OKLAHOMA TEACHERS RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED MEETING

SEPTEMBER 22, 2010

9:00 AM

MEETING MATERIALS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Investment Committee Meeting
Tuesday, September 21, 2010 – 3:00 PM
Jorns Executive Conference Room
Atherton Hotel
H-103 Student Union
Stillwater, OK 74078

AGENDA

1. **CALL TO ORDER**
2. **DISCUSSION AND POSSIBLE ACTION ON ASSET ALLOCATION**
3. **DISCUSSION AND POSSIBLE ACTION ON INVESTMENT POLICY STATEMENT**
4. **QUESTIONS AND COMMENTS FROM TRUSTEES**
5. **ADJOURNMENT**

ALL BOARD MEMBERS ARE ENCOURAGED TO ATTEND INVESTMENT COMMITTEE MEETINGS

INVESTMENT COMMITTEE:
Chair: James Smith
Members: Cathy Conway, Dick Neptune, Michael Simpson, Gary Trennepohl

OTRS Asset Allocation Review

September, 2010

Overview

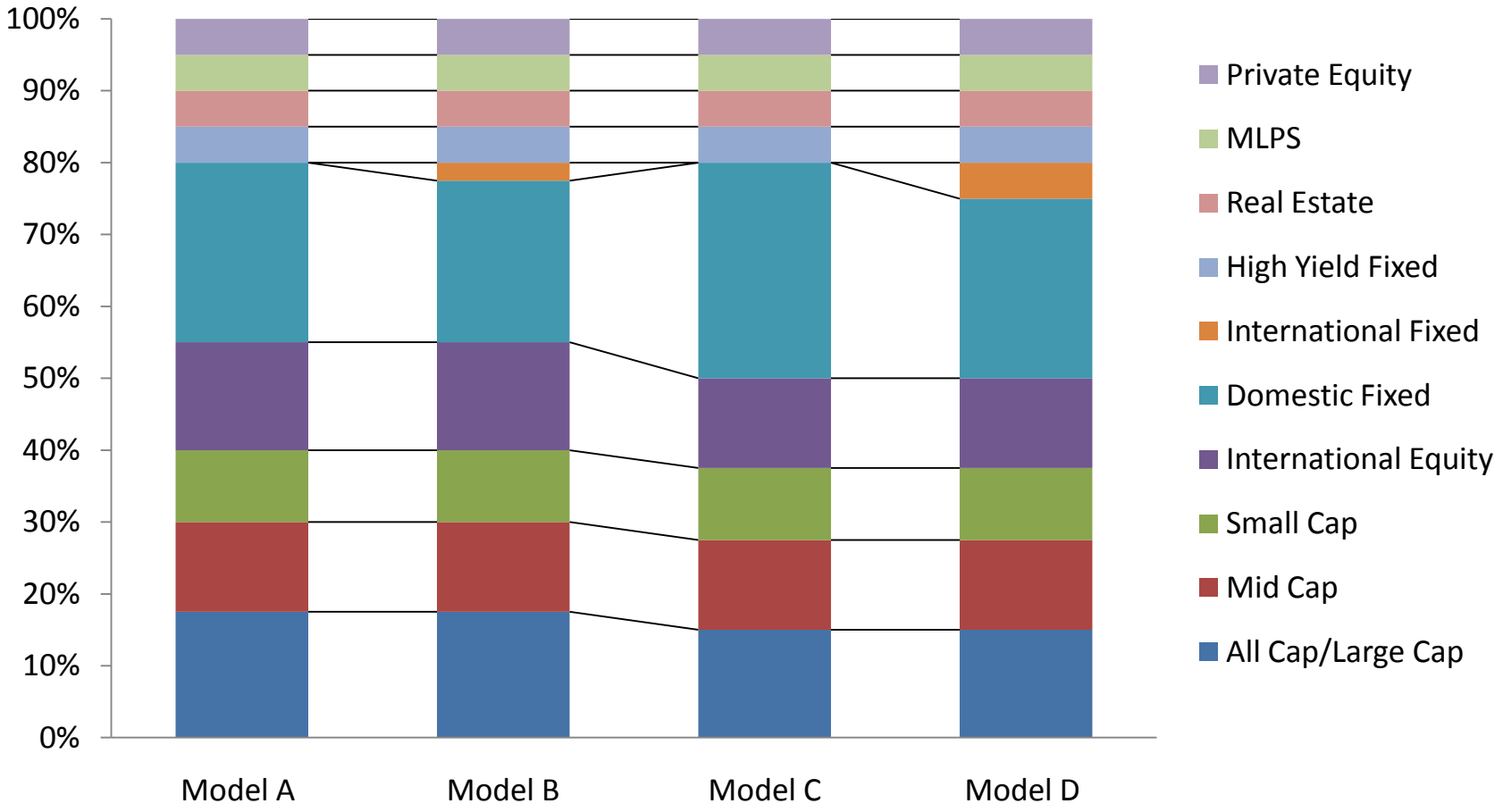
- The following pages present additional thoughts and allocation models that reflect discussions held within Investment Committee meetings and subsequent conversations with Staff.

- The models presented are slight variations of prior work.

Asset Allocation Comparison

	Model A	Model B	Model C	Model D
All Cap/Large Cap	17.5	17.5	15.0	15.0
Mid Cap	12.5	12.5	12.5	12.5
Small Cap	10.0	10.0	10.0	10.0
International Equity	15.0	15.0	12.5	12.5
Domestic Fixed	25.0	22.5	30.0	25.0
International Fixed	0.0	2.5	0.0	5.0
High Yield Fixed	5.0	5.0	5.0	5.0
Real Estate	5.0	5.0	5.0	5.0
MLPS	5.0	5.0	5.0	5.0
Private Equity	5.0	5.0	5.0	5.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

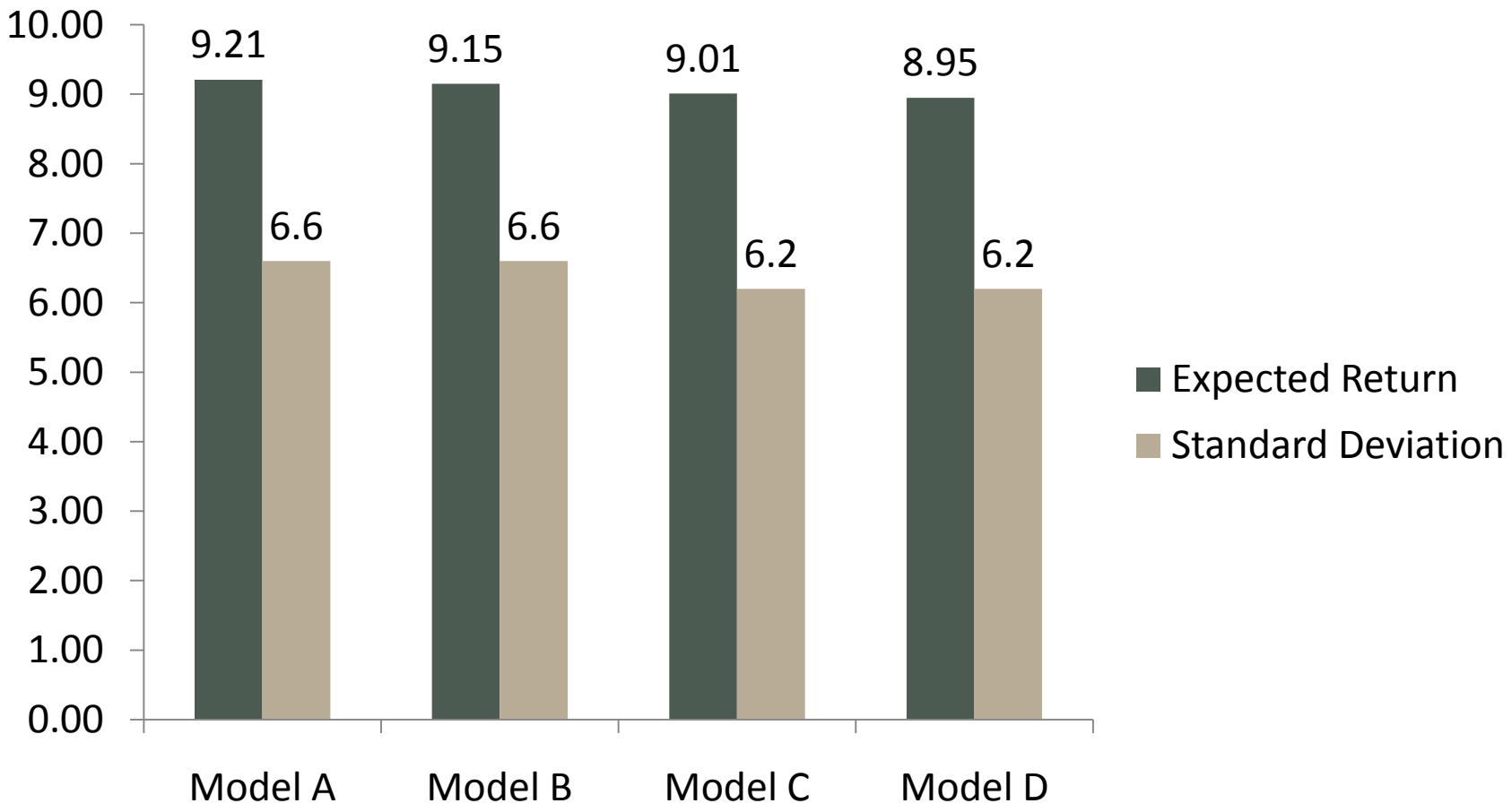
Allocation Comparison



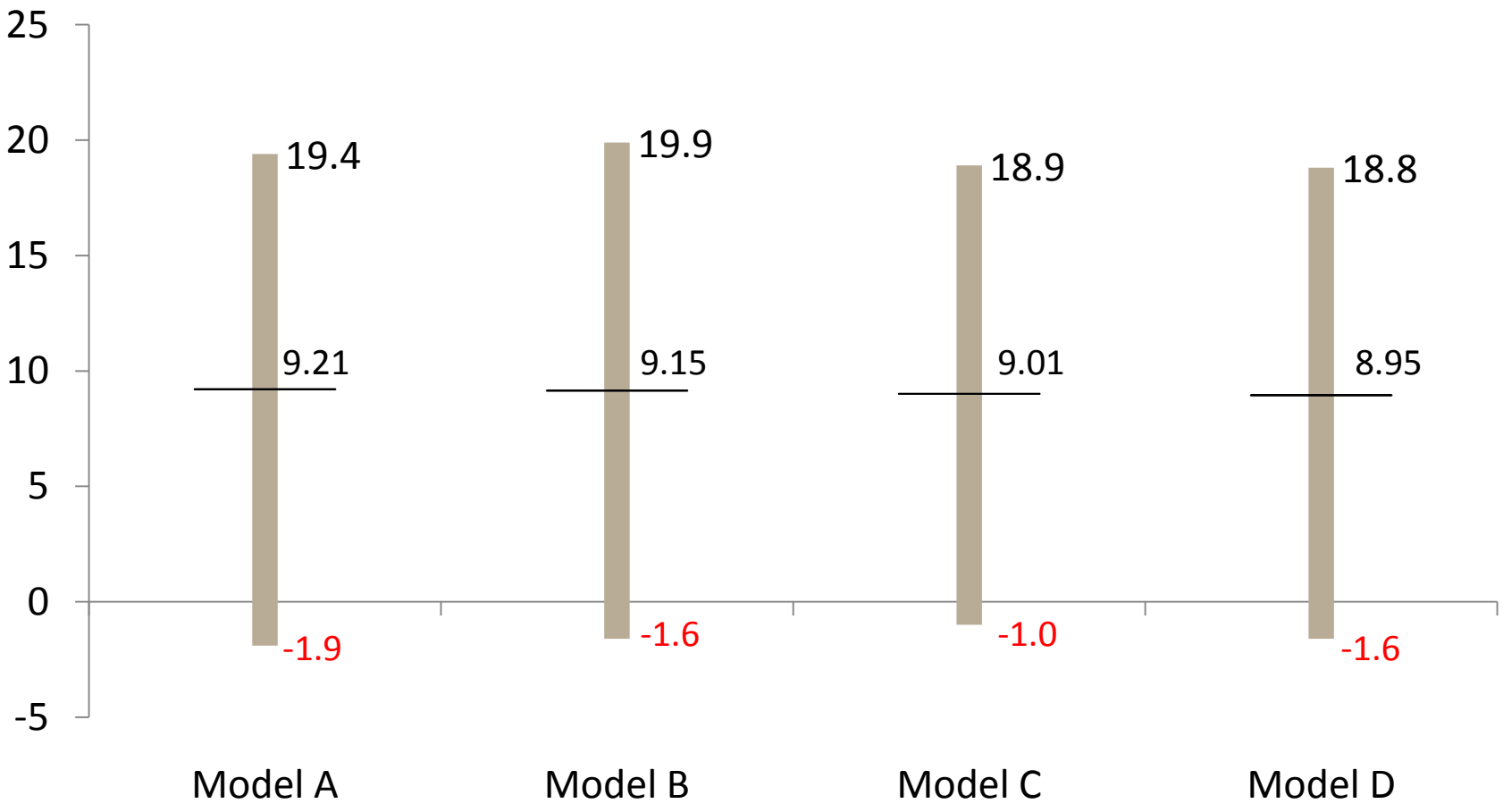
Return Characteristic Comparison

	Model A	Model B	Model C	Model D
Expected Return	**9.21**	**9.15**	**9.01**	**8.95**
Standard Deviation	6.6	6.6	6.2	6.2
Active Return	1.21	1.15	1.01	0.95
Sortino Ratio	**0.0980**	**0.0959**	**0.0890**	**0.0792**
Average Outperformance	11.4	11.9	10.9	10.8
Upside Probability	54.8	55.3	55.5	54.2
Downside Risk	12.3	12.1	11.3	12.1
Average Underperformance	**-9.9**	**-9.6**	**-9.0**	**-9.6**
Downside Probability	45.8	44.7	44.5	45.8
99th Percentile	**-28.3**	**-27.4**	**-25.3**	**-27.7**

Expected Return Comparison



Expected Return Ranges



Closing Thoughts

- Asset Allocation is the primary determinant of long-term portfolio returns.
- The models shown in previous page represent extensive review, refinement and feedback.
- All portfolios maintain adequate liquidity (less than 20% in illiquid assets).
- New asset classes are designed to provide attractive capital appreciation, additional income and diversification.

PROJECT: To codify all viable investment policies into one central working document.

OBJECTIVE: To create a more cohesive, functional and contemporary Investment Policy Statement. As well as to assist the Custodian bank with creating more accurate compliance monitoring systems

- Added section outlaying constitutional and statutory authority.
- Added section regarding purpose of policy statement.
- Established manager reporting requirements
- Deleted the section regarding proxy policy statement.
- Added section establishing roles and responsibilities.
- Extended the deviation from policy asset allocation threshold required trigger rebalancing to 15% from 10%.
- Eliminated the obligation to report securities that have declined in value by greater than 20%
- Eliminated the limitation against investing in securities with fewer than 3 years of history.
- Allowed core fixed income portfolios to invest up to 20% in non-USD denominated obligation, including 10% developing and emerging markets.
- Allowed core fixed income portfolios to invest up to 25% in High Yield obligations.
- Established approvable uses for derivatives, including; currency and exchange rate risk hedging, and synthesizing the risk/return characteristics of an asset.
- Reassigned three international equity managers ACWI ex US index as benchmark. No longer will any international equity managers be benchmarked against the MSCI EAFE.
- Established that the Securities Lending portfolio shall fallow the quality and maturity guidelines set forth by SEC Rule 2a-7.
- Nullified all outstanding exceptions to policy not included in the new Investment Policy Statement, subject to review.
- Deleted the predominance of abstract language from the Investment Guidelines.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

INVESTMENT POLICY STATEMENT

REVISED SEPTEMBER 2010

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I. Introduction

A. Legal Authority

Constitutional Authority

Section 62 of Article 5 of the Oklahoma Constitution was added as a result of the passage of State Question 306 on July 14, 1942. This section reads:

> "The Legislature may enact laws to provide for the retirement for meritorious service of teachers and other employees in the public schools, colleges and universities in this State supported wholly or in part by public funds, and may provide for payments to be made and accumulated from public funds, either of the State or of the several school districts. Payments from public funds shall be made in conformity to equality and uniformity within the same classifications according to duration of service and remuneration received during such service."

Statutory Authority

As a result of the passage of State Question 306, the Legislature enacted House Bill 297 in the 1943 legislative session that created the Oklahoma Teachers Retirement System ("System"). The legislation has been changed substantially in the years since its creation and is currently codified in Oklahoma Statutes Title 70, Sections 17-101 et. seq. (NOTE: In the remainder of this document, statutory references will follow the notation O.S. 70 § 17-101 to reference Oklahoma Statutes Title 70, Section 17-101.)

Purpose of System

In O.S. 70 § 17-102, paragraph 1 creates the Oklahoma Teachers Retirement System and outlines the purpose of the System as follows:

> "A retirement system is hereby established and placed under the management of the Board of Trustees for the purpose of providing retirement allowances and other benefits under the provisions of this act for teachers of the State of Oklahoma."

Board of Trustees Powers

The second paragraph of O.S. 70 § 17-102 provides the broad terms of the powers entrusted to the Board of Trustees ("Board"):

> "The Board of Trustees shall have the power and privileges of a corporation and shall be known as the "Board of Trustees of the Teachers' Retirement System of Oklahoma", and by such name all of its business shall be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received."

Further powers vested upon the Board are set forth in O.S. 70 § 17-106, in part:

> "(1) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of the act are hereby vested in a Board of Trustees which shall be known as the Board of Trustees and shall be organized immediately after a majority of the trustees provided for in this section shall have qualified and taken the oath of office."

and:

> "(10) Subject to the limitations of this act, the Board of Trustees shall, from time to time, establish rules and regulations for the administration of the funds created by this act and for the transaction of its business.

Finally, O.S. 70 § 17-106.1, in part, spells out the duties of the Board in relation to investment of fund assets:

> "A. The Board of Trustees of the Teachers' Retirement System of Oklahoma shall discharge their duties with respect to the System solely in the interest of the participants and beneficiaries and:
> 1. For the exclusive purpose of:
> a. providing benefits to participants and their beneficiaries, and
> b. defraying reasonable expenses of administering the System;
> 2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
> 3. By diversifying the investments of the System so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
> 4. In accordance with the laws, documents and instruments governing the System."

B. Purpose

This policy statement is issued for the guidance of fiduciaries, including the members of the Board, investment managers, consultants and others responsible for investing the assets of the Fund.

The Board, both upon their own initiative and upon consideration of the advice and recommendations of the investment managers and other fund professionals involved with the assets, may amend policy guidelines. Proposed modifications should be documented in writing to the Board.

II. Statement of Goals and Objectives

This statement of investment goals and objectives is to set forth an appropriate set of goals and objectives for the Fund's assets and to define guidelines within which the investment managers may formulate and execute their investment decisions.

1. The primary investment goal of the overall fund is total return, consistent with prudent investment management standards. Total return includes income plus realized and unrealized gains and losses on System assets. In addition, assets of the System shall be invested to ensure that principal is preserved and enhanced over time. The Board seeks to limit and control risks which jeopardize the safety of principal and, to prohibit investments that are not prudent.

2. The long-term goal of the System is a real rate of return (after inflation) of at least 5.0% per year to protect and enhance the purchasing power of assets. The nominal target return is 8.0% per year assuming an annual inflation rate of 3.0%. The nominal return target is based on the rate of return assumption for the System's annual actuarial valuation of plan. This assumed rate of return is based upon the Board's judgment regarding the long-term expectations for permissible asset classes within a diversified Fund, a long-term outlook for inflation, and the current and projected needs of the System.

3. The total return for the System shall meet or exceed the System's Asset Allocation Index.

4. Total risk exposure and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds for the total System and each investment manager. Total portfolio risk exposure as measured by the standard deviation of return, and other applicable measures, should generally rank in the mid-range of comparable funds.

5. Investment managers' returns shall exceed the return of their designated benchmark index and rank in the top-third of the appropriate asset class and style universes. Passive managers shall match the return of the designated index.

6. The following table specifies the benchmark and style universe for each asset class in which the System invests.

Asset Class	Benchmark	Style Universe
Domestic Large Cap Equity	Russell 1000, Growth or Value Index	Style Specific Large Cap Equity Universe
Domestic All Cap Equity	Russell 3000, Growth or Value Index	Style Specific All Cap Equity Universe
Domestic Mid Cap Equity	Russell Mid Cap, Growth or Value Index	Style Specific Mid Cap Equity Universe
Domestic Small Cap Equity	Russell 2000, Growth or Value Index	Style Specific Small Cap Equity Universe
International Equity	MSCI ACWI ex U.S,	International Equity Universe
Domestic Fixed Income	Barclays Capital Aggregate	Domestic Fixed Income Universe
High-Yield Fixed Income	Merrill Lynch High-Yield Index	High Yield Fixed Income Universe
International Fixed Income	Citi WGBI Non-US$	International Fixed Income Universe
Private Equity	Russell 1000 + 4.0% per year	
Real Estate	NFI-ODCI	
Master Limited Partnerships	Alerian Total Return	MLP Universe
Total Fund	Allocation Index	Public Pension Fund Composit Universe

7. The Board is aware that there will be deviations from these performance targets. Normally, results are evaluated over a three to five year time horizon, but shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the Fund.

8. The Board expects the asset classes above to generate the returns specified in the table below over long-term horizons. These return expectations are based on historical market behavior and are an important part of the Fund's asset allocation strategy. The return expectations will be updated as needed.

Asset Class	Expected Long Term Return	Standard Deviation of Returns
Domestic All Cap/Large Cap Equity	8.75%	9.0%
Domestic Mid Cap Equity	9.25%	10.5%
Domestic Small Cap Equity	10.25%	11.0%
International Equity	10.00%	11.0%
Domestic Fixed Income	5.00%	2.0%
High-Yield Fixed Income	9.00%	6.5%
International Fixed Income		
Private Equity	10.00%	8.0%
Real Estate	10.00%	12.0%
Master Limited Partnerships	10.00%	9.0%
Total Fund	**9.00%**	**6.6%**

III. Roles and Responsibilities

A. Board of Trustees

The Board of Trustees shall be responsible for the overall management of the Oklahoma Teachers Retirement System investments. The Board shall review the total investment program, shall establish the investment policy, including the asset allocation, and provide overall direction to the staff of the Oklahoma Teachers Retirement System, the Investment Consultant, retained Investment Managers and other related parties in the execution of the investment policy.

The Board is responsible for evaluating, hiring, and terminating investment managers, custodian banks, securities lending agents, and consultants.

B. Investment Consultant

The duties and responsibilities of the Investment Consultant retained by the Board include:

1. Be appointed, and act as, a fiduciary for the System.

2. Assist the Board in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.

3. Assist the Board by monitoring compliance with this Investment Policy.

4. Provide assistance in investment performance calculation, evaluation, and analysis.

5. Provide assistance in Investment Manager searches and selection.

6. Provide assistance in Custodian, Securities Lending Agent, Transition Manager and Commission Recapture Agent searches and selection.

7. Provide timely information, written and/or oral, on investment strategies, instruments, Managers and other related issues, as requested by the Board.

8. Monitor the Board's investment managers and notify the Board of any material changes in the Investment Managers' firms or their staffing.

9. Acknowledge on a quarterly basis, in writing to the Board, the Investment Consultant’s compliance with this Statement as it currently exists or as modified in the future.

10. Reporting to the Board at their request. The Investment Consultant shall report to the Board as outlined below. Monthly reports should be submitted in writing within 15 days of the end of each month.

INVESTMENT CONSULTANT REPORTING REQUIREMENTS

As Necessary (based on occurrence and on a timely basis)

1. Review of Organizational Structure

    a. Organizational changes (i.e., ownership).

    b. Any departures/additions to consulting staff.

    c. Material changes in assets under advisement.

Monthly

1. Performance Review.

    a. Present total fund, asset class and Investment Manager gross returns for last month, calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.

    b. Present total fund, asset class and Investment Manager net of fee returns for last month, calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.

    c. Compare actual asset allocation to target asset allocation and make recommendations for rebalancing.

    d. Present manager status summary, including any recommended changes.

2. Other comments or information as required.

Quarterly

1. Performance Review.

    a. Present total fund, asset class and Investment Manager returns for last calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.

    b. Present total fund, asset class and Investment Manager peer group rankings for last calendar quarter, year-to-date, fiscal year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.

2. Other comments or information as required.

3. Summary of Investment Guidelines.

a. Discuss adherence to guidelines.

b. Comments, concerns, or suggestions regarding the policy statement.

4. Certify to Board that Investment Consultant is in compliance with all requirements of this Investment Policy Statement.

5. Certify to Board that Investment Managers have certified their compliance with all requirements of this Investment Policy Statement. Report to the Board if any Investment Managers have failed to certify their compliance, and make recommendations as to any action Board should consider.

Annually

1. Review of investment oversight process, total fund construction and evaluation of investment manager's portfolio.

   a. Brief review of the Investment Consultant's oversight process.

   b. Critical analysis of the performance of the total fund, with particular attention paid to asset categories and Investment Managers that underperformed their relative benchmarks and the actuarially assumed rate of return.

   c. Review of the asset allocation strategy used over the past year and underlying rationale.

   d. Evaluation of strategies success/disappointments.

   e. Current asset allocation strategy and underlying rationale.

2. Review of revenue sources and conflict of interest disclosure.

   a. Provide the board with financial information regarding annual brokerage revenues, conference fees and sponsorships, and other monies received from money managers versus consulting revenues received directly from clients.

   b. Disclose all brokerage and other compensation, including conference fees, consulting fees and sponsorships, received by the consultant from the System's managers.

   c. Disclose any compensation received by the Investment Consultant from any Investment Manager or other vendor it recommends hiring.

   d. Disclose any affiliated Investment Management firm.

C. Investment Managers

The duties and responsibilities of each of the investment managers retained by the Board include:

1. Be appointed, and act as, a fiduciary for the System.

2. Managing the Fund's assets in accordance with the policy guidelines and objectives expressed herein.

3. Prudently selecting investments based on thorough evaluation of all risks including, but not limited to, market, interest rate, and credit risk.

4. Working with the Custodian and the Investment Consultant to verify monthly accounting and performance reports.

5. Acknowledge on a quarterly basis, in writing to the Board, the Investment Manager's compliance with this Statement as it currently exists or as modified in the future.

6. Reporting to the Board at their request. Each manager shall report to the Board and the Investment Consultant as outlined below. Monthly reports should be submitted in writing within 15 days of the end of each month.

