6
S&P REIT	5.1	12.9	43.4	-0.3
Russell 1000 Growth	3.3	11.0	25.3	5.1
Russell 1000 Value	3.0	4.8	22.8	-0.8
Russell Mid Cap Growth	2.2	4.4	29.2	4.4
Russell Mid Cap Value	2.3	2.3	29.2	1.3
Russell 2000 Growth	2.0	0.7	28.4	4.2
Russell 2000 Value	3.1	-1.1	25.4	0.0
Russell 1000	3.1	7.9	24.0	2.2
Russell Mid Cap	2.2	3.3	29.1	3.0
Russell 2500	2.2	1.3	28.4	3.0
Russell 2000	2.6	-0.2	26.9	2.1
MSCI World Ex US Growth	-0.3	-5.1	17.9	-1.3
MSCI World Ex US Value	-1.1	-7.3	18.3	-3.7
MSCI EAFE	-0.4	-5.3	17.7	-3.0
MSCI Emerging Markets	-3.3	-8.5	25.4	5.0

Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.0	0.1	1.1
BC Long Treasury	-3.8	23.7	7.2	9.5
BC US Agg	-0.6	7.7	6.8	6.3

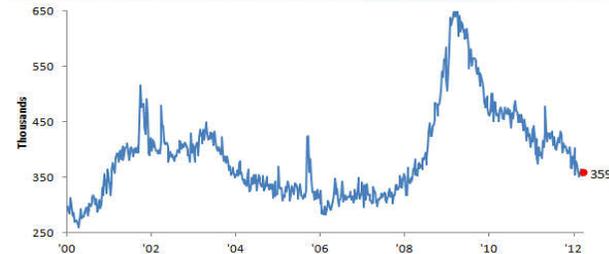
VIX Volatility Index: Last Six Months



S&P 500: Last Six Months



Initial Jobless Claims (Seasonally Adjusted): 2000 - 2012



March was yet another strong month for equity investors. Europe's economic situation remained in the forefront of investor concerns.

The domestic equity market favored larger companies and growth stocks during the month. International equities actually outperformed domestic shares during the month. Trailing three year returns are extremely high. Five year returns have yet to fully recover from the 2007 - 2008 bear market.

Fixed income markets struggled through most of March, closing the month slightly lower.

Our monthly report has a new format for improved readability. Returns in each table are grouped by column. The highest returns for the column are shown in dark green. The lowest returns are shown in dark red. Returns in between are shown along the same color continuum.

Monthly Change in Market Value



Beginning of Month Market Value	\$10,334,708,984
Net Cash Flow	-\$76,425,506
Change in Investment Value	\$98,882,346
Ending of Month Market Value	\$10,357,165,824

Monthly Rate of Return 0.96%

Manager Profile



Manager	Represented by	Structure	Location	Portfolio Size	Status	Management Fee
AJO Partners	Ted Aronson	Independent Investment Manager	Philadelphia, Pennsylvania	\$339,088,491	In Compliance	0.55 \$1,864,987
Hotchkis & Wiley	George Davis	Independent Investment Manager	Los Angeles, California	\$419,787,979	In Compliance	0.32 \$1,349,576
	Stan Majcher			\$364,758,275		0.50 \$1,823,791

Manager	Investment Mandate	Investment Philosophy/Process
AJO Partners	Mid Cap Equity	Rigorous bottom-up process that blends quantitative investment techniques, fundamental security analysis, and thorough attention to trading.
Hotchkis & Wiley	Large Cap Value Equity Mid Cap Value Equity	Hotchkis & Wiley are disciplined value investors in domestic equities. Their firm specializes in thorough, bottom-up investment research. They invest when the present value of a company's future cash flows exceeds its market price. Many of the companies held are unpopular and have low expectations.

Monthly Asset Allocation Review

Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,378,536,523	23.0%	17.5%	5.5%	Excess allocation bound for Private Equity
Mid Cap	1,385,474,174	13.4%	12.5%	0.9%	
Small Cap	990,755,012	9.6%	10.0%	-0.4%	
Total Domestic Equity	4,754,765,709	45.9%	40.0%	5.9%	
Large Cap International Equity	1,147,352,059	11.1%	12.5%	-1.4%	
Small Cap International Equity	285,779,715	2.8%	2.5%	0.3%	
Total International Equity	1,434,699,766	13.9%	15.0%	-1.1%	
Core Fixed Income	2,259,620,145	21.8%	25.0%	-3.2%	
High Yield Bonds	642,397,472	6.2%	5.0%	1.2%	Capital calls have recently accelerated
MLPs	561,208,028	5.4%	5.0%	0.4%	
Private Equity	96,014,842	0.9%	5.0%	-4.1%	
Real Estate	436,896,950	4.2%	5.0%	-0.8%	
Opportunistic Assets	159,399,519	1.5%	0.0%	1.5%	
Total Non-Core Assets	1,895,916,810	18.3%	20.0%	-1.7%	
Cash	8,843,556	0.1%	0.0%	0.1%	
Composite	10,357,165,824	100.0%	100.0%		

Total Fund + Asset Class Composite Summary

As of March 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Total Domestic Equity <i>S&P 500</i>	4,754,765,709 45.9%	2.7 3.3	14.8 12.6	4.2 8.4	4.3 8.5	25.2 23.4	2.4 2.0	6.1 4.1
Total All Cap Equity <i>Russell 3000</i>	869,170,465 8.4%	2.3 3.1	11.2 12.9	4.6 7.2	5.1 7.2	23.6 24.3	2.3 2.2	- 4.7
Total Large Cap Equity <i>S&P 500</i>	1,509,366,058 14.6%	3.6 3.3	14.7 12.6	10.0 8.4	11.4 8.5	22.0 23.4	1.2 2.0	4.9 4.1
Total Mid Cap Equity <i>Russell Mid Cap</i>	1,385,474,174 13.4%	1.7 2.2	16.6 12.9	3.3 2.9	2.9 3.3	29.6 29.1	4.5 3.0	8.7 7.9
Total Small Cap Equity <i>Russell 2000</i>	990,755,012 9.6%	3.3 2.6	16.0 12.4	-2.5 1.4	-4.0 -0.2	26.0 26.9	2.0 2.1	6.7 6.4
Total International Equity <i>MSCI ACWI ex-US</i>	1,434,699,766 13.9%	0.2 -1.3	13.5 11.3	-5.4 -7.5	-4.6 7.2	18.1 19.1	-1.4 -1.6	6.8 7.3
Core Fixed Income (ex- High Yield) <i>Barclays Aggregate</i>	2,259,620,145 21.8%	-0.8 -0.5	0.9 0.3	9.0 5.3	11.7 7.7	10.3 6.8	8.4 6.2	7.1 5.8
Master Limited Partnerships <i>Alerian MLP Index</i>	561,208,028 5.4%	-3.3 -4.0	3.0 2.0	12.7 10.4	12.6 9.6	- 35.8	- 11.9	- 16.0
High Yield Fixed Income <i>ML High Yield II</i>	642,397,472 6.2%	0.5 -0.1	6.8 5.1	4.2 4.6	5.4 5.6	21.0 23.8	- 7.8	- 9.0
Cash <i>91 Day T-bill</i>	8,843,556 0.1%	- 0.0	- 0.0	- 0.0	- 0.1	- 0.1	- 1.2	- 1.9
Total Fund <i>Allocation Index</i> <i>Actuarial Assumption</i>	10,357,165,824 100.0%	1.0 0.7 0.6	9.1 7.9 1.9	4.3 4.1 6.6	5.0 5.0 8.0	18.9 19.1 8.0	4.1 3.2 8.0	7.3 6.4 8.0

Equity Portfolios Summary

As of March 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Hotchkis & Wiley Large Cap	419,787,979	3.6	14.7	7.2	5.8	28.3	-2.1	5.5
Russell 1000 Value	4.1%	3.0	11.1	5.3	4.8	22.8	-0.8	4.6
Goldman Sachs	526,807,720	3.8	16.7	10.1	12.2	22.4	4.7	3.9
Russell 1000 Growth	5.1%	3.3	14.7	10.2	11.0	25.3	5.1	4.3
Sawgrass	562,770,358	3.5	12.8	12.0	15.2	22.4	4.2	-
Russell 1000 Growth	5.4%	3.3	14.7	10.2	11.0	25.3	5.1	4.3
ARI All Cap	401,084,204	2.4	9.8	4.7	4.5	23.8	0.7	-
Russell 3000 Value	3.9%	3.1	12.9	7.2	7.2	24.3	2.2	4.7
EPOCH All Cap	468,086,261	2.2	12.4	4.5	5.7	23.6	3.7	-
Russell 3000 Value	4.5%	3.1	12.9	7.2	7.2	24.3	2.2	4.7
Frontier Capital	354,001,977	1.8	14.8	2.7	2.1	23.5	7.1	-
Russell Mid Cap Growth	3.4%	2.2	14.5	2.8	4.4	29.2	4.4	6.9
Wellington Management	327,625,431	0.6	15.1	-1.0	-1.9	31.2	3.9	8.7
Russell Mid Cap Growth	3.2%	2.2	14.5	2.8	4.4	29.2	4.4	6.9
AJO Partners	339,088,491	2.2	13.4	2.7	5.5	28.5	3.5	8.3
Russell MidCap	3.3%	2.2	12.9	2.9	3.3	29.1	3.0	6.0
Hotchkis & Wiley Mid Cap	364,758,275	2.1	23.0	8.7	5.9	37.6	3.3	-
Russell MidCap Value	3.5%	2.3	11.4	3.0	2.3	29.2	1.3	8.0
Shapiro Capital Management	539,844,778	2.4	15.0	1.8	1.4	32.9	5.0	10.8
Russell 2000 Value	5.2%	3.1	11.6	1.6	-1.1	25.3	0.0	6.6
Tocqueville	450,910,233	4.3	17.3	-7.1	-9.6	19.3	-0.5	7.2
Russell 2000 Value	4.4%	3.1	11.6	1.6	-1.1	25.3	0.0	6.6
Causeway Capital	394,161,824	0.6	16.4	-4.5	-3.0	22.2	-0.7	-
MSCI ACWI Ex US	3.8%	-1.3	11.3	-7.5	7.2	19.1	-1.6	7.3
Brandes	377,364,427	0.4	11.3	-4.7	-3.6	15.3	-3.1	7.2
MSCI ACWI Ex US	3.6%	-1.3	11.3	-7.5	7.2	19.1	-1.6	7.3
Thornburg	375,825,808	-0.5	11.6	-7.8	-6.9	19.3	2.4	-
MSCI ACWI Ex US	3.6%	-1.3	11.3	-7.5	7.2	19.1	-1.6	7.3
ARI Small Cap International	69,506,944	-0.1	12.7	-	-	-	-	-
MSCI EAFE Small Cap	0.7%	0.1	14.9	-7.0	-6.2	24.1	-2.8	9.9
Epoch Small Cap International	71,066,146	0.4	14.9	-	-	-	-	-
MSCI EAFE Small Cap	0.7%	0.1	14.9	-7.0	-6.2	24.1	-2.8	9.9
Wasatch Small Cap International	73,095,840	0.3	16.5	-	-	-	-	-
MSCI EAFE Small Cap	0.7%	0.1	14.9	-7.0	-6.2	24.1	-2.8	9.9
Wellington Small Cap International	72,110,785	1.7	17.1	-	-	-	-	-
MSCI EAFE Small Cap	0.7%	0.1	14.9	-7.0	-6.2	24.1	-2.8	9.9
Legacy Private Equity Portfolio	63,907,353	-	-	-	-	-	-	-
Franklin Park Private Equity	32,107,489	-	-	-	-	-	-	-
Total Private Equity %	0.9%							

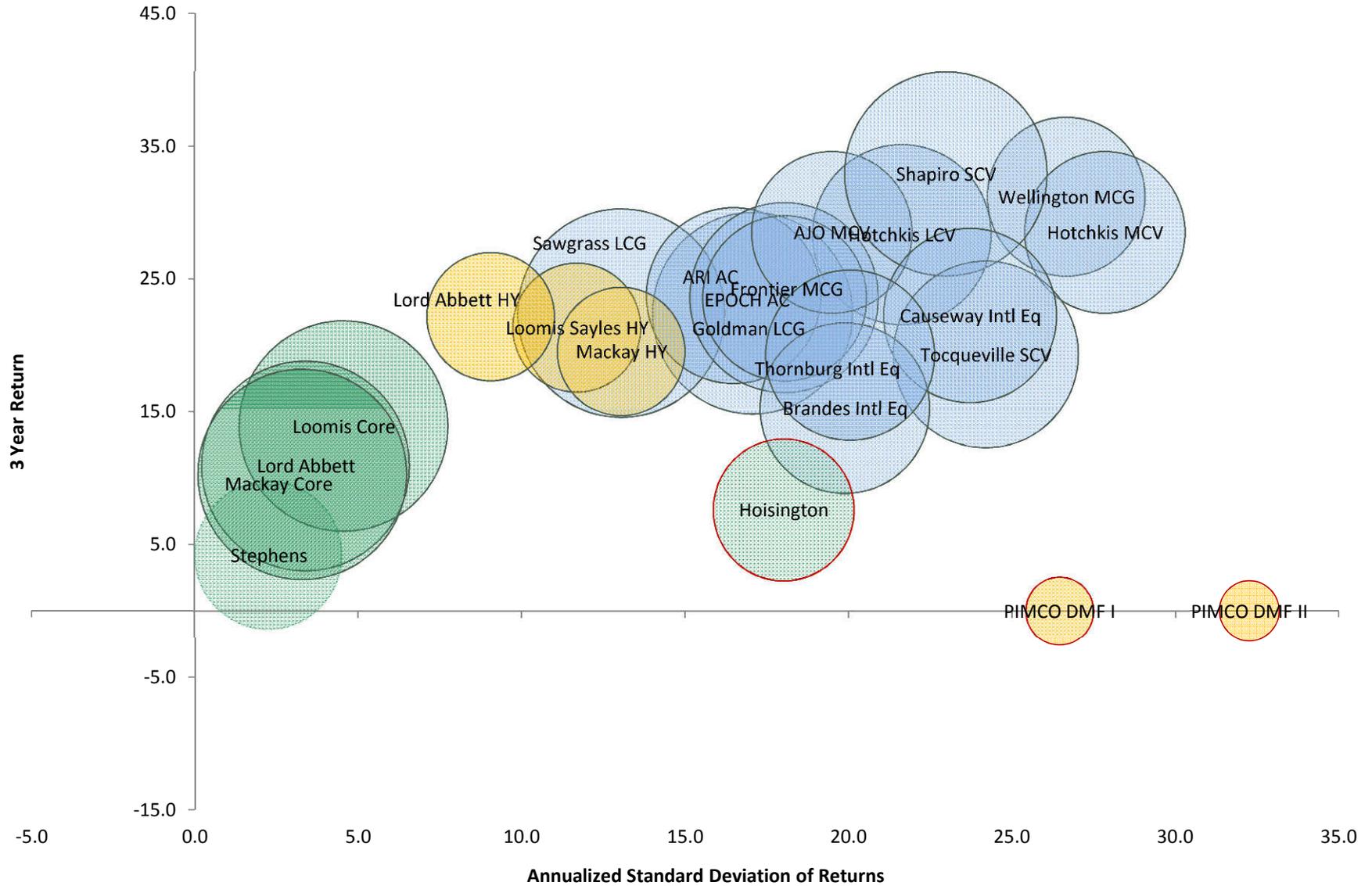
Fixed Income and Non-Core Portfolios Summary