INVESTMENT MANAGER REPORTING REQUIREMENTS

As Necessary (based on occurrence and on a timely basis)

1. Review of Organizational Structure.

    a. Organizational changes (i.e., ownership).

    b. Discussion of any material changes to the investment process.

    c. Any departures/additions to investment staff.

    d. Material changes in assets under management.

Monthly

1. Performance Review.

    c. Present total fund and asset class returns for last month, calendar quarter, year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.

    d. Discuss performance relative to benchmarks; provide attribution analysis that identifies returns due to allocation and selection decisions.

e. Provide portfolio characteristics.

2. Provide Portfolio Holdings.

   a. Present book value and current market value.

   b. List individual securities by sector.

3. Other Comments or Information.

Quarterly

1. Summary of Investment Guidelines.

   a. Discuss adherence to guidelines.

   b. Comments, concerns, or suggestions regarding the policy statement.

2. Certify to Board and the Investment Consultant that Manager is in compliance with all requirements of this Investment Policy Statement. Said certification shall be in writing and shall be received by the Board and Investment Consultant no later than 30 after the end of each calendar quarter.

Annually

1. Review of Investment Process and Evaluation of Portfolio Management Process.

   a. Brief review of investment process.

   b. Investment strategy used over the past year and underlying rationale.

   c. Evaluation of strategies success/disappointments.

   d. Current investment strategy and underlying rationale.

2. Provide, in either printed form or electronic access to, Form ADV filed with the Securities and Exchange Commission.

3. Each advisor will report at least annually to the Board of Trustees their respective commissions recapture program on behalf of the Teachers' System. Each advisor shall provide:

   a. A copy of its monitoring procedures.

   b. An annual report documenting the nature, benefit and source of services obtained through Soft Dollar and other commission arrangements.

c. A statement demonstrating compliance with Section 28(e) of the Securities Exchange Act of 1934, and/or other applicable laws.

d. Analysis of execution.

D. Custodian

The custodian bank(s) will be responsible for performing the following functions:

1. Be appointed, and act as, a fiduciary for the System.
2. Accept daily instructions from designated staff.
3. Notify Investment Managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.
4. Resolve any problems that designated staff may have relating to the custodial account.
5. Safekeeping of securities.
6. Timely collection of interest and dividends.
7. Daily cash sweep of idle principal and income cash balances.
8. Processing of all investment manager transactions.
9. Collection of proceeds from maturing securities.
10. Disbursement of all income or principal cash balances as directed.
11. Providing monthly statements by investment account and a consolidated statement of all assets.
12. Provide monthly exchange traded funds and cash position by investment advisor.
13. Provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.
14. Working with the System's staff and the Investment Consultant to ensure accuracy in reporting.
15. Monitor compliance with this Investment Policies Statement.
16. Providing required reports to assist the System's staff and vendors with compliance with the Governmental Accounting Standards Board, the Internal Revenue Service, the Securities and Exchange Commission, the Financial Industry Regulatory Authority and other regulatory agencies.

17. Monitoring and reporting of class action suits related to securities fraud claims and proceeds and collection of subsequent proceeds.

18. Processing and filing of Foreign Tax Reclaims

E. Securities Lending Agent

The securities lending agent will be responsible for managing the securities lending program including the following functions:

1. Be appointed, and act as, a fiduciary for the System.

2. Arrange terms and conditions of securities loans.

3. Monitor the market value of the securities lent and mark to market at least daily and ensure that any necessary calls for additional collateral are made and that such collateral is obtained on a timely basis.

4. Direct the investment of cash received as collateral in accordance with direction from the Board, provided that such investments are consistent with guidelines provided in this document.

5. Notify the Board of any changes to the investment guidelines in the Securities and Exchange Commission's rule 2A7 for consideration by the Board.

F. Transition Manager

The Transition Managers shall manage transitions of assets from one or more Investment Managers or asset categories to one or more other Investment Managers or asset categories. Transition Managers shall be employed at the discretion of the staff of the Oklahoma Teachers Retirement System. Transition managers shall be utilized when such employment is likely to present significant opportunities for cost savings, technical efficiencies or other benefits to the System.

Transition Managers shall be responsible for managing transitions including the following functions:

1. Be appointed, and act as, a fiduciary for the System.

2. Provide a pre-trade analysis, which will include, among other things, a trading liquidity analysis, portfolio sector analysis, volatility analysis, and estimated transaction costs.

3. Provide a detailed written plan of transition execution.

4. Provide a post-trade analysis, which may compare the actual costs with the pre trade estimates. The report will also include various trading statistics, benchmarking information, and detailed trade reports.

IV. Asset Allocation

In order to have a reasonable probability of achieving the target return at an acceptable risk level, to reduce the risk of losses resulting from over-concentration of assets, and providi**ng** a stable level of earnings distributions, the Board has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on a quarterly basis and will be adjusted when an asset class weighting breaches its minimum or maximum allocation.

Asset Class	**Target Allocation**	**Minimum Allocation**	**Maximum Allocation**
Domestic All Cap/Large Cap Equity			
Domestic Mid Cap Equity			
Domestic Small Cap Equity			
International Equity – Core			
International Equity – Broad			
Domestic Fixed Income			
High-Yield Fixed Income			
International Fixed Income			
Private Equity			
Real Estate			
Master Limited Partnerships			
Cash and Equivalents			
Total	**100.0%**	**-**	**-**

The Fund's Asset Allocation Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth above. The Allocation Index can be used to separate the overall impact of active management from asset allocation.

The Asset Allocation Index is calculated by multiplying the target commitment to each asset class by the rate of return of the appropriate market index, as listed above, on a monthly basis.

V. Rebalancing Policy

A. Overall Fund Allocation

The following rebalancing procedure will be employed by the Fund: The Investment Consultant will report asset class exposures to the Board at the end of each month. If the percentage of the Fund's assets allocated to an asset class has breached its target range, the Investment Consultant shall make a recommendation to the Board of what, if any, action is recommended. After giving consideration to such recommendations the Board may take action to cause assets to be shifted between managers so as to bring the asset allocation of the "out of range" asset class back to its appropriate target.

Upon such action, the staff of the System and the Investment Consultant shall affect the changes as directed by the Board. The result of such transition shall be reported to the Board at the next scheduled meeting after the completion of the transition.

In order to accomplish a required rebalancing with as little transaction cost as is reasonably possible, the Board may take into account any cash flows which are anticipated to occur within a reasonable period of time (generally three months or less). Examples of such cash flows would be a contribution to the Fund from the State or a Manager termination. (No manager rated "On Alert" or lower shall receive additional assets without extenuating circumstances.)

B. Allocation among Equity Styles

Rebalancing of the allocation among equity styles is desirable: If rebalancing of the Fund's overall asset allocation (described above) is required, the general policy will be to rebalance among equity style weightings in such a way as to restore the balance of styles within an asset class. The Board will consider Consultant recommendations on this issue. These actions shall be reported to the Board at its next scheduled meeting.

VI. Investment Guidelines

Full discretion, within the parameters of the guidelines described herein, is granted to the investment managers regarding the allocation of their portfolios, the selection of securities, and the timing of transactions. Any exception requests to the guidelines listed herein should be communicated to OTRS staff.

A. Ineligible Investments

1. Derivative instruments, except for the use of hedging interest rate or exchange rate risk, or to replicate the risk/return profile of an asset.

2. Privately placed or other non-marketable debt, except securities issued under Rule 144a.

3. Securities denominated in non-US currency, unless provided in accordance with an applicable mandate.

4. Lettered, legend or other so-called restricted stock

5. Commodities

6. Straight preferred stocks and non-taxable municipal securities should not normally be held unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.

7. Short sales, or purchases on margin

8. Direct investments in private placements, real estate, oil and gas and venture capital, unless provided in accordance with an applicable mandate.

9. Investment funds, not to include Exchange Traded Funds (ETFs).

10. Private Equity portfolios will not be considered eligible for initial evaluation or potential funding commitments are:

    a. Vehicles which are not backed by accredited investors, as that term is defined in Section 2 of the Federal Securities Act of 1933, as amended, (15 U.S.C. Section 77(b)) and rules and regulations promulgated under that section.

    b. Investments representing direct equity ownership in individual companies or other business entities, without the benefit of an intermediate partnership or other indirect ownership structure. However, this exception shall not include direct equity ownership which results from the distribution of securities from partnerships to OTRS.

    c. Investments which would violate resolutions passed by OTRS' Board

B. Domestic Equity Portfolios

1. Domestic Equity portfolios will hold a maximum of 5% in cash or cash equivalents.

2. Domestic Equity portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry.

3. Domestic Equity portfolios will not concentrate greater than 7% of market value of funds under advisement in holdings of a single issuer.

4. Domestic Equity portfolios will not hold greater than 5% of the outstanding shares of a single issuer.

5. Domestic Equity portfolios will be limited to the purchase of shares of common stock and American Depository Receipts (ADRs) listed on a domestic exchange.

C. International Equity

1. International Equity portfolios will hold a maximum of 5% in cash or cash equivalents.

2. International Equity portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry.

3. International Equity portfolios will not concentrate greater than 7% of market value of funds under advisement in holdings of a single issuer.

4. International Equity portfolios will not hold greater than 5% of the outstanding shares of a single issuer.

5. International portfolios will not concentrate greater than 30% of market value of funds under advisement in issuers from a single country ex UK, and 35% in the UK.

6. If the Advisor's applicable benchmark is the MSCI EAFE, the Advisor will invest at least 80% of the portfolio will be invested in companies located in developed markets as determined by MSCI. If the Advisor's applicable benchmark is the MSCI ACWI ex US, the Advisor will invest at least 75% of the portfolio will be invested in companies located in developed markets as determined by MSCI.

7. International Equity portfolios will be limited to the purchase of shares of common stock listed on an exchange.

D. Fixed Income

1. Fixed Income portfolios will hold a maximum of 5% in cash or cash equivalents.

2. Fixed Income portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry. This restriction does not apply to sovereign issues.

3. Fixed Income portfolios will not concentrate greater than 5% of market value of funds under advisement in holdings of a single issuer. This restriction does not apply to sovereign issues,

4. Fixed Income portfolios will not hold greater than 5% of the issued securities of a single issuer.

5. Fixed Income portfolios will not concentrate greater than 25% in issues which are rated Ba1 or lower by Moody's, or BB+ or lower by Standard & Poor's.

6. Fixed Income portfolios will not concentrate greater than 20% in non-UDS denominated obligations.

7. Fixed Income portfolios will not concentrate greater than 10% in developing or emerging markets issuers.

8. Fixed Income portfolios may hold shares of common stock converted from embedded corporate actions, at the time of conversion advisors should communicate issues converted into common shares to OTRS staff.

E. Securities Lending

1. Securities Lending collateral portfolios will adhere to the quality and maturity guidelines established by SEC Rule 2a-7.

F. High Yield Fixed Income

1. High Yield portfolios will hold a maximum of 5% in cash or cash equivalents.

2. High Yield portfolios will not concentrate greater than 25% of market value of funds under advisement in holdings of a single industry. This restriction does not apply to sovereign issues.

3. High Yield portfolios will not concentrate greater than 5% of market value of funds under advisement in holdings of a single issuer. This restriction does not apply to sovereign issues,

4. High Yield portfolios will not hold greater than 5% of the issued securities of a single issuer.

5. High Yield portfolios will not concentrate greater than 10% of market value of funds under advisement in holdings of unrated obligations.

6. High Yield portfolios may hold shares of common stock converted from embedded corporate actions, at the time of conversion advisors should communicate issues converted into common shares to OTRS staff.

7. Investments in other funds (including REITSs) not managed or advised by either the Management Company or the Investment Adviser shall not exceed five (5%) of the total assets of the portfolio, at any time, based on the aggregate market value of such investments.

G. Private Equity

1. Private Equity portfolios will be comprised of:

   a. Corporate Finance Funds

      i. Buyout and growth capital funds

      ii. Distressed debt and turnaround funds

      iii. Mezzanine debt funds

   b. Venture Capital Funds; and

   c. Any other private investment strategy approved by OTRS.

2. In order to achieve a diversified private equity portfolio, the following sub-allocations shall be used as an overall target for commitment levels within the portfolio:

Segment	Long-Term Allocation Ranges
Corporate Finance1	80% - 100%
Venture Capital	0% - 20%

1 Includes buyout, turnaround and debt related strategies

Region	Long-Term Allocation Ranges
U.S. and Western Europe	80% - 100%
Other	0% - 20%

3. Private Equity portfolios will make commitments of at least $10 million.

4. Private Equity portfolios will not make commitments to a primary fund which exceeds an amount equal to 20% of the total amount raised for a proposed fund.

5. Private Equity portfolios will not concentrate aggregate commitments to a single investment sponsor greater than 25% of funds under advisement.

6. Prior to making a new commitment, the Manager shall provide detailed information on the opportunity, including a final memorandum summarizing all due diligence performed, to OTRS' pension staff, the general consultant and the Board.

7. Private equity investments will be governed by the subscription agreement, the Limited Partnership Agreement and other related documents.

H. Real Estate

I. Distressed Mortgage Fund

1. Distressed mortgage investments will predominantly target investment opportunities in less liquid segments of the mortgage market. Securities will be primarily based within the United States; however the Distressed Mortgage Fund may make investments located outside of the United States.

2. Investments in the Distressed Mortgage Fund will be governed by the subscription agreement, the Limited Partnership Agreement and other related documents.

J. Derivatives

1. Objectives

   These derivatives guidelines identify and allow common derivative investments and strategies which are consistent with applicable law and the Investment Policy Statement. These guidelines require investment managers to request the inclusion of additional derivative instruments and strategies. The guidelines require investment managers to follow certain controls, documentation and risk management procedures.

2. Definition and Classification of Derivatives

   A derivative is a security or contractual agreement that derives its value from some underlying security, commodity, currency, or index. These guidelines classify derivatives into four separate categories distributed across two classes:

   a. Derivative Contracts

      i. Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments

      ii. Option-based derivatives, including put options contracts, futures contracts, swaps, and similar instruments.

b. Derivative Securities

i. Collateralized Mortgage Obligations (CMOs)

ii. Structured Notes

3. Allowed Uses of Derivatives

a. Derivative Contracts

i. Hedging – the investment managers are permitted to use derivatives for clearly defined hedging purposes, including cross-hedging of currency exposures, subject to the documentation requirements below.

ii. Creation of Market Exposures – Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class.

b. Derivative Securities

i. Plain Vanilla CMOs – For the purpose of this policy, we will define a "plain vanilla" CMO as one which satisfies one or both of the following criteria:

(a) It passes the Federal Financial Institutions Examination Council (FFIEC) test;

(b) It can be shown that the CMO is less exposed to interest rate and prepayment risk than the underlying collateral.

ii. Other CMOs - , which are not plain vanilla, are restricted to 10% of a manager's portfolio.

iii. Structured Notes – Structured notes may be used so long as the exposure implied by their payment formula would be allowed if created without use of structured notes.

4. Prohibited Uses of Derivatives

Any use of derivatives not listed in section 3.b is prohibited without written approval of the Board of Trustees. By way of revocation, it is noted that the following two uses of derivatives are prohibited:

a. Leverage – derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.

b. Unrelated Speculation – Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such

exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

5. Transaction Level Risk, Control Procedures and Documentation Requirements

For each over-the-counter derivative transaction, except foreign exchange forward contracts, investment managers are required to obtain at least two competitive bids or offers. For small-issue CMOs, it is acceptable to obtain competitive prices on similar securities. For all derivatives transactions, investment managers should maintain appropriate records to support that all derivative contracts used are employed for allowed strategies. In addition, the following requirements apply to derivative securities:

a. "Plain Vanilla" CMOs – Document that the CMO is in fact "plain vanilla", according to the definition in section 3.b.i.a.

b. Other CMOs – These CMOs must be stress tested to estimate how their value and duration will change with extreme changes in interest rates. An extreme change is one of at least 300 basis points

K. Directed Commission

Investment managers shall use their best efforts to ensure that portfolio transactions are placed on a "best execution" basis. Additionally, arrangements to direct commissions shall only be implemented by specific authorization of the Board.

VII. Third Party Marketing And Referrals Disclosure Policy

The Teachers' Retirement System of Oklahoma requires transparency and full disclosure of all relationships in proposed and committed investments with any third parties. Firms submitting investment proposals for consideration by Teachers' Retirement System of Oklahoma (including any sub-managers or consultants engaged by such firms) are hereby required to disclose the identity of all third-party marketers and/or individuals by whom the firm has been referred to Teachers' Retirement System of Oklahoma and further indicate those so identified that stand to receive fees or other consideration in the event that a contract between the firm and the Teachers' Retirement System of Oklahoma is secured. Any consideration paid or benefits received, or any relationship between such firm (including any sub-managers or consultants engaged by such firms) and third party marketing entities and/or individuals, shall be disclosed.

The disclosure requirements established by this Policy apply throughout the term of any contractual relationship Teachers' Retirement System of Oklahoma may have with any firm and represents a continuing obligation of disclosure.

This Policy becomes effective immediately and applies to all firms currently managing Teachers' Retirement System of Oklahoma assets. All firms submitting investment proposals must make the disclosures required by this Policy prior to any action being taken on the firm's investment proposal by the Board, as well as comply with the continuing obligation of disclosure.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, September 22, 2010 – 9:00 AM
Barnes Executive Conference Room
Oklahoma State University – Alumni Center
201 ConocoPhillips
Stillwater, OK 74078

AGENDA

1. **ROLL CALL FOR QUORUM**

2. **DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE AUGUST 25, 2010 BOARD MEETING**

3. **PRESENTATION BY INVESTMENT MANAGER(S):**
   A. Hoisington Investment Management
   B. Stephens Capital Management

4. **DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**

5. **DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT**
   The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting

6. **DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT**
   A. Asset Allocation
   B. Investment Policy

7. **DISCUSSION AND POSSIBLE ACTION ON MASTER LIMITED PARTNERSHIP RFP**

8. **DISCUSSION AND POSSIBLE ACTION ON ACTUARIAL EXPERIENCE STUDY RECOMMENDATIONS**

9. **DISCUSSION AND POSSIBLE ACTION ON LEGAL REPORT**

10. **DISCUSSION AND POSSIBLE ACTION ON PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2012**

11. **DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
    A. Service Dashboard
    B. Client Status Update
    C. Legislative Update
    D. Other Items for Discussion

12. **QUESTIONS AND COMMENTS FROM TRUSTEES**

13. **NEW BUSINESS**

14. **ADJOURNMENT**

MEETING MINUTES
AUGUST 25, 2010
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

This special 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*
Michael Clingman*
Cathy Conway
Steven Crawford
Odilia Dank
Bruce DeMuth
Richard Gorman
Dick Neptune
Galeard Roper
Billie Stephenson
Gary Trennepohl*

TRUSTEES ABSENT:
Sherrie Barnes
James Smith

TRS STAFF PRESENT:
James R. Wilbanks, *Executive Director*
Josh Richardson, *Internal Auditor*
Edward Romero, *Secretary/Treasurer*
James Baird, *Investment Accountant*
Joe Ezzell, *Assistant Executive Director*
Nick Pointer, *Investment Analyst*
Dixie Moody, *Client Services Director*
Becky Wilson, *Executive Assistant*

LEGAL COUNSEL PRESENT:
Regina Switzer, *Assistant Attorney General*
Dan Weitman, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT:
Gregory T. Weaver, *Gregory W. Group*
Douglas J. Anderson, *Gregory W. Group*

OTHERS PRESENT:
Sandy Garrett, *State Superintedent*
Justin Martino, *E-Capitol*
Norman Cooper, *Oklahoma Retired Educators Assoc.*
Kym Koch Thompson, *Koch Communications*
Michael McNutt, *The Oklahoman*

**Denotes 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: Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 2 - MEETING MINUTES: A motion was made by Dr. Trennepohl with a second made by Ms. Stephenson to approve the July 21, 2010 and August 3, 2010 meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 3 - PRESENTATIONS BY INVESTMENT MANAGERS: Franklin Park, LLC, Investment Managers, were present to give respective presentations to the Board.

ITEM 4 – INVESTMENT CONSULTANT MONTHLY REPORT: Gregory Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

A break was taken from 10:05 a.m. to 10:15 a.m.

ITEM 5 – MANAGER STATUS SUMMARY REPORT: Gregory Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. No action was necessary.

ITEM 6 – INVESTMENT CONSULTANT QUARTERLY REPORT: Gregory Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board their quarterly report. No action was necessary.

ITEM 7 – OKLAHOMA RETIRED EDUCATORS ASSOCIATION (OREA) REQUEST: After discussion, a motion was made by Mr. Neptune with a second made by Mr. Roper to approve the request for mailing from OREA. The motion carried by a unanimous voice vote. Trustees responding were Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 8 – LEGAL REPORT: Regina Switzer, Assistant Attorney General and legal counsel to the Board, gave the legal report to the Board. There was no action necessary on the report.

ITEM 9 – EXECUTIVE SESSION REGARDING SYSTEM FUNDING:

A. A motion was made by Mr. DeMuth with a second made by Mr. Roper to resolve into Executive Session at 10:54 a.m. The motion carried by a unanimous voice vote. Trustees responding were Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.
B. A motion was made by Mr. Roper with a second made by Ms. Conway to return to Open Session at 1:18 p.m. The motion carried by a unanimous voice vote. Trustees responding were Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

A break for lunch was taken from 11:38 a.m. to 11:54 a.m.
A break was taken from 1:05 p.m. to 1:18 p.m.

ITEM 10 – POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: A motion was made by Ms. Conway with a second made by Mr. DeMuth that the Board of Trustees request an Attorney General's Opinion and that the Board of Trustees authorizes the Executive Director to craft the questions, subject to the approval of the Chairman. The motion carried by a unanimous voice vote. Trustees responding were Mr. Clingman; Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

ITEM 11 – REAL ESTATE RFP: Presentations were made to the Board by the three remaining finalists: AEW, Heitman and L&B. After giving respective presentations to the Board, a motion was made by Ms. Conway with a second made by Mr. Neptune to hire all 3 Real Estate Managers: AEW, Heitman and L&B, subject to successful contract negotiations and determined by working with the TRS Staff and Gregory W. Group. The motion carried by a unanimous voice vote. Trustees responding were Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; and Chairman Simpson.

A break was taken from 2:28 p.m. to 2:35 p.m.

ITEM 12 – EXECUTIVE DIRECTOR REPORT: Dr. Wilbanks gave his report to the Board. A motion was made by Mr. DeMuth with a second made by Mr. Roper to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; 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 3:22 p.m. Trustees present at adjournment were Mr. Crawford; Ms. Conway; Ms. Dank; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Ms. Stephenson; 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 September 22, 2010.

BY: _____

Becky Wilson, Executive Assistant to the Executive Director

Monthly Investment Analysis

Hoisington Investment Mgmt

Stephens Capital Mgmt

Portfolio Returns

	3 Months	1 Year	3 Year	5 Year	10 Year
Hoisington Returns	16.18%	19.62%	12.97%	--	
L.B. AGGREGATE BOND INDEX	3.97%	9.18%	7.65%	--	
Hoisington Alpha	--	(19.80%)	(11.64%)	---	

	3 Months	1 Year	3 Year	5 Year	10 Year
Stephens Returns	3.24%	7.09%	8.32%	--	
L.B. AGGREGATE BOND INDEX	3.97%	9.18%	7.65%	--	
Stephens Alpha	--	(1.21%)	1.62%	--	

Portfolio Statistics

	3 Year Risk Statistics	
	Hoisington	Stephens
Correllation W/Index	75.17%	84.54%
Correllation W/Other Manager	77.59%	--
Beta	3.65	0.85
Sharpe Ratio	2.02	5.89
Treynor Ratio	0.03	0.08

August 2010 - Market Performance Update

Equity Markets Move Lower

Oklahoma Teachers Retirement System

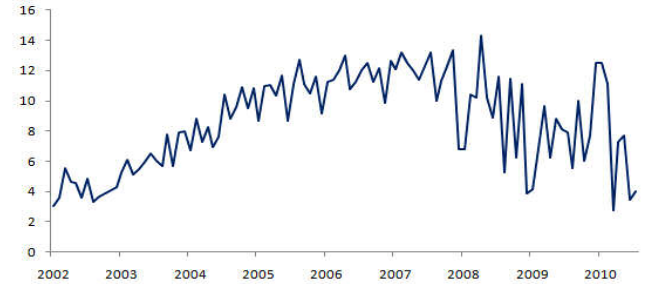
Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	-3.9	8.4	-6.5	1.8
NASDAQ (prc chg only)	-6.2	5.2	-6.6	-0.4
S&P 500 cap weighted	-4.5	4.9	-8.7	-0.9
S&P 500 equal weighted	-4.8	10.7	-5.3	1.1
S&P 400 Mid Cap	-4.9	11.9	-4.3	1.7
S&P Small Cap	-7.5	7.8	-7.1	-0.4
S&P REIT	-1.2	33.3	-6.3	1.0
Russell 1000 Growth	-4.7	6.1	-6.3	0.1
Russell 1000 Value	-4.3	5.0	-10.6	-1.7
Russell Mid Cap Growth	-4.3	11.6	-6.3	0.8
Russell Mid Cap Value	-4.5	13.0	-6.8	0.5
Russell 2000 Growth	-7.3	7.2	-7.0	-0.2
Russell 2000 Value	-7.5	6.1	-8.0	-1.3
Russell Top 200	-4.5	3.0	-9.1	-1.3
Russell 1000	-4.5	5.6	-8.3	-0.7
Russell Mid Cap	-4.4	12.3	-6.3	0.8
Russell 2500	-5.9	10.1	-6.3	0.3
MSCI World Ex US	-3.0	-0.6	-9.6	1.9
MSCI World Ex US Growth	-2.3	3.4	-8.7	2.4
MSCI World Ex US Value	-3.6	-4.4	-10.6	1.5
MSCI EAFE	-3.1	-1.9	-10.3	1.4
MSCI Emerging Markets	-1.9	18.3	-1.2	12.7

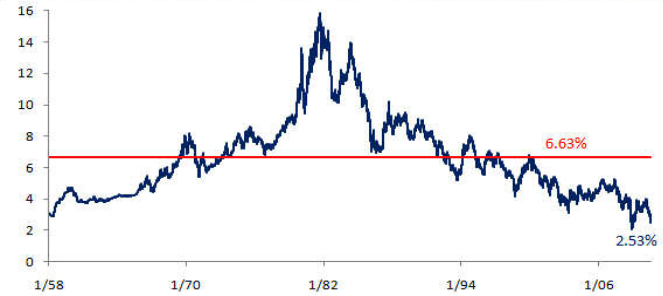
Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	1.1	2.5
BC Long Treasury	6.8	16.8	11.5	7.5
BC US Agg	1.3	9.2	7.7	6.0

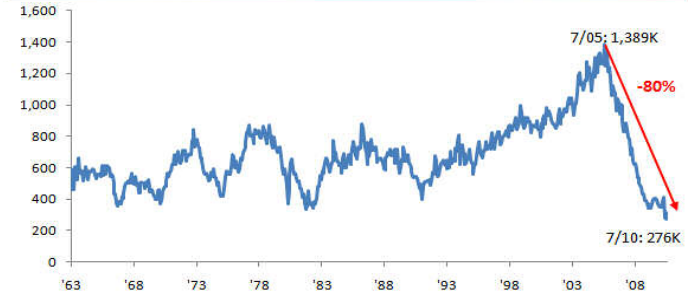
US New Homes Sales: Houses Sold for $500K+ (Percent of Total)



Ten-Year US Treasury Yield: 1962 - 2010



New Home Sales (SAAR Monthly Rate in '000s): 1963 - 2010



August was a difficult month for equity investors as economic uncertainty punished share prices. Domestic and international equities moved lower during the month.

Mid cap equities beat e large and small caps during the month. Over the past year, mid caps lead small and large caps with a return of 12.3%. Growth and value turned in similar returns during the month. Dispersion of returns was also fairly low over the past year.

Fixed income investors enjoyed positive returns during the month. Long-term Treasuries posted notable returns as investors sought safe assets. Core fixed income portfolios posted modest returns while 91 day T-bills were flat for the month and the year.

Oklahoma Teachers' Retirement System

Investment Manager Profile – As of August 31, 2010

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Manager	Location	Structure	Investment Mandate	Portfolio Size (Total)	Status	Annual Fee
Hoisington Investment Management	**Austin, TX**	**Privately Held**	**Interest Rate Sensitive Bonds**	**$ 363,162,780**	**In Compliance**	**0.15**
Stephens Capital Management	**Little Rock, AR**	**Division of Stephens, Inc.**	**Interest Rate Sensitive Bonds**	**$ 294,614,249**	**In Compliance**	**0.16**

Manager	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Since Inception
Hoisington Investment Management	**10.0**	**16.2**	**19.6**	**13.0**	**7.5**	**-**	**9.7**
Barclays Capital Aggregate Index	*1.3*	*4.0*	*9.2*	*7.7*	*6.0*	*6.5*	*0.0*
							10/31/2004
Stephens Capital Management	**0.8**	**3.2**	**7.1**	**8.3**	**6.5**	**-**	**6.0**
Barclays Capital Aggregate Index	*1.3*	*4.0*	*9.2*	*7.7*	*6.0*	*6.5*	*0.0*
							10/31/2004

Manager	Management Philosophy	Represented By:
Hoisington Investment Management	Fixed income management style that invests solely in Treasury issues of varying maturity. Economic analysis from a deep historical perspective determines the portfolio's duration structure.	Janice Teague Green - Senior Vice President David Hoisington - Executive Vice President
Stephens Capital Management	Fixed income management process that makes interest rate forecasts based on a sophisticated econometric/inflation model. The manager invests the portfolio predominantly in Treasury and Government securities of varying maturity.	William L. Tedford - Executive Vice President Alan B. Tedford - Senior Vice President

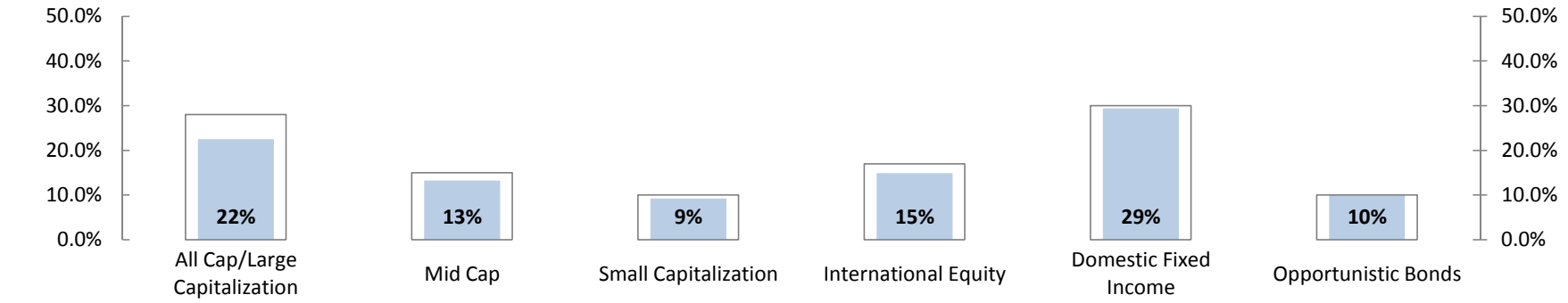
Oklahoma Teachers' Retirement System

Monthly Asset Allocation Review

As of August 31, 2010

Asset Class	Total Market Value	Percentage of Total	***Target Percentage***	Action?*
All Cap/Large Capitalization	1,889,079,886	22.5%	***28.0%***	***Yes***
Mid Cap	1,111,359,369	13.2%	***15.0%***	***Yes***
Small Capitalization	773,203,792	9.2%	***10.0%***	*No*
Total Domestic Equity *(includes private equity allocation)*	3,773,643,047	44.9%	***53.0%***	***Yes***
International Equity	1,250,673,913	14.9%	***17.0%***	***Yes***
Fixed Income *(excludes OBP)*	2,471,810,557	29.4%	***30.0%***	*No*
Opportunistic Bonds	843,995,623	10.0%	***10.0%***	*No*
Cash	63,407,694	0.8%	***0.0%***	*No*

Current vs. Target Asset Allocation



	All Cap/Large Capitalization	Mid Cap	Small Capitalization	International Equity	Domestic Fixed Income	Opportunistic Bonds
% of Total	22.5%	13.2%	9.2%	14.9%	29.4%	10.0%
Target %	28.0%	15.0%	10%	17.0%	30.0%	10.0%

**Action is suggested when the allocation falls outside of 90% to 110% of its target allocation.*

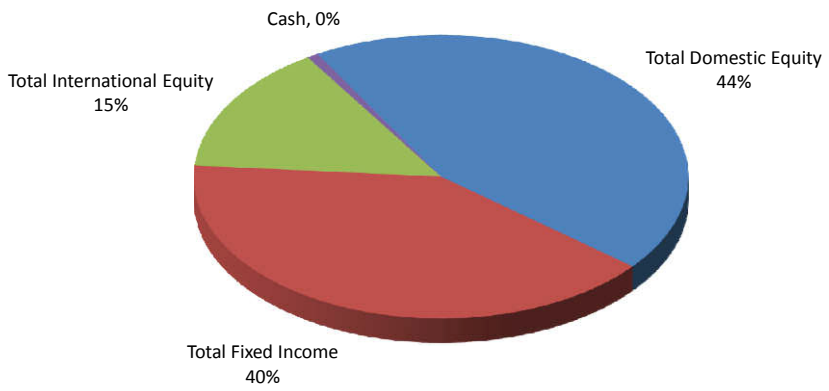
Oklahoma Teachers' Retirement System Composites and Total Fund

Performance Summary as of August 31, 2010

OKLAHOMA TEACHERS RETIREMENT SYSTEM

	Market Value	Last Month	Last Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Total Domestic Equity	3,773,643,047	-5.0	-4.9	7.2	-7.3	-0.2	1.1	9.4	7.9	3.31.90
S&P 500		-4.5	-3.2	4.9	-8.7	-0.9	-1.8			3.31.90
Total All Cap Equity	635,541,697	-4.1	-3.5	7.7	-7.1	-	-	-2.3	-3.0	9.30.06
Russell 3000		-4.7	-4.0	5.6	-8.3	-0.7	-1.3			9.30.06
Total Large Cap Equity	1,253,538,189	-4.6	-3.6	3.8	-9.6	-2.3	1.0	8.2	7.4	1.31.95
S&P 500		-4.5	-3.2	4.9	-8.7	-0.9	-1.8			1.31.95
Total Mid Cap Equity	1,111,359,369	-5.8	-6.5	8.6	-5.6	1.6	3.9	6.9	6.6	11.30.98
Russell MidCap		-4.4	-3.9	12.3	-6.3	0.8	3.7			11.30.98
Total Small Cap Equity	773,203,792	-5.1	-5.5	10.4	-5.7	1.6	1.4	7.1	4.0	1.31.98
Russell 2000		-7.4	-8.7	6.6	-7.4	-0.7	2.5			1.31.98
Total International Equity	1,250,673,913	-3.4	3.6	0.8	-8.8	2.6	3.3	8.7	4.1	1.31.96
MSCI EAFE		-3.1	5.1	-1.9	-10.3	1.4	1.5			1.31.96
Total Fixed Income *(excludes OBP)*	2,471,810,557	2.4	**6.7**	13.0	**9.9**	**7.4**	**7.3**	7.6	7.3	3.31.90
Barclays Aggregate		1.3	4.0	9.2	7.7	6.0	6.5			3.31.90
Opportunistic Bond Portfolio	843,995,623	0.3	4.8	**20.1**	-	-	-	29.8	35.8	2.28.09
ML High Yield		0.2	5.0	22.0	8.4	7.5	7.3			2.28.09
Cash	63,407,694	-	-	-	-	-	-	-		
91 Day T-bill		0.0	0.0	0.2	1.4	2.7	2.5			
Total Fund	8,565,507,227	-2.1	0.7	10.3	-1.6	3.4	4.4	8.8		**11.30.91**
Allocation Index		**-2.8**	**-0.3**	**6.7**	**-3.2**	**2.2**	**3.3**	**8.6**		11.30.91
Actuarial Assumption		**0.6**	**1.9**	**8.0**	**8.0**	**8.0**	**8.0**	**8.1**		11.30.91

Composite Allocation by Asset Class



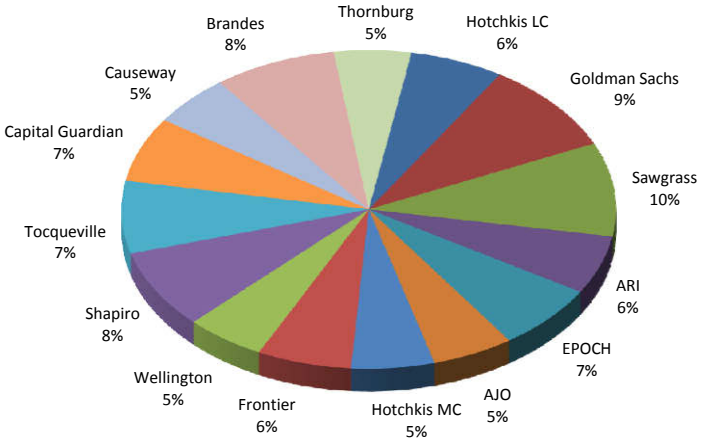
Oklahoma Teachers' Retirement System Equity Portfolios

Performance Summary as of August 31, 2010

OKLAHOMA TEACHERS RETIREMENT SYSTEM

	Market Value	Last Month	Last Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hotchkis & Wiley Large Cap	307,966,381	-6.6	-5.2	3.6	-12.1	-4.7	4.9	9.3	8.6	3.31.90
Russell 1000 Value		-4.3	-3.6	5.0	-10.6	-1.7	1.9			
Goldman Sachs	467,681,079	-4.5	-2.9	5.0	-5.4	0.9	-2.3	9.0	7.2	3.31.90
Sawgrass	**477,890,729**	-3.5	-3.3	5.0	-7.1	-	-	-1.1	-0.5	6.30.06
Russell 1000 Growth		-4.7	-3.5	6.1	-6.3	0.1	-5.4			
Advisory Research	298,321,520	-4.5	-3.7	8.7	-8.5	-	-	-3.4	-3.0	9.30.06
EPOCH	337,220,177	-3.7	-3.4	6.8	-5.9	-	-	-1.4	-3.0	9.30.06
Russell 3000		-4.7	-4.0	5.6	-8.3	-0.7	-1.3			
Capital Guardian	331,641,506	-3.4	2.4	2.6	-9.0	2.0	-	7.8	7.0	4.30.03
Causeway Capital	262,168,469	-4.1	**5.3**	3.2	-8.5	1.9	-	9.9	8.9	4.30.03
Brandes	403,055,149	-3.8	3.1	-5.0	-10.0	2.0	5.0	10.6	4.1	1.31.96
Thornburg	253,808,789	**-2.2**	4.2	6.0	-6.1	-	-	5.1	0.7	11.30.05
MSCI EAFE GD		-3.1	5.1	-1.9	-10.3	1.4	1.5			
MSCI ACWI Ex US		-3.5	1.1	3.5	-8.7	1.1	0.1			
Wellington	261,253,787	-5.2	-7.4	8.5	-7.4	1.8	5.5	8.2	5.6	8.31.98
Frontier Capital	309,250,370	-4.2	-4.9	8.3	-3.3	**5.4**	-	6.3	4.8	5.31.02
Russell MidCap Growth		-4.3	-4.2	11.6	-6.3	0.8	-2.5			
AJO Partners	268,155,665	-5.3	-4.9	10.0	-6.6	0.0	5.9	7.8	6.1	8.31.98
Russell MidCap		-4.4	-3.9	12.3	-6.3	0.8	3.7			
Hotchkis & Wiley Mid Cap	272,699,546	-8.4	-8.8	7.6	-5.4	-0.9	-	9.4	8.0	7.31.02
Russell MidCap Value		-4.4	-3.9	12.3	-6.3	0.8	1.8			
Shapiro Capital Management	403,111,328	-4.3	-4.3	**15.1**	**-2.4**	3.9	**9.8**	7.9	5.8	1.31.98
Tocqueville	370,092,464	-5.9	-6.8	5.6	-7.6	2.0	-	7.4	6.7	10.31.00
Russell 2000 Value		-7.5	-9.6	6.1	-8.0	-1.3	6.6			
Russell 2000		-7.4	-8.7	6.6	-7.4	-0.7	2.5			
Private Equity Portfolio	30,540,719		-	-	-	-	-	-		*9.30.08*

Equity Portfolio Allocation by Manager



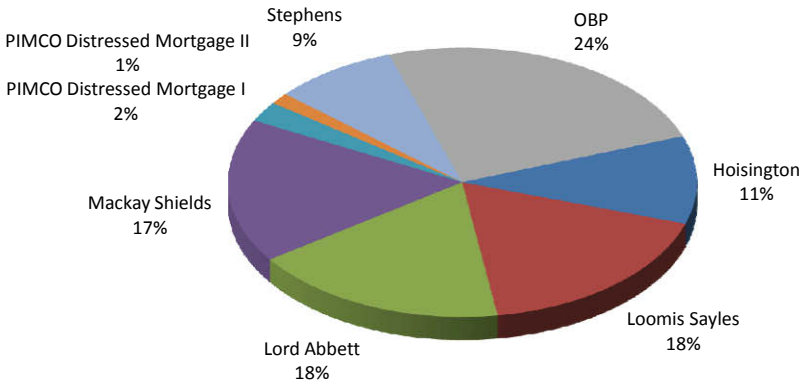
Oklahoma Teachers' Retirement System Fixed Income Portfolios

Performance Summary as of August 31, 2010

OKLAHOMA TEACHERS RETIREMENT SYSTEM

	Market Value	Last Month	Last Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hoisington	363,162,780	**10.0**	**16.2**	19.6	**13.0**	7.5	-	9.7	*5.6*	10.31.04
Loomis Sayles	605,912,312	1.4	6.9	14.9	11.9	**9.0**	**7.3**	7.3	*6.5*	7.31.99
Lord Abbett	609,333,665	1.4	4.6	11.8	9.4	7.2	-	6.8	*5.6*	10.31.04
Mackay Shields	596,021,742	1.2	5.0	11.9	9.2	6.9	-	6.6	*5.6*	10.31.04
PIMCO Distressed Mortgage I	83,743,513	0.0	11.0	**87.1**	-	-	-	6.3	*8.0*	5.31.08
PIMCO Distressed Mortgage II	46,942,152	0.0	9.1	84.3	-	-	-	53.3	*8.3*	12.31.08
Stephens	294,614,249	0.8	3.2	7.1	8.3	6.5	-	6.0	*5.6*	10.31.04
Barclays Aggregate		*1.3*	*4.0*	*9.2*	*7.7*	*6.0*	*6.5*			
Opportunistic Bond Portfolio	**843,995,623**	0.3	4.8	20.1	-	-	-	29.8	*35.8*	2.28.09
Merrill Lynch High Yield II		*0.2*	*5.0*	*22.0*	*8.4*	*7.5*	*7.3*			

Fixed Income Portfolio Allocation by Manager



Oklahoma Teachers' Retirement System

Estimated Net of Management Fee Performance Summary
As of August 31, 2010

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Portfolio	Market Value	Estimated Fee	Last Month	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Year Annualized	Since inception	Index Since inception	Inception Date
Hotchkis & Wiley	307,966,381	0.37	-6.6	-5.3	3.2	-12.5	-5.1	4.6	9.0	8.0	3.31.90
Russell 1000 Value			-4.3	-3.6	5.0	-10.6	-1.7	1.9			
Goldman Sachs	467,681,079	0.27	5.0	-3.0	4.8	-5.7	0.7	-2.6	8.7	6.6	3.31.90
Sawgrass	477,890,729	0.37	-3.5	-3.4	4.7	-	-	-	-1.5	-0.5	6.30.06
Russell 1000 Growth			-4.7	-3.5	6.1	-6.3	0.1	-5.4			
Advisory Research	298,321,520	0.37	-4.5	-3.8	8.3	-8.8	-	-	-3.8	-3.0	9.30.06
EPOCH	337,220,177	0.47	-3.7	-3.5	6.3	-6.4	-	-	-1.9	-3.0	9.30.06
Russell 3000			-4.7	-4.0	5.6	-8.3	-0.7	-1.3			
AJO Partners	268,155,665	0.55	-5.4	-5.1	9.4	-7.1	-0.6	5.4	7.3	6.1	8.31.98
Wellington	261,253,787	0.45	-5.3	-7.5	8.1	-7.9	1.4	5.1	7.7	5.6	8.31.98
Frontier Capital Management	309,250,370	0.56	-4.3	-5.1	7.8	-3.8	4.9	-	5.8	4.8	5.31.02
Hotchkis & Wiley Mid Cap	272,699,546	0.50	-8.4	-8.9	7.1	-5.9	-1.4	-	8.9	8.0	7.31.02
Russell MidCap			-4.4	-3.9	12.3	-6.3	0.8	3.7			
Shapiro Capital Management	403,111,328	**0.73**	-4.4	-4.5	14.4	-3.2	3.1	**9.0**	7.2	5.8	1.31.98
Tocqueville	370,092,464	0.66	-6.0	-7.0	5.0	-8.3	1.3	-	6.8	6.7	9.30.00
Russell 2000			-7.4	-8.7	6.6	-7.4	-0.7	2.5			
Private Equity	30,540,719	-	-	-	-	-	-	-	-		9.30.08
S&P 500 + 4.0%			-4.4	-2.2	8.9	-4.7	3.1	2.2			
Capital Guardian	331,641,506	0.42	-3.5	2.3	2.1	-9.4	1.6	-	7.7	7.0	4.30.03
Causeway Capital	262,168,469	0.41	-4.2	5.2	2.8	-8.9	1.5	-	9.5	10.5	4.30.03
Brandes	403,055,149	0.41	-6.0	3.0	-5.4	-10.4	1.6	4.6	10.2	4.1	1.31.96
Thornburg	253,808,789	0.52	-2.2	4.1	5.5	-6.6	-	-	4.5	0.7	11.30.05
MSCI EAFE GD			-3.1	5.1	-1.9	-10.3	1.4	1.5			
MSCI ACWI Ex US			-3.5	1.1	3.5	-8.7	1.1	0.1			
Hoisington	363,162,780	0.15	**10.0**	**16.1**	19.5	**12.8**	7.4	-	9.6	5.6	10.31.04
Loomis Sayles	605,912,312	0.15	1.4	6.9	14.7	11.7	**8.9**	7.2	7.2	6.5	7.31.99
Lord Abbett	609,333,665	0.17	1.4	4.5	11.7	9.2	7.0	-	6.6	5.6	10.31.04
Mackay Shields	596,021,742	0.21	1.1	4.9	11.7	8.9	6.7	-	6.4	5.6	10.31.04
PIMCO Distressed Mortgage I	83,743,513	0.25	0.0	11.0	**86.9**	-	-	-	6.0	8.0	5.31.2008
PIMCO Distressed Mortgage II	46,942,152	0.25	0.0	9.1	84.1	-	-	-	53.1	8.3	12.31.2008
Stephens	294,614,249	0.16	0.8	3.1	6.9	8.2	6.3	-	5.9	5.6	10.31.04
Barclays Aggregate			1.3	4.0	9.2	7.7	6.0	6.5			
Opportunistic Bond Portfolio	**843,995,623**	0.44	0.3	4.7	19.7	-	-	-	29.8	37.3	2.28.09
ML High Yield II			0.2	5.0	22.0	8.4	7.5	7.3			
Total Fund	**8,565,507,227**	**0.37**	**-2.1**	**0.6**	**9.9**	**-1.9**	**3.1**	**4.0**	**8.5**	8.6	11.30.91
Allocation Index			-2.8	-0.3	6.7	-3.2	2.2	3.3	8.6		
Actuarial Assumption			0.6	1.9	8.0	8.0	8.0	8.0	8.0		

Oklahoma Teachers' Retirement System

Manager Status Summary

As of August 31, 2010

Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
Domestic Equity				
Goldman Sachs	**5%**	**Large Cap Growth Equity**	**On Alert**	**Organizational Issues - December, 2010**
Sawgrass	6%	Large Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4%	Large Cap Value Equity	In Compliance	
Advisory Research	3%	All Cap Equity	In Compliance	
EPOCH	4%	All Cap Equity	In Compliance	
AJO Partners	3%	Mid Cap Value Equity	In Compliance	
Frontier Capital Management	3%	Mid Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4%	Mid Cap Value Equity	In Compliance	
Wellington	3%	Mid Cap Growth Equity	In Compliance	
Shapiro Capital Management	5%	Small Cap Value Equity	In Compliance	
Tocqueville	4%	Small Cap Value Equity	In Compliance	
International Equity				
Brandes	5%	International Value Equity	In Compliance	
Capital Guardian	**4%**	**International Growth Equity**	**On Alert**	**Performance - December 2010**
Causeway Capital	3%	International Value Equity	In Compliance	
Thornburg	3%	International Value Equity	In Compliance	
Fixed Income				
Hoisington	4%	Fixed Income	In Compliance	
Loomis Sayles	7%	Fixed Income	In Compliance	
Lord Abbett	7%	Fixed Income	In Compliance	
Mackay Shields	7%	Fixed Income	In Compliance	
Stephens	3%	Fixed Income	In Compliance	

MASTER LIMITED PARTNERSHIP MANAGER REQUEST FOR PROPOSAL

Teachers' Retirement System of Oklahoma

I. INTRODUCTION

The Oklahoma Teachers' Retirement System (hereinafter referred to as the OTRS), an $8.6 Billion fund, is seeking through a competitive bid process, proposals from qualified firms to provide MLP investment management in a separate account structure.

The Teachers' Retirement System of Oklahoma was created by an act of the Oklahoma Legislature in 1943 after citizens amended the state constitution allowing the creation of a public retirement program for educators. TRS began operations on July 1, 1943. Membership in TRS is available to all public school employees working half-time or more. Employees of more than 600 local school districts, career technology schools, public colleges and universities are enrolled as members of the TRS. As of June 30, 2008, TRS had 147,739 members (88,678 active contributing, 13,823 inactive and 45,238 retired members).

The mission of TRS is to provide retirement benefits to Oklahoma's educators. The Board of Trustees and TRS staff oversee its administration to ensure adequate funds are maintained to meet the financial obligations of the entire membership. In directing the investments of TRS funds, the Board seeks to maximize gains, minimize losses and protect the Trust. The staff stands ready to assist TRS members in any matter pertaining to accruing benefits, and planning for and enjoying a well-earned retirement.

The investment consulting firm employed by OTRS is Gregory W Group. **Inquiries regarding this RFP will be referred to Mr. Doug Anderson, via email only. His email address is danderson@gregorywgroup.com.** The actuarial consulting firm for OTRS is Gabriel, Roeder, Smith and Company. **OTRS has an assumed interest rate of 8.0%**. The investment portfolio currently consists of:

- fourteen (11) actively managed domestic equity portfolios;
- four (4) actively managed non-U.S. equity portfolios;
- seven (6) actively managed domestic fixed income portfolios;
- three (3) core Real Estate portfolios
- and a number of private equity commitments

The System's current target asset allocation, as of August 31, 2010, is as follows:

Asset Class	Target Allocation
Large Capitalization/All Capitalization Equity	**28.0%**
Middle Capitalization Equity	**15.0%**
Small Capitalization Equity	**10.0%**
Total Domestic Equity	**53.0%**
International Equity	**17.0%**
Fixed Income	**30.0%**
Total	**100.0%**

The Board has not determined the exact amount that will be invested in MLPs. The initial commitment is expected to be approximately 5% of the System's investment portfolio.

II. SERVICES DESIRED

The purpose of this RFP is to solicit proposals from qualified firms to render fully discretionary MLP portfolio management services. The OTRS Board has launched a search to implement a new allocation to MLPs. In addition to portfolio management, the selected advisor will be expected to:

A. Provide educational or training sessions for the Board and/or OTRS staff representatives on MLP investments.

B. Provide the staff with direct access to any available investment research and group publications produced by the Advisor's firm.

C. Prepare special analyses as requested by the OTRS staff to define goals and objectives, monitor portfolio risk, or for other purposes deemed valuable by the OTRS staff in the management of the MLP portfolio.

D. Attend Board and/or Investment Committee meetings as requested.

E. Maintain regular communications with the OTRS staff, which would include frequent telephone consultations as required by the advisor and/or staff in order to effectively accomplish all of the services required by this RFP.

F. Calculate and report actual portfolio performance on at least a quarterly basis.

III. MINIMUM QUALIFICATIONS

Respondents to the RFP must meet all of the following minimum qualifications and requirements to be given further consideration. **FAILURE TO SATISFY THE FOLLOWING WILL RESULT IN THE REJECTION OF THE PROPOSAL.**

The firm must certify in writing that it meets all of the following minimum qualifications. Such certification must include evidence of how each qualification is met and must be signed by an authorized member of your firm.

A. Offeror must be an SEC-registered investment manager or exempt from such registration (Form ADV or disclosure of the nature of the exemption must be submitted);

B. Offeror must have at least two tax exempt clients of with total fund assets of $250 million or more,

C. Offeror must have at least three year's experience providing the specified services. The experience qualification may be met either at the level of the organization or from assigned personnel who qualify from experience at a prior firm.