As of March 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
Hoisington	261,303,148	-4.8	-7.9	28.1	32.7	7.6	10.6	-
<i>Barclays Aggregate</i>	2.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
Loomis Sayles	573,398,788	-0.5	2.9	6.8	9.3	13.9	9.8	7.7
<i>Barclays Aggregate</i>	5.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
Lord Abbett	568,554,924	0.0	2.1	6.7	9.1	10.9	7.9	-
<i>Barclays Aggregate</i>	5.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
Mackay Shields	573,125,575	-0.3	2.5	6.4	8.7	10.3	8.2	-
<i>Barclays Aggregate</i>	5.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
Stephens	283,237,710	-0.3	0.4	2.6	4.5	4.2	6.3	-
<i>Barclays Aggregate</i>	2.7%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
PIMCO Distressed Mortgage I	60,621,698	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.6%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
PIMCO Distressed Mortgage II	47,025,031	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
PIMCO BRAVO	51,752,791	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.5%	-0.5	0.3	5.3	7.7	6.8	6.2	5.8
Loomis Sayles High Yield	214,952,264	1.0	9.8	0.4	1.4	21.3	-	-
<i>Merrill Lynch High Yield II</i>	2.1%	-0.1	5.1	4.6	5.6	23.8	7.8	9.0
Lord Abbett High Yield	213,687,528	0.3	6.0	5.5	7.0	22.2	-	-
<i>Merrill Lynch High Yield II</i>	2.1%	-0.1	5.1	4.6	5.6	23.8	7.8	9.0
Mackay Shields Yield	213,757,679	0.2	4.5	6.6	8.0	19.5	-	-
<i>Merrill Lynch High Yield II</i>	2.1%	-0.1	5.1	4.6	5.6	23.8	7.8	9.0
Chickasaw Capital MLP	150,657,142	-2.7	6.3	18.4	20.4	-	-	-
<i>Alerian MLP Index</i>	1.5%	-4.0	2.0	10.4	9.6	35.8	11.9	16.0
FAMCO MLP	269,715,095	-4.6	0.4	9.7	8.8	-	-	-
<i>Alerian MLP Index</i>	2.6%	-4.0	2.0	10.4	9.6	35.8	11.9	16.0
Swank MLP	140,835,790	-1.3	4.6	12.9	12.1	-	-	-
<i>Alerian MLP Index</i>	1.4%	-4.0	2.0	10.4	9.6	35.8	11.9	16.0
AEW Real Estate	155,840,225	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%	0.0	3.0	6.6	-	-	-	-
Heitman Real Estate	156,309,732	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%	0.0	3.0	6.6	-	-	-	-
L&B Real Estate	124,746,993	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.2%	0.0	3.0	6.6	-	-	-	-

Three Year Risk/Return Review



Portfolio Summary - Net of Fees Returns



Portfolio	Market Value	Estimated Fee	Last Month	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Year Annualized
Hotchkis & Wiley	\$ 419,787,979	0.32	3.6	14.7	5.5	28.0	-2.4	5.2
<i>Russell 1000 Value</i>			3.0	11.1	4.8	22.8	-0.8	4.6
Goldman Sachs	\$ 526,807,720	0.26	3.8	16.6	11.9	22.2	4.5	3.6
Sawgrass	\$ 562,770,358	0.35	3.5	12.7	14.9	22.1	3.9	-
<i>Russell 1000 Growth</i>			3.3	14.7	11.0	25.3	5.1	4.3
Advisory Research	\$ 401,084,204	0.33	2.4	9.8	4.2	23.4	0.4	-
EPOCH	\$ 468,086,261	0.44	2.1	12.3	5.2	23.2	3.3	-
<i>Russell 3000</i>			3.1	12.9	7.2	24.3	2.2	4.7
AJO Partners	\$ 339,088,491	0.55	2.2	13.3	5.0	28.0	2.9	7.7
Frontier Capital Managem	\$ 354,001,977	0.56	1.8	14.6	1.6	23.0	6.5	-
Wellington	\$ 327,625,431	0.45	0.5	15.0	-2.3	30.7	3.5	8.3
Hotchkis & Wiley Mid Cap	\$ 364,758,275	0.50	2.0	22.9	5.4	37.1	2.8	-
<i>Russell MidCap</i>			2.2	12.9	3.3	29.1	3.0	7.9
Shapiro Capital Managem	\$ 539,844,778	0.71	2.4	14.9	0.6	32.2	4.3	10.1
Tocqueville	\$ 375,825,808	0.66	4.3	17.1	-10.3	18.7	-1.1	6.5
<i>Russell 2000</i>			2.6	12.4	-0.2	26.9	2.1	6.4
Causeway Capital	\$ 394,161,824	0.35	0.5	16.3	-3.3	21.9	-1.1	-
Brandes	\$ 377,364,427	0.42	0.4	11.2	-4.0	14.9	-3.5	6.8
Thornburg	\$ 375,825,808	0.51	-0.5	11.4	-7.4	18.8	1.9	-
<i>MSCI ACWI Ex US</i>			-1.3	11.3	7.2	19.1	-1.6	7.3
Advisory Research	\$ 69,506,944	0.70	-0.2	12.6	-	-	-	-
Epoch	\$ 71,066,146	0.83	0.3	14.7	-	-	-	-
Wasatch	\$ 73,095,840	0.90	0.3	16.3	-	-	-	-
Wellington	\$ 72,110,785	0.98	1.6	16.9	-	-	-	-
<i>MSCI EAFE Small Cap</i>			0.1	14.9	-6.2	24.1	-2.8	9.9
Hoisington	\$ 261,303,148	0.15	-4.8	-8.0	32.6	7.5	10.4	-
Loomis Sayles	\$ 573,398,788	0.15	-0.5	2.8	9.2	13.8	9.7	7.6
Lord Abbett	\$ 568,554,924	0.17	0.0	2.1	8.9	10.8	7.7	-
Mackay Shields	\$ 573,125,575	0.21	-0.3	2.5	8.5	10.1	8.0	-
Stephens	\$ 283,237,710	0.16	-0.4	0.5	4.3	4.0	6.1	-
<i>Barclays Aggregate</i>			-0.5	0.3	7.7	6.8	6.2	5.8
Loomis Sayles High Yield	\$ 214,952,264	0.50	1.0	9.7	0.9	20.8	-	-
Lord Abbett High Yield	\$ 213,687,528	0.38	0.3	5.9	6.6	21.8	-	-
Mackay Shields High Yield	\$ 213,757,679	0.45	0.1	4.4	7.6	19.1	-	-
<i>ML High Yield II</i>			-0.1	5.1	5.6	23.8	7.8	9.0
Chickasaw MLP	\$ 150,657,142	0.80	-2.8	6.1	19.6	-	-	-
FAMCO MLP	\$ 269,715,095	0.50	-4.6	0.2	8.3	-	-	-
Swank MLP	\$ 140,835,790	0.45	-1.4	4.5	11.7	-	-	-
<i>Alerian MLP Index</i>			-4.0	2.0	9.6	35.8	11.9	16.0
Legacy Private Equity	\$ 63,907,353	-	-	-	-	-	-	-
Franklin Park	\$ 0	-	-	-	-	-	-	-
<i>Russell Mid Cap + 4.0%</i>			2.3	13.9	7.3	33.1	7.0	11.9
AEW Real Estate	\$ 155,840,225	0.83	-	-	-	-	-	-
Heitman Real Estate	\$ 156,309,732	0.82	-	-	-	-	-	-
L&B Real Estate	\$ 124,746,993	0.45	-	-	-	-	-	-
<i>NCREIF OEDCE</i>			0.0	3.0	-	-	-	-
PIMCO DMF I	\$ 60,621,698	-	-	-	-	-	-	-
PIMCO DMF II	\$ 47,025,031	-	-	-	-	-	-	-
PIMCO BRAVO	\$ 51,752,791	-	-	-	-	-	-	-
Total Fund	\$ 10,357,165,824	0.33	0.9	9.0	4.7	18.6	3.8	7.0
<i>Allocation Index</i>			0.7	7.9	5.0	19.1	3.2	6.4
<i>Actuarial Assumption</i>			0.6	1.9	8.0	8.0	8.0	8.0

Manager Status Summary

Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
Sawgrass	5.4%	Large Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4.1%	Large Cap Value Equity	In Compliance	
Advisory Research	3.9%	All Cap Equity	In Compliance	
EPOCH	4.5%	All Cap Equity	In Compliance	
AJO Partners	3.3%	Mid Cap Equity	In Compliance	
Frontier Capital Management	3.2%	Mid Cap Growth Equity	In Compliance	
Hotchkis & Wiley	3.4%	Mid Cap Value Equity	In Compliance	
Wellington	3.5%	Mid Cap Growth Equity	In Compliance	
Shapiro Capital Management	5.2%	Small Cap Value Equity	In Compliance	
Tocqueville	3.6%	Small Cap Value Equity	On Alert	Performance/Compliance - June 2012 (December 2011)
Brandes	3.6%	International Value Equity	On Notice	Performance - February 2012 (June 2012)
Causeway Capital	3.8%	International Value Equity	In Compliance	
Thornburg	3.6%	International Value Equity	In Compliance	
Advisory Research	0.7%	International Small Cap Equity	In Compliance	
Epoch	0.7%	International Small Cap Equity	In Compliance	
Wellington	0.7%	International Small Cap Equity	In Compliance	
Wasatch	0.7%	International Small Cap Equity	In Compliance	
Hoisington	2.5%	Fixed Income	In Compliance	
Loomis Sayles	5.5%	Fixed Income	In Compliance	
Lord Abbett	5.5%	Fixed Income	In Compliance	
Mackay Shields	5.5%	Fixed Income	In Compliance	
Stephens	2.7%	Fixed Income	In Compliance	
Loomis Sayles	2.1%	High Yield Fixed Income	In Compliance	
Lord Abbett	2.1%	High Yield Fixed Income	In Compliance	
Mackay Shields	2.1%	High Yield Fixed Income	In Compliance	
Chickasaw	1.5%	MLPs	In Compliance	
FAMCO	2.6%	MLPs	In Compliance	
Swank/Cushing	1.4%	MLPs	In Compliance	
AEW	1.5%	Real Estate	In Compliance	
Heitman	1.5%	Real Estate	In Compliance	
L&B Partners	1.2%	Real Estate	In Compliance	
Franklin Park (Legacy + FP)	0.6%	Private Equity	In Compliance	
Opportunistic Portfolio	1.5%	Opportunistic	In Compliance	

Classification Notes:

In Compliance: The portfolio is in full compliance with its guidelines and it is performing to expectations.

On Alert: Concerns exist with the portfolio's performance, a change in investment characteristics, management style, ownership structure, staff or other related events.

On Notice: A continued and serious problem with any of the issues mentioned above. If the situation is not resolved to the Committee's satisfaction, a replacement will be selected and hired.

April 16, 2012

Board of Trustees
Teachers' Retirement System of Oklahoma
Oklahoma City, OK 73118

This letter is to explain our understanding of the arrangements for the services we are to perform for the Teachers' Retirement System of Oklahoma (OTRS) for the year ending June 30, 2012. We ask that you either confirm or amend this understanding.

We will perform an audit of OTRS' governmental activities, business type activities, aggregate discretely presented component units, each major fund, and aggregate remaining fund information, as applicable, as of and for the year ending June 30, 2012, which collectively comprise the basic financial statements. We understand that these financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board of Trustees are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will conduct the audits in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraudulent financial reporting, or misappropriation of assets. Accordingly, a material misstatement, whether caused by error, fraudulent financial reporting, or misappropriation of assets, may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, Government Auditing Standards do not expect us to provide reasonable assurance of detecting abuse.

We will also communicate to the Board of Trustees (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any fraud, illegal acts, violations of provisions of contracts or grant agreements, and abuse that come to our attention (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the entity's accounting policies and financial statements.

In addition to our reports on the financial statements, we will also issue a report titled: Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

Our reports on internal control will include any significant deficiencies and/or material weaknesses of which we became aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the standards identified above. Our reports on compliance will address material errors, fraud; violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

If circumstances arise relating to the conditions of the records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent us from completing the audits or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express opinions or issue reports, or withdrawal from the engagements.

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is also responsible for (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting package(s).

The Board of Trustees is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

The Board of Trustees is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting them. We will also determine that certain matters related to the conduct of the audits are communicated to the Board of Trustees including 1) fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, 2) illegal acts that come to our attention (unless they are clearly inconsequential), 3) disagreements with management and other serious difficulties encountered in performing the audits, and 4) various matters related to OTRS' accounting policies and financial statements.

The working papers for these engagements are the property of Cole and Reed, P.C. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. General Accounting Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the reports, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of Cole and Reed, P.C. audit personnel and at a location designated by our Firm.

During the course of our engagements, we may accumulate records containing data which should be reflected in your books and records. Management will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by OTRS personnel, including the preparation of schedules and analyses of accounts, will be coordinated with Joe Ezzell. The timely and accurate completion of this work is an essential condition to our completion of the audits and issuance of our audit reports.