IV. TIMELINE FOR CONSIDERATION

October 15, 2010, 4:00 pm CDT	Manager Questions Due to OTRS Questions about the RFP should be submitted to: danderson@gregorywgroup.com
October 22, 2010, 4:00 pm CDT	Responses Due to Managers Responses to all questions will be distributed to all parties who submit questions.
October 29, 2010, 4:00 pm CDT	RFP Responses Due

V. REQUIREMENTS FOR SUBMISSION

A. Proposals shall be no longer than fifty (50) pages in length and shall include:

1. A STATEMENT OF MINIMUM QUALIFICATIONS
2. PROPOSAL QUESTIONNAIRE
3. FEE PROPOSAL

B. SUBMIT ONE (1) HARD COPY OF PROPOSAL AND ONE (1) ELECTRONIC VERSION BY 4:00 PM CST ON OCTOBER 29. SUBMISSIONS SHOULD BE MAILED TO BOTH:

Oklahoma Teachers Retirement System
2500 N. Lincoln Blvd.
OKC, OK 73152

and

Gregory W Group
15 W 6th St #2901
Tulsa, Ok 74119

MLP Investment Management Questionnaire

Teachers' Retirement System of Oklahoma

INVESTMENT MANAGEMENT QUESTIONNAIRE
MLP INVESTMENT MANAGEMENT

I. ORGANIZATION

Firm Name: _____

Contact: _____

Title: _____

Contact Address: _____

_____

Contact Telephone: _____

Contact Fax: _____

Contact Email: _____

Company Website: _____

Authorized Signature: _____

Name (print): _____

Date: _____

1. How long has your firm and, if applicable, your parent company, been active in the MLP investment business?

2. Please provide a brief history of the firm and the MLP management team.

3. How many people work at the firm full time? How many are investment professionals?

4. Please provide an organizational chart that shows the persons who would be involved in providing the services required by this RFP and members of the team that you would dedicate to the Oklahoma Teachers' Retirement System and their roles in implementing the MLP portfolio.

5. Please provide a schedule detailing the amount of ownership in the firm and, if applicable, the parent company, by employees and other parties and the timing of any substantive changes during the past 10 years. Please list current percentages owned by employees in excess of one percent (1%) and any options, warrants, or other rights held by any employees that would permit the holder to acquire five percent (5%) or more of the firm—severally and individually.

6. Has FINRA, the SEC, or any other regulator ever audited your firm and, if applicable, your parent company? If yes, please describe the reason for audit and results.

7. Please disclose any litigation, complaints, arbitration, or other disputes involving your firm and, if applicable, your parent company, and/or your or its employees in the past 10 years. Please include the nature of the action and the outcome.

8. What bonding and/or liability insurance does your firm maintain? Please describe the level of coverage for errors and omissions/fiduciary and professional liability insurance.

9. What is the ratio of investment professionals to clients? What is the ratio of investment professionals to holdings? What is the ratio of client service personnel to clients?

10. Does your firm have dedicated MLP-focused research professionals?

11. Does the firm intend to launch any investment products or exit any business lines during the next two years? If it does, please describe such plans.

12. Has the firm ever discontinued or closed down a strategy?

13. Does the firm and, if applicable your parent company, engage in other lines of business besides investment management or advisement of MLP portfolios? If yes, what is the fraction of assets under management that MLP product represents in the overall organization? What is the product's percentage of revenue and profit in the overall organization? Please describe in detail any internal/external potential or perceived conflicts of interest and how you resolve them.

14. What procedures does the firm employ to comply with ERISA's prohibited transaction restrictions? Is the firm a Qualified Professional Asset Manager (QPAM)?

15. Explain any potential for conflicts of interest your firm would have in servicing the OTRS account.

16. Please provide a copy of your code of ethics and/or trading policy.

17. Does the firm or members of the firm invest their money in the investments recommended to clients? Please detail.

18. Describe your plans for managing the future growth of your firm in terms of:

    a. Total number of accounts that will be accepted.
    b. Total assets that will be accepted.
    c. Plans for additions to professional staff and approximate timing in relation to anticipated growth in the number of accounts or assets.

19. Does your firm act as a fiduciary when serving as a MLP investment manager?

20. Does your firm or parent company run or have an interest in a brokerage firm? If yes, how does your firm manage potential conflicts of interest?

21. List the top five brokerage firms with whom you have conducted trades in the last year. Provide the percentage of your total trading volume that each firm accounted for, along with the average commission for each.

22. Does your firm have a disaster recovery plan in place? Does the manager have alternative office space and systems available to permit it to continue to deliver the services described in this RFP and to preserve all associated electronic and written records, in case of a disaster? Describe your firm's disaster recovery plan.

23. What is your firm's mission statement?

24. What differentiates your firm from your competitors?

II. CLIENTS

1. Please detail your firm's client base as of 9/30/2010. The total should represent all strategies and include all assets under management:

	Discretionary Separate Accounts		Commingled Funds		Total	
	# of accts.	Market Value ($mm)	# of accts.	Market Value ($mm)	# of accts.	Market Value ($mm)
2010						
2009						
2008						
2007						
2006						
2005						

	# of accts	Market Value ($mm)
Employee-Benefit Funds		
Corporate		
Multi-Employer		
Public		
Endowments & Foundations		
Other:		
Total Accounts		

2. Please provide details of all of the firm's accounts that have invested or can invest in MLPs. (Commingled Funds & Separately Managed)

~~6.~~3. Provide a list of investors that have allocated money to their MLP portfolios in the past two years (9/30/08 through 9/30/2010). If you cannot disclose the investor's name, please state as Public Fund A or Corporate Plan B, etc.

Name of Investor	New or Existing	Amount	Quarter/Year

~~7.4.~~ Provide a list of investors that have exited their MLP portfolio in the two past years (9/30/08 through 9/30/2010). If you cannot disclose the investor's name, please state as Public Fund A or Corporate Plan B, etc. Do not include investors that receive routine income withdrawals.

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Name of Investor	Amount	Reason for Redemption	Quarter/Year

5. List references for three (3) MLP clients. The references will be contacted during the search process.

6. Is there a particular size or threshold (client or dollars) at which the firm might find it difficult to continue to execute the current investment strategy? Please indicate the minimum and maximum amount of assets the firm can effectively manage and the available capacity for new assignments.

7. Does any single consulting firm or industry relationship make up more than 7% of this strategies asset? If so, please note in the table below.

7% Consultants or Industry Relationship	Composite / Pooled accounts/ Separately Managed accounts (%)

III. INVESTMENT PROCESS

1. Please describe the fund's investment philosophy and strategy.

2. How are investment decisions approved? If there is an investment committee, what is its composition?

3. What aspects of your investment process do you believe differentiate you from your competitors?

4. What investment characteristics does the firm's MLP process emphasize?

5. Do you believe that there are persistent structural inefficiencies in the area you invest in? Please explain?

6. Explain how your historical performance and the underlying portfolio characteristics are consistent with the management processes you have in place?

7. What is your average holding period for:
   a. All investments
   b. Profitable investments
   c. Losing investments

8. How do you calculate leverage?

9. Discuss your leverage exposure policy and its management over different market cycles:

10. What are your portfolio financing constraints/limits?

11. Discuss sensitivity (cost) to LIBOR levels.

12. Is the portfolio hedged? How?

13. How do you determine size and limits for each position/basket?

14. How often do you re-hedge?

15. Are short positions profit centers?

16. Is idea generation driven from portfolio managers/ investment committee or from the research analysts?

17. If applicable, explain how your firm estimates future earnings or expected growth rates?

18. Do you try to maintain an average daily trading volume ratio within the portfolio holdings?

19. Have you ever owned in excess of 4% of the float for a listed security?

20. Risk Management: How does your firm define, monitor and control risk?

21. Please list your firm's sector weighting as of 9/30/2010 and for the previous eleven quarters. Use the following sectors to classify the portfolio:

Midstream Oil
Midstream Gas
Coal
Propane
Gathering & Processing
Natural Gas Pipelines
Upstream
Marine Transportation
Other
Cash

IV. PERSONNEL

~~10.~~List all key investment personnel who are involved in the fund's investment decision-making process. Highlight the person(s) who are responsible for the fund. In one table include their name; title; product responsibility; location; years of MLP investment experience, years of this particular MLP strategy experience; total years with firm; and total investment experience overall. As Appendix D, please provide biographies for all key investment professionals, including professionals responsible for this mandate.

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Name	Title	1	2	3	4	5	6

Key:

1 = Product Responsibility (Number of Funds Managed: C = Open-End Commingled, S = Separately Managed Accounts)
2 = Office location
3 = Years of MLP investment experience
4 = Years of core MLP strategy experience
5 = Total years with firm, includes years with predecessor organization
6 = Total investment experience overall

~~11.~~1. List in detail the proposed fund's portfolio manager's other duties and accounts. Please state the date that the portfolio manager began primary portfolio management duties with the fund. Also discuss in detail the portfolio manager's compensation structure as it relates or ties to the fund. Please state in percentages, the time the portfolio manager spends on this particular Fund and what other duties he/she may have.

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2. Describe your firm's back-up procedures in the event the key investment professional assigned to this account should leave the firm or be transferred to other accounts or duties.

~~13.~~3. Portfolios are managed by a(n) (Check only one)

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_____ Team _____ Dedicated Team
_____ Individual portfolio manager _____ Portfolio mgr. W/ back-up

4. In the following table, provide the total number of investment professionals dedicated to the management of this product as of 9/30/2010. Provide additions and terminations by year for all investment professionals directly associated with the products.

Personnel Summary as of 9/30/2010				
	Portfolio Managers	Research/Other	Investment Committee	Total
2010				
2009				
2008				
2007				
2006				
2005				
Total				

Personnel Departures				
	Portfolio Managers	Research/Other	Investment Committee	Total
2010				
2009				
2008				
2007				
2006				
2005				
Total				

Do not double count any professionals. For example, if a Portfolio Manager also conducts research, the more senior position applies and he/she should be counted once.

V. PERFORMANCE

1. Provide quarterly performance, gross of fees, since inception through 9/30/2010. Please provide the data in a Microsoft Excel file on a CD Rom or thumb drive included with your RFP response. Performance should be displayed in percentage format with at least two significant figures in the B column of the spreadsheet, in descending date order. Please use the A column to display the quarter end date. Please name the file in the following format: Firmname_product.xls.

SAMPLE:

Column A	Column B
6/30/2010	1.11%
9/30/2010	2.22%

2. Provide 1, 3, 5, 7, and 10 year annualized returns for periods ended 9/30/2010.

   Provide the following information on the composite presented in this proposal:
   a. Source of data
   b. Actual performance
   c. Equal or dollar-weighted
   d. CFA Institute performance presentation compliance (if yes, which level?)
   e. The name of the firm that audits your returns and a copy of their verification letter

3. Are your returns submitted based on:

   _____ Composite of separately managed accounts
   _____ Equal Weighted or _____ Size Weighted
   _____ Prior Affiliation
   _____ Representative separately managed accounts
   _____ Commingled/Mutual Fund
   _____ Simulation (please discuss fully)

4. Provide a full description of the composite for which you are submitting performance history, including the asset size and number of accounts.

5. Has the composite ever belonged to an outside firm or manager?

6. Discuss the return dispersion between the accounts within your separate account composite.

7. If you are submitting a composite of separately managed accounts, are terminated accounts still reflected in the composite for when they were active accounts?

8. If you manage other dedicated portfolios for the proposed product which are not included in the performance history submitted, state your reasons for excluding them.

9. What is the appropriate benchmark or benchmarks to measure your performance for this product? Why? What do you believe are reasonable performance goals and time frame?

10. For each of the last five calendar years (beginning with 2005) provide the following information (follow format shown below):

    Calendar Year 2005
    Portfolio Return: _____
    Benchmark Return: _____
    Excess Return: _____

    Positive Contributors to Relative Performance:
    Negative Contributors to Relative Performance:

Calendar Year 2006
Portfolio Return: _____
Benchmark Return: _____
Excess Return: _____

Positive Contributors to Relative Performance:
Negative Contributors to Relative Performance:

Calendar Year 2007
Portfolio Return: _____
Benchmark Return: _____
Excess Return: _____

Positive Contributors to Relative Performance:
Negative Contributors to Relative Performance:

Calendar Year 2008
Portfolio Return: _____
Benchmark Return: _____
Excess Return: _____

Positive Contributors to Relative Performance:
Negative Contributors to Relative Performance:

Calendar Year 2009
Portfolio Return: _____
Benchmark Return: _____
Excess Return: _____

Positive Contributors to Relative Performance:
Negative Contributors to Relative Performance:

Year to Date 2010 – as of 9/30/2010
Portfolio Return: _____
Benchmark Return: _____
Excess Return: _____

Positive Contributors to Relative Performance:
Negative Contributors to Relative Performance:

VI. REPORTING INFORMATION

1. Please provide examples of annual and quarterly investor reporting.

2. Please describe the process for analyzing MLP market trends, including capabilities for reporting and tracking international trends and influences.

3. Please describe in detail the type and frequency of research that would be provided and the media through which it would be provided. Does your firm provide research reports other than those specifically requested by the client? If so, please describe such reports.

4. Provide the name(s) of the auditing and law firms you use.

5. Please provide the names of private placement agents your firm has used/paid over the past three years.

6. How would a ban on the use of placement agents affect client portfolios, your investment process and your business model?

7. Would your firm agree to fully disclose all placement agent relationships your firm encounters under the management of the portfolio?

8. Advisors seeking to do business with OTRS are required to disclose all third party compensation agreements in connection with the maintenance or procurement of business with the OTRS. Responses to this questionnaire must include a disclosure as to any third party compensation agreements. If a contract is awarded, the agreement will contain a covenant for continuing disclosure in form and substance as directed periodically by the OTRS.

VII. MISCELLANEOUS

~~9.~~1. Please attach as Appendix C, a copy of the contract or agreement that OTRS would have to sign.

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2. Please describe the research and other technical resources, including on-line databases and web-based analytical tools that you make available to your clients.

3. Describe the services of your organization that distinguish your firm from your competitors.

4. Can you hard code your current trade management system to adhere to a client's IPS guidelines?

5. Do you hard code your current trade management system to adhere to a client's IPS guidelines?

6. Please note what software / trade management & systems are used to allocate transactions across accounts.

7. Please note all other sources of revenue to the company other than asset management of client accounts.

VI. FUND TERM & FEES

Investment Managers must submit their annual fee schedule for active MLP portfolio management services in the format prescribed below. The proposed fee shall include all costs for providing investment services as described in this RFP. The fee earned by the Investment Manager will be paid from the portfolio (i.e., deducted from the portfolio). Fees

will be paid quarterly and will be based on the portfolio's quarterly average of month-end market values as determined by the custodian.

The asset-based fee break points should be set forth in the following format. Once the Investment Manager is selected, the fee may be further refined.

A. Proposed Fees

Market Value* of Portfolio	Management Fee in %
First $_____ Million	
Next $_____ Million	
Next $_____ Million	
Additional breakouts if needed	

B. Do fees in 'A' above include custody fees? If not, please specify

1. Provide the standard fee schedule for separately managed MLP accounts.

2. Provide the standard fee schedule for public funds.

3. Provide your incentive fee structure.

4. Are fees negotiable?

5. Provide the fee schedule or expense ratio of any mutual fund or commingled vehicle that would be appropriate for this portfolio.

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

ACTUARIAL EXPERIENCE STUDY
AS OF JUNE 30, 2009

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631
469.524.0000 phone
469.524.0003 fax
www.gabrielroeder.com

September 15, 2010

Board of Trustees
Teachers' Retirement System of Oklahoma
Oliver Hodge Education Building
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, Oklahoma 73105

Dear Members of the Board:

Subject: Results of 2009 Experience Study

We are pleased to present our report of the 2009 Experience Study for the Teachers' Retirement System of Oklahoma (OTRS). It includes a discussion of recent experience, it presents our recommendations for new actuarial assumptions and methods, and it provides information about the actuarial impact of these recommendations on the liabilities and other key actuarial measures.

With the Board's approval of the recommendations in this report, we believe the actuarial condition of the System will be more accurately portrayed.

The study was conducted in accordance with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. The undersigned both meet the Qualification Standards of the American Academy of Actuaries.

We wish to thank the staff for their assistance in this project.

Sincerely,

J. Christian Conradi

J. Christian Conradi, ASA, MAAA, EA, FCA
Senior Consultant

Mark R. Randall

Mark R. Randall, FCA, MAAA, EA
Executive Vice President

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SECTION I

INTRODUCTION

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Introduction

In determining liabilities, contribution rates and funding periods for retirement plans, actuaries must make assumptions about the future. Among the assumptions that must be made are:

- Retirement rates
- Mortality rates
- Termination rates
- Disability rates
- Investment return rate
- Salary increase rates
- Inflation rate

For some of these assumptions, such as the mortality rates, past experience provides important evidence about the future. For other assumptions, such as the investment return rate, the link between past and future results is much weaker. In either case, though, actuaries should review their assumptions periodically and determine whether these assumptions are consistent with actual past experience and with anticipated future experience.

OTRS has an experience study done every fifth year. This study is generally based on experience during the five-year period FY 2005 – FY 2009. The last experience study was prepared in 2005 following completion of the June 30, 2004 actuarial valuation report. That report generally covered experience during FY 2000 – FY 2004.

In conducting experience studies, actuaries generally use data over a period of several years. This is necessary in order to gather enough data so that the results are statistically significant. In addition, if the study period is too short, the impact of the current economic conditions may lead to misleading results. It is known, for example, that the health of the general economy can impact salary increase rates and withdrawal rates. Using results gathered during a short-term boom or bust will not be representative of the long-term trends in these assumptions. Also, the adoption of legislation, such as plan improvements or changes in salary schedules, will sometimes cause a short-term distortion in the experience. For example, if an early retirement window was opened during the study period, we would usually see a short-term spike in the number of retirements followed by a dearth of retirements for the following two-to-four years. Using a longer period prevents giving too much weight to such short-term effects. On the other hand, using a much longer period increases the difficulty of identifying changes in behavior that may be occurring, such as mortality improvement or a change in the ages at which members retire. In our view, using a five-year period is reasonable. However, note that in our analysis of salary increases, we used data for the last ten years, and for some of the assumptions where little data was available, we kept in mind the results for the last ten years.

In an experience study, we first determine the number of deaths, retirements, etc. that occurred during the period. Then we determine the number expected to occur, based on the current actuarial assumptions. The number "expected" is determined by multiplying the probability of the occurrence at the given age, by the "exposures" at that same age. For example, let's look at a rate

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of retirement of 15% at age 55. The number of exposures can only be those members who are age 55 and eligible for retirement at that time. Thus they are considered "exposed" to that assumption. Finally we calculate the A/E ratio, where "A" is the actual number (of retirements, for example) and "E" is the expected number. If the current assumptions were "perfect", the A/E ratio would be 100%. When it varies much from this figure, it is a sign that new assumptions may be needed. (However, in some cases we prefer to set our assumptions to produce an A/E ratio a little above or below 100%, in order to introduce some conservatism.) Of course we not only look at the assumptions as a whole, but we also review how well they fit the actual results by sex, by age, and by service.

Finally, if the data leads the actuary to conclude that new tables are needed, the actuary "graduates" or smoothes the results since the raw results can be quite uneven from age to age or from service year to service year.

Please bear in mind that, while the recommended assumption set represents our best estimate, there are other reasonable assumptions sets that could be supported. Some reasonable assumption sets would show much higher or lower liabilities or costs. For example, while our analysis concludes that the current 8.00% investment return assumption should be decreased to 7.75%, others might argue that a lower rate is more appropriate or that the 8.00% rate is still acceptable.

Organization of Report

Section II contains our findings and recommendations for each actuarial assumption. The impact of adopting our recommendations on liabilities and contribution rates is shown in Section III. Section IV summarizes the recommended changes. Finally, Section V presents detailed summaries of the data and comparisons of the A/E ratios.

Section V Exhibits

The exhibits in Section V should generally be self-explanatory. For example, on page 41, we show the exhibit analyzing the male termination rates. The second column shows the total number of males who terminated during the study period. This excludes members who died, became disabled or retired. Column (3), labeled "Total Count" shows the total exposures. This is the number of males who could have terminated during any of the years. On this exhibit, the exposures exclude anyone eligible for retirement. A member is counted in each year he could have terminated, so the total shown is the total exposures for the five year period. Colum (4) shows the probability of termination based on the raw data. That is, it is the result of dividing the actual number of terminations (col. 2) by the number exposed (col. 3). Column (5) shows the current termination rate and column (6) shows the new recommended termination rate. Columns (7) and (8) show the expected numbers of terminations based on the current and proposed termination assumptions. Columns (9) and (10) show the Actual-to-Expected ratios under the current and proposed termination assumptions.

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SECTION II

ANALYSIS OF EXPERIENCE AND RECOMMENDATIONS

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Analysis of Experience and Recommendations

We will begin by discussing the economic assumptions: inflation, the investment return rate, the salary increase assumption, and the rate of payroll and revenue growth. Next are the demographic assumptions: mortality, disability, termination and retirement. Finally we will discuss the actuarial methods used.

INFLATION

By "inflation," we mean price inflation, as measured by annual increases in the Consumer Price Index (CPI). This inflation assumption underlies all of the other economic assumptions we employ. It not only impacts investment return, but also salary increase rates, and the payroll growth assumption. Our current annual inflation assumption is 3.00%.

Over the five-year period from June 2004 through June 2009, the CPI-U has increased at an average rate of 2.60%. However, the assumed inflation rate is only weakly tied to past results.

The table below shows the average inflation over various periods, ending June 2009:

Periods Ending June 2009	Average Annual Increase in CPI-U
Last five (5) years	2.60%
Last ten (10) years	2.64%
Last fifteen (15) years	2.54%
Last twenty (20) years	2.80%
Last twenty-five (25) years	2.97%
Last fifty (50) years	4.09%
Since 1913 (first available year)	3.27%

Source: Bureau of Labor Statistics, CPI-U, all items, not seasonally adjusted

The chart on the following page shows the average annual inflation in each of the ten consecutive five-year periods over the last fifty years:

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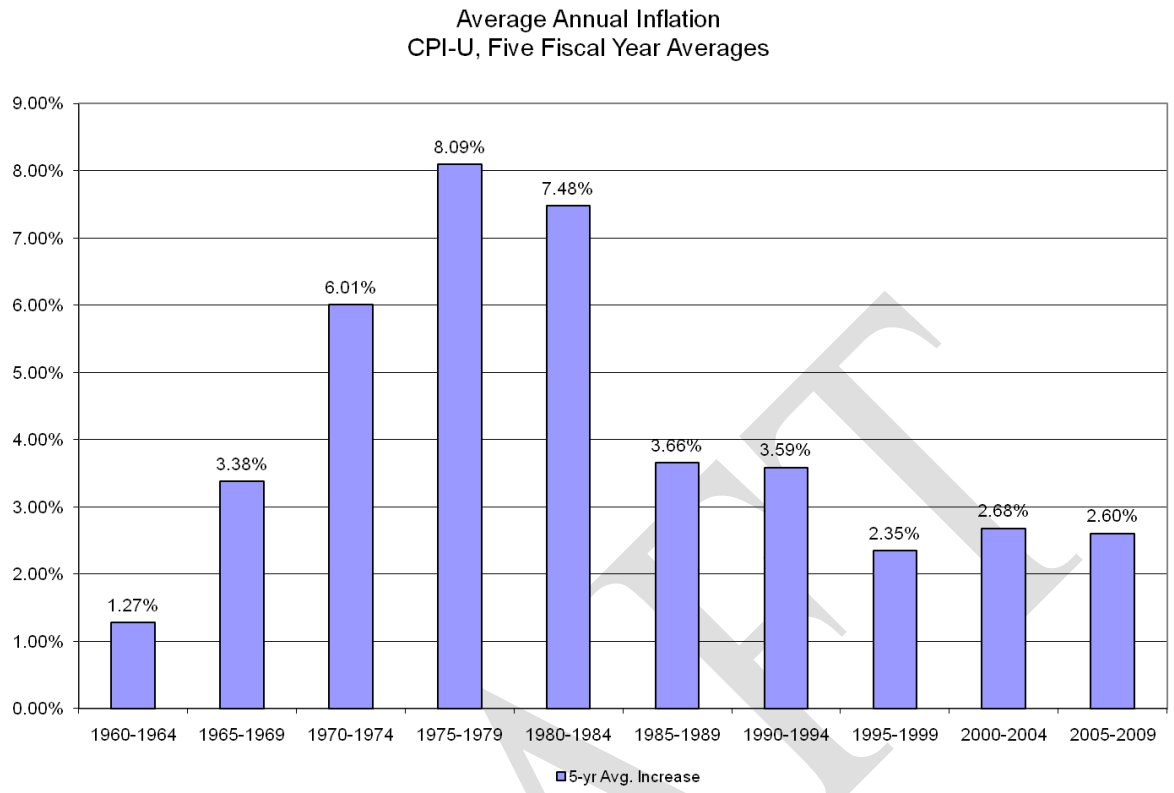

As you can see, while inflation has been lower than 3.00% over the last 15 years, if we look back over periods of more than 15 years, inflation has averaged around or above 3.00% per year. Most observers expect inflation to be low or non-existent for the next 1-3 years, as the US economy works out of the current recession. In fact, over the year ending June 2010, the CPI-U increased only 1.05%. After that, some observers expect inflation to increase as a consequence of the large amount of government borrowing.

One source of information about future inflation is the market for US Treasury bonds and TIPs (Treasury Inflation Protection bonds). For example, the June 30, 2010 yield for a 20-year inflation indexed Treasury bond was 1.64% plus actual inflation. The yield for a 20-year non-indexed US Treasury bond was 3.74%. Simplistically, this means that on that day the bond market was predicting that inflation over the next twenty years would average 2.10% (3.74% – 1.64%) per year. As of June 30, 2009, the spread between the 20-year inflation protected and constant maturity bonds was marginally higher, with a difference of 2.18%.

However, this analysis is known to be imperfect. It ignores the inflation risk premium that buyers of US Treasury bonds should ask for, and it ignores the differences in liquidity between US Treasury bonds and TIPs. For a number of years, the Cleveland Fed published on its website an adjusted inflation expectation, using formulas to adjust the raw results for these two factors. However, because of the unprecedented rush to safety and liquidity following the market meltdown, demand for US Treasury bonds soared, and the spreads between treasuries and TIPs shrank. As a result, the Cleveland Fed discontinued publication of its adjustments, believing their formulas would not work in the current economic climate.

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We also reviewed the inflation assumptions used by several investment consulting firms. In our sample of seven firms (excluding OTRS' investment consultant, the gregory.w.group), these ranged from 2.00% to 3.26%, with an average of 2.69%.

In the Social Security Administration's 2010 Trustees Report, the Office of the Chief Actuary is projecting a long-term average annual inflation rate of 2.8% under the intermediate cost assumption. (The inflation assumption is 1.8% and 3.8% respectively in the low cost and high cost projection scenarios.) These inflation assumptions were unchanged from their prior year's report.