Our fees are based on the time required by the individuals assigned to the engagements, plus direct expenses. Interim billings will be submitted as work progresses and as expenses are incurred. Our fees for the services described in this letter are estimated to be \$47,500, unless the scope of the engagement is changed, the assistance which OTRS has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. All other provisions of this letter will survive any fee adjustment.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, management agrees to compensate Cole and Reed, P.C. for any additional costs incurred as a result of the employment of a partner or professional employee of Cole and Reed, P.C.

In the event we are requested or authorized by OTRS or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements, management of OTRS so long as we are not a party to the proceeding in which the information is sought, will reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

This letter constitutes the complete and exclusive statement of agreement between Cole & Reed, P.C. and OTRS, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between the parties.

In accordance with Government Auditing Standards, a copy of our most recent peer review report is enclosed, for your information.

If this letter defines the arrangements as you understand them, please sign and date the enclosed copy, and return it to us. We appreciate your business.

Very truly yours,

For the Firm

Confirmed on behalf of Teachers' Retirement System of Oklahoma:

James Wilbanks, Ph.D.
Executive Director

Date

Chapter 10 – 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.

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.

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 II below.

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 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, 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.

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.

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

REPORT OF LEGAL COUNSEL

Teachers' Retirement System of Oklahoma 1st Calendar Quarter, 2012

LITIGATION

1. OTRS vs. Delphi Corp., Federal Class Action Litigation

Issues: OTRS is represented by securities counsel, Nix, Patterson & Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General.

Status: OTRS and the State of Mississippi retirement fund were named co-lead plaintiffs. Pleadings were final in federal court, Detroit, Michigan. In September 2005, Delphi filed for Chapter 11 bankruptcy protection. Along with all other class action members in the federal civil action, OTRS was an unsecured creditor in the bankruptcy action. Delphi requested mediation for itself and certain officers and directors on July 23, 2007. A proposed settlement agreement was approved by OTRS trustees on August 22, 2007. The proposed settlement against Delphi was approved in the class action case on January 11, 2008, and the Bankruptcy Court approved the settlement and plan of confirmation on January 17, 2008. Hearings continue for Delphi to exit their bankruptcy court case. The Auditor's Settlement became effective June 26, 2008. A final settlement is pending.

Status: Proof of Claim filed for OTRS; Awaiting funding of Delphi's bankruptcy settlement.

2. Lionel M. Raff, et al vs. The Teachers' Retirement System of Oklahoma and Oklahoma State University, Class Action Petition

Issues: Plaintiffs, Lionel M. Raff and Mark G. Rockley, on behalf of themselves and all others similarly situated, claim that for numerous years they have been employed as professors at OSU. The professors contributed to both TRS and to TIAACREF as a part of their retirement program. They allege OSU significantly reduced their contributions to TIAA. Further, they allege that TRS has through the years made misrepresentations, or 'tricked' the professors, regarding the low base retirement option and subsequent TRS calculations that determine retirement. The professors allege that salary caps imposed by TRS rules and statutes are arbitrary and capricious and in violation of due process and equal protection; and, further, such salary caps are a breach of contract between OSU, TRS and the plaintiff professors.

Status: The case was filed in Oklahoma County District Court, October 4, 2001, Case No. CJ-2001-7651. The Attorney General's office is providing legal representation to OSU and OTRS in this matter through senior litigation counsel, Assistant Attorney General, Scott Boughton. Scott has represented OTRS in complex litigation cases many times in the past. Motion for Summary Judgment by Defendants, OTRS and OSU, and a Motion To Certify Class by Plaintiffs, is pending before Judge Nancy L. Coats. Settlement discussions continue. The Court has taken under advisement the issue of dismissing OTRS and may rule on that issue separately from the legal issues regarding OSU. This case appears to be dormant.

3. American Home Mortgage Investment Corporation

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue the American Home Mortgage case.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on September 26, 2007, and has joined with the Oklahoma Police Pension & Retirement System, to be named co-lead plaintiff. A hearing was held the week of January 21, 2008. On March 19, 2008, TRS and Police Pension were named lead plaintiffs. A mediation conference was held in New York on January 16, 2009, and a proposed settlement was approved by the Trustees on February 4, 2009, April 29, 2009, and May 27, 2009. Motion for Approval of Class Action Settlement filed January 6, 2010. Court has approved settlements. Claims deadline was March 1, 2010.

Status: Claims processing pending.

4. MBIA, INC.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue MBIA, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on January 23, 2008. TRS filed its motion for lead plaintiff status on March 11, 2008. The Court appointed TRS Lead Plaintiff on June 30, 2008. A complaint was filed on October 17, 2008. Defendants filed a Motion to Dismiss on March 17, 2009. TRS filed an Opposition to the Motion to Dismiss. Hearing on Motion to Dismiss was held on March 5, 2010. On March 31, 2010, the Court issued an opinion that substantially denied Defendant's Motion to Dismiss. MBIA filed a Motion to Dismiss and Second Amended Complaint, and on October 8, 2010, BLB&G filed its opposition. The Court Denied the motion in large part. The Board approved settlement on July 20, 2011 and the Court approved the settlement in all respects on December 15, 2011.

Status: Court approved settlement.

5. MoneyGram International, Inc.

Issues: OTRS is represented by securities counsel, Nix, Patterson& Roach, of Dangerfield, Texas. Nix, Patterson has previously been approved as class action securities counsel for the state of Oklahoma by the Oklahoma Attorney General. TRS voted to seek lead plaintiff status at its April 2008 meeting. TRS filed its motion on May 27, 2008, and was named lead plaintiff. A complaint was filed on October 3, 2008. MoneyGram filed their motion to dismiss on January 13, 2009. TRS filed a response on February 9, 2009. Oral arguments were held on March 11, 2009. The Court denied the motion to dismiss on May 20, 2009.

Nix, Patterson filed Lead Plaintiff Initial Disclosures on July 10, 2009. AG's office assisted Nix, Patterson in compiling discovery responses. Nix, Patterson completed first discovery response - due July 31, 2009. Brief in support of motion for Class Certification filed on August 21, 2009. Reply memorandum filed in support of motion for Class Action on January 22, 2010. Mediation process began late January, 2010. Settlement approved by TRS on February 24, 2010. The Court approved the settlement in all respects on June 17, 2010.

Status: Claims processing pending.

6. Medtronic, Inc.

Issues: TRS is represented by securities counsel, Bernstein, Litowitz, Berger & Grossman LLP (BLB&G) of New York, New York. BLB&G has previously been approved as a class action securities counsel for the State of Oklahoma by the Oklahoma Attorney General. From time to time, the law firm reviews stock losses and recommends to the Attorney General that legal action be taken to recover certain egregious state fund losses. To this case, the firm recommended that TRS pursue lead plaintiff status to pursue Medtronic, Inc.

TRS trustees approved the recommendation of BLB&G to seek lead plaintiff status at its meeting on February 4, 2009, and to seek co-lead plaintiff status with Oklahoma Firefighters Pension Fund. Danske Investment Management Als, and Union Asset Management Holding AG on March 25, 2009. The court approved the co-lead plaintiffs on April 21, 2009. BLB&G filed an amended complaint August 21, 2009. BLB&G filed response to Defendant's Motion to Dismiss on or about November 19, 2009. On February 3, 2010, Defendant's Motion to Dismiss was substantially denied. Early mediation was conducted on June 24-25, 2011. Second mediation will be conducted on January 23, 2012 in New York.

Status: The Board approved a settlement at its March 2012 Board Meeting; the settlement is pending Court approval.

ADMINISTRATIVE

There is one administrative matter pending. A member, currently under "rule of 90" has appealed the decision of staff to deny her request to be placed under the "rule of 80". She contends that she was not given an opportunity to join the system earlier, and that she should have been given that opportunity. The matter will be heard by an administrative law judge on January 26, 2012.

A hearing took place on January 26, 2012. The matter is still pending.

*Teachers' Retirement System of Oklahoma
Client Status Update Report - Finance Division
March 31, 2012*

Board Meeting April 25, 2012

<i>Cash Basis</i>	March 2011	March 2012		
<i>Monthly Contributions:</i>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$36,235,326.80	\$24,676,743.28	(\$11,558,583.52)	-31.90%
Employer Contributions	35,857,242.90	40,713,364.58	4,856,121.68	13.54%
State Revenue	<u>11,048,074.38</u>	<u>12,801,744.91</u>	<u>1,753,670.53</u>	<u>15.87%</u>
Total Retirement Receipts	83,140,644.08	78,191,852.77	(4,948,791.31)	-5.95%
 <i>Monthly Distributions:</i>				
Retirement Benefits	79,776,576.61	77,062,869.30	(2,713,707.31)	-3.40%
Withdrawals and Death Benefits	<u>3,135,485.23</u>	<u>4,396,325.90</u>	<u>1,260,840.67</u>	<u>40.21%</u>
Total Benefit Payments	<u>82,912,061.84</u>	<u>81,459,195.20</u>	<u>(1,452,866.64)</u>	<u>-1.75%</u>
Net (Receipts - Payments)	<u>\$228,582.24</u>	<u>(\$3,267,342.43)</u>	<u>(\$3,495,924.67)</u>	<u>-1529.39%</u>
	Year to Date	Year to Date		
<i>Year to Date Contributions:</i>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>	<u>\$ Change</u>	<u>% Change</u>
Member Deposits	\$197,192,326.85	\$208,396,741.85	\$11,204,415.00	5.68%
Employer Contributions	280,989,134.86	280,779,779.95	(209,354.91)	-0.07%
State Revenue	<u>178,607,016.14</u>	<u>201,217,086.33</u>	<u>22,610,070.19</u>	<u>12.66%</u>
Total Retirement Receipts	656,788,477.85	690,393,608.13	33,605,130.28	5.12%
 <i>Year to Date Distributions:</i>				
Retirement Benefits	728,802,771.07	753,256,929.63	24,454,158.56	3.36%
Withdrawals and Death Benefits	<u>36,118,623.46</u>	<u>36,184,771.51</u>	<u>66,148.05</u>	<u>0.18%</u>
Total Benefit Payments	764,921,394.53	789,441,701.14	24,520,306.61	3.21%
Net (Receipts - Payments)	<u>(\$108,132,916.68)</u>	<u>(\$99,048,093.01)</u>	<u>\$9,084,823.67</u>	<u>-8.40%</u>



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Monthly Retirement Status Report - February 2012

Begin Date: 4/1/2012
End Date: 4/30/2012

New Retirements

Type	Count	Benefit Total
Disability	7	\$ 7,987.85
Early	2	\$ 915.76
Normal	15	\$ 23,591.92
Total	24	\$ 32,495.53

Terminated Retirements (145) (\$188,783.82)

Net Change (\$156,288.29)

Annuities Board Report

Begin Date: 5/1/2012

End Date: 5/1/2012

<u>Retirement Type</u>	<u>Retirement #</u>	<u>Annuitant Name</u>	<u>Begin Date</u>	<u>Amount</u>
Disability	D093407	LARRY D COLDIRON	5/1/2012	\$692.47
Disability	D093409	KATHARINE M KANAK	5/1/2012	\$1,128.42
Disability	D093411	RANDELL G KUCHYNKA	5/1/2012	\$2,044.53
Disability	D093415	HOLLY L LANE	5/1/2012	\$890.30
Disability	D093408	MELANIE D RICH	5/1/2012	\$958.14
Disability	D093405	TERRI L SNIDER	5/1/2012	\$697.72
Disability	D093406	ROBERTA A UNDERWOOD	5/1/2012	\$1,576.27
Early	93421	Debra Kay Arms	5/1/2012	\$652.46
Early	93427	SHIRLEY A EDWARDS	5/1/2012	\$263.30
Normal	93351	JUDITH A CHALMERS	5/1/2012	\$1,961.30
Normal	93424	CATHY A CLAXTON	5/1/2012	\$1,289.95
Normal	93425	CRAIG L DIPLEY SR	5/1/2012	\$3,657.92
Normal	93428	JERRY M FRIBERG	5/1/2012	\$250.28
Normal	93429	WILLIAM GERLER	5/1/2012	\$2,121.32
Normal	93430	MARGARET MINK HIGGINS	5/1/2012	\$2,375.28
Normal	93444	MARTHA L LEMONS	5/1/2012	\$1,476.58
Normal	93114	DONALD E LOWREY	5/1/2012	\$1,180.65
Normal	93433	PAMELA R MCMAHAN	5/1/2012	\$1,059.50
Normal	93434	James - McNeely	5/1/2012	\$1,383.19
Normal	93435	MARY L RICHARDS	5/1/2012	\$2,537.98
Normal	93343	DONALD G SKINNER	5/1/2012	\$1,014.12
Normal	93437	LINDA A SKRUTSKI-COLE	5/1/2012	\$692.67
Normal	93438	CAROL A SOUTHERN	5/1/2012	\$260.81
Normal	93439	KEITH S TIETZ	5/1/2012	\$2,330.37

Terminated Annuities

Begin Date: 4/1/2012
End Date: 4/1/2012

Termination Type	Retire. #	Annuitant Name	Death Date	Termination Date	Benefit
Deceased	17618	PEARLY J ALEXANDER	3/6/2012	4/1/2012	\$956.07
Deceased	25061	LESLIE J ANDERSON	3/17/2012	4/1/2012	\$1,415.81
Deceased	76073	SARAH E ARCHER	3/25/2012	4/1/2012	\$2,437.58
Deceased	24433	LOIS J BEST	3/12/2012	4/1/2012	\$2,114.84
Deceased	23518	LOIS J BEST	3/12/2012	4/1/2012	\$264.30
Deceased	55798	HAROLD E BONDS	3/30/2012	4/1/2012	\$259.27
Deceased	25204	NEOMA C BRADLEY	3/22/2012	4/1/2012	\$1,859.80
Deceased	23541	WINIFRED L BROWN	3/3/2012	4/1/2012	\$1,489.57
Deceased	34350	VILA M BURNS	2/20/2012	4/1/2012	\$1,150.32
Deceased	53685	NANCY S CAIN	12/14/2011	4/1/2012	\$1,044.70
Deceased	78431	TIMOTHY K CAMPBELL	3/19/2012	4/1/2012	\$3,082.58
Deceased	49137	LONNIE L CAPPS	3/10/2012	4/1/2012	\$1,117.90
Deceased	25545	LISA L CLARK	3/15/2012	4/1/2012	\$1,542.54
Deceased	63857	EDWARD T CLINE	3/8/2012	4/1/2012	\$2,017.60
Deceased	31349	MARCELINE COCHRAN	3/19/2012	4/1/2012	\$2,146.97
Deceased	53753	CAROL A CREW	3/9/2012	4/1/2012	\$950.35
Deceased	12342	LILLIAN D CRISP	3/30/2012	4/1/2012	\$1,849.02
Deceased	28203	MERYL E CUNDIFF	3/16/2012	4/1/2012	\$328.77
Deceased	22302	BETTY K DAWSON	12/6/2011	4/1/2012	\$1,575.26
Deceased	D01731	BOBBY J DELCOUR	3/31/2012	4/1/2012	\$367.45
Deceased	58579	DAN F DELOACHE	3/14/2012	4/1/2012	\$1,954.10
Deceased	24834	MELVIN E DICKENSON	3/7/2012	4/1/2012	\$347.38
Deceased	33409	ZETTA F DULWORTH	3/22/2012	4/1/2012	\$1,116.43
Deceased	22326	RUBY L DYE	3/18/2012	4/1/2012	\$330.41
Deceased	56217	JERRY W EARLS	3/5/2012	4/1/2012	\$450.56
Deceased	30908	FAYE I EFFINGER	3/24/2012	4/1/2012	\$941.75
Deceased	34359	WILLIS F EVANS	3/1/2012	4/1/2012	\$1,031.69
Deceased	47354	SARAH S FAIRBETTER	3/14/2012	4/1/2012	\$2,512.20
Deceased	18125	ELWIN FITE	3/22/2012	4/1/2012	\$1,627.32
Deceased	40228	HARLAN D FRAME	3/29/2012	4/1/2012	\$2,023.51
Deceased	36047	PATRICIA S FRANKLIN	3/13/2012	4/1/2012	\$1,932.19
Deceased	37459	VALTA F GAINES	3/18/2012	4/1/2012	\$510.83
Deceased	72415	CYNTHIA D GAUGER	3/17/2012	4/1/2012	\$685.51
Deceased	27022	ANNA R GIFFORD	3/1/2012	4/1/2012	\$810.82
Deceased	23693	ELIZABETH B GOWANS	3/5/2012	4/1/2012	\$1,731.00
Deceased	20528	BERTHA GRICE	3/7/2012	4/1/2012	\$1,844.98
Deceased	D01096	VERNA E GRIFFIN	3/7/2012	4/1/2012	\$222.62
Deceased	31873	BERNETA M GUNDLING	3/5/2012	4/1/2012	\$1,452.29
Deceased	56337	MAXIE G HAMMONTREE	3/10/2012	4/1/2012	\$1,643.11
Deceased	27629	A L HARREL	12/11/2011	4/1/2012	\$175.45
Deceased	B01054	GEORGIA B HATCHER	3/17/2012	4/1/2012	\$194.89
Deceased	39219	LAWRENCE L HICKMAN	3/24/2012	4/1/2012	\$2,014.40
Deceased	D01593	CAREY D HODSON	3/5/2012	4/1/2012	\$450.72
Deceased	30267	LOEVA M HOLESKO	3/14/2012	4/1/2012	\$746.70
Deceased	23125	THERESE M HONEA	2/2/2012	4/1/2012	\$691.53
Deceased	19707	MILDRED HONEYMAN	3/6/2012	4/1/2012	\$1,269.44
Deceased	66550	MARILYN J HOOK	3/29/2012	4/1/2012	\$1,363.31
Deceased	57579	ELFREIDA A HOPKINS	3/5/2012	4/1/2012	\$646.51
Deceased	64585	ELFREIDA A HOPKINS	3/5/2012	4/1/2012	\$518.12
Deceased	25879	EDA L HORST	3/17/2012	4/1/2012	\$1,366.62
Deceased	D03224	JOHN P HUCKBY	3/3/2012	4/1/2012	\$1,820.58
Deceased	15411	ELIZABETH C HUDDLE	3/22/2012	4/1/2012	\$1,675.79
Deceased	D00707	SWAN L HUGHSTON	3/7/2012	4/1/2012	\$1,103.13
Deceased	42618	RUBY M HUNTER	3/10/2012	4/1/2012	\$751.06
Deceased	17921	RUTH H IMES	3/25/2012	4/1/2012	\$1,457.26
Deceased	25922	MARSHALL L ISHMAEL	3/6/2012	4/1/2012	\$1,279.41

Terminated Annuities

Begin Date: 4/1/2012
End Date: 4/1/2012

Termination Type	Retire. #	Annuitant Name	Death Date	Termination Date	Benefit
Deceased	21391	VOLLIE B JENKINS	3/3/2012	4/1/2012	\$1,085.03
Deceased	71750	LEONARD W JOHNSON	3/28/2012	4/1/2012	\$3,613.17
Deceased	42836	PATRICIA A JOHNSON	3/12/2012	4/1/2012	\$2,257.48
Deceased	17605	EDITH M KEALHER	3/26/2012	4/1/2012	\$1,326.32
Deceased	34232	EVELYN KILLIAN	3/7/2012	4/1/2012	\$343.81
Deceased	37388	FRANCES A KIRKPATRICK	3/24/2012	4/1/2012	\$857.51
Deceased	16186	VIOLA C KNIGHT	3/24/2012	4/1/2012	\$1,665.41
Deceased	51055	TIMOTHY R KUHLO	3/3/2012	4/1/2012	\$1,957.82
Deceased	53142	DAVID W LACY	3/8/2012	4/1/2012	\$189.75
Deceased	18781	VIRLEY O LANEY	3/4/2012	4/1/2012	\$725.66
Deceased	34086	BETTY LATTY	3/25/2012	4/1/2012	\$983.71
Deceased	64598	BARBARA J LEHMAN	3/19/2012	4/1/2012	\$2,517.37
Deceased	32975	ROY J LEWIS	3/2/2012	4/1/2012	\$3,457.36
Deceased	49950	GEORGIA A LIBBY	3/4/2012	4/1/2012	\$542.85
Deceased	62755	SUSAN LOVELESS	3/17/2012	4/1/2012	\$2,446.11
Deceased	46579	WILLIAM G LUCE	3/26/2012	4/1/2012	\$2,694.82
Deceased	16350	FRED P MACHESNEY	2/16/2012	4/1/2012	\$2,086.26
Deceased	22971	JOE W MARLING	3/31/2012	4/1/2012	\$956.06
Deceased	22972	WANDA K MARRS	3/30/2012	4/1/2012	\$586.30
Deceased	34314	JANE M MARTIN	3/17/2012	4/1/2012	\$493.65
Deceased	20982	VIRGINIA E MARTIN	3/4/2012	4/1/2012	\$1,258.44
Deceased	18803	SYBIL M MCCOWAN	3/19/2012	4/1/2012	\$1,711.70
Deceased	24400	ZELLA S MCDOWELL	3/22/2012	4/1/2012	\$1,337.83
Deceased	36746	FLOYD C MCMULLEN	3/13/2012	4/1/2012	\$527.79
Deceased	16041	EDITH MCPEAK	3/10/2012	4/1/2012	\$856.71
Deceased	D00900	MARY H MILLER	3/7/2012	4/1/2012	\$1,159.71
Deceased	33670	DORAH L MOORE	3/25/2012	4/1/2012	\$1,904.38
Deceased	51189	JACK F MORRIS	3/16/2012	4/1/2012	\$1,578.56
Deceased	26289	ELMER W NELSON	3/22/2012	4/1/2012	\$1,987.38
Deceased	41391	NOISETTE NELSON	3/4/2012	4/1/2012	\$1,069.91
Deceased	77149	SHARON A NORTHCOTT	3/13/2012	4/1/2012	\$1,810.91
Deceased	19881	MAZELLE E NORTHINGTON	3/9/2012	4/1/2012	\$671.19
Deceased	23217	MAZELLE E NORTHINGTON	3/9/2012	4/1/2012	\$521.20
Deceased	36104	JOHN T OLIVE	2/22/2012	4/1/2012	\$1,445.15
Deceased	26333	GERALDINE E OSBORN	3/2/2012	4/1/2012	\$1,063.58
Deceased	56675	SHERRY L OSBORN	3/28/2012	4/1/2012	\$1,821.13
Deceased	30007	ARBY L OTT	3/2/2012	4/1/2012	\$233.44
Deceased	24845	ARBY L OTT	3/2/2012	4/1/2012	\$858.58
Deceased	41354	GENEVA S OWENS	3/9/2012	4/1/2012	\$223.22
Deceased	21473	EVELYN E PARIS	3/13/2012	4/1/2012	\$1,109.34
Deceased	D03047	UN Y PARKER	3/30/2012	4/1/2012	\$378.14
Deceased	37983	WILLENE M PENICK	3/4/2012	4/1/2012	\$267.63
Deceased	15532	GLADYS E PERRY	3/22/2012	4/1/2012	\$1,046.38
Deceased	35845	RAMONA J PHARES	3/30/2012	4/1/2012	\$522.72
Deceased	37953	DOYLE K PIGG	3/2/2012	4/1/2012	\$1,049.50
Deceased	34252	CHRISTINE J POLLARD	3/22/2012	4/1/2012	\$1,488.56
Deceased	D02676	LINDA C POWELL	3/17/2012	4/1/2012	\$421.94
Deceased	37810	ABLE J PRADIA	3/5/2012	4/1/2012	\$743.38
Deceased	19922	CLARA PRESGROVE	3/29/2012	4/1/2012	\$1,763.71
Deceased	46629	SHIRLEY J PURSELL	3/18/2012	4/1/2012	\$802.03
Deceased	55389	PATRICIA J RANKIN	3/2/2012	4/1/2012	\$1,113.92
Deceased	28257	JEAN REED	3/22/2012	4/1/2012	\$2,185.99
Deceased	19061	JESSIE H REYNOLDS	3/13/2012	4/1/2012	\$1,293.55
Deceased	29079	JACK L RICE	3/26/2012	4/1/2012	\$2,488.27
Deceased	15778	WILDA E RINEHART	3/27/2012	4/1/2012	\$1,108.63
Deceased	64492	MICHAEL A ROBINSON	3/24/2012	4/1/2012	\$3,119.02

Terminated Annuities

Begin Date: 4/1/2012
End Date: 4/1/2012

Termination Type	Retire. #	Annuitant Name	Death Date	Termination Date	Benefit
Deceased	29100	FLORESTINE RODGERS	3/9/2012	4/1/2012	\$2,254.37
Deceased	62632	GEORGE R ROSS	3/5/2012	4/1/2012	\$513.41
Deceased	13914	WILMA J SAUNDERS	3/4/2012	4/1/2012	\$2,210.95
Deceased	24849	B G SCHUMACHER	3/15/2012	4/1/2012	\$1,170.88
Deceased	22693	JOHN L SCHWEITZER	3/8/2012	4/1/2012	\$1,605.79
Deceased	19988	MARJORIE SEARLE	2/28/2012	4/1/2012	\$499.69
Deceased	52578	REUBEN E SEAY	3/25/2012	4/1/2012	\$2,706.07
Deceased	26578	CALVIN SEITTER	3/5/2012	4/1/2012	\$2,213.27
Deceased	55051	LENORA L SEWELL	3/26/2012	4/1/2012	\$1,417.55
Deceased	24327	ZELLA K SHUBERT	3/15/2012	4/1/2012	\$1,458.82
Deceased	27424	COLEMAN R SMITH	3/30/2012	4/1/2012	\$2,080.05
Deceased	59391	LINDA M SMITH	3/1/2012	4/1/2012	\$555.99
Deceased	50742	PHIL A STIDHAM	11/25/2011	4/1/2012	\$2,053.70
Deceased	33085	CHIPMAN G STUART	3/1/2012	4/1/2012	\$2,687.59
Deceased	28101	FRANK R SVITAK	3/4/2012	4/1/2012	\$897.06
Deceased	20054	FRANCES L TAYLOR	2/15/2012	4/1/2012	\$890.79
Deceased	44322	JOHNNIE F THOMAS	3/17/2012	4/1/2012	\$963.31
Deceased	35934	JOHNNIE F THOMAS	3/17/2012	4/1/2012	\$2,305.15
Deceased	26752	GEORGE C TILLET	3/11/2012	4/1/2012	\$1,176.63
Deceased	30814	SHERRY A TRAMMELL	3/26/2012	4/1/2012	\$1,588.17
Deceased	27916	HARRIET B TURKINGTON	3/7/2012	4/1/2012	\$797.34
Deceased	29117	EMILY J VANBURKLEO	3/20/2012	4/1/2012	\$1,631.19
Deceased	24123	ROBERT E VANDIVER	3/16/2012	4/1/2012	\$2,152.05
Deceased	19213	FARMER J WANN	3/12/2012	4/1/2012	\$1,895.19
Deceased	69817	JANICE A WEAVER	3/2/2012	4/1/2012	\$1,390.85
Deceased	34642	JOHN T WELCH	3/14/2012	4/1/2012	\$1,843.96
Deceased	64299	AMBROSE F WHITE	3/12/2012	4/1/2012	\$711.11
Deceased	26880	DONALD R WHITE	3/10/2012	4/1/2012	\$1,649.42
Deceased	29877	MURLINE WHITE	1/17/2012	4/1/2012	\$293.81
Deceased	47047	WILLIAM E WHITTINGTON	3/5/2012	4/1/2012	\$410.14
Deceased	23195	FLORENE H WILLIAMS	3/20/2012	4/1/2012	\$492.92
Deceased	21036	EMMETTE S WORTHAM	3/25/2012	4/1/2012	\$462.03
Deceased	20904	PHYLLIS E YOUNTS	3/9/2012	4/1/2012	\$1,410.28

MEDICAL BOARD REPORT

APRIL 5, 2012

The Medical Board of the Teachers' Retirement System of Oklahoma met in the Board Room of the Teachers' Retirement System, located in the Oliver Hodge Building, 2500 North Lincoln Boulevard, 5th floor, Oklahoma City, Oklahoma 73105.

BOARD MEMBERS PRESENT:

George R. Jay, M.D.

Dathan D. Jay, M.D.

Joseph Harroz, M.D.