The Philadelphia Federal Reserve conducts a quarterly survey of the Society of Professional Forecasters. Their most recent forecast (second quarter of 2010) was for inflation over the next ten years to average 2.40%. This estimate is almost identical to that of the last survey conducted in the first quarter of 2010.

Another source of information about this assumption is the Public Funds Survey that is prepared on behalf of the National Association of State Retirement Administrators (NASRA) and the National Council on Teacher Retirement (NCTR). This report surveys about 125 plans, including all of the largest public funds covering state employees or teachers. The current survey shows that the median inflation rate assumed for large public retirement systems in the U.S. is 3.50%. Our current 3.00% assumption is used by about 30% of the surveyed systems, with almost all of the rest using higher assumptions.

Therefore, we believe a reasonable long-term inflation assumption will likely fall in the range of 2.25% to 3.50%. We believe that inflation may continue to be less than 3.00% annually over the next few years, but we believe a 3.00% rate of inflation is likely over the long term. This is in line with the average for the last 25 years, and a little below the long-term historical average. Therefore, we are recommending retaining the 3.00% inflation assumption.

INVESTMENT AND ADMINISTRATIVE EXPENSES

Since the trust fund pays expenses in addition to member benefits and refunds, we must make some assumption about these. Almost all actuaries treat investment expenses as an offset to the investment return assumption. That is, the investment return assumption represents expected return after payment of investment expenses.

On the other hand, there is a divergence of practice on the handling of administrative expenses. Some actuaries make an assumption that administrative expenses will be some fixed or increasing dollar amount, others assume that the administrative expenses will be some percentage of the plan's actuarial liabilities or normal cost, and others treat administrative expenses like investment expenses, as an offset to the investment return assumption.

Our practice is to set the investment return assumption as the net return after payment of both investment and administrative expenses. In the last experience study, based on information through June 30, 2004, we assumed these expenses would average 0.45% per year.

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This chart shows the administrative and investment expenses for the last five years expressed as a percentage of the assets each year:

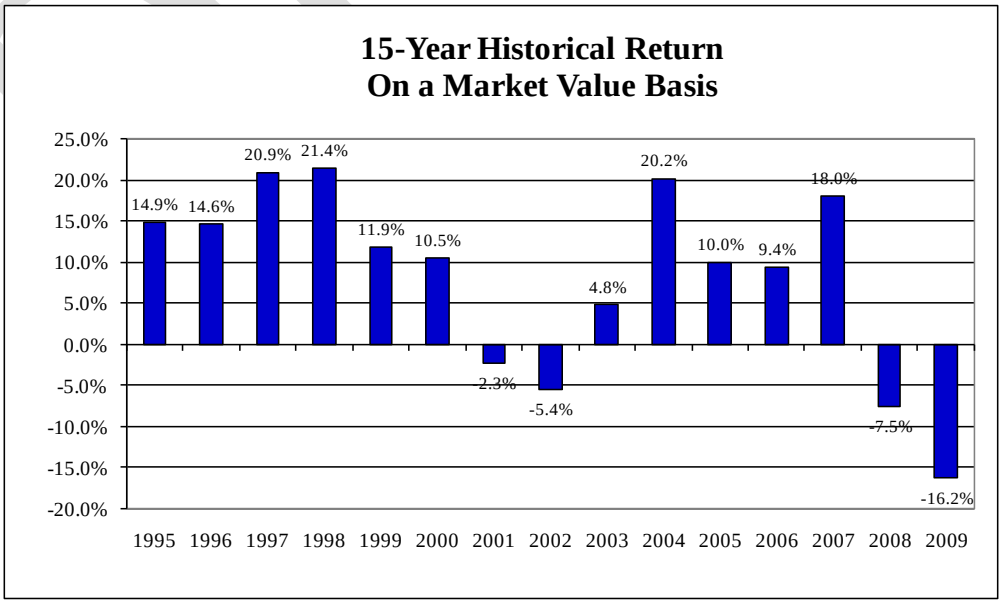
Annual Expenses Expressed as a Percentage Assets			
Fiscal Year	Administrative	Investment	Total
2009	0.06%	0.31%	0.37%
2008	0.05%	0.35%	0.40%
2007	0.06%	0.39%	0.45%
2006	0.06%	0.36%	0.42%
2005	0.06%	0.34%	0.40%
Average	0.06%	0.35%	0.41%

Based on this information, we recommend continuing the use of the current assumption that investment and administrative expenses will consume 0.45% (45 basis points) of each year's investment return in the future. This assumption is then used in setting the investment return assumption.

INVESTMENT RETURN

Currently, OTRS assumes an investment return rate of 8.00%, net of investment and administrative expenses. This is the rate used in discounting future payments in calculating the actuarial present value of those payments. Even a small change to this assumption can produce significant changes to the liabilities and contribution rates. The 8.00% assumption is composed of a 3.00% assumed inflation rate plus a 5.45% assumed real return, for a gross expected return of 8.45%. This is offset by 0.45% for expected investment and administrative expenses.

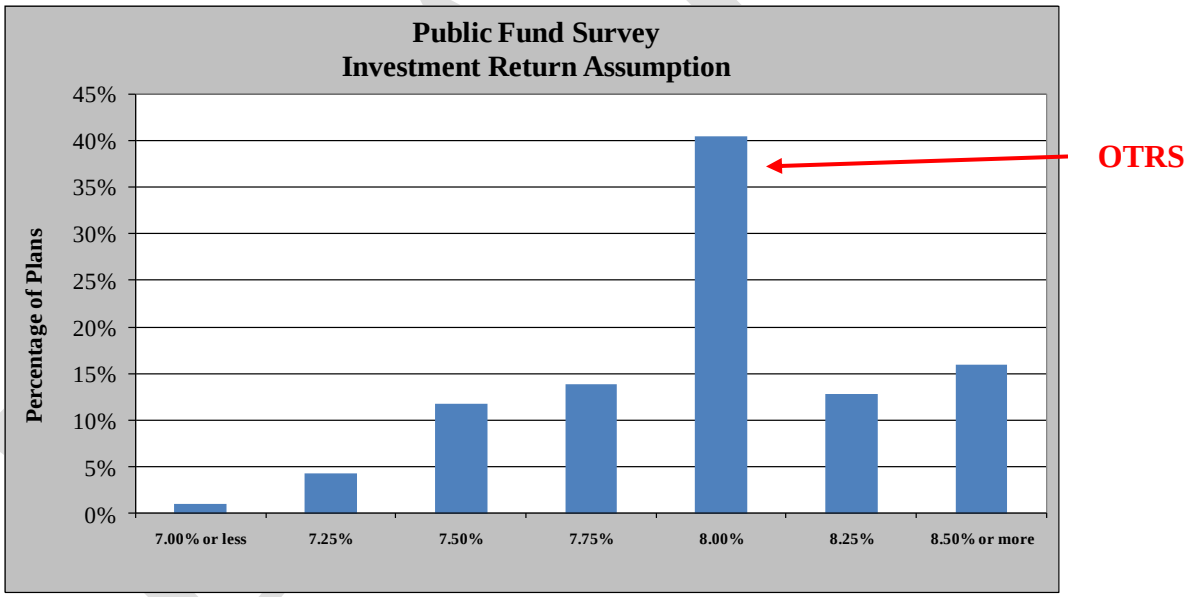
The following chart shows a fifteen year history of OTRS market returns through FY 2009.



The returns in the chart above are market returns, net of investment and administrative expenses, as reported in the actuarial valuations. While OTRS did exceed the expected 8.00% return assumption in ten of the last fifteen years, the average market return during this period was 7.75%, which is slightly less than the 8.00% assumption. On the other hand, over the last 20 years the plan's return has averaged 8.22%. The effect of recomputing the 15- or 20-year average through FY 2010 would be small, since you would be dropping a return above 8% at the beginning of the period.

However, for this assumption, past performance, even averaged over a twenty-year period, is not a reliable indicator of future performance. The actual asset allocation of the trust fund will significantly impact the overall performance, so returns achieved under a different allocation are not meaningful. More importantly, the real rates of return for many asset classes, especially equities, vary so dramatically from year to year that even a twenty-year period is not long enough to provide reasonable guidance. There are strong reasons to believe the next twenty years will be different than the last twenty, in part because we are starting from higher price-earnings ratios on equities, and in part because the current bond returns are so low.

The table below provides the distribution of the different investment return assumptions used by other large public retirement systems.



Source: Public Funds Survey with an actuarial valuation date on or after December 31, 2007 (n=94)
Median investment return assumption: 8.00% nominal return (4.50% real return)

While we do not recommend the Board select an assumption based on this information, it is still informative to see OTRS's assumption in relation to its peers. While the table shows that the 8.00% assumption is right at the median, you should be aware that several large plans have recently reduced their assumption, and several others are in the middle of a review of this assumption.

We view the investment return assumption as having three components: the assumed rate of (price) inflation, the real return net of inflation, and an offset for expected investment and administrative expenses. This "building block" approach is one explicitly permitted under ASOP 27. The inflation assumption and expense assumption have already been discussed, so we will proceed with the analysis of the real rate of return.

To do this, we like to examine the results of applying a set of capital market assumptions to the plan's target asset allocation. Since we are not investment professionals, we looked at the results using information provided by the gregory.w.group, the OTRS investment consultant, and we looked at results under the capital market assumptions for seven other investment consulting firms:

- Callan
- JP Morgan
- Morgan Stanley Smith Barney
- NEPC
- PCA
- Strategic Investment Solutions
- Towers Watson

The current asset allocation is somewhat different than the target or policy asset allocation, since the current allocation includes high-yield bonds. We understand this difference between the actual allocation and the target allocation is attributable to a short-term tactical decision. Given the long-term nature of the plan's obligation to provide benefits, we believe it is appropriate to perform this analysis by focusing on the fund's long-term investment policy. Therefore, we have excluded the high-yield bonds, but we have reflected the recent change to the policy to allocate 5% to core real estate, moving this from domestic equities.

Here is a table with the plan's long-term target asset allocation and the development of the plan's expected nominal investment returns using capital market assumptions provided by OTRS' investment consultant, the gregory.w.group.

Asset Class	Long-Term Target Asset Allocation	Expected Total Return*	Expected Portfolio Return (2) x (3)
(1)	(2)	(3)	(4)
Domestic Equities	48%	11.82%**	5.68%
International Equities	17%	12.00%	2.04%
Fixed Income	30%	4.80%	1.44%
Core Real Estate	5%	8.50%	0.43%
Gross Return			**9.59%**
Actuary's Plan Expense Assumption:			(0.45%)
Net Expected Nominal Investment Return			**9.14%**

* Expected total return assumption includes an alpha component.

** The expected return for domestic equities is a weighted average of the expected return assumption for large, mid, and small cap domestic equities.

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As you can see, the gregory.w.group's expected returns would support the current 8.00% return assumption. However, we also looked at the results using the capital market assumptions of the seven other firms named above. These investment consulting firms periodically issue reports that describe their capital market assumptions, that is, their estimates of expected returns, volatility, and correlations between asset classes. While these assumptions are developed based upon historical analysis, many of these firms also incorporate forward looking adjustments to better reflect near-term expectations. The estimates for core investments (i.e. fixed income, equities, and real estate) are generally based on anticipated returns produced by passive index funds, and do include an assumption for possible alpha generated returns.

Given the plan's target asset allocation and the capital market assumptions made available by the investment consultants listed above, the development of the average nominal return, net of administrative and investment expenses, is provided in the following table:

Investment Consultant	Expected Nominal Return[1]	Investment Consultant Inflation Assumption	Expected Real Return (2)–(3)	GRS Inflation Assumption	GRS Expense Assumption	Net Nominal Return[1] (4)+(5)-(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Gregory Group	**9.59%[2]**	**N/A**	**N/A**	**N/A**	**0.45%**	**9.14%[2]**
1	7.74%	3.26%	4.48%	3.00%	0.45%	7.03%
2	7.66%	3.00%	4.66%	3.00%	0.45%	7.21%
3	7.05%	2.00%	5.05%	3.00%	0.45%	7.60%
4	8.13%	3.00%	5.13%	3.00%	0.45%	7.68%
5	7.67%	2.50%	5.17%	3.00%	0.45%	7.72%
6	8.32%	2.75%	5.57%	3.00%	0.45%	8.12%
7	9.15%	2.30%	6.85%	3.00%	0.45%	9.40%
Average	**7.96%**	**2.69%**	**5.27%**	**3.00%**	**0.45%**	**7.82%**

[1] Expected returns are based on an arithmetic average.
[2] Includes an alpha return of 1.07% (calculated as the weighted average alpha return by asset class)

The average in the chart above excludes the gregory.w.group. We have determined for each firm the expected nominal return rate, then subtracted that firm's expected inflation to arrive at their expected real return in col. (4). Then we have added back our 3.00% inflation assumption and subtracted 0.45% for expenses to obtain a net nominal return. As the table shows, the average one-year return of the seven firms is 7.82%, which is 0.18% less than the current assumption of 8.00%. Additionally, only two of the seven other investment firms have an expected real return above the current assumption. The other five firms produced expected returns significantly below the current 8.00% assumption. Clearly, most of the investment consulting firms we looked at have a more pessimistic view than the gregory.w.group.

In addition to examining the expected one-year return, it is important to review anticipated volatility of the investment portfolio and understand the range of long-term net return that could be expected to be produced by the investment portfolio. Therefore, the table on the next page

provides the 25th, 50th, and 75th percentiles of the 30-year geometric average of the expected nominal return, net of expenses, as well as the probability of exceeding the current 8.00% assumption.

Investment Consultant	Distribution of 30-Year Average Geometric Net Nominal Return			Probability of exceeding 8.00%
	25th	50th	75th	
(1)	(2)	(3)	(4)	(5)
Gregory Group	N/A	N/A	N/A	N/A
1	4.66%	6.23%	7.82%	23%
2	5.12%	6.55%	8.00%	25%
3	5.87%	7.11%	8.36%	32%
4	5.38%	6.92%	8.48%	32%
5	5.87%	7.18%	8.50%	34%
6	5.89%	7.40%	8.92%	39%
7	7.62%	8.89%	10.18%	68%
Average	**5.77%**	**7.18%**	**8.61%**	**36%**

As the analysis shows, there is a 50% likelihood that the 30-year average net real return will be between 5.77% and 8.61%. This becomes the best-estimate range under ASOP 27. However, the average results of the seven firms indicate there is only a one in three chance that the plan will produce an average return that exceeds 8.00% over the next 30 years.

We believe it is also important for the Retirement Board to bear in mind the risk involved. You can see from the chart of annual returns shown earlier in this section that year-by-year returns can swing wildly. Only in five of the last fifteen years was the return within 5.00% (500 basis points) of the 8.00% assumption. The standard deviation of the investment returns is around 13%, depending on the particular set of capital market assumptions used. This means that even over a ten or twenty year period, there is a significant possibility that the average return will be less than 6.5% or greater than 9.5%.

While we find the current investment assumption of 8.00% to be within the range for a reasonable assumption, we recommend that the Board decrease the investment return assumption 25 basis points to 7.75%. We make this recommendation despite the fact that the gregory.w.group projects a higher return. Decreasing the return assumption would increase the probability that actual returns will exceed the assumed return, and it would decrease the size of the investment losses that are incurred when the actual investment returns are less than assumed.

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SALARY INCREASE RATES

In order to project future benefits, the actuary must project future salary increases. Salaries may increase for a variety of reasons:

- Across-the-board increases provided by the state for all teachers
- Across-the-board increases for all teachers in a district
- Increases to a statewide minimum teacher salary schedule
- Additional pay for additional duties, such as teaching in a summer program
- Step or service-related increases
- Increases for acquisition of advanced degrees or specialized training
- Promotions
- Merit increases, if available
- Bonuses, if available

Our salary increase assumption is meant to reflect all of these types of increases, since all of these affect the salaries used in benefit calculations and upon which contributions are made.

The actuary should not look at the overall increases in payroll in setting this assumption, because payroll can grow at a rate different from the average pay increase for individual members. There are two reasons for this. First, when older, longer-service members terminate, retire or die, they are generally replaced with new teachers being compensated with a lower salary. Because of this, in most populations that are not growing in size, the growth in total payroll will be smaller than the average pay increase for members. Second, payroll can change due to an increase or decrease in the size of the group. Therefore, to analyze salary increases, we examine the actual increases for individuals.

We analyzed the salary increases based on the change in the member's reported pay from one year to the next. That is, we looked at each member who appeared as an active member in two consecutive valuations—these are called continuing members—and measured his/her salary increase.

Salary increases for teachers can vary significantly from year to year. When the employer's tax revenues stall or increase slowly, salary increases can be small or nonexistent. During more economically favorable times, salary increases can be larger. Our experience across many teacher systems also shows many occasions in which salary increases will be low for a period of several years followed by a significant increase in one year. Therefore, for this assumption in particular, we prefer to use data over a longer period in establishing our assumptions. We used a ten-year period to analyze this assumption.

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Over the last ten years, the average pay increases for continuing members were as follows:

Period	Increase
FY 1999 to FY 2000	3.56%
FY 2000 to FY 2001	9.22%
FY 2001 to FY 2002	2.02%
FY 2002 to FY 2003	3.15%
FY 2003 to FY 2004	2.33%
FY 2004 to FY 2005	3.96%
FY 2005 to FY 2006	4.42%
FY 2006 to FY 2007	8.13%
FY 2007 to FY 2008	5.53%
FY 2008 to FY 2009	2.39%
Average	4.47%

The average annual increase was 4.47%, with substantially larger increases provided between FY 2000 and FY 2001 and between FY 2006 and FY 2007.

The salary assumption can be thought of as consisting of wage inflation (that part of the pay increase which is given to all employees) and an additional component to reflect step increases and other increases correlated with service. Most actuaries recommend salary increase assumptions that include an element that depends on the member's age or service, especially for large, public retirement systems. It is typical to assume larger pay increases for younger or shorter-service employees. Experience shows salaries are more closely correlated to service than age, since most teacher salary schedules are based on service.

Our current assumption follows this pattern. The current salary increase rates vary by service. They range from 6.00% for a new member's first increase to 4.25% for members with 15 or more years of service.

While the actual average increase for the last ten years was 4.47%, the expected increase based on the current assumption was 4.66% for the same ten-year period. One might assume, as an initial reaction, that this means we should decrease the salary increase rates by 20 basis points. However, this ignores the fact that over the study period the actual rate of inflation was also lower than expected. If inflation had been higher over the last ten years, we believe actual salary increases also would have been higher. Therefore, it will be important to account for this effect in our analysis. Further, we must examine the results for each of the service bands, not just in total.

The exhibit on the next page shows that the increases above inflation continued to decrease through the first 25 years of service. Members with 25 or more years of service received increases about 1.00% greater than actual inflation. Therefore, we want are proposing (a) to extend the salary

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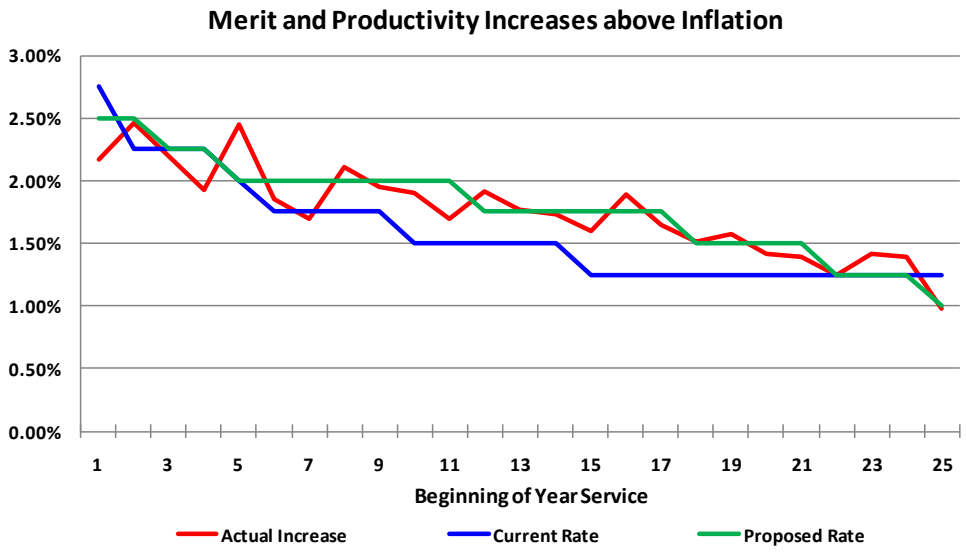
increase table to cover a 25-year period, and (b) to set the wage inflation rate at 4.00% (1.00% over the 3.00% inflation assumption). This is in line with national wage statistics, since over the last 20 years, wages have risen about 1.00% faster per year than inflation.

For members with less service, the exhibit shows that actual increases above inflation were greater than currently assumed for most of the service bands. Therefore, we propose an overall increase to the service-related increases.



Below is a table providing the average rate of compensation increase a newly hired member is expected to receive over a 30-year career.

Measure Basis	Total Increase	Inflation	Increase in Real Wage (2) - (3)
(1)	(2)	(3)	(4)
Experience 1999-2009	4.53%	2.64%	**1.89%**
Current Assumption	4.59%	3.00%	**1.59%**
Proposed Assumption	4.92%	3.00%	**1.92%**

Additional results of the analysis regarding this assumption are provided in Section V on page 47.

NEW HIRE SALARY INCREASES

In order to prepare our long-range projections, we also need to set an assumption for the rate of increase in the average starting pay for each year's group of new members. In past projections, we have assumed that new entrant pay increased by 3.50% over the pays for the prior year's cohort of new hires. However, we recommend increasing this to 4.00%, in line with assumed wage inflation.

PAYROLL GROWTH RATE

The salary increase rates discussed above are assumptions applied to individuals. They are used in projecting future benefits. We also use a separate payroll growth assumption, currently 3.50%, in determining the charge needed to amortize the unfunded actuarial accrued liability. The amortization payments are calculated to be a level percentage of payroll, so as payroll increases over time, these charges do too. The amortization percentage is dependent on the rate at which payroll is assumed to increase.

Payroll has grown at 4.67% over the last five years, 3.70% over the last ten years, and 4.40% over the last 20 years. Part of this increase, though, comes from the growth in the number of active members, and GASB 25 prohibits systems from using anticipated membership growth in setting the payroll growth assumption.

If we adjust to remove the effect of the increase in membership, payroll growth has averaged 2.80% over the last five years, 2.79% over the last ten years, and 2.96% since 1989 (last 20 years). Please note, that inflation has also been lower than expected during this period, which similar to the rate of salary increases, can cause downward pressure in payroll growth rate. If we adjust the actual payroll growth rate experience for the difference between actual and assumed inflation, the normalized experience now becomes 3.20%, 3.15%, and 3.16% respectively.

Note that this is less than the lowest recommended salary increase rate (4.00%). This is because of the effect of teachers with higher salaries retiring or terminating and being replaced by new teachers starting with a lower salary.

Theoretically, over the long term the total payroll for a population of constant size should grow at about the rate that starting pays increase. However, because of the number of baby boomer retirements expected over the next 10-15 years, we expect actual payroll growth to be lower than 4.00%. When we looked at projection results, with no decrease in active membership and the 4.00% salary increase rate for new entrant cohorts, we found that total payroll was expected to increase as shown:

Projected Payroll	
2010	$ 3,993 million
2020	$ 5,516 million
2030	$ 7,964 million
2040	$ 11,730 million

From this we can compute the average expected rate of increase over the future, as seen here:

Projected Payroll Growth	
Next 10 years	3.28%
Next 20 years	3.51%
Next 30 years	3.66%

Based on historical experience and the analysis shown above, we are not recommending a change in the 3.50% payroll growth rate assumption.

We also propose using the same 3.50% assumption for projecting future growth in the dedicated revenues used to project the State's contribution. Actual revenue growth over the last ten years, through FY 2009, was 3.39%, or 0.75% over actual inflation. However, this figure shows significant volatility, and it makes sense to us to assume tax revenues will increase about like payroll.

ASSUMED COLA INCREASES

Last year, the Board set the rate at which we assume future ad hoc COLAs will be granted at 2% per year (4% per biennium). We are already on record as believing that it should be set at 1% per year (2% per biennium), because this is the largest increase that the legislature can grant without a supermajority. However, because of the Board's recent decision to set the assumption at 2%, we will not formally propose a change as part of this study. Therefore, the information in Section III on the financial impact of the recommendations assumes a 2%/year COLA.

POST-RETIREMENT MORTALITY RATES

OTRS's liability depends in part on how long retirees live. If members live longer, benefits will be paid for a longer period of time, and the liability will be larger. Additionally, teachers have longer life expectancies compared to the general population of the nation. This experience is also true for the retired teachers and educators in OTRS and it will be important to reflect this in the mortality assumption used in the valuation.

The mortality table currently being used for non-disabled retirees and for beneficiaries receiving benefits is the 1994 Uninsured Pensioner Mortality Table. The table has separate rates for males and females. The rates are then adjusted by using a one-year setback for males and females. (Set-backs and set-forwards are traditional actuarial techniques used to adjust a table to match the actual observed data. When a table is set back one year, the actuary uses the table's rate for an age one year younger than the person's actual age. For example, the mortality rate used for a 60-year old male retiree is the rate in the 1994 Group Annuity Mortality Table for males at age 59.)

To analyze the data, we begin by determining the expected number of deaths in each year at each age for males and females. Then we compare the actual number to the expected number. The ratio of the actual deaths to the expected deaths—the A/E ratio—then tells us whether the assumptions are reasonable.

There were 1,864 deaths among the male retirees and 3,527 deaths among female retirees during the last five years. (These figures exclude deaths among beneficiaries and disabled retirees.) Based on the current mortality assumption, we expected 1,986 and 3,266 deaths respectively. This produced A/E ratios of 94% for males and 108% for females. Five years ago, the A/E ratios were 114% (males) and 123% (females). This experience indicates there is continued improvement in life expectancy for the retired members, especially for males. Although the A/E ratio for females for all retirees was 108%, it was only 100% for the core retiree ages, ages 60 to 84, therefore it is

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necessary to update the assumption to reflect continuing mortality improvement (longer life expectancies) in the future.

Because of differences in mortality it is common to apply adjustments, such as age set-backs or multipliers, to standard tables to produce a good fit to the system's experience. In this particular case we recommend the new assumption to be the RP-2000 mortality table projected forward 16 years (i.e. to 2016) using Scale AA. We also propose to multiply the male rates by 90% and the female rates by 80%.

Doing this increase the A/E ratios to 115% (males) and 120% (females), and greatly improves the fit at the key ages between 60 and 84. This is one assumption where we clearly want an A/E ratio above 100%, in order to allow for future improvement in life expectancy.

Please refer to the exhibits on pages 33 and 34 for additional information regarding this assumption.

DISABLED MORTALITY RATES

This is a minor assumption, as there are relatively few disability occurrences and disability benefits comprise a small portion of the benefits provided by the retirement system. While there is limited credibility to actual experience due to low number of disabled members, the 270 actual deaths were fewer than the 305 that were expected to occur. Based on this experience, we believe there is still enough creditability to recommend changing the mortality assumption. Specifically, we recommend adopting the RP-2000 disabled-life tables for males and females, with a 75% multiplier applied to the male table, and a 100% multiplier applied to the female table. This new assumption will increase the A/E ratios from 78% to 112% for males, and from 94% to 130% for females. Please refer to the information on pages 35 and 36 for additional information. (An A/E ratio of 130% would normally cause us to change the assumption, but in this case the OTRS experience looks atypical compared with other teacher systems, and in light of the minor nature of the assumption, we would prefer not to increase these mortality rates in this industry standard.)

ACTIVE MORTALITY RATES

This is another minor assumption with little impact on the contribution rates.

Mortality across employee groups is generally lower than the mortality rates in the post-retirement mortality tables. The results of the analysis are shown in Section V on pages 37 and 38. As you can see, there were 462 actual deaths (184 males and 278 females), while there were 741 expected deaths (273 males and 468 females). This produced A/E ratios of only 67% and 59% respectively. While the number of preretirement deaths is not significant, we concluded that the assumption should be updated. As with the other updated mortality assumptions, we are recommending a variation of the RP-2000 mortality assumption. Specifically, we recommend using the RP-2000 Employee Mortality tables, multiplied by a 60% factor for males and a 50% factor for females. The updated assumption will increase A/E ratios to 109% for both males and females.

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DISABILITY RATES

Disability is also a minor assumption.

The results of the analysis are shown in Section V, on pages 39 and 40. There were 485 new disabled retirees during the period, while we expected 615. The A/E ratios were 90% and 75% for males and females respectively. The male table produces a reasonable fit to experience, but we recommend modifying the female assumption by multiplying the current assumption by a 0.90 factor to increase the A/E ratio to 84%. We want to end up with A/E ratios below 100% to be conservative and to account for members who may have become disabled late in the period but who were not approved for disability at the end of the period.

TERMINATION RATES

Termination rates reflect members who leave for any reason other than death, disability, or service retirement. They apply whether the termination is voluntary or involuntary, and whether the member takes a refund or keeps his/her account balance on deposit. The current termination rates reflect the member's gender and service for a member's first ten years of service and on their age and gender thereafter.

Analysis results are shown in Section V on pages 41 and 42. In the aggregate, the current assumptions produce an A/E ratio of 99% and 98% for males and females respectively. For this assumption, A/E ratios over 100% are conservative. Although this is a reasonably good match, we are recommending new rates here as well, for two reasons.

Ideally, the A/E ratio should be slightly above 100%. More importantly, while the overall number of actual terminations was close to expected, we found notable differences between the actual and expect rates for members with 10 or more years of experience. Therefore, we are proposing to modify the assumption such that the new rates vary by gender and service, and extend the select period for service from 10 to 25 years. The proposed new assumptions produce A/E ratios of 106% and 109% for males and females respectively, and produce better matches to experience by service, as shown in chart on the following page.

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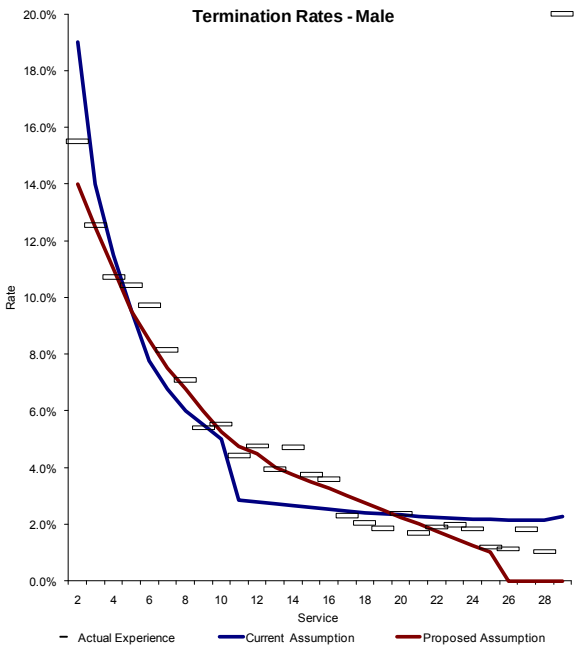
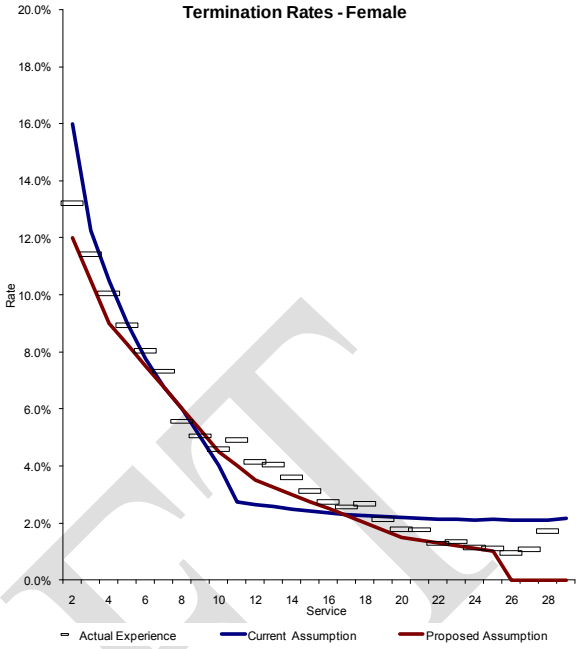

Termination Rates - Male
Rate
Service
Actual Experience
Current Assumption
Proposed Assumption


Termination Rates - Female
Rate
Service
Actual Experience
Current Assumption
Proposed Assumption

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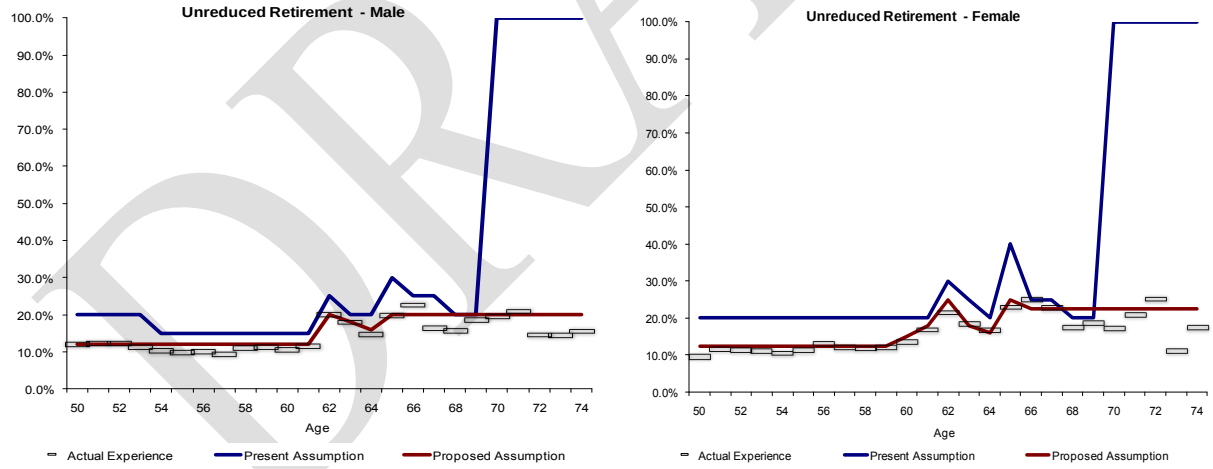
RETIREMENT RATES

We currently use rates of retirement that vary by age, sex and type of retirement (reduced or unreduced). Experience showed that 10,970 active members retired during the study period: 10,024 with an unreduced retirement benefit (i.e., they met the Rule of 80 / 90 for members hired before / after June 30, 1992 or were at least age 62 with 5 years of service), and 946 members retired and commenced reduced retirement benefit. Note that these numbers exclude previously terminated members who retired during the period.

The experience shows that fewer people retired than expected during the last five years. As shown in Section V on pages 43 and 44, for unreduced retirement, we expected 16,411 retirements over the five-year period (5,108 males and 11,303 females), compared to the 10,024 actual retirements (3,145 males and 6,879 females). This produced overall A/E ratios of 62% (males) and 61% (females). This experience is in line with experience we have seen with other statewide retirement systems, although it may also reflect the fact that the EESIP has been in place for three years.

Based on these facts, we determined that a change in the assumption was necessary and are recommending updated retirement rates that are lower than the current assumption. The updated assumptions, shown in the chart below, as well as tables on pages 43 and 44, have an A/E of 88% for males and 90% for females. These are still below 100% for a couple of reasons. First, A/E ratios are targeted to be less than 100% to build in some conservatism. Also, the recent economic turmoil nationally may have caused members to put off retirement, so there is additional cushion in the event of an uptick in retirements when the economy stabilizes.



Because we are decreasing the rates, and because this may partly be due to the EESIP, we will discontinue the assumption that EESIP-eligible members will delay retirement in each year past first eligibility by 10%, until all eligible years are uncapped.

We also looked at the results for reduced retirement, which is a much less significant assumption. Results are shown in Section V on pages 45 and 46. As you can see from the exhibits, actual experience closely followed expectations regarding the reduced retirement behavior. Still, we decided to adjust the early retirement rates to produce a better fit by age, resulting in A/E ratios of 105% for males and 100% for the females under the new assumptions. Experience continues to

shows that relatively few members decide to retire and immediately commence a reduced retirement benefit.

Finally, the unreduced retirement eligibility provisions are more restrictive for members hired after June 30, 1992 (Rule of 90 vs. Rule of 80 for members hired before that date). We would expect retirement rates prior to age 62 to be higher for the Rule-of-90 group. (We expect that members who would have retired at ages 52 – 57 if they had the Rule of 80 will likely go out once they are eligible under the Rule of 90, and this will lead to larger rates of retirement, particularly between ages 57 and 62.) Of course, we have no data in this study on Rule-of-90 members retiring before age 62, since they would not yet be eligible. However, we are recommending the adoption of a separate set of retirement rates to reflect an anticipated difference in behavior. The recommended retirement rates for these members are based on our professional judgment. Specifically, the recommended rates are higher at the retirement ages prior to and including age 62 (compared to the retirement rates under the rule of 80) to reflect an anticipated pent-up demand created by the inability to retire with an unreduced benefit before earning 90 points. The rates at age 63 and older are the same as the rates applied to members eligible under the rule of 80. Please refer to pages 43 and 44 for to see the recommended rates.

OTHER ASSUMPTIONS

There are other assumptions made in the course of a valuation, such those listed below, and believe these are generally realistic or conservative and are recommending no changes at this time.

1. Percent Married: 80% of employees are assumed to be married.

2. Age difference: Male members are assumed to be three years older than their spouses, and female members are assumed to be three years younger than their spouses.

3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the $18,000 lump sum and refund.

4. Percent electing deferred termination benefit: Members terminating employment with a vested benefit are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.

5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62.

6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.

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8. Members who retire with at least 24 years of credited service are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.

9. No assumption is made that current active member employed by the comprehensive universities will elect to transfer out of OTRS.

10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.

11. For EESIP eligible employees, if the refund amount to be paid exceeds the actuarial present value of the additional benefit, then it is assumed the member does not elect the enhanced benefit.

ACTUARIAL COST METHOD

Although the actual contribution to OTRS is fixed by statute, we use the Entry Age actuarial cost method to determine the GASB Annual Required Contribution (ARC) and the liabilties. The Entry Age method usually does the best job of keeping costs level as a percentage of payroll. It is far and away the most common actuarial cost method among statewide pension funds, and we recommend continuing to use this method.

NEW ENTRANT PROFILE

The version of the Entry Age cost method that is being used for OTRS uses a hypothetical group of new members to determine the normal cost, a weighted distribution of new hires by age, sex and salary. The current "profile" was based on new members who joined OTRS in the five years ending FY 2004. We examined the new entrant data for the five years ending FY 2009, and we constructed a new profile.

The average age of new members entering the system slightly increased from 36.3 years to 36.5 year. Females, who had comprised 71% of the new entrants between FY 2000 and FY 2004, are now 73%, which is the percentage of employees hired from FY 2005 to FY 2009.

ACTUARIAL ASSET VALUATION METHOD

Actuaries generally recommend using a smoothed actuarial value of assets (AVA), rather than market value (MVA), in order to dampen the fluctuations in measurements such as the funded status and the GASB Annual Required Contribution (ARC).

The current method smoothes all differences between the expected returns (based on the 8.00% investment return assumption) and actual returns, net of expenses, over a five-year period. For example, if the actual return is 13% in one year, then 8% is reflected immediately in the AVA, and the other 5% is recognized in 20% increments over five years.

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We continue to believe this method is appropriate. It does not distinguish between types of return (interest, dividends, realized gains/losses, and unrealized gains/losses), like some other methods. It treats different asset classes and different investment styles the same. We do not believe the method has a bias relative to market. In other words, we expect the ratio of the AVA to MVA to average about 100% over the very long term. We believe this method does a good job of smoothing asset gains and losses, and reduces fluctuations in the funding period. Therefore, we are not recommending a change to this method.

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SECTION III

ACTUARIAL IMPACT OF RECOMMENDATIONS

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Actuarial Impact of Recommendations

Shown below is a table that compares key results from the June 30, 2009 actuarial valuation with these same results redetermined using the recommended actuarial assumptions and methods. As you can see, the assumption changes produce an increase of 2.12% in the Annual Required Contribution (ARC) and a $911 million increase in the unfunded actuarial accrued liability (UAAL).

Item	Current Assumptions and Methods	Recommended Assumptions and Methods	Increase/ Decrease
Normal cost	11.25%	12.42%	1.17%
Unfunded actuarial accrued liability	$9,512 million	$10,423 million	$911 million
Funded ratio	49.8%	47.5%	-2.3%
Funding period	Infinite	Infinite	NA
GASB 25 Annual Required Contribution			
a. Dollar amount	$742.3 million	$826.6 million	$84.3 million
b. Percent of payroll	18.62%	20.74%	2.12%

The normal cost is the average expected cost for a typical new member. The normal cost includes both the 7.00% contribution paid by members and the balance to be paid by the employers. The unfunded actuarial accrued liability is the portion of the total present value of future benefits that is assigned to past years and is in excess of the actuarial value of assets. The funding period is the number of years that will be required to amortize the UAAL, assuming that the employer contribution rate remains at current levels, and assuming there are no gains, losses, benefit changes, assumption changes, etc. The GASB annual required contribution (ARC) is the sum of the employer's share of the normal cost and an amount needed to amortize the UAAL over 30 years with payments increasing at the assumed payroll growth rate (3.50% for both the current valuation and the proposed assumptions).

The table on the next page shows the changes in (i) the UAAL, and (ii) the ARC expressed as a percent of payroll, due to each of the recommended assumption changes.

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Item	UAAL (millions)	ARC (% of Payroll)
June 30, 2009 Actuarial Valuation	$9,512.0	18.62%
Increase/(decrease) due to:		
Mortality rates	666.7	1.36%
Disability rates	(0.8)	0.00%
Termination rates	63.9	0.22%
Retirement rates	(386.5)	-0.66%
Salary increase rates	(23.9)	0.16%
Investment return rate	579.3	1.06%
New Entrant profile	13.3	-0.02%
Payroll/revenue growth rate	0.0	0.00%
All changes reflected	$10,424.0	20.74%

As can be seen, the changes in the investment return and the mortality rates were the most significant items, each increasing the UAAL by over $500 million. The effect of these changes was partially offset by the changes in the retirement rates. The other items had much smaller effects.

The figures above were calculated as of June 30, 2009, using the same benefit provisions and the same member and financial data that were used to prepare the regular June 30, 2009 actuarial valuation report.

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SECTION IV

SUMMARY OF RECOMMENDATIONS

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Summary of Recommendations

Our recommendations may be summarized as follows:

1. Make no change to the 3.00% inflation assumption.

2. Decrease the nominal investment return rate assumption from the current 8.00% to 7.75%. This reflects a 0.25% decrease in the assumed real return in excess of inflation. Continue to assume that annual investment and administrative expenses will average 0.45% of assets.

3. Increase the service-related salary schedule from a 15-year schedule to a 25-year schedule. Set the wage inflation rate applicable to members with more than 25-years of service at 4.00%. Increase the rates at most other durations. The updated schedule is shown on page 47.

4. For the long-term projections, assume each future cohort of new members is paid 4% more than the preceding cohort.

5. Make no change to the 3.50% payroll growth assumption or the 3.50% revenue growth assumption. The payroll growth assumption does not impact the liabilities, only the development of the amortization of the unfunded actuarial accrued liability.

6. Update the post-retirement mortality tables for non-disabled retirees to the RP-2000 mortality assumption, projected to the year 2016 using Scale AA, with male rates multiplied by 90% and female rates multiplied by 80%. Sample rates are shown on pages 33 and 34.

7. Change the disabled post-retirement mortality assumption to the RP-2000 disabled life mortality rates for males and females, with the male rates multiplied by a 75% factor and female rates multiplied by 100%. Sample rates are shown on pages 35 and 36.

8. Recommend changing the pre-retirement mortality assumption for males and females to 60% (males) and 50% females of the RP-2000 Employee Mortality tables. Sample rates are shown on pages 37 and 38.

9. Make no change to the rates of disability incidence for males. Decrease the rates for females by multiplying the current assumption by 90%. Sample rates are shown on pages 39 and 40.

10. Reduce termination rates for males and females. The termination assumption was also changed from being based on the member's age and service to be based solely on the member's service. Proposed termination rates are shown on pages 41 and 42.

11. Reduce the unreduced retirement rates for males and females, especially at the younger retirement ages. Adopt a separate set of unreduced retirement rates for the rule of 90 members (members hired after June 30, 1992). Slightly modify the reduced retirement rates. The current and proposed tables are shown on pages 43 through 46.

12. Update the age/sex/pay profile for new entrants, which is used to determine the normal cost, to one based on new members joining OTRS in fiscal years 2005 through 2009.

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SECTION V

SUMMARY OF DATA AND EXPERIENCE

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NON-DISABLED RETIREES
POST-RETIREMENT MORTALITY - MALE

Age	Actual Deaths	Total Count	Actual Rate	Assumed Rate Current	Assumed Rate Proposed	Expected Deaths Current	Expected Deaths Proposed	Actual/Expected Current (2) / (7)	Actual/Expected Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	7	1,235	0.0057	0.0031	0.0018	4	2	163%	287%
55-59	54	7,262	0.0074	0.0053	0.0031	40	24	134%	224%
60-64	130	12,529	0.0104	0.0097	0.0060	123	79	106%	165%
65-69	183	14,622	0.0125	0.0175	0.0117	250	169	73%	108%
70-74	271	11,971	0.0226	0.0279	0.0193	329	232	82%	117%
75-79	320	8,259	0.0387	0.0439	0.0337	356	278	90%	115%
80-84	356	5,542	0.0642	0.0738	0.0623	394	341	90%	104%
85-89	289	2,568	0.1125	0.1138	0.1097	281	275	103%	105%
90-94	178	869	0.2048	0.1798	0.1874	147	156	121%	114%
95-99	62	202	0.3069	0.2704	0.2750	52	54	120%	116%
100-104	14	29	0.4828	0.3586	0.3586	10	10	145%	143%
Other	0	0	N\A	0.4600	0.4000	0	0	0%	0%
Totals	1,864	65,088				1,986	1,619	94%	115%

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NON-DISABLED RETIREES
POST-RETIREMENT MORTALITY - FEMALE

				Assumed Rate		Expected Deaths		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current (3) * (5)	Proposed (3) * (6)	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	6	2,393	0.0025	0.0017	0.0013	4	4	135%	170%
55-59	53	14,744	0.0036	0.0028	0.0024	43	38	123%	138%
60-64	132	25,261	0.0052	0.0055	0.0047	140	123	94%	107%
65-69	226	26,501	0.0085	0.0104	0.0090	268	238	84%	95%
70-74	303	20,982	0.0144	0.0161	0.0155	336	321	90%	94%
75-79	446	15,950	0.0280	0.0272	0.0247	426	396	105%	113%
80-84	562	10,607	0.0530	0.0473	0.0410	488	433	115%	130%
85-89	615	7,340	0.0838	0.0810	0.0703	578	515	106%	119%
90-94	648	4,138	0.1566	0.1384	0.1255	547	505	118%	128%
95-99	425	1,650	0.2576	0.2178	0.1884	338	300	126%	141%
100-104	103	298	0.3456	0.3190	0.2337	89	68	116%	151%
Other	8	20	1.0000	0.0000	0.0000	8	5	95%	156%
Totals	3,527	129,884				3,266	2,946	108%	120%

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DISABLED RETIREES
POST-RETIREMENT MORTALITY - MALE

				Assumed Rate		Expected Deaths		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	9	263	0.0342	0.0336	0.0237	9	6	96%	143%
55-59	19	540	0.0352	0.0425	0.0285	24	15	78%	123%
60-64	18	461	0.0390	0.0514	0.0337	24	15	74%	116%
65-69	12	274	0.0438	0.0558	0.0408	16	11	76%	108%
70-74	9	127	0.0709	0.0621	0.0521	8	7	110%	138%
75-79	5	71	0.0704	0.0726	0.0691	6	5	90%	101%
80-84	5	80	0.0625	0.1058	0.0914	9	7	57%	68%
85-89	3	37	0.0811	0.1584	0.1164	6	4	50%	71%
90-94	2	13	0.1538	0.2378	0.1625	3	2	69%	102%
95-99	1	2	0.5000	0.3566	0.2249	1	0	164%	244%
100-104	0	0	N\A	0.5350	0.2788	0	0	0%	0%
Other	2	115	0.0174	0.8000	0.3000	3	2	61%	99%
Totals	85	1,983				109	76	78%	112%

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DISABLED RETIREES
POST-RETIREMENT MORTALITY - FEMALE

				Assumed Rate		Expected Deaths		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current (3) * (5)	Proposed (3) * (6)	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
50-54	21	809	0.0260	0.0272	0.0135	22	11	95%	189%
55-59	30	1,325	0.0226	0.0307	0.0187	41	25	73%	121%
60-64	25	1,139	0.0219	0.0347	0.0241	39	27	64%	92%
65-69	31	591	0.0525	0.0386	0.0313	23	18	137%	169%
70-74	16	341	0.0469	0.0433	0.0429	15	15	108%	110%
75-79	14	212	0.0660	0.0578	0.0595	12	12	116%	113%
80-84	14	107	0.1308	0.0885	0.0823	10	9	147%	158%
85-89	17	125	0.1360	0.1322	0.1145	17	14	102%	118%
90-94	6	48	0.1250	0.1980	0.1599	9	7	67%	82%
95-99	1	1	1.0000	0.2972	0.2152	0	0	400%	526%
100-104	0	0	N\A	1.0000	0.2545	0	0	0%	0%
Other	10	380	0.0263	0.0000	0.0000	9	3	112%	313%
Totals	185	5,078				196	142	94%	130%

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MALE PRE-RETIREMENT MORTALITY

Age	Actual Deaths	Total Count	Actual Rate	Assumed Rate		Expected Deaths		Actual/Expected	
				Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	-	13	0.0000	0.0005	0.0002	0	-	0%	N\A
20-24	-	1,086	0.0000	0.0004	0.0002	0	0	0%	0%
25-29	1	7,773	0.0001	0.0005	0.0002	4	2	27%	55%
30-34	3	11,796	0.0003	0.0007	0.0003	8	4	37%	74%
35-39	5	14,168	0.0004	0.0009	0.0005	13	8	38%	65%
40-44	12	15,134	0.0008	0.0013	0.0007	20	11	61%	107%
45-49	25	17,612	0.0014	0.0019	0.0010	33	18	76%	135%
50-54	36	19,913	0.0018	0.0026	0.0015	53	29	68%	122%
55-59	42	18,208	0.0023	0.0036	0.0022	65	40	64%	106%
60-64	29	11,210	0.0026	0.0049	0.0036	54	39	54%	75%
65-69	18	3,578	0.0050	0.0066	0.0052	23	18	78%	101%
70-74	10	211	0.0474	N/A	N/A	N/A	N/A	0%	0%
75 and over	3	92	0.0326	N/A	N/A	N/A	N/A	0%	0%
Totals	184	120,794				273	169	67%	109%

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FEMALE PRE-RETIREMENT MORTALITY

				Assumed Rate		Expected Deaths		Actual/Expected	
Age	Actual Deaths	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	1	14	0.0714	0.0002	0.0001	-	-	N\A	N\A
20-24	1	2,941	0.0003	0.0002	0.0001	1	0	169%	345%
25-29	5	22,596	0.0002	0.0003	0.0001	6	3	83%	195%
30-34	9	28,769	0.0003	0.0005	0.0002	13	5	68%	176%
35-39	17	36,045	0.0005	0.0007	0.0003	25	10	69%	168%
40-44	20	40,107	0.0005	0.0009	0.0004	38	17	53%	115%
45-49	44	49,266	0.0009	0.0013	0.0007	64	33	68%	133%
50-54	59	53,990	0.0011	0.0019	0.0010	100	54	59%	110%
55-59	63	45,686	0.0014	0.0026	0.0015	119	68	53%	92%
60-64	39	22,079	0.0018	0.0036	0.0023	77	50	50%	79%
65-69	8	5,106	0.0016	0.0048	0.0033	24	16	34%	50%
70-74	6	153	0.0392	N/A	N/A	N/A	N/A	0%	0%
75 and over	6	89	0.0674	N/A	N/A	N/A	N/A	0%	0%
Totals	278	306,841				468	256	59%	109%

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MALE DISABILITY EXPERIENCE (Service > =10 Years)

				Assumed Rate		Expected Disabilities		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	-	-	N\A	0.0003	0.0003	-	-	N\A	N\A
20-24	-	-	N\A	0.0003	0.0003	-	-	N\A	N\A
25-29	-	9	0.0000	0.0003	0.0003	-	-	N\A	N\A
30-34	1	1,508	0.0007	0.0003	0.0003	0	0	222%	222%
35-39	2	6,111	0.0003	0.0004	0.0004	3	3	70%	70%
40-44	8	8,289	0.0010	0.0008	0.0008	7	7	117%	117%
45-49	19	11,503	0.0017	0.0015	0.0015	19	19	101%	101%
50-54	42	14,231	0.0030	0.0030	0.0030	47	47	89%	89%
55-59	48	13,410	0.0036	0.0060	0.0060	62	62	77%	77%
60-64	13	8,450	0.0015	0.0010	0.0010	10	10	135%	135%
65-69	-	-	N\A	0.0000	0.0000	-	-	N\A	N\A
70-74	1	-	N\A	0.0000	0.0000	-	-	N\A	N\A
75 and over	-	-	N\A	0.0000	0.0000	-	-	N\A	N\A
Totals	134	63,511				148	148	90%	90%