OTHERS PRESENT:

Anthony W Gilliard, Retirement Planning Consultant

The following member's applications for Disability Retirement were presented and the Medical Board's action is noted beneath each name:

	MEMBER NAME/COMMENTS	SEX/AGE
1.	RANDELL G KUCHYNKA <i>DISABILITY RETIREMENT RECOMMENDED</i>	M-52
2.	TERRI L SNIDER <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-53
3.	HOLLY L LANE <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-42
4.	ROBERTA A UNDERWOOD <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-54

RETIREMENT PLANNING CONSULTANT

APRIL 5, 2012

DATE PREPARED

**DISABILITY RETIREMENT AS PROVIDED BY
70 O.S. 17-105 SOCIAL SECURITY DISABILITY
APRIL 5, 2012**

MEMBER NAME	RETIREMENT NUMBER	SSA EFFECTIVE DATE	RETIREMENT DATE
1. SHARON L MOORE		04/01/2012	June 2012
2. LARRY D COLDIRON		07/01/2011	April 2012
3. MELANIE D RICH		11/01/2010	April 2012
4. KATHARINE M KANAK		03/01/2012	April 2012

RETIREMENT PLANNING CONSULTANT

APRIL 5, 2012

DATE PREPARED

DISABILITY RETIREMENT NOT RECOMMENDED

APRIL 5, 2012

MEMBER NAME/COMMENTS

SEX/AGE

DATE OF BIRTH

NONE

RETIREMENT PLANNING CONSULTANT

APRIL 5, 2012

DATE PREPARED

DISABILITY RETIREMENT RE-EVALUATED

APRIL 5, 2012

RETIREMENT NUMBER	MEMBER NAME	SEX/AGE	DATE OF BIRTH	COMMENTS
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NONE

RETIREMENT PLANNING CONSULTANT

APRIL 5, 2012

DATE PREPARED

Priority - OTRS 2012+



Bill Portfolio

5 Bills On Report

HB2623



Paraphrase: HB2623, by Rep. Randy McDaniel, R-Edmond and Sen. Patrick Anderson, R-Enid, states that any member of the Teachers' Retirement System who is convicted of or pleads guilty or nolo contendere to a felony in a state or federal court is to forfeit all retirement benefits, but such forfeiture shall not occur if any such member received a deferred sentence, although retirement benefits will not commence prior to completion of the deferred sentence. It states that forfeiture of retirement benefits does not include the member's contributions to TRS or benefits that are vested on the effective date of the act. The bill states that the forfeiture requirement will also apply to any member of the system who, after leaving active contributory employment, is convicted of or pleads guilty or nolo contendere to in a state or federal court a felony committed while in his/her employment or related to campaign contributions or campaign financing for that or any other office. It states that the suspension or forfeiture of benefits will continue until the conviction or guilty plea is reversed by the highest appellate court to which it may be appealed. (Amended by House) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 11/01/2012 **Emergency:** No

Principal Authors: McDaniel, Randy (H); Anderson, Patrick (S)

Status: Governor Action - Signed **Status Date:** 04/16/2012

HB2684



Paraphrase: HB2684, by Rep. Gary Banz, R-Midwest City and Sen. John Ford, R-Bartlesville, modifies the definition of "school personnel" as it relates to eligibility for benefits, including a full-time school employee who is employed a minimum of six hours per day for a minimum of 1,032 hours per year. (Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Banz, Gary (H); Ford, John (S)

Status: Engrossed - Senate **Status Date:** 04/19/2012

SB0194



Paraphrase: SB0194, by Sen. David Myers, R-Ponca City and Rep. Steven Vaughan, R-Ponca City, modifies retirement options under the Teachers Retirement System. It states that if a spouse is designated as the beneficiary under options 2 or 3 and the spouse dies after the member's effective date of retirement and the member subsequently remarries, the member may make a one-time, irrevocable election per each subsequent marriage within one year of the marriage to reselect option 2 or 3 and name the new spouse as the designated beneficiary. The bill requires a medical examination to prove the member's good health before he/she may change options. (Amended by House, Amended by Senate, Carryover Bill, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** No

Principal Authors: Myers, David (S); Vaughan, Steven (H)

Status: Conference Granted - House **Status Date:** 03/26/2012

Committee(1): Conf Com on Insurance & Economic Development (C)

SB1001



Paraphrase: SB1001, by Sen. Gary Michael Stanislawski, R-Tulsa and Rep. Marty Quinn, R-Claremore, prohibits members of the Teachers' Retirement System who are convicted or pleaded nolo contendere to certain felony crimes from receiving retirement benefits. (Amended by Senate, Stricken Title, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** Yes

Principal Authors: Stanislawski, Gary Michael (S); Quinn, Marty (H)

Status: H General Order **Status Date:** 04/09/2012

SB1102



Paraphrase: SB1102, by Sen. Patrick Anderson, R-Enid and Rep. Todd Thomsen, R-Ada, creates the Oklahoma State Retirement Systems Revolving Fund. It states that expenditures from the fund will be made pursuant to legislative appropriations to pay for the cost of legislatively authorized cost-of-living adjustments for the retirees or beneficiaries of the system. (Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Anderson, Patrick (S); Thomsen, Todd (H)

Status: House Amendments - Read **Status Date:** 04/11/2012

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Priority - Retirement 2012+



Bill Portfolio

8 Bills On Report

HB2319

Paraphrase: HB2319, by Rep. Randy McDaniel, R-Edmond and Sen. Patrick Anderson, R-Enid, increases the amount municipalities are to provide for support of the Oklahoma Police Pension and Retirement System to 14 percent of the actual paid base salary of each member of the system employed by the municipality beginning July 1, 2012, and for each fiscal year thereafter. It also increases from 8 percent to 9 percent the member's contribution requirement. It also increases from 14 to 15 percent the amount of taxes collected on insurance premiums to be allocated to the system. (Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: McDaniel, Randy (H); Anderson, Patrick (S)

Status: Engrossed - Senate **Status Date:** 04/19/2012

HB2320

Paraphrase: HB2320, by Rep. Randy McDaniel, R-Edmond and Sen. Patrick Anderson, R-Enid, modifies language related to deferred option plans of the Oklahoma Firefighters Pension and Retirement System, directing for any period of time beyond the five-year period that the rate of interest upon the account balance be 7.5 percent per annum on deferred option plans and be applicable for all accounts in existence prior to July 1, 2012, as well as those created on or after July 1, 2012.. It increases from 8 to 9 percent the amount to be deducted monthly from a municipal fire department member's salary for contributions to the system. It directs municipalities beginning July 1, 2012, and for each fiscal year thereafter to direct to the system 14 percent of the total actual paid gross salaries of the members of the fire department. The bill also increases from 34 to 36 percent the amount of insurance premium taxes to be allocated to the Firefighters Pension and Retirement Fund. (Amended by House, Emergency Measure, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: McDaniel, Randy (H); Anderson, Patrick (S)

Status: Engrossed - Senate **Status Date:** 04/19/2012

HB2321

Paraphrase: HB2321, by Rep. Randy McDaniel, R-Edmond and Sen. Patrick Anderson, R-Enid, modifies language related to the Oklahoma Public Employees Retirement System, directing that for members who join the system on or after Nov. 1, 2012, unused sick leave is to be credited at the same rate but not used to round up another year. Instead, it directs any additional months of unused sick leave credit to be added to other service credit without rounding. It also states that for members joining the system on or after Nov. 1, 2012, the number of years of credited service is to

be based on actual years and months of credited service without rounding up or down. (Amended by House, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 11/01/2012 **Emergency:** No

Principal Authors: McDaniel, Randy (H); Anderson, Patrick (S)

Status: Engrossed - Senate **Status Date:** 04/19/2012

HB2322

Paraphrase: HB2322, by Rep. Randy McDaniel, R-Edmond and Sen. Bill Brown, R-Broken Arrow, removes language directing the Oklahoma Public Employees Retirement System Board of Trustees to adopt a cost of living adjustment actuarial assumption in its annual actuarial valuation report. It also states that elected officials who are first elected or appointed on or after Nov. 1, 2011, are eligible to make the election of an alternate multiplier and contribution rate. The bill also modifies retirement benefits for elected officials first elected or appointed to elected office on or after Nov. 1, 2011, who have a minimum of 10 years of participating service, directing that 100 percent benefits are available for those age 62, rather than 65, with 93.33 percent of benefits available for those age 61, and 86.67 percent of benefits available for those age 60. It repeals language directing the executive director of the system to keep records on Members Accumulated Contribution Reserve, Retirement Benefit Accumulation Reserve and Retirement Benefit Payment Reserve. (Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: McDaniel, Randy (H); Brown, Bill (S)

Status: Signed & Transmitted to Governor **Status Date:** 04/17/2012

HB2952

Paraphrase: HB2952, by Rep. Randy McDaniel, R-Edmond and Sen. Patrick Anderson, R-Enid, requires the Department of Public Safety, Oklahoma State Bureau of Investigation, Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, Oklahoma Alcoholic Beverages Control Board, Oklahoma Tourism and Recreation Department and State Board of Pharmacy to contribute to the Oklahoma Law Enforcement Retirement System an amount equal to 11 percent of the actual paid base salary of each member employed after Nov. 1, 2012. It requires each member of the system to make contributions to the fund in an amount equal to 9 percent of the actual paid base salary of each member employed after Nov. 1, 2012. (Amended by House, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 11/01/2012 **Emergency:** No

Principal Authors: McDaniel, Randy (H); Anderson, Patrick (S)

Status: Motion to Reconsider - Senate **Status Date:** 04/19/2012

SB1001

Paraphrase: SB1001, by Sen. Gary Michael Stanislawski, R-Tulsa and Rep. Marty Quinn, R-Claremore, prohibits members of the Teachers' Retirement System who are convicted or pleaded

nolo contendere to certain felony crimes from receiving retirement benefits. (Amended by Senate, Stricken Title, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** Yes

Principal Authors: Stanislawski, Gary Michael (S); Quinn, Marty (H)

Status: H General Order **Status Date:** 04/09/2012



Paraphrase: SB1264, by Sen. Dan Newberry, R-Tulsa and Rep. Randy McDaniel, R-Edmond, creates the Oklahoma Debt Reduction Fund. It directs the Office of State Finance each July 1, or as soon thereafter as feasible, to transfer to the fund 30 percent of any surplus funds that are in excess of the funds required to be deposited into the Constitutional Reserve Fund that accrue to the General Revenue Fund for the immediately preceding fiscal year. It states that if one or more of the state pension systems has a funded ratio of less than 80 percent, the Debt Reduction Fund shall be allocated by legislative appropriation to reduce the unfunded liability of any one or any combination of pension systems. If each pension system has a funded ratio of at least 80 percent, the bill directs the fund to be allocated by legislative appropriation to reduce the bonded indebtedness of the state. The bill directs any amounts not appropriated by the Legislature to revert to the fund from which they came. The bill limits the use of the remaining 70 percent of the money to be appropriated for one-time or nonrecurring expenditures. (Amended by Senate, Stricken Title, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Newberry, Dan (S); McDaniel, Randy (H)

Status: H General Order **Status Date:** 03/29/2012



Paraphrase: SB1588, by Sen. Don Barrington, R-Lawton and Rep. Don Armes, R-Faxon, allows the Oklahoma Firefighters Pension and Retirement Board to permit the use of electronic media to provide applicable notices and make elections and consent. It permits any assets of the Oklahoma Firefighters Pension and Retirement System to be invested in a collective investment fund or group trust that satisfies the requirements of certain rules. It provides that the amount that the actuarially equivalent straight life annuity is equal to for limitation years beginning on or after July 1, 2008. It states that the benefits accrued up to a date of termination or continuance shall be nonforfeitable effective July 1, 2011. The measure also allows the Oklahoma Firefighters Pension and Retirement System Board of trustees to authorize a retirement benefit increase of up to 2 percent if the system has a funded ratio of 90 percent. (Amended by Senate, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** Yes

Principal Authors: Barrington, Don (S); Armes, Don (H)

Status: House Amendments - Read **Status Date:** 04/10/2012

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Priority - Tax 2012+



Bill Portfolio

10 Bills On Report



HB2621 Paraphrase: HB2621, by Rep. Dennis Johnson, R-Duncan and Sen. Mike Mazzei, R-Tulsa, removes language allowing tax credits for coal production to be freely transferable at any time during the five years following the year of qualification. It also removes language allowing tax credits for zero-emission facilities to be freely transferable during the 10 years following the year of qualification. It also removes language allowing tax credits for the manufacture of small wind turbines to be transferable during the 10 years following the year of qualification. The bill also removes language allowing tax credits for qualified rehabilitation expenditures to be transferable for five years following the year of qualification. It removes language allowing tax credits for construction of energy efficient residential property to be freely transferable. It also removes language allowing tax credits for qualified railroad construction or replacement expenditures to be freely transferable for five years following the year of qualification. The bill clarifies that the changes are not applicable to any tax credit earned prior to Jan. 1, 2012, any credit transferred prior to Jan. 1, 2012, or any credit eligible to be carried forward prior to Jan. 1, 2012. The bill allows a credit against tax for qualified rehabilitation expenditures for tax years beginning after Dec. 31, 2000, and ending on or before Dec. 31, 2016. It allows a credit against tax for eligible expenditures incurred by a contractor in the construction of energy-efficient residential property of 2,000 square feet or less for tax years beginning after Dec. 31, 2005, and ending on or before Dec. 31, 2016. It allows a credit against tax for 50 percent of an eligible taxpayer's qualified railroad reconstruction or replacement expenditures for tax years beginning after Dec. 31, 2005, and ending on or before Dec. 31, 2016. (Amended by House, Stricken Title, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** Yes

Principal Authors: Johnson, Dennis (H); Mazzei, Mike (S)

Status: General Order - Senate **Status Date:** 04/09/2012



HB2710 Paraphrase: HB2710, by Rep. Mike Jackson, R-Enid and Sen. Patrick Anderson, R-Enid, prohibits the use or possession of a cigarette rolling vending machine for commercial purposes except by cigarette manufacturers who obtain a federal Manufacturer of Tobacco Products permit issued by the Alcohol Tobacco and Trade Bureau. It also establishes penalties. (Amended by House, Emergency Measure, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Jackson, Mike (H); Anderson, Patrick (S)

Status: Senate Amendments - Read **Status Date:** 04/11/2012

HB2978

Paraphrase: HB2978, by Rep. David Dank, R-Oklahoma City and Sen. Mike Mazzei, R-Tulsa, requires the Oklahoma Department of Commerce to conduct a preapproval cost/benefit analysis to determine whether activity expected to result directly from the granting of a tax credit by the Oklahoma Tax Commission to a legal business entity would result in any estimated net direct state benefits. It requires a preapproval memorandum be issued to the legal business entity if the Department of Commerce finds the granting of a tax credit will result in any estimated net direct state benefits. It prohibits any tax credit from being allowed by the Tax Commission to a legal business entity unless a determination has been made that net direct state benefits are expected to result and at least one new direct job or one existing job will be retained as a result of a granting of the credit. It requires the Tax Commission to provide to the state auditor and inspector information pertaining to claims for tax credits as are necessary for the state auditor and inspector to examine each tax credit to assess the costs and benefits to the state. It requires the state auditor and inspector to annually report the findings to the governor, Senate president pro tempore, House Speaker, chair of the Senate Finance Committee and chair of the House Appropriations and Budget Committee. (Amended by House, Stricken Title, Emergency Measure, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Dank, David (H); Mazzei, Mike (S)

Status: General Order - Senate **Status Date:** 04/09/2012

HB3038

Paraphrase: HB3038, by Rep. Leslie Osborn, R-Tuttle and Sen. Clark Jolley, R-Edmond, requires 83.61 percent of the revenue derived under the Oklahoma Sales Tax Code, subject to apportionment requirements, to be placed to the credit of the General Revenue Fund in fiscal years 2013 to 2019 and for 81.39 percent of such revenue to be placed to the credit of the General Revenue Fund in FY2019 and thereafter. It requires 6.5 percent of the revenue derived under the Oklahoma Sales Tax Code to be placed to the credit of the Teachers' Retirement System Dedicated Revenue Revolving Fund for FY2014 and thereafter. It requires 0.5 percent of the revenue derived under the Sales Tax Code to be apportioned to the Ad Valorem Reimbursement Fund beginning in FY2014 until FY2019, and 0.75 percent of such revenue is to be apportioned to the Ad Valorem Reimbursement Fund in FY2019 and thereafter, in addition to any other apportionment made to the Ad Valorem Reimbursement fund. It requires single individuals and married individuals filing jointly to pay maximum state income tax rate of 5.5 percent for the 2008 tax year through the 2011 tax year and 5.25 percent for the 2012 tax year. It requires single individuals and married individuals filing jointly to pay maximum state income tax rate of 4.95 percent for taxable years beginning on and after Jan. 1, 2013, unless the Board of Equalization makes a determination that revenue collections from the state sales, use, motor vehicle and corporate income taxes will increase by 5 percent or more over total General Revenue Fund collections for FY2013. The bill provides that the top individual income tax rate will decrease .25 percent each year the board makes a finding that sufficient revenue growth will occur. (Amended by House, Stricken Title, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** No

Principal Authors: Osborn, Leslie (H); Jolley, Clark (S)

Status: Senate Amendments - Read **Status Date:** 04/18/2012

HB3061

Paraphrase: HB3061, by Rep. Kris Steele, R-Shawnee and Sen. Brian Bingman, R-Sapulpa, creates the Oklahoma Tax Reduction and Simplification Act. It states that for taxable years beginning Jan. 1, 2013, and ending Dec. 31, 2014, there will be a 0 percent tax for single persons with a taxable income not exceeding \$15,000; 2.25 percent tax on all income equal to or more than \$15,000 but not exceeding \$35,000; and a 3.5 percent tax on all income equal to or more than \$35,000. It states that beginning Jan. 1, 2013, and ending Dec. 31, 2014, there will be a 0 percent tax on married persons filing jointly, head of household and surviving spouse with a taxable income not in excess of \$30,000; a 2.25 percent tax on taxable income equal to or more than \$30,000 but not in excess of \$70,000; and a 3.5 percent tax on all income equal to or more than \$70,000. It states that for tax years beginning Jan. 1, 2013, and ending Dec. 31, 2014, there will be a 0 percent tax on income not exceeding \$15,000 for married persons filing separately; 2.25 percent tax on income equal to or more than \$15,000 but not exceeding \$35,000; and a 3.5 percent tax on income equal to or more than \$35,000. The bill states that for tax years beginning on or after Jan. 1, 2015, the individual income tax rate of 3.5 percent may be decreased in increments of 0.25 based upon a growth in state revenue certification equal to or greater than 5 percent. It allows incremental reductions until the 3.5 percent tax rate equals zero. It states that for the first tax year after the individual income tax rate of 3.5 percent is zero and for each tax year thereafter, the individual income tax rate of 2.25 percent otherwise authorized may be decreased in increments of 0.25 based upon a growth in state revenue of 5 percent, and such reductions may occur until the tax rate equals zero. The measure further states that after the individual income tax rate of 2.25 percent and 3.5 percent are zero, the state will not impose any income tax on the taxable income of individuals. It provides criteria for the State Board of Equalization to make revenue growth determinations. The measure removes language regarding the income tax credit for resident and nonresident members of the Armed Forces for child care expenses and the tax credit for manufacturing establishment operators for gas used or consumed in the operation of a manufacturing establishment. It sunsets on Dec. 31, 2014, the one-time tax credit for investments in qualified clean-burning motor vehicle fuel property. The measure also removes language regarding the exemption from adjusted gross income of 15 percent of the investment by an owner in new or expanded agricultural commodity processing facilities being adjusted annually so the total estimated reduction in tax liability does not exceed \$1 million annually. It also removes language allowing all qualified wages equal to the federal income tax credit to be deducted from taxable income; the \$1,000 tax exemption for employer use of the Safety Pays OSHA Consultation Services; the addition to Oklahoma income equal to the amount of deferred income not included in taxable income under the American Recovery and Reinvestment Act; the \$1,000 adjustment for personal exemptions allowed by the Internal Revenue Code; the \$1,000 exemption for each taxpayer or spouse who is blind at the close of the tax year; the \$1,000 exemption for each taxpayer or spouse who is 65 or older at the close of the tax year; the adjustment to allow a standard deduction in lieu of the standard deduction equal to the larger of 15 percent or \$1,000; and the adjustment to allow the standard deduction in lieu of the standard deduction allowed by the Internal Revenue Code. It removes language regarding itemized deductions including moving expenses. It removes language regarding an income tax deduction for a resident individual with a

physical disability constituting a substantial handicap to employment. It removes language stating that amounts received as dividends or distributions of earnings from savings and loan associations or credit unions in Oklahoma and interest received on savings accounts and time deposits from such sources qualify as dividends for the purpose of the dividend exclusion. It removes language providing an income tax exemption for retirement benefits not exceeding \$10,000 received from the civil service or state or municipal pension systems. It removes language providing an income tax exemption for Social Security benefits; the exemption for lump-sum distributions from employer plans of deferred compensation that are not qualified plans; the exemption for contributions to and interest from medical savings accounts; the adjustment for taxpayers who are swine or poultry producers who have new construction or expansion costs; the exemption for an individual engaged in production agriculture; the exemption for any scholarship or stipend received from participation in the Oklahoma Police Corps Program; the exemption for retirement benefits received from any component of the Armed Forces; the exemption for retirement benefits from federal civil service retirement; the exemption for income received by the beneficiary of a death benefit for an emergency medical technician or registered emergency medical responder; the increase in taxable income for unemployment compensation exempted under the Internal Revenue Code; the exemption for awards received via participation in a competitive livestock show event; and the deduction for qualifying gains receiving capital treatment. The bill repeals current language regarding income tax cuts being dependent on the State Board of Equalization making a determination of revenue growth; tax credits for investment in qualified depreciable property used in manufacturing; the tax credit for contributions to the Energy Conservation Assistance Fund; the tax credit for investments in qualified venture capital companies; the Oklahoma Coal Production Incentive Act; the tax credit for investments in qualifying projects to encourage the development of commercial space industries; the income tax deduction for individuals who sell to the state real property that was the site of a historic battle during the 19th century and is or has been designated a National Historic Landmark; the tax credit for direct investments by Oklahoma agricultural producers in Oklahoma producer-owned agricultural processing cooperatives, producer-owned agricultural processing ventures or producer-owned agricultural processing marketing associations; the tax credit limit placed on recreational activities groups; the tax credit for employers incurring eligible expenses in connection with providing child care services; the tax credit for eligible expenses incurred by entities primarily engaged in providing child care services; the freely transferable tax credit in eligible investments; the tax credit for owners of residential real property whose primary residence was damaged or destroyed in the May 3, 1999, tornado, during the Oct. 9, 2001, tornado, during the May 8 or 9, 2003, tornado; the small business tax credit; the tax credit for employers that offer and pay for half of basic health benefits to all employees after not doing so for the 15 preceding months; the tax credit for having a wind or photovoltaic energy system installed on residential property; the tax credit for the production and sale to an unrelated person of electricity generated by zero-emission facilities in the state; the tax credit for manufacturers of advanced small wind turbines; the tax credit for amounts paid by a taxpayer operating one or more food service establishments for immunizations against Hepatitis A for employees; incentives offered under the Oklahoma Tourism Development Act for music production, film and digital media production and postproduction facilities and tourism attraction projects; the tax credit for qualified rehabilitation expenditures in connection with certified historic hotel or historic newspaper plant buildings located in an increment or incentive district or qualified rehabilitation expenditures in connection with any certified historic structure; the

tax credit for eligible investments in a qualified space transportation vehicle provider; the tax credit equal to 5 percent of the earned income tax credit allowed under the Internal Revenue Code; the tax credit for donations to an independent biomedical research institute and donations to a cancer research institute; the tax credit for eligible expenditures incurred by a contractor in the construction of energy efficient residential property of 2,000 square feet or less; the tax credit for eligible wages paid to an employee who is injured as a result of an injury that is compensable under the Workers' Compensation act and the employee returns to work with restricted duties; the tax credit for eligible modification expenses to modify a workplace, tools or equipment to enable a specific injured employee who is injured as a result of an injury that is compensable under the Workers' Compensation Act; the tax credit for investments in new qualified recycling facilities; tax credits authorized under the Small Business Capital Formation Incentive Act; the tax credit for ethanol facilities; the tax credit for biodiesel facilities; tax credits authorized under the Rural Venture Capital Formation Incentive Act; the tax credit for ad valorem taxes exempted for an enterprise locating a new facility within or expanding an existing facility within an enterprise zone; the tax credit for the purchase and transportation of poultry litter; the tax credit for a portion of the profit made by a taxpayer from investing in an existing Oklahoma film or music project; the tax credit for the cost of the purchase of a dry fire hydrant or the cost to provide an acceptable means of water storage for such dry fire hydrant; tax credits granted under the Railroad Modernization Act of 2005; definitions related to qualified business enterprises and qualified capital expenditures; the tax credit for qualified direct costs associated with the operation of a business enterprise that rears specially trained canines; a provision allowing a taxpayer to treat the cost of qualified refinery property as an expense that is not chargeable to a capital account, which is eligible for a tax deduction; a provision allowing a refiner to allocate all or a portion of the cost of complying with sulfur regulations from the Environmental Protection Agency as a tax deduction; the Oklahoma Equal Opportunity Education Scholarship Act; the tax credit for electronic funds transfers paid by an individual or entity; the one-time tax credit for electric motor vehicle manufacturers for electric motor vehicles, medium-speed electric motor vehicles and low-speed electric motor vehicles; the tax credit for any state banking association, national banking association and credit union for the amount of the guaranty fee paid to the U.S. Small Business Administration under a loan guaranty program; the tax credit for any state banking association, national banking association or credit union in the amount of the origination fee paid to the U.S. Department of Education under the Stafford loan guaranty program for an Oklahoma resident; claims for property tax relief for persons age 65 or older or any totally disabled person with a gross household income not exceeding \$12,000; provisions of the Sales Tax Relief Act; and the tax credit for a net increase in the number of full-time equivalent employees engaged in computer services, data processing or research and development. (Amended by House, Stricken Title, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 01/01/2013 **Emergency:** No

Principal Authors: Steele, Kris (H); Bingman, Brian (S)

Status: General Order - Senate **Status Date:** 04/04/2012



Paraphrase: HB3110, by Rep. Earl Sears, R-Bartlesville and Sen. Eddie Fields, R-Wynona, states that for the purposes of Article X, Section 6 of the Oklahoma Constitution, livestock owned by a

general partnership, limited partnership, corporation, limited liability company, estate, trust or other lawfully recognized entity, the primary purpose of which is to confer the economic benefits on two or more members of the same family and not any persons who are not members of the same family, are deemed to be livestock employed in support of the family. It states that a surviving spouse with no other family members shall continue to be eligible for the exempt treatment of livestock used for his/her support. (Amended by House, Dormant, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 11/01/2012 **Emergency:** No

Principal Authors: Sears, Earl (H); Fields, Eddie (S)

Status: Engrossed - Senate **Status Date:** 04/19/2012

SB1437



Paraphrase: SB1437, by Sen. Mike Mazzei, R-Tulsa and Rep. David Dank, R-Oklahoma City, imposes a tax on the taxable income of every resident or nonresident individual for all taxable years beginning on or after Jan. 1, 2008, and before Jan. 1, 2012. It provides a maximum 5.5 percent tax for individuals for the 2008 tax year through the 2011 tax year. It provides a maximum 5.5 percent tax for married individuals filing jointly for the 2008 tax year through the 2011 tax year. It provides a maximum 5.25 percent tax on individuals and married individuals filing jointly for the taxable year beginning on Jan. 1, 2012. It provides a maximum 5 percent tax on individuals and married individuals filing jointly for the taxable year beginning on Jan. 1, 2013. It provides a maximum 4.75 percent tax on individuals and married individuals filing jointly for the taxable year beginning on Jan. 1, 2014, with additional decreases in the top marginal individual income tax rate to 4.5 percent being contingent upon a determination of revenue growth made by the State Board of Equalization. It imposes a tax on the Oklahoma taxable income of every corporation doing business within this state or deriving income from sources within this state in an amount equal to 5 percent thereof for all taxable years beginning on or after Jan. 1, 2013. (Amended by Senate, Stricken Title) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 01/01/2013 **Emergency:** No

Principal Authors: Mazzei, Mike (S); Dank, David (H)