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FEMALE DISABILITY EXPERIENCE (Service > =10 Years)

				Assumed Rate		Expected Disabilities		Actual/Expected	
Age	Actual Disabilities	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Under 20	-	-	N\A	0.0003	0.0002	-	-	N\A	N\A
20-24	-	-	N\A	0.0003	0.0002	-	-	N\A	N\A
25-29	-	18	0.0000	0.0003	0.0002	-	-	N\A	N\A
30-34	-	3,261	0.0000	0.0003	0.0002	1	1	0%	0%
35-39	-	13,662	0.0000	0.0010	0.0009	13	12	0%	0%
40-44	17	18,865	0.0009	0.0012	0.0011	30	27	57%	63%
45-49	58	28,798	0.0020	0.0025	0.0022	70	63	83%	92%
50-54	117	38,031	0.0031	0.0040	0.0036	146	131	80%	89%
55-59	134	35,024	0.0038	0.0042	0.0038	148	133	91%	101%
60-64	26	17,524	0.0015	0.0030	0.0027	60	54	43%	48%
65-69	-	-	N\A	0.0000	0.0000	-	-	N\A	N\A
70-74	-	-	N\A	0.0000	0.0000	-	-	N\A	N\A
75 and over	-	-	N\A	0.0000	0.0000	-	-	N\A	N\A
Totals	352	155,183				467	421	75%	84%

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MALE TERMINATION EXPERIENCE

				Assumed Rate		Expected Withdrawal		Actual/Expected	
Service	Actual Withdrawal	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	785	2,366	0.3318	0.3400	0.3000	804	710	98%	111%
1	1,489	9,607	0.1550	0.1900	0.1400	1,825	1,345	82%	111%
2	984	7,837	0.1256	0.1400	0.1250	1,097	980	90%	100%
3	741	6,913	0.1072	0.1150	0.1100	795	760	93%	97%
4	540	5,178	0.1043	0.0950	0.0950	492	492	110%	110%
5	468	4,819	0.0971	0.0775	0.0850	373	410	125%	114%
6	379	4,650	0.0815	0.0675	0.0750	314	349	121%	109%
7	320	4,522	0.0708	0.0600	0.0675	271	305	118%	105%
8	215	3,980	0.0540	0.0550	0.0600	219	239	98%	90%
9	201	3,636	0.0553	0.0500	0.0525	182	191	111%	105%
10	145	3,273	0.0443	0.0284	0.0475	93	155	156%	93%
11	143	3,005	0.0476	0.0279	0.0450	84	135	171%	106%
12	106	2,684	0.0395	0.0271	0.0400	73	107	146%	99%
13	124	2,628	0.0472	0.0265	0.0375	70	99	178%	126%
14	97	2,590	0.0375	0.0258	0.0350	67	91	145%	107%
15	85	2,370	0.0359	0.0252	0.0325	60	77	143%	110%
16	52	2,250	0.0231	0.0245	0.0300	55	68	94%	77%
17	43	2,110	0.0204	0.0241	0.0275	51	58	85%	74%
18	35	1,900	0.0184	0.0236	0.0250	45	48	78%	74%
19	43	1,809	0.0238	0.0232	0.0225	42	41	103%	106%
20	28	1,658	0.0169	0.0228	0.0200	38	33	74%	84%
21	28	1,477	0.0190	0.0224	0.0175	33	26	85%	108%
22	28	1,416	0.0198	0.0220	0.0150	31	21	90%	132%
23	25	1,366	0.0183	0.0216	0.0125	30	17	85%	146%
24	13	1,093	0.0119	0.0216	0.0100	24	11	55%	119%
25	11	978	0.0112	0.0215	0.0000	21	-	52%	N\A
26	15	828	0.0181	0.0213	0.0000	18	-	85%	N\A
27	4	388	0.0103	0.0213	0.0000	8	-	48%	N\A
28	5	25	0.2000	0.0227	0.0000	1	-	882%	N\A
29+	27	-	N/A	0.0000	0.0000	-	-	N\A	N\A
Totals	7,179	87,356				7,214	6,766	100%	106%

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FEMALE TERMINATION EXPERIENCE

				Assumed Rate		Expected Withdrawal		Actual/Expected	
Service	Actual Withdrawal	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
0	2,506	9,930	0.2524	0.2400	0.2400	2,383	2,383	105%	105%
1	3,416	25,874	0.1320	0.1600	0.1200	4,140	3,105	83%	110%
2	2,430	21,272	0.1142	0.1225	0.1050	2,606	2,234	93%	109%
3	1,862	18,521	0.1005	0.1050	0.0900	1,945	1,667	96%	112%
4	1,293	14,498	0.0892	0.0900	0.0825	1,305	1,196	99%	108%
5	1,056	13,136	0.0804	0.0775	0.0750	1,018	985	104%	107%
6	934	12,757	0.0732	0.0675	0.0675	861	861	108%	108%
7	666	11,980	0.0556	0.0600	0.0600	719	719	93%	93%
8	526	10,417	0.0505	0.0500	0.0525	521	547	101%	96%
9	418	9,115	0.0459	0.0400	0.0450	365	410	115%	102%
10	398	8,105	0.0491	0.0272	0.0400	220	324	181%	123%
11	301	7,268	0.0414	0.0263	0.0350	191	254	158%	118%
12	274	6,757	0.0406	0.0256	0.0325	173	220	158%	125%
13	247	6,882	0.0359	0.0249	0.0300	171	206	144%	120%
14	216	6,919	0.0312	0.0242	0.0275	167	190	129%	114%
15	179	6,522	0.0274	0.0236	0.0250	154	163	116%	110%
16	155	6,062	0.0256	0.0230	0.0225	140	136	111%	114%
17	144	5,369	0.0268	0.0225	0.0200	121	107	119%	134%
18	97	4,561	0.0213	0.0221	0.0175	101	80	96%	122%
19	73	4,101	0.0178	0.0218	0.0150	89	62	82%	119%
20	64	3,627	0.0176	0.0216	0.0140	78	51	82%	126%
21	41	3,193	0.0128	0.0214	0.0130	68	42	60%	99%
22	43	3,190	0.0135	0.0212	0.0120	68	38	63%	112%
23	36	3,128	0.0115	0.0210	0.0110	66	34	55%	105%
24	30	2,729	0.0110	0.0212	0.0100	58	27	52%	110%
25	23	2,437	0.0094	0.0211	0.0000	52	-	45%	N\A
26	22	2,051	0.0107	0.0211	0.0000	43	-	51%	N\A
27	19	1,109	0.0171	0.0210	0.0000	23	-	81%	N\A
28	13	62	0.2097	0.0215	0.0000	1	-	974%	N\A
29+	21	-	N/A	N/A	0.0000	-	-	N\A	N\A
Totals	17,503	231,572				17,847	16,042	98%	109%

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UNREDUCED RETIREMENT EXPERIENCE
MALE

	Experience for Members Retiring under the Rule of 80 Eligibility Provisions									Proposed Rule of 90 Retirement Rates	
				Assumed Rate		Expected Retirements		Actual/Expected			
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)	Age	Proposed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Under 50	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
50	17	141	0.1206	0.2000	0.1200	28	17	61%	100%	50	0.1950
51	86	697	0.1234	0.2000	0.1200	139	84	62%	102%	51	0.1950
52	119	967	0.1231	0.2000	0.1200	193	116	62%	103%	52	0.1950
53	123	1,087	0.1132	0.2000	0.1200	217	130	57%	95%	53	0.1950
54	129	1,252	0.1030	0.1500	0.1200	188	150	69%	86%	54	0.1950
55	133	1,342	0.0991	0.1500	0.1200	201	161	66%	83%	55	0.1950
56	136	1,357	0.1002	0.1500	0.1200	204	163	67%	83%	56	0.1950
57	129	1,371	0.0941	0.1500	0.1200	206	165	63%	78%	57	0.2200
58	155	1,406	0.1102	0.1500	0.1200	211	169	73%	92%	58	0.2200
59	156	1,377	0.1133	0.1500	0.1200	207	165	75%	95%	59	0.2200
60	142	1,343	0.1057	0.1500	0.1200	201	161	71%	88%	60	0.2200
61	147	1,279	0.1149	0.1500	0.1200	192	153	77%	96%	61	0.2200
62	429	2,137	0.2007	0.2500	0.2000	534	427	80%	100%	62	0.3000
63	285	1,584	0.1799	0.2000	0.1800	317	285	90%	100%	63	0.1800
64	188	1,276	0.1473	0.2000	0.1600	255	204	74%	92%	64	0.1600
65	207	1,045	0.1981	0.3000	0.2000	314	209	66%	99%	65	0.2000
66	174	770	0.2260	0.2500	0.2000	193	154	90%	113%	66	0.2000
67	89	544	0.1636	0.2500	0.2000	136	109	65%	82%	67	0.2000
68	66	419	0.1575	0.2000	0.2000	84	84	79%	79%	68	0.2000
69	57	306	0.1863	0.2000	0.2000	61	61	93%	93%	69	0.2000
70	46	236	0.1949	1.0000	0.2000	236	47	19%	98%	70	0.2000
71	38	182	0.2088	1.0000	0.2000	182	36	21%	106%	71	0.2000
72	20	137	0.1460	1.0000	0.2000	137	27	15%	74%	72	0.2000
73	17	117	0.1453	1.0000	0.2000	117	23	15%	74%	73	0.2000
74	14	90	0.1556	1.0000	0.2000	90	18	16%	78%	74	0.2000
75 and over	42	265	0.1585	1.0000	1.0000	265	265	16%	16%	75 and over	1.0000
Subtotal	3,145	22,727				5,108	3,583	62%	88%		

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UNREDUCED RETIREMENT EXPERIENCE
FEMALE

	Experience for Members Retiring under the Rule of 80 Eligibility Provisions									Proposed Rule of 90 Retirement Rates	
				Assumed Rate		Expected Retirements		Actual/Expected			
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)	Age	Proposed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Under 50	4	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
50	39	402	0.0970	0.2000	0.1250	80	50	49%	78%	50	0.2000
51	189	1,617	0.1169	0.2000	0.1250	323	202	59%	94%	51	0.2000
52	243	2,140	0.1136	0.2000	0.1250	428	268	57%	91%	52	0.2000
53	276	2,467	0.1119	0.2000	0.1250	493	308	56%	90%	53	0.2000
54	296	2,807	0.1055	0.2000	0.1250	561	351	53%	84%	54	0.2000
55	351	3,105	0.1130	0.2000	0.1250	621	388	57%	90%	55	0.2000
56	390	2,993	0.1303	0.2000	0.1250	599	374	65%	104%	56	0.2000
57	384	3,181	0.1207	0.2000	0.1250	636	398	60%	96%	57	0.2250
58	397	3,351	0.1185	0.2000	0.1250	670	419	59%	95%	58	0.2250
59	393	3,270	0.1202	0.2000	0.1250	654	409	60%	96%	59	0.2250
60	421	3,117	0.1351	0.2000	0.1500	623	468	68%	90%	60	0.2500
61	484	2,883	0.1679	0.2000	0.1800	577	519	84%	93%	61	0.2800
62	889	4,162	0.2136	0.3000	0.2500	1,249	1,041	71%	85%	62	0.3500
63	516	2,800	0.1843	0.2500	0.1800	700	504	74%	102%	63	0.1800
64	359	2,160	0.1662	0.2000	0.1600	432	346	83%	104%	64	0.1600
65	379	1,660	0.2283	0.4000	0.2500	664	415	57%	91%	65	0.2500
66	290	1,166	0.2487	0.2500	0.2250	292	262	99%	111%	66	0.2250
67	174	769	0.2263	0.2500	0.2250	192	173	91%	101%	67	0.2250
68	97	555	0.1748	0.2000	0.2250	111	125	87%	78%	68	0.2250
69	79	425	0.1859	0.2000	0.2250	85	96	93%	82%	69	0.2250
70	57	333	0.1712	1.0000	0.2250	333	75	17%	76%	70	0.2250
71	50	240	0.2083	1.0000	0.2250	240	54	21%	93%	71	0.2250
72	44	176	0.2500	1.0000	0.2250	176	40	25%	110%	72	0.2250
73	14	126	0.1111	1.0000	0.2250	126	28	11%	50%	73	0.2250
74	18	104	0.1731	1.0000	0.2250	104	23	17%	78%	74	0.2250
75 and over	46	334	0.1377	1.0000	1.0000	334	334	14%	14%	75 and over	1.0000
Subtotal	6,879	46,343				11,303	7,670	61%	90%		

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REDUCED RETIREMENT EXPERIENCE
MALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	19	2,152	0.0088	0.0100	0.0100	22	22	86%	86%
56	42	2,077	0.0202	0.0100	0.0175	21	36	200%	117%
57	39	1,866	0.0209	0.0200	0.0200	37	37	105%	105%
58	51	1,744	0.0292	0.0200	0.0225	35	39	146%	131%
59	27	1,474	0.0183	0.0300	0.0250	44	37	61%	73%
60	36	1,290	0.0279	0.0400	0.0275	52	35	69%	103%
61	36	1,112	0.0324	0.0400	0.0300	44	33	82%	109%
Subtotal	250	11,715				255	239	98%	105%

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REDUCED RETIREMENT EXPERIENCE
FEMALE

				Assumed Rate		Expected Retirements		Actual/Expected	
Age	Actual Retirements	Total Count	Actual Rate	Current	Proposed	Current	Proposed	Current (2) / (7)	Proposed (2) / (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
55	96	6,223	0.0154	0.0200	0.0150	124	93	77%	103%
56	115	5,721	0.0201	0.0200	0.0200	114	114	101%	101%
57	107	5,099	0.0210	0.0200	0.0225	102	115	105%	93%
58	105	4,487	0.0234	0.0200	0.0250	90	112	117%	94%
59	94	3,615	0.0260	0.0200	0.0275	72	99	131%	95%
60	105	2,852	0.0368	0.0500	0.0300	143	86	73%	122%
61	74	2,227	0.0332	0.0500	0.0350	111	78	67%	95%
Subtotal	696	30,224				756	697	92%	100%

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Salary Increase Analysis

	Current Salary Scales		Actual Experience (10 Years)			Proposed Salary Scales		
Index	Total	Step Rate/ Promotional	Total	Above Inflation (2.64%)	Step Rate/ Promotional	Total	Step Rate/ Promotional	Increase/ (Decrease) in Rates
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
0	6.00%	1.75%	11.93%	9.29%	8.31%	12.00%	8.00%	6.00%
1	5.75%	1.50%	4.81%	2.17%	1.19%	5.50%	1.50%	-0.25%
2	5.25%	1.00%	5.11%	2.46%	1.49%	5.50%	1.50%	0.25%
3	5.25%	1.00%	4.83%	2.19%	1.22%	5.25%	1.25%	0.00%
4	5.25%	1.00%	4.56%	1.92%	0.95%	5.25%	1.25%	0.00%
5	5.00%	0.75%	5.09%	2.45%	1.48%	5.00%	1.00%	0.00%
6	4.75%	0.50%	4.49%	1.85%	0.88%	5.00%	1.00%	0.25%
7	4.75%	0.50%	4.33%	1.69%	0.72%	5.00%	1.00%	0.25%
8	4.75%	0.50%	4.75%	2.11%	1.13%	5.00%	1.00%	0.25%
9	4.75%	0.50%	4.59%	1.95%	0.97%	5.00%	1.00%	0.25%
10	4.50%	0.25%	4.54%	1.90%	0.93%	5.00%	1.00%	0.50%
11	4.50%	0.25%	4.34%	1.70%	0.72%	5.00%	1.00%	0.50%
12	4.50%	0.25%	4.55%	1.91%	0.94%	4.75%	0.75%	0.25%
13	4.50%	0.25%	4.41%	1.77%	0.80%	4.75%	0.75%	0.25%
14	4.50%	0.25%	4.38%	1.73%	0.76%	4.75%	0.75%	0.25%
15	4.25%	0.00%	4.24%	1.60%	0.62%	4.75%	0.75%	0.50%
16	4.25%	0.00%	4.52%	1.88%	0.91%	4.75%	0.75%	0.50%
17	4.25%	0.00%	4.29%	1.65%	0.67%	4.75%	0.75%	0.50%
18	4.25%	0.00%	4.15%	1.51%	0.54%	4.50%	0.50%	0.25%
19	4.25%	0.00%	4.22%	1.58%	0.60%	4.50%	0.50%	0.25%
20	4.25%	0.00%	4.05%	1.41%	0.44%	4.50%	0.50%	0.25%
21	4.25%	0.00%	4.03%	1.39%	0.42%	4.50%	0.50%	0.25%
22	4.25%	0.00%	3.89%	1.25%	0.27%	4.25%	0.25%	0.00%
23	4.25%	0.00%	4.05%	1.41%	0.44%	4.25%	0.25%	0.00%
24	4.25%	0.00%	4.03%	1.39%	0.41%	4.25%	0.25%	0.00%
25+	4.25%	0.00%	3.62%	0.97%	0.00%	4.00%	0.00%	-0.25%

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REPORT OF LEGAL COUNSEL

Teachers' Retirement System of Oklahoma
September 22, 2010

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.

3. TRS vs. Connetics Securities Litigation, federal class action litigation

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 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. In this case, the firm recommended that TRS join with other states and certain other state funds to pursue the Connetics case.

TRS has been named lead plaintiff. A consolidated class action complaint was filed in United States District Court, Southern District of New York, on February 14, 2007. Connetics defendants filed a motion to transfer this case from New York to California. BLB&G filed a response to this motion. On May 23, 2007, Judge Kram granted Connetics Defendants' Motion to transfer venue to the United States District Court, Northern District of California.

On June 28, 2007, BLB&G filed an amended consolidated class action complaint for violations of the Federal Securities Laws. Defendants filed a Motion to Dismiss and our response was filed on September 17, 2007. On January 29, 2008, the Court dismissed the TRS complaint but granted leave to file an amended complaint. An amended complaint was filed on March 14, 2008. Dependants filed a motion to dismiss the amended complaint. TRS filed a response on June 20, 2008. On August 14, 2008, the Court dismissed some claims, but largely sustained the core claims in the amended complaint. Discovery and depositions are ongoing. A settlement conference was held on March 2, 2009. On May 8, 2009, the court granted TRS' motion for class certification.

BLB&G prepared and filed a Motion for Preliminary Approval of Settlement (approved by TRS on June 24, 2009) and for Permission to Notify the Class. Hearing on the motion is set for July 17, 2009. Court granted final approval of the settlement on October 9, 2009.

Status: Claims Administrator Assigned.

4. 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 is 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.

5. 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.

Status: Discovery will commence.

6. 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 filing period pending.

7. 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.

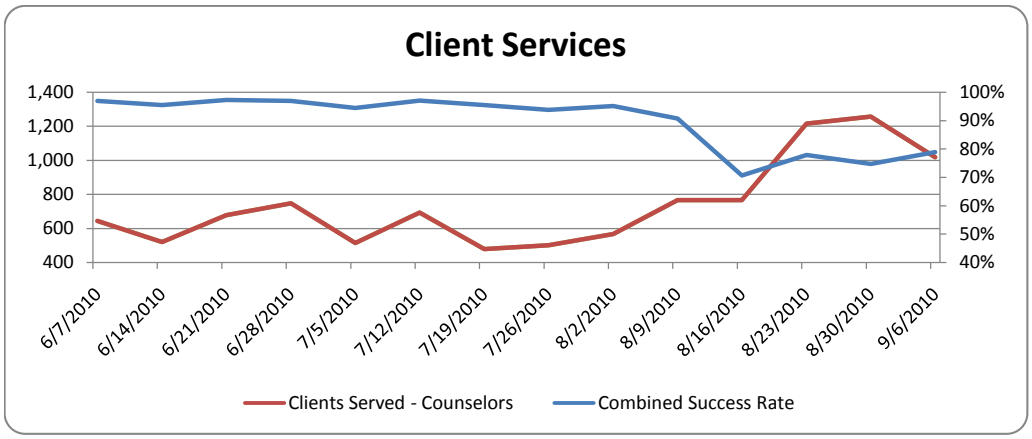
Status: Next step is Discovery.

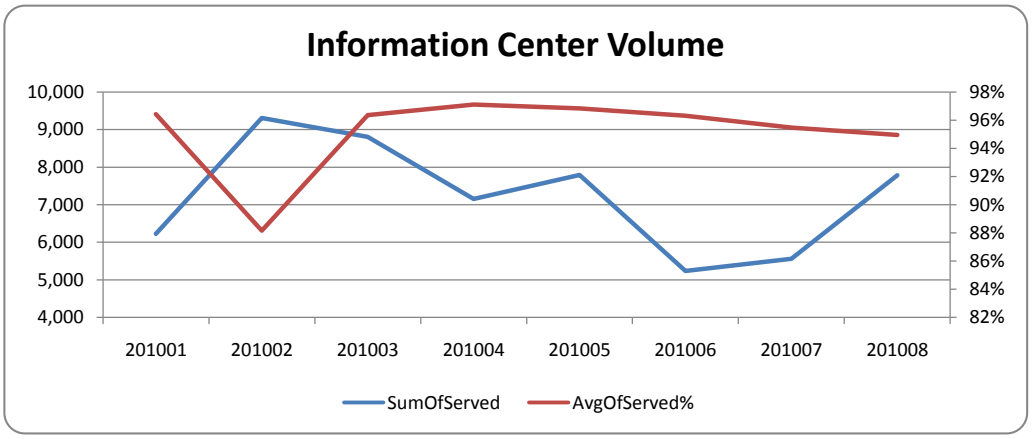
ADMINISTRATIVE

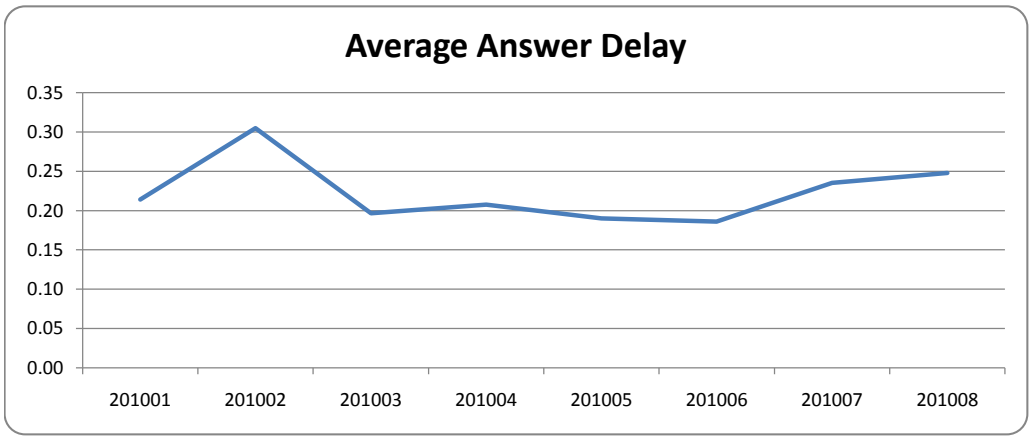
There are no Administrative matters at this time.

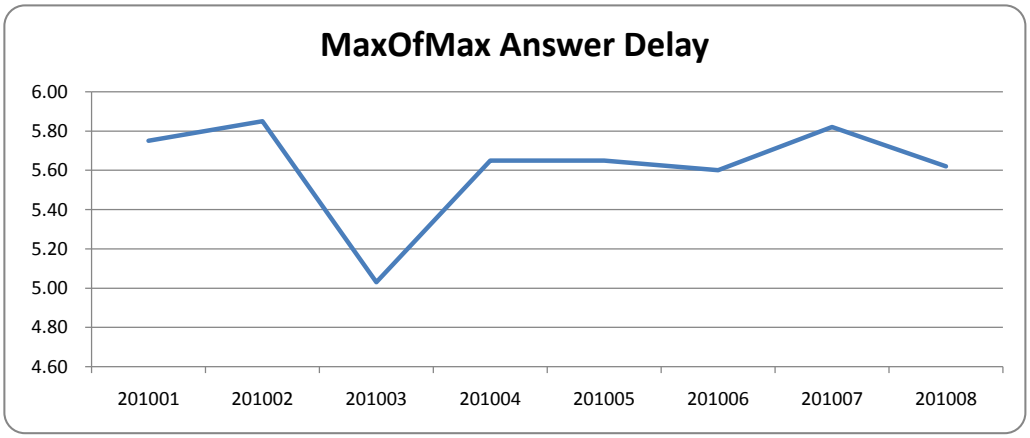
Oklahoma Teachers Retirement System

Client Services Dashboard









OKLAHOMA TEACHERS RETIREMENT SYSTEM

Client Status Update Report

September 2, 2010

Regular Retirement

Clients Recommended:	165
Monthly Pay:	$257,756.59

Disability Retirement

Clients Recommended for Regular Disability	6
Clients Recommended for Social Security Disability	4
Clients Not Recommended for Disability Retirement	0

Retirement Payroll Termination

Payroll Changes	($111,894.35)
Deceased	104
Retirement Cancelled	0
Return To Teaching	2

Client Status Update Report - Finance Division
August 31, 2010

Board Meeting September 23, 2009

Cash Basis	August 2009	August 2010		
Monthly Contributions:	Fiscal Year 2010	Fiscal Year 2011	$ Change	% Change
Member Deposits	$17,718,199.98	$15,452,738.86	($2,265,461.12)	-12.79%
Employer Contributions	23,052,188.87	22,363,421.26	(688,767.61)	-2.99%
State Revenue	17,198,419.30	18,467,378.30	1,268,959.00	7.38%
Total Retirement Receipts	57,968,808.15	56,283,538.42	(1,685,269.73)	-2.91%
Monthly Distributions:				
Retirement Benefits	77,982,624.61	84,329,193.36	6,346,568.75	8.14%
Withdrawals and Death Benefits	3,380,838.60	3,939,762.47	558,923.87	16.53%
Total Benefit Payments	81,363,463.21	88,268,955.83	6,905,492.62	8.49%
Net (Receipts - Payments)	($23,394,655.06)	($31,985,417.41)	($8,590,762.35)	36.72%

	Year to Date	Year to Date		
Year to Date Contributions:	Fiscal Year 2010	Fiscal Year 2011	$ Change	% Change
Member Deposits	$44,745,012.40	$37,096,454.72	($7,648,557.68)	-17.09%
Employer Contributions	57,276,711.65	56,782,590.13	(494,121.52)	-0.86%
State Revenue	40,384,746.67	42,009,910.38	1,625,163.71	4.02%
Total Retirement Receipts	142,406,470.72	135,888,955.23	(6,517,515.49)	-4.58%
Year to Date Distributions:				
Retirement Benefits	156,731,265.01	173,468,719.40	16,737,454.39	10.68%
Withdrawals and Death Benefits	7,457,859.46	8,357,758.71	899,899.25	12.07%
Total Benefit Payments	164,189,124.47	181,826,478.11	17,637,353.64	10.74%
Net (Receipts - Payments)	($21,782,653.75)	($45,937,522.88)	($24,154,869.13)	110.89%

DISABILITY RETIREMENT AS PROVIDED BY
70 O.S. 17-105 SOCIAL SECURITY DISABILITY
September 2, 2010

	MEMBER NAME	RETIREMENT NUMBER	SSA EFFECTIVE DATE	RETIREMENT DATE
1.	**Jonikka D Berglan** *DISABILITY RETIREMENT RECOMMENDED*			F-36
2.	**Marty M Hill** *DISABILITY RETIREMENT RECOMMENDED*			F-40
3.	**Lawanna S Stafford** *DISABILITY RETIREMENT RECOMMENDED*			F-60
4.	**Joyce M Walton** *DISABILITY RETIREMENT RECOMMENDED*			F-55

September 3, 2010

RETIREMENT BENEFIT ANALYST **DATE PREPARED**

DISABILITY RETIREMENT NOT RECOMMENDED
SEPTEMBER 2, 2010

MEMBER NAME/COMMENTS	SEX/AGE	DATE OF BIRTH

ALL FILES APPROVED

SEPTEMBER 3, 2010

RETIREMENT BENEFIT ANALYST **DATE PREPARED**

MEDICAL BOARD MEETING SEPTEMBER 2, 2010

DISABILITY RETIREMENT RE-EVALUATED
JANUARY 7, 2010

RETIREMENT NUMBER	MEMBER NAME	SEX/AGE	DATE OF BIRTH	COMMENTS

NO FILES RE-EVALUATED

SEPTEMBER 3, 2010

RETIREMENT BENEFIT ANALYST **DATE PREPARED**

MEDICAL BOARD MEETING SEPTEMBER 2, 2010

MEDICAL BOARD REPORT
SEPTEMBER 2, 2010

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 Jay, M.D.
Joseph Harroz, M.D.

OTHERS PRESENT:
Frances Jackson, Retirement Benefit Analyst

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.	**Deborah Carman** *DISABILITY RETIREMENT RECOMMENDED*	F-59
2.	**Pamela K Hamburg** *DISABILITY RETIREMENT RECOMMENDED*	F-59
3.	**Shelia D Hardwick** *DISABILITY RETIREMENT RECOMMENDED*	F-39
4.	**Paula J Post** *DISABILITY RETIREMENT RECOMMENDED*	F-53
5.	**Donnie M Stanley** *DISABILITY RETIREMENT RECOMMENDED*	F-55
6.	**Mary J Treanor** *DISABILITY RETIREMENT RECOMMENDED*	F-50

September 3, 2010

Retirement Benefit Analyst **DATE PREPARED**

MEDICAL BOARD MEETING SEPTEMBER 2, 2010

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
SEPTEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75312	STEPHEN O EDDY	55	Opt.2	324.23		1022.43
75313	CHERYL L ETHERIDGE	67	Opt.2	919.89		3435.09
75314	JANICE S RODGERS	55	Opt.2	261.10		799.40
75315	MARY J WARDE	67	Opt.2	884.39		3309.64
75316	LINDA C ADAMS	63	Max.	565.63		2010.82
75317	WALTER W ARMSTRONG JR	60	Opt.2	73.23		241.11
75318	ALICE V BABCOCK	66	Max.	123.75		328.38
75319	RICHARD L BAIM	61	Opt.1	21.90		3608.38
75320	MALLONIE D BALES	58	Opt.1	694.19		2813.30
75321	FRANCESCA R BATES	62	Opt.3	277.17		947.46
75322	DONALD A BELLISARIO	63	Opt.2	350.45		1536.34
75323	CATHERINE BERRY	62	Max.	193.75		605.02
75324	FRANCES L BOND	51	Opt.1	370.25		2046.76
75325	KATHLYN J BOYKIN	62	Max.	242.58		747.58
75326	TERESA J BRITTON	53	Max.	391.19		1965.06
75327	PAT D BROCK	60	Opt.2	679.85		2715.66
75328	FRANKIE C BROWN	52	Max.	418.28		2024.30
75329	PEGGY A BRUNSON	74	Max.	187.07		559.36
75330	NORMA J BURNS	62	Opt.4	118.90		562.61
75331	NANCY L BURROWS	57	Max.	617.47		3746.80
75332	CONNIE J CARPENTER	62	Opt.1	234.02		726.05
75333	JOYLEE CARTER	55	Max.	163.02		365.77
75334	JEFFREY D CHAPMAN	56	Opt.1	509.56		2744.23
75335	JOE C CHAPMAN	63	Opt.4	392.04		1629.74
75336	RICHARD A CHEELY	55	Opt.1	151.56		322.48
75337	GERRY G CHERRY	65	Max.	385.23		1412.95
75338	H L COCHRAN	67	Opt.2	175.66		559.27
75339	JEFFERY L COLEMAN	51	Opt.1	486.88		2398.35
75340	JULIE K COLES	53	Max.	406.67		1992.24
75341	DERIL W COLLIER	60	Opt.1	517.45		2044.28
75342	MICHAEL H CONWAY	52	Opt.2	437.57		2153.26
75343	LINDA C COOK	63	Opt.1	455.13		2928.82
75344	RETA M COTRILL	63	Opt.1	451.41		2271.16
75345	VIRGINIA A COUGER	65	Max.	416.69		2378.47
75346	PATSY J COUNTRYMAN	80	Opt.1	211.90		619.98
75347	RICHARD D CRINER	65	Max.	111.06		383.97
75348	CHARLES L CROY	51	Max.	491.85		2186.21
75349	ALICE A CURBY	56	Max.	201.05		433.15
75350	ROBERT D CURLEY	67	Max.	891.29		2995.38
75351	PAMELA S CURTIS	58	Opt.1	217.97		1166.24

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
SEPTEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75352	SUSAN E CUSTER	60	Opt.1	796.48		2402.17
75353	DEBORAH J DAVIS	61	Max.	376.66		1442.18
75354	EDITH A DAVIS	63	Opt.1	198.84		812.94
75355	PAMELA F DEERING	64	Opt.2	574.64		2606.16
75356	JEANETTE L DOTY	59	Max.	289.40		934.70
75357	JUDITH S DUKE	67	Opt.1	112.66		352.05
75358	JOYCE G EADS	62	Opt.1	102.63		530.65
75359	LOLA L EVANS	62	Opt.2	285.35		1055.48
75360	CHERYL A FARR	66	Opt.1	618.80		2185.37
75361	RONALD G FAST	61	Opt.3	539.09		1526.22
75362	ADA A FESLER	61	Opt.2	276.18		1471.23
75363	VELDA C FINNELL	68	Max.	580.36		1629.25
75364	JUDYTH A FOLSKE	62	Opt.2	206.18		673.39
75365	MARGIE A FOSTER	63	Max.	367.16		1068.41
75366	ELIZABETH L FRANKENBERGER	66	Max.	461.72		1982.03
75367	PATERNO U GABISAN	70	Max.	79.89		203.62
75368	CHERYL D GOLIGHTLY	56	Opt.3	540.59		3006.33
75369	DAVID A GOSS	62	Max.	187.97		866.67
75370	MARY E GOVIN	62	Max.	340.50		1577.67
75371	NED T GRAY	65	Opt.2	715.24		2869.94
75372	MARY J GREEN	65	Opt.2	349.01		1919.97
75373	M JEANETTE GRIFFITH	58	Opt.1	222.39		610.19
75374	JANE A HARDING	56	Max.	464.06		2166.26
75375	KASANDURA A HARRIS	57	Max.	65.63		148.82
75376	NORBERT H HECKMANN	55	Opt.2	209.68		502.12
75377	ROBERT M HELZER	57	Opt.3	345.09		1558.06
75378	CYNTHIA K HEMPHILL	55	Max.	368.80		1828.25
75379	PAULETTA HENDERSON	62	Max.	127.91		483.95
75380	MICHAEL B HOBGOOD	58	Max.	577.66		2308.90
75381	KAREN A HOLT	60	Max.	745.56		2801.96
75382	JANET F HUGHES	62	Opt.1	349.80		1580.41
75383	DANIEL K HUTCHISON	64	Opt.2	571.22		1567.90
75384	DEBRA J ICE	54	Opt.2	379.22		1764.96
75385	DAVID E JAFEK	62	Opt.2	632.29		3005.32
75386	DIANNA L JAILLITE	63	Max.	123.11		417.68
75387	NANCY J JOHNSON	54	Opt.4	403.31		1570.66
75388	ANNA L JONES	57	Max.	183.96		798.52
75389	CAROLYN L JONES	62	Max.	596.20		3077.00
75390	ELLA M KEETON	55	Opt.4	448.78		2420.43
75391	NOLA S KISER	58	Max.	429.38		2115.36

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
SEPTEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75392	REBECCA J LAY	56	Max.	371.12		1703.08
75393	SHARRI E LEE	60	Opt.2	233.73		1832.84
75394	GERARD J LEGERE	62	Opt.2	663.52		2365.30
75395	JIMMY P LEMIRE	65	Opt.1	264.53		1131.03
75396	JACQULYN S LILLIE	62	Opt.1	243.38		878.47
75397	KATHERINE R LINDLEY	62	Opt.2	239.70		747.91
75398	DALE C LOTT	62	Opt.2	166.65		516.92
75399	ANNIE L LYONS	64	Opt.1	71.09		245.41
75400	ELLEN D MACKELVIE	51	Opt.2	357.42		1926.04
75401	ROBERT J MALLOY	62	Opt.4	261.06		806.52
75402	LARRY G MAYLEN	62	Opt.1	220.62		909.79
75403	JEAN L MCCASLAND	63	Max.	518.55		2396.56
75404	JERRY M MCCOY	62	Opt.2	184.21		683.16
75405	JESSIE D MCCULLAR	62	Max.	154.07		583.75
75406	FRANCES C MCFARLAND	56	Max.	388.10		1376.48
75407	RONNIE L MCKINLEY	58	Max.	404.77		1731.73
75408	JEANNE L MERTENS	60	Max.	106.04		302.81
75409	NANCY K MILLER	62	Max.	65.27		170.95
75410	CAROL A MOORE	55	Max.	476.00		2601.91
75411	HELEN F MOORE	53	Opt.2	371.06		1896.38
75412	MARY A MORGAN	64	Opt.1	342.35		1389.06
75413	KEMMERY L MORROW	58	Opt.1	501.73		1861.50
75414	DANNY K MYERS	65	Max.	58.02		320.00
75415	STEPHEN W NEAL	62	Opt.3	583.32		1924.67
75416	LADESSIA L NEWMAN	62	Max.	132.81		382.61
75417	ROSEMARY A OPALA	60	Opt.1	327.17		1532.52
75418	WILLIAM ORTIZ-LEDUC	58	Max.	621.21		2548.82
75419	TAWANNA D PARTRIDGE	55	Max.	64.39		130.71
75420	DOROTHY J PEABODY	86	Opt.1	677.65		1813.61
75421	BARBARA G PERRY	61	Opt.4	297.09		1216.26
75422	PHYLLIS A PLUMB	57	Opt.1	216.17		577.93
75423	BARBRA S POND	62	Opt.2	620.84		3308.43
75424	CHERYL A POOLE	59	Opt.2	335.63		1511.82
75425	SNOW T PYLE	61	Opt.2	103.46		447.64
75426	JERRY QUEEN	63	Opt.2	373.88		1691.14
75427	RICHARD W REAMES	67	Max.	179.24		481.27
75428	CHARLIE H REPSCHLAEGER	63	Opt.1	329.04		1307.25
75429	DAVID C RHODES	63	Opt.2	243.18		951.30
75430	MAXINE S RICHARD	64	Opt.1	110.41		346.00
75431	GENEVIEVE B RICHEY	68	Opt.1	353.79		1405.27

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
SEPTEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75432	ROBERT G RIVERS	63	Max.	210.47		614.68
75433	JANICE E ROACH	51	Max.	465.21		2100.16
75434	SANDRA L ROSE	64	Max.	781.97		2669.57
75435	KATHRYN L RYSER	60	Max.	360.63		1477.67
75436	DENISE E SANDERS	53	Max.	492.43		2348.01
75437	FREDA C SANTELLI	56	Max.	517.24		2685.54
75438	JERALD R SCOTT	63	Max.	267.18		1277.15
75439	SCARLETT G SELLMEYER	63	Opt.2	545.11		2518.46
75440	PATSY J SHALLENBUNGER	63	Max.	113.38		371.29
75441	GARY R SHARP	56	Opt.2	517.63		2091.61
75442	BARBARA A SHATTUCK	65	Opt.1	264.85		1214.64
75443	RITA A SHECKARSKI	59	Max.	64.67		182.69
75444	PEGGY L SIDDERS	66	Max.	5.69		3912.00
75445	OREN C SIKES JR	53	Opt.3	443.10		2107.41
75446	WENDELL D SIMMONS	58	Opt.1	716.84		3222.25
75447	RILEY SINE	72	Max.	553.14		1571.40
75448	MARCELLA C SIRHANDI	67	Max.	503.58		1781.33
75449	MARTHA K SKINNER	66	Max.	837.96		2691.90
75450	JANET L SMITH	58	Opt.2	187.64		1083.14
75451	DEBRA D SNIDER	57	Max.	181.90		741.77
75452	JANET SORENSON	58	Max.	539.17		2931.02
75453	TOM I SORRELS	54	Opt.2	620.33		3234.44
75454	MARILYN R SPARKS	63	Opt.1	131.05		452.59
75455	WILLIAM B STINEBUCK	63	Max.	328.73		1461.57
75456	STEVEN G SUTTON	59	Opt.2	221.23		519.20
75457	JEANNIE A TAN	62	Opt.1	128.72		384.54
75458	MARSHA A TAYLOR	62	Opt.1	61.74		243.96
75459	PHYLLIS A TEMPLE	62	Opt.2	536.31		2194.08
75460	PHYLLIS F TERRY	71	Max.	471.68		1281.44
75461	MICHAEL E THORSON	52	Max.	544.32		2188.85
75462	EULA M TINDELL	80	Max.	228.30		593.56
75463	NORMA L TOTTRESS	57	Max.	384.38		1528.40
75464	KIM C TRUE	53	Max.	402.39		2084.42
75465	SHARON K WADLEY	62	Opt.1	486.35		2954.86
75466	KATHY A WALTERS	60	Opt.3	251.20		629.80
75467	SHARIOL E WARNER	66	Max.	234.26		875.64
75468	JANE A WEICHEL	58	Opt.2	306.15		1352.00
75469	DIXIE L WHIPPLE	66	Max.	75.50		242.06
75470	KATHY G WHITAKER	61	Opt.4	143.50		836.26
75471	CYNTHIA L WILKINSON	55	Max.	144.35		445.49

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
SEPTEMBER 1, 2010

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
75472	JAN M WILLIAMS	52	Opt.2	458.74		2181.09
75473	GEOFFREY L WILLINGER	65	Opt.2	763.82		2602.90
75474	LINDA K WILMOTH	61	Max.	502.86		2863.58
75475	EVELYN A WINTON	63	Opt.2	122.57		359.88
75476	DEBORAH F WORMAN	57	Opt.2	178.10		484.49
D3178	JONIKKA D BERGLAN	36	Dis.	127.39		582.65
D3179	DEBORAH CARMAN	59	Dis.	234.39		727.98
D3180	PAMELA K HAMBURG	57	Dis.	293.44		858.02
D3181	SHEILA D HARDWICK	39	Dis.	171.31		808.94
D3182	MARTY M HILL	40	Dis.	168.98		727.60
D3183	PAULA J POST	53	Dis.	308.97		1197.30
D3184	LAWANNA S STAFFORD	60	Dis.	201.72		615.60
D3185	DONNIE N STANLEY	55	Dis.	216.83		947.98
D3186	MARY J TREANOR	50	Dis.	158.05		797.58
D3187	JOYCE M WALTON	55	Dis.	113.52		368.62
	Total			60,789.92	0.00	257,756.59

THIS IS TO CERTIFY THE 165 REGULAR MEMBERS, 0 SPECIAL RETIREES, AND 10 DISABLED MEMBERS LISTED ON THIS REPORT HAVE MET THE REQUIREMENTS FOR RETIREMENT UNDER THE TEACHERS' RETIREMENT LAW, AND THE MONTHLY ALLOWANCE OPPOSITE EACH NAME IS THE AMOUNT CALCULATED BY THE ACTUARY UNDER THE PLAN OF RETIREMENT SELECTED BY THE MEMBER. I RECOMMEND THESE MEMBERS BE APPROVED FOR RETIREMENT ON A MONTHLY BASIS IN THE AMOUNTS SHOWN AND THE FIRST RETIREMENT CHECKS BE MAILED SEPTEMBER 30, 2010

Ret-No	Name		Area		Term	Amount-Due	Option	Benefit-Amt
13801	VELMA	WHITLEY	BARLING	AR	DEATH 07-10	5,000.00	OPTION-1	-1,678.28
15308	DEWARD	EMERSON	CHECOTAH		DEATH 07-19	5,000.00	OPTION-1	-1,557.00
15396	KATHRYN	HIRZEL	GUTHRIE		DEATH 07-10	5,000.00	OPTION-1	-1,665.24
15555	MATTIE	REAGAN	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-1	-1,586.51
16044	EDITH	BUEHLER	TULSA		DEATH 05-10	5,000.00	MAX OPTION	-1,210.63
16415	LAURETTA	PARMAN	NORMAN		DEATH 07-10	5,000.00	OPTION-1	-1,336.39
17104	LINDA	GEORGE	JENKS		DEATH 07-10	5,000.00	MAX OPTION	-2,054.88
18260	RUTH	BREEDEN	MIDWEST CITY		DEATH 07-10	5,000.00	OPTION-1	-1,068.43
18486	TRAVERS	PARSONS	WANETTE		DEATH 07-10	5,000.00	OPTION-1	-754.36
18673	GILBERT	FITE	FORT MYERS	FL	DEATH 07-10	5,000.00	MAX OPTION	-1,062.98
19724	MARY	HENSON	POTEAU		DEATH 07-10	5,000.00	MAX OPTION	-1,816.80
19963	FRANCES	ROBINSON	OKLAHOMA CITY		DEATH 07-10	5,000.00	MAX OPTION	-1,737.11
19970	GERALDINE	ROSS	TULSA		DEATH 07-10	5,000.00	OPTION-1	-962.27
20010	JOANNA	SHULLER	MCALESTER		DEATH 06-10	5,000.00	MAX OPTION	-749.59
20100	LAFAYETTE	WARREN	HARTSHORNE		DEATH 07-10	5,000.00	OPTION-1	-1,624.69
20283	JANE	MARS	GOLDSBY		DEATH 07-10	.00	OP-2 BENEF	-398.92
20501	ODELL	GAMBLE	OKLAHOMA CITY		DEATH 06-10	5,000.00	OPTION-1	-1,953.22
21054	MARGREE	MILLS	SAND SPRINGS		DEATH 07-10	5,000.00	MAX OPTION	-262.95
22071	DESSIE	FEARELL	BELTON	MO	DEATH 07-10	5,000.00	MAX OPTION	-215.76
22718	DORIS	SMALLING	WAGONER		DEATH 07-10	5,000.00	MAX OPTION	-1,100.66
23301	FREDERICA	HINES	TULSA		DEATH 07-10	5,000.00	OPTION-1	-972.02
23473	WILLIAM	ALLEN	TULSA		DEATH 07-10	5,000.00	OPTION-2	-1,789.41
23496	JAMES	BARNES	CORDELL		DEATH 07-10	5,000.00	OPTION-1	-2,048.78
23795	JOHNNIE	JONES	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-1	-1,471.05
24024	DARLENE	SEMRAD	EDMOND		DEATH 07-10	5,000.00	OPTION-1	-1,915.72
24314	VAUGHN	RICHARDSON	KIOWA		DEATH 07-10	5,000.00	OPTION-1	-1,570.53

Ret-No	Name		Area		Term	Amount-Due	Option	Benefit-Amt
24402	THOMAS	MONTGOMERY	CHICKASHA		DEATH 07-10	5,000.00	OPTION-1	-1,450.40
24570	EARLENE	SNEED	TEXARKANA	TX	DEATH 07-10	5,000.00	OPTION-1	-1,696.66
24587	THELMA	BAUCOM	MORRISON		DEATH 07-10	5,000.00	MAX OPTION	-617.68
24632	MARCIA	GRANSTAFF	STILLWATER			Continued	OP-2 BENEF	1,006.60
24787	ARDNOL	HARLESS	ELK CITY		DEATH 07-10	5,000.00	OPTION-1	-688.46
25295	ROBERT	CARDEN	BETHANY		DEATH 07-10	5,000.00	OPTION-2	-1,948.45
25977	THELMA	JONES	VINITA		DEATH 07-10	5,000.00	OPTION-1	-2,131.03
26089	DONALD	LINDE	TULSA		DEATH	5,000.00	OPTION-2	-1,918.06
26089	MARY	LINDE	BROKEN ARROW			Continued	OP-2 BENEF	1,918.06
26196	VERGIL	MCGEE	RYAN		DEATH 07-10	5,000.00	OPTION-2	-2,060.40
27126	BOBBY	FINCHER	BENBROOK	TX	DEATH 07-10	5,000.00	OPTION-2	-1,123.96
27689	EUNICE	JONES	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-1	-1,314.74
27992	BEULAH	COPS	OKLAHOMA CITY		DEATH	5,000.00	OPTION-2	-484.51
27992	CLIFFORD	COPS	OKLAHOMA CITY			Continued	OP-2 BENEF	484.51
28166	MARY	TAYLOR	NORMAN		DEATH 07-10	5,000.00	OPTION-1	-277.21
28759	HELEN	HAMILTON	TULSA		DEATH 07-10	.00	OP-2 BENEF	-2,192.14
29125	PAUL	SANDMANN	MCKINNEY	TX	DEATH 07-10	5,000.00	OPTION-2	-2,489.37
29441	SULA	BLANKENSHIP	OKLAHOMA CITY		DEATH 07-10	5,000.00	MAX OPTION	-312.06
29580	EUGENE	GROSS	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-1	-774.26
29600	JETER	HARRISON	LAWTON		DEATH 07-10	5,000.00	OP-2 POPUP	-820.18
29688	HERMAN	MCMULLIN	COMMERCE		DEATH 07-10	5,000.00	OPTION-2	-1,876.03
29736	JANICE	PARKER	DURANT		DEATH	5,000.00	OPTION-2	-1,465.45
29736	CHARLES	PARKER	DURANT			Continued	OP-2 BENEF	1,465.45
29917	BETH	JORDAN	EUFAULA		DEATH 07-10	5,000.00	OPTION-2	-826.41
29993	JOHN	MCNEAL	CANUTE		DEATH 07-10	5,000.00	OPTION-2	-373.16
30275	BARBARA	MAYFIELD	RED OAK		DEATH 07-10	5,000.00	OPTION-1	-1,228.60
30938	NEOMA	LONG	FORGAN		DEATH 07-10	5,000.00	MAX OPTION	-359.56

Ret-No	Name		Area		Term	Amount-Due	Option	Benefit-Amt
30990	WILLIE	STOKES	STRATFORD		DEATH 07-10	5,000.00	OPTION-3	-2,387.64
31369	TRAVIS	HYDE	EDMOND		DEATH 07-10	5,000.00	OPTION-4	-2,812.99
31618	LOIS	EARP	JAY		DEATH 07-10	5,000.00	OPTION-1	-428.97
31741	LEOTA	HILL	PAULS VALLEY		DEATH 07-10	5,000.00	OPTION-1	-1,750.99
32615	ALICE	FISHER	CUSHING		DEATH 07-10	5,000.00	OPTION-1	-2,128.04
32710	HELEN	HAMILTON	TULSA		DEATH 07-10	5,000.00	OPTION-1	-462.82
33006	SANDRA	SCHATZ	STILLWATER		DEATH 07-10	5,000.00	OPTION-1	-1,513.43
33118	PATRICIA	MATTHEWS	CHECOTAH		DEATH 07-10	5,223.31	OPTION-1	-1,489.79
33412	DONALD	DUNHAM	SKIATOOK		DEATH	5,000.00	OPTION-3	-1,781.62
33412	MARIETTA	DUNHAM	SKIATOOK			Continued	OP-3 BENEF	890.81
34009	MYRTLE	CUMBEY	MOUNDS		DEATH 07-10	5,000.00	MAX OPTION	-183.34
34160	MARY	SPENCER	WELLSTON		DEATH 07-10	5,000.00	MAX OPTION	-1,194.87
35077	LATHON	JOHNSON	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-2	-2,142.65
35429	KATHLEEN	WOLF	ARLINGTON	TX	DEATH 07-10	5,000.00	MAX OPTION	-1,047.35
35653	TERESA	STACY WILLIAMS	GUTHRIE		DEATH 07-10	5,000.00	OPTION-1	-2,185.12
35672	NORINE	WHITE	TULSA		DEATH 07-10	5,000.00	MAX OPTION	-1,295.49
35756	BILLY	POTTS	STRINGTOWN		DEATH 07-10	5,000.00	OPTION-3	-2,647.23
36074	DAVID	LAMBETH	OKEMAH		DEATH 07-10	7,745.50	OPTION-1	-1,827.43
36226	MARION	MACKEY	BERLIN	NH	DEATH 07-10	5,000.00	MAX OPTION	-1,892.36
36254	EUAL	COOK	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-1	-1,051.38
36754	GEORGIA	MILLER	STILWELL		DEATH 07-10	5,000.00	MAX OPTION	-461.73
37194	ANNA	HUNT	SCOTT DEPOT	WV	DEATH 07-10	5,000.00	MAX OPTION	-2,593.21
38015	BILLY	MASSEY	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-2	-389.05
39793	WANDA	WITTMAN	OKMULGEE			Continued	OP-2 BENEF	686.93
40176	SAMMY	DEUTSCHENDORF	LAWTON		DEATH 07-10	5,000.00	OPTION-1	-1,737.63
41076	HAROLD	KARRY	OKLAHOMA CITY		DEATH 07-10	5,000.00	OPTION-2	-1,335.70

Ret-No	Name		Area		Term	Amount-Due	Option	Benefit-Amt
41123	HUBERT	WALLACE	TULSA		DEATH 07-10	5,000.00	OPTION-1	-650.89
41376	BARBARA	DODGE	HARRAH		DEATH 07-10	5,000.00	OPTION-1	-535.92
42810	LOYAL	FARMER	LAWTON		DEATH 07-10	5,000.00	OPTION-2	-2,741.52
42985	KENNETH	PARR