Status: H General Order **Status Date:** 03/29/2012

SB1571



Paraphrase: SB1571, by Sen. Clark Jolley, R-Edmond and Rep. Leslie Osborn, R-Tuttle, provides funding for the Rebuilding Oklahoma Access and Driver Safety Fund, the Oklahoma Tourism and Passenger Rail Revolving Fund and the Public Transit Revolving Fund to be derived from sales tax revenue that would otherwise be apportioned to the General Revenue Fund. It modifies the apportionment of sales tax revenue to the General Revenue Fund, apportioning 83.61 percent of the revenue to the fund through fiscal year 2013 and 82.61 percent for FY2014 and fiscal years thereafter. It also provides that beginning July 1, 2013, and each fiscal year thereafter that 1 percent of the revenue will be placed in the Ad Valorem Reimbursement Fund. It sets a maximum tax rate of 5.25 percent for individuals and married individuals filing jointly for the taxable year starting Jan. 1, 2013, through the tax year ending Dec. 31, 2022, or any subsequent tax year if the decrease in the top marginal individual income tax rate prescribed is in effect. It directs single

individuals and married individuals filing separately who pay a 1 percent tax rate to also pay \$5; those pay a 2 percent tax rate to also pay \$20 and those who pay a 2.25 percent tax rate to also pay \$45. It removes language referencing 4 to 5.25 percent tax rates and instead directs a top rate of 2.25 percent for 2013; a top 2 percent tax rate for the 2014 tax year or any subsequent tax year if the decrease in the top marginal individual income tax rate is not in effect; a 1.75 percent top rate for the 2015 tax year or any subsequent year if the decrease in the top marginal rate is not in effect; a 1.5 percent top tax rate for the 2016 tax year or any subsequent tax year if the decrease in the top marginal rate is not in effect; a 1.25 percent top tax rate for the 2017 tax year or any subsequent year if the decrease in the top marginal rate is not in effect; a 1 percent top tax rate for the 2018 tax year and any subsequent if the decrease in the top rate is not in effect; a 0.75 percent top tax rate for the 2019 tax year and any subsequent year if the decrease in the top rate is not in effect; a 0.5 percent top tax rate for the 2020 tax year and any subsequent year if the decrease is not in effect; a 0.25 percent top tax rate for the 2021 tax year or any subsequent year if the decrease is not in effect; and a 0 percent tax for the 2022 tax year and all subsequent tax years. The bill states that the decrease in the top marginal rates are contingent on a determination of revenue growth by the State Board of Equalization. The bill further directs married individuals filing jointly and surviving spouse paying a 1 percent rate to also pay \$10; a 2 percent rate to also pay \$40 and a 2.25 percent rate to also pay \$90. It removes reference to 4 percent through 5.25 percent tax rates and prescribes the same top tax rates as those for single individuals and married individuals filing separately. The measure permits the following exemptions: retirement benefits from public and non-public pension systems, military retirement benefits and civil service retirement benefits in lieu of Social Security. (Amended by Senate, Stricken Title, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** No

Principal Authors: Jolley, Clark (S); Osborn, Leslie (H)

Status: H General Order **Status Date:** 04/05/2012

SB1623



Paraphrase: SB1623, by Sen. Mike Mazzei, R-Tulsa and Rep. David Dank, R-Oklahoma City, clarifies that the investment in equipment used for recycling, reuse or source reduction of hazardous waste tax credit; child care services-employers tax credit; child care service providers; Oklahoma Investment/New Jobs tax credit; the energy conservation assistance fund tax credit; the Oklahoma coal production, agricultural processing facilities tax credit; the Small Business Guaranty Fee tax credit; the credit for manufacturers of advanced small wind turbines; hepatitis immunization tax credit; tax credit for qualified rehabilitation expenditures; energy efficient residential construction tax credit; the tax credit for modification expenses paid to an injured employee; the qualified recycling center tax credit; the local development and enterprise zone investment incentive credit; the poultry litter tax credit; the film and music profit reinvestment credit; the dry fire hydrant credit; the railroad modernization credit; the specially trained canine credit; the loans by financial institutions under Rural Economic Development Loan Act; Stafford Loan origination fee tax credit; and the research and development incentive act tax credit may not be claimed for the period from July 1, 2010, to June 30, 2012. The bill also provides that credits for the period from July 1, 2012, to Dec. 31, 2013, will be limited to 50 percent of the total amount of the accrued credit. The bill eliminates those tax credits for tax year 2014 and all subsequent tax

years. The bill also provides that the tax credit for donations to biomedical research foundations or cancer research institutes will be limited to 50 percent of the total amount of the accrued credit for tax years through Dec. 31, 2013. The bill eliminates the tax credit for tax year 2014 and all subsequent tax years. The bill modifies the allowable percentage of expenditures eligible for refund under the Film Enhancement Rebate to 17.5 percent of qualified expenditures from Jan. 1, 2013, to Dec. 31, 2013. The bill eliminates the rebates from Jan. 1, 2014, and thereafter. The bill amends individual income tax rates for tax years beginning before Jan. 1, 2012, by eliminating the authority of the State Board of Equalization to make a finding that reduces the top individual income tax rate. The bill sets the maximum individual income tax rate for tax years beginning on Jan. 1, 2012, at 5.25 percent; 5 percent for tax years beginning Jan. 1, 2013, and 4.75 percent beginning Jan. 1, 2014. The bill sets personal exemptions for single individuals and married individuals filing separately whose Oklahoma adjusted gross income is greater than \$30,000 and for married individuals filing jointly, surviving spouses, and heads of households whose Oklahoma adjusted gross income is greater than \$60,000 at \$500 for tax year 2013. The bill eliminates personal exemptions for tax year 2014 and all subsequent tax years. The bill sets additional exemption for the blind at \$500 for tax year 2013. The bill eliminates the additional exemption for the blind for tax year 2014 and all subsequent tax years. The bill sets the additional exemption for those 65 years of age and older at \$500 for tax year 2013. The bill eliminates the additional exemption for those 65 years of age and older for tax year 2014 and all subsequent tax years. The bill modifies the tax credit for taxpayers with disabilities. The bill limits the dividend/income interest exclusion. The bill limits the tax deduction for non-recurring adoption expenses to \$1,000 for tax year 2013 and eliminates it for tax year 2014 and all subsequent tax years. The bill limits the tax deduction for Oklahoma College Saving Program contributions to \$5,000 for individual taxpayers and \$10,000 for taxpayers filing a joint return for tax year 2013. The bill eliminates the deduction for tax year 2014 and all subsequent tax years. The bill provides that none of the tax credits may be allocated by a pass-through entity to a shareholder, partner or member for tax year 2013 and all subsequent tax years. The bill also provides that taxable income will be increased by 50 percent of any state and local taxes deducted under the Internal Revenue Code the taxable year beginning after Dec. 31, 2012. The bill provides that taxable income be increased by any amount of state and local taxes deducted under the Internal Revenue Code for tax years beginning Dec. 31, 2013, and thereafter. The bill limits the deduction for political contributions at \$50 for tax year 2013 and eliminates the deduction for tax year 2014 and all subsequent tax years. The bill limits the ability for those 65 years of age or older or any totally disabled person who is the head of a household, a resident of and domiciled in this state during the entire preceding calendar year and whose gross household income for the year does not exceed \$12,000 to file a claim for property tax relief to tax years prior to Jan. 1, 2014. The bill also reduces the amount of the claim obtainable from \$200 to \$100 for tax year 2013. The bill also reduces the corporate income tax rate to 5 percent for tax years beginning Jan. 1, 2013, and for thereafter. The bill also modifies the child care tax credit from 5 percent of the child tax credit allowed under the Internal Revenue Code for tax years ending before Jan. 1, 2013, to the greater of 10 percent of the child care expenses allowed under the Internal Revenue Code for tax year 2013 to 2.5 percent of the child tax credit allowed under the Internal Revenue code. The bill eliminates the child care tax credit for tax year 2014 and all subsequent tax years. The bill modifies the Oklahoma earned income tax credit, setting it at 5 percent of the earned income credit allowed under the Internal Revenue Code for tax years through 2012. The bill reduces the percent to 2.5 percent of the credit allowed under the

Internal Revenue Code for tax year 2013. The bill eliminates the earned income credit for year 2014 and all subsequent tax years. (Amended by Senate, Stricken Title, Emergency Measure, Committee Substitute) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: // **Emergency:** No

Principal Authors: Mazzei, Mike (S); Dank, David (H)

Status: H General Order **Status Date:** 04/02/2012

SB1676

Paraphrase: SB1676, by Sen. Mike Schulz, R-Altus and Rep. Jeff Hickman, R-Dacoma, modifies statutory references to the Oklahoma Income Tax Act and modifies the apportionment of income tax revenue. (Amended by Senate, Stricken Title, Emergency Measure) - © 2012 eCapitol, LLC. All rights reserved.

Effective Date: 07/01/2012 **Emergency:** Yes

Principal Authors: Schulz, Mike (S); Hickman, Jeff (H)

Status: H General Order **Status Date:** 04/11/2012

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Chart I

FY 2011 and FY 2012 Actual Expenses
9 Month Year to Date Comparison

Object of Expenditure	9 Month YTD FY 2011 Actual Expenses	9 Month YTD FY 2012 Actual Expenses	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,619,685	1,273,927	(345,758)	-21.3%
Taxes, Benefits, and Other Expenses	832,029	706,371	(125,658)	-15.1%
Subtotal Personal Services	2,451,714	1,980,298	(471,416)	-19.2%
Professional Services				
Investment Manager Expenses	16,592,799	17,149,313	556,514	3.4%
Investment Consultant Expenses	585,000	585,000	0	0.0%
Pension Commission Expenses	28,815	31,727	2,912	10.1%
Investment Related Expenses	17,206,614	17,766,040	559,426	3.3%
Legal Services - Attorney General	38,498	38,299	(199)	-0.5%
Legal Services - Special Projects	12,793	23,634	10,841	84.7%
Actuarial Services	98,759	58,731	(40,028)	-40.5%
Auditing Services	44,800	41,490	(3,310)	-7.4%
Medical Hearings	4,650	6,300	1,650	35.5%
Miscellaneous Services	134,078	106,061	(28,017)	-20.9%
Subtotal Professional Services	333,578	274,515	(59,063)	-17.7%
Subtotal Investment and Professional Services	17,540,192	18,040,555	500,364	2.9%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	49,522	28,209	(21,313)	-43.0%
Employee Travel Expenses	41,730	28,975	(12,755)	-30.6%
Subtotal Travel and Per Diem Expenses	91,252	57,184	(34,068)	-37.3%
Administrative Expenses				
Miscellaneous Administrative Expenses	220,699	165,964	(54,735)	-24.8%
Rent Expenses	142,123	139,551	(2,572)	-1.8%
Maintenance and Repair Expenses	1,786	1,681	(105)	-5.9%
Specialized Supplies and Material Expenses	4,795	0	(4,795)	~
Office Supplies and Materials Expenses	30,236	22,380	(7,856)	-26.0%
Office Furniture & Equipment Expenses	3,326	0	(3,326)	-100.0%
Subtotal Administrative Expenses	402,965	329,576	(73,389)	-18.2%
Information Technology Expenses				
Professional Services	530,319	562,510	32,191	6.1%
Travel and Per Diem Expenses	128	0	(128)	-100.0%
Miscellaneous Administrative Expenses	31,493	4,985	(26,508)	~
Rent Expenses	5,284	5,577	293	5.5%
Maintenance and Repair Expenses	18,635	4,923	(13,712)	-73.6%
Office Supplies and Materials Expenses	13,899	4,036	(9,863)	-71.0%
Office Furniture and Equipment Expenses	8,388	34,012	25,624	305.5%
Subtotal Information Technology Expenses	608,146	616,043	7,897	1.3%
Total Expenses	21,094,269	21,023,656	(70,613)	-0.3%
Totals Investment Expenses Only	17,206,614	17,766,040	559,426	3.3%
Totals Information Technology Capital Expenses Only	608,146	616,043	7,897	1.3%
Totals ex Investment and IT Capital Expenses	3,279,509	2,641,573	(637,936)	-19.5%

Chart II
**FY 2012 Budget to Actual Expenses
9 Month Year to Date Comparison**

Object of Expenditure	9 Month YTD FY 2012 Budget	9 Month YTD FY 2012 Actual Expenses	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,881,038	1,273,927	(607,112)	-32.3%
Taxes, Benefits, and Other Expenses	960,185	706,371	(253,813)	-26.4%
Subtotal Personal Services	2,841,223	1,980,298	(860,925)	-30.3%
Professional Services				
Investment Manager Expenses	22,920,113	17,149,313	(5,770,799)	-25.2%
Investment Consultant Expenses	526,500	585,000	58,500	11.1%
Investment Custodian Expenses	1,125,000	0	(1,125,000)	-100.0%
Pension Commission Expenses	45,000	31,727	(13,273)	-29.5%
Subtotal Investment Expenses	24,616,613	17,766,040	(6,850,572)	-27.8%
Legal Services - Special Projects	45,000	23,634	(21,366)	-47.5%
Legal Services - Attorney General	41,250	38,299	(2,951)	-7.2%
Administrative Hearings	750	0	(750)	-100.0%
Auditing Services	33,750	41,490	7,740	22.9%
Actuarial Services	93,750	58,731	(35,019)	-37.4%
Medical Hearings	15,000	6,300	(8,700)	-58.0%
Miscellaneous Services	85,500	106,061	20,561	24.0%
Subtotal Professional Services	315,000	274,515	(40,485)	-12.9%
Subtotal Investment and Professional Services	24,931,613	18,040,555	(6,891,058)	-27.6%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	58,500	28,209	(30,291)	-51.8%
Employee Travel Expenses	55,425	28,975	(26,450)	-47.7%
Subtotal Travel and Per Diem Expenses	113,925	57,184	(56,741)	-49.8%
Administrative Expenses				
Miscellaneous Administrative Expenses	453,476	165,964	(287,512)	-63.4%
Rent Expenses	153,375	139,551	(13,824)	-9.0%
Maintenance and Repair Expenses	16,125	1,681	(14,444)	-89.6%
Specialized Supplies and Material Expenses	0	0	0	
Office Supplies and Material Expenses	39,308	22,380	(16,928)	-43.1%
Office Furniture and Equipment Expenses	103,350	0	(103,350)	-100.0%
Subtotal Administrative Expenses	765,634	329,576	(436,058)	-57.0%
Information Technology Expenses				
Professional Services	1,147,500	562,510	(584,990)	-51.0%
Travel and Per Diem Expenses	33,750	0	(33,750)	-100.0%
Miscellaneous Administrative Expenses	30,000	4,985	(25,015)	-83.4%
Rent Expenses	37,500	5,577	(31,923)	-85.1%
Maintenance and Repair Expenses	46,875	4,923	(41,952)	-89.5%
Office Supplies and Material Expenses	26,250	4,036	(22,214)	-84.6%
Office Furniture and Equipment Expenses	39,750	34,012	(5,738)	-14.4%
Subtotal Information Technology Expenses	1,361,625	616,043	(745,582)	-54.8%
Total Expenses	30,014,019	21,023,656	(8,990,364)	-30.0%
Totals Investment Expenses Only	24,616,613	17,766,040	(6,850,572)	-27.8%
Totals Information Technology Capital Expenses Only	1,361,625	616,043	(745,582)	-54.8%
Totals ex Investment and IT Capital Expenses	4,035,782	2,641,573	(1,394,209)	-34.5%



OKLAHOMA TEACHERS

403(b) PLAN

RETIREMENT SYSTEM

Summary Report

Plan Balance

Reporting Period	Plan Asset Balance	Number of Participants
As of 12/31/2009	\$222,828,285.00	4,801
As of 12/31/2010	\$221,574,708.49	4,534
As of 12/31/2011	\$208,827,080.60	4,294
As of 03/31/2011	\$214,697,304.45	4,235

CONTRIBUTIONS

Fund Name	1/1/2010 - 12/31/2010	1/1/2011 - 12/31/2011	01/01/2012 – 03/31/2012
American Funds EuroPacific Growth Fund® - Class R-4	\$38,720.30	\$46,242.16	\$8,786.56
ING Fixed Plus Account III	\$150,837.12	\$145,321.57	\$33,345.18
ING FMR Diversified Mid Cap Portfolio - Service Class	\$18,625.58	\$30,790.64	\$5,752.58
ING Index Solution 2015 Portfolio - Service Class	\$1,762,499.66	\$1,285,341.16	\$238,706.10
ING Index Solution 2025 Portfolio - Service Class	\$774,943.92	\$674,037.10	\$143,269.99
ING Index Solution 2035 Portfolio - Service Class	\$282,023.43	\$232,333.75	\$44,478.48
ING Index Solution 2045 Portfolio - Service Class	\$91,356.12	\$80,524.12	\$13,899.51
ING Index Solution 2055 Portfolio - Service Class	\$0.00	\$120.00	\$45.00
ING Index Solution Income Portfolio -Service Class	\$540,928.09	\$350,317.80	\$60,194.08
ING JPMorgan Small Cap Core Equity Port - Serv Class	\$15,064.67	\$18,889.22	\$1,614.46
ING MFS Total Return Portfolio - Service Class	\$72,793.23	\$83,514.05	\$17,038.19
ING Pioneer Mid Cap Value Portfolio - Service Class	\$7,944.61	\$8,091.69	\$706.96
ING Russell™ Large Cap Index Portfolio - Class S	\$3,002.50	\$4,671.25	\$1,000.83
ING Van Kampen Growth and Income Port - Serv Class	\$25,049.98	\$25,820.27	\$4,353.95
Loomis Sayles Investment Grade Bond Fund - Class A	\$47,325.28	\$100,673.75	\$19,609.65
PIMCO Total Return Fund - Class A	\$43,964.34	\$0.00	\$0.00
American Funds The Growth Fund of America® - Class R-4	\$70,932.46	\$43,777.27	\$7,337.14
Totals	\$3,946,011.29	3,130,465.80	\$600,138.66

ASSETS BY FUND

Fund Name	12/31/2010	12/31/2011	03/31/2012
American Funds EuroPacific Growth Fund® - Class R-4	\$594,680.94	\$524,822.88	\$610,397.79
ING Fixed Plus Account III	\$4,580,233.13	\$8,070,577.70	\$7,889,786.06
ING FMR Diversified Mid Cap Portfolio - Service Class	\$554,337.38	\$384,438.81	\$530,451.12
ING Index Solution 2015 Portfolio - Service Class	\$46,593,527.05	\$43,240,836.28	\$43,883,811.39
ING Index Solution 2025 Portfolio - Service Class	\$20,923,699.39	\$19,079,441.60	\$20,826,900.61
ING Index Solution 2035 Portfolio - Service Class	\$5,496,850.70	\$5,167,943.03	\$5,819,577.77
ING Index Solution 2045 Portfolio - Service Class	\$846,503.60	\$821,994.90	\$1,029,398.20
ING Index Solution 2055 Portfolio - Service Class	\$0.00	\$49,673.66	\$73,234.35
ING Index Solution Income Portfolio -Service Class	\$136,571,780.80	\$125,918,543.37	\$128,122,337.73
ING JPMorgan Small Cap Core Equity Port - Ser Class	\$405,126.45	\$207,864.48	\$284,379.46
ING MFS Total Return Portfolio - Service Class	\$1,213,105.03	\$1,016,921.12	\$1,102,208.67
ING Pioneer Mid Cap Value Portfolio - Service Class	\$91,630.95	\$128,306.82	\$161,766.16
ING Russell™ Large Cap Index Portfolio - Class S	\$95,473.07	\$271,668.57	\$345,832.16
ING Van Kampen Growth and Income Port - Serv Class	\$338,566.13	\$342,889.89	\$384,976.44
Loomis Sayles Investment Grade Bond Fund - Class A	\$2,262,944.39	\$2,680,274.94	\$2,485,273.17
American Funds The Growth Fund of America® - Class R-4	\$1,006,249.48	\$920,882.55	\$1,146,973.37
Totals	\$221,574,708.49	\$208,827,080.60	\$214,697,304.45

Rollovers In

Reporting Period	# of Rollovers In	Amount Rolled Into Plan
01/01/2010 - 12/31/2010	48	\$1,700,944.52
01/01/2011 - 12/31/2011	34	\$752,367.83
01/01/2012 - 03/31/2012	4	\$139,090.27

Rollovers Out

Reporting Period	# of Rollovers Out	Amount Rolled Out
01/01/2010 - 12/31/2010	220	\$13,505,323.13
01/01/2011 - 12/31/2011	179	\$8,590,170.34
01/01/2012 - 03/31/2012	51	\$4,233,207.31

Withdrawals

Reporting Period	# of Withdrawals	Amount
01/01/2010 - 12/31/2010	4075	\$25,026,448.64
01/01/2011 - 12/31/2011	3999	\$20,305,339.81
01/01/2012 - 03/31/2012	681	\$1,591,943.26

Hardships

Reporting Period	# of Hardships	Amount
01/01/2010 - 12/31/2010	14	\$148,196.22
01/01/2011 - 12/31/2011	12	\$25,701.14
01/01/2012 - 03/31/2012	2	\$11,000.00

PERFORMANCE UPDATE

OKLAHOMA TRS 403B TSA PLAN

Average Annual Total Returns as of: 03/31/2012 (shown in percentages)

Mutual funds offered through a retirement plan are investments designed for retirement purposes. Early withdrawals will reduce your account value and if taken prior to age 59 1/2, a 10% IRS penalty may apply.

The performance data quoted represents past performance. Past performance does not guarantee future results. For month-end performance which may be lower or higher than the performance data shown please call 800-584-6001. Investment return and principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

The returns assume reinvestment of all dividends (ordinary income and capital gains) and are net of management fees and other fund operating expenses. They do not reflect any plan level administrative fees, if applicable; if reflected, returns would be less favorable.

You should consider the investment objectives, risks and charges, and expenses of the funds carefully before investing. The prospectus contains this and other information. Anyone who wishes to obtain a free copy of the fund prospectuses may call their ING representative or the number above. Please read the prospectus carefully before investing.

Returns less than one year are not annualized. Fund Inception Date is the date of inception for the underlying fund, and is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

Investment Options	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Incept	Fund Inception Date	Gross Fund Exp %*	Net Fund Exp %*
Stability of Principal											
<i>Stability of Principal</i>											
ING Fixed Plus Account III (1)(5)	0.25	0.74	0.74	3.01	3.00	3.26	3.72				
Bonds											
<i>Intermediate-Term Bond</i>											
Loomis Sayles Investment Grade Bond Fund - Class A	-0.36	4.53	4.53	7.26	15.54	8.09	9.14		12/31/1996	0.81	0.81
Asset Allocation											
<i>Lifecycle - Index</i>											
ING Index Solution 2015 Portfolio - Service Class	0.38	5.92	5.92	4.19	13.32			3.39	03/04/2008	0.80	0.80
ING Index Solution 2025 Portfolio - Service Class	0.97	8.63	8.63	2.72	16.83			2.99	03/04/2008	0.79	0.79
ING Index Solution 2035 Portfolio - Service Class	1.37	10.67	10.67	2.31	18.72			2.69	03/04/2008	0.80	0.80
ING Index Solution 2045 Portfolio - Service Class	1.57	11.54	11.54	1.69	20.62			2.29	03/04/2008	0.80	0.80
ING Index Solution 2055 Portfolio - Service Class	1.54	11.59	11.59	1.60				9.18	03/08/2010	0.81	0.81
ING Index Solution Income Portfolio - Service Class	0.18	4.38	4.38	5.47	10.01			4.34	03/04/2008	0.80	0.80
Balanced											
<i>Moderate Allocation</i>											
ING MFS Total Return Portfolio - Service Class	1.72	7.47	7.47	5.37	14.77	2.29	4.63		08/14/1998	0.95	0.95
Large Cap Value											
<i>Large Blend</i>											
ING Russell Large Cap Index Portfolio - Class S (2)	3.40	12.65	12.65	9.06	21.42			3.66	03/04/2008	0.66	0.63
<i>Large Value</i>											
ING Invesco Van Kampen Growth and Income Portfolio - Service	2.90	9.91	9.91	2.04	20.03	0.84	4.71		10/04/1993	0.90	0.90
Large Cap Growth											
<i>Large Growth</i>											



Investment Options	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Incept	Fund Inception Date	Gross Fund Exp %*	Net Fund Exp %*
American Funds The Growth Fund of America - Class R-4 (3)	2.41	14.59	14.59	3.52	19.70	1.88	5.17		12/01/1973	0.68	0.68
Small/Mid/Specialty											
Mid-Cap Growth											
ING FMR SM Diversified Mid Cap Portfolio - Service Class	1.25	13.56	13.56	-3.34	23.50	4.14	7.85		10/02/2000	0.90	0.90
Mid-Cap Value											
ING Pioneer Mid Cap Value Portfolio - Service Class	2.21	12.65	12.65	0.77	20.40	1.30		4.74	04/29/2005	0.89	0.89
Small Blend											
ING JPMorgan Small Cap Core Equity Portfolio - Service Class	2.73	13.47	13.47	3.59	26.93	3.56		7.31	05/01/2002	1.13	1.13
Global / International											
Foreign Large Blend											
American Funds EuroPacific Growth Fund - Class R-4 (4)	-0.05	12.27	12.27	-6.26	17.04	0.27	7.54		04/16/1984	0.85	0.85

The risks of investing in small company stocks may include relatively low trading volumes, a greater degree of change in earnings and greater short-term volatility.

Foreign investing involves special risks such as currency fluctuation and public disclosure, as well as economic and political risks.

Some of the Funds invest in securities guaranteed by the U.S. Government as to the timely payment of principal and interest; however, shares of the Funds are not insured nor guaranteed.

High yielding fixed-income securities generally are subject to greater market fluctuations and risks of loss of income and principal than are investments in lower yielding fixed-income securities.

Sector funds may involve greater-than average risk and are often more volatile than funds holding a diversified portfolio of stocks in many industries. Examples include: banking, biotechnology, chemicals, energy, environmental services, natural resources, precious metals, technology, telecommunications, and utilities.

*The Gross Expense Ratios shown do not reflect any temporary fee or expense waivers that may be in effect for a fund. The performance of a fund with a temporary fee or expense waiver would have been lower if the gross fund fees / expenses listed had been reflected.

Additional Notes

(1)The CURRENT rate for the ING Fixed Plus Account III Large Case-Option 1, Fund 697 is 3.00%, expressed as an annual effective yield, and is guaranteed not to drop below 3.00% through 12/31/2012. The annual rate of interest applied to your account may be higher or lower than the current rate. Restrictions may apply to transfers of funds from the Fixed Account to other contract investment options. Please refer to your product prospectus / disclosure booklet and call your 800 number for more information.

(2)ING Russell Large Cap Index Portfolio - Class S: The adviser is contractually obligated to limit expenses to 0.62% through May 1, 2012; the obligation does not extend to interest, taxes, brokerage commissions, Acquired Fund Fees and Expenses and extraordinary expenses. The obligation will automatically renew for one-year terms unless it is terminated by the Portfolio or the adviser upon written notice within 90 days of the end of the current term or upon termination of the advisory agreement and is subject to possible recoupment by the adviser within three years.

(3)The Growth Fund of America - Class R-4 commenced operations on May 15, 2002. Class R-4 has identical investment objectives and policies, the same portfolio manager, and invests in the same holdings as Class A. The performance information above prior to May 15, 2002 is based upon the Class A performance adjusted by the fee differences between classes.

(4)EuroPacific Growth Fund - Class R-4 commenced operations on May 15, 2002. Class R-4 has identical investment objectives and policies, the same portfolio manager, and invests in the same holdings as Class A. The performance information above prior to May 15, 2002 is based upon the Class A performance adjusted by the fee differences between classes.

(5)The Investment Option is neither a mutual fund nor part of a Separate Account. The returns listed do not include the impact of contract charges. Please refer to the contract or disclosure book to determine which Fixed Interest Options are available for your specific plan. The Investment Option is offered through ING Life and Insurance Annuity Company.

Insurance products, annuities and funding agreements issued by ING Life Insurance and Annuity Company One Orange Way Windsor, CT 06095, (ILIAC), which is solely responsible for meeting its obligations. Plan administrative services provided by ILIAC or ING Institutional Plan Services, LLC. All companies are members of the ING family of companies. Securities are distributed by or offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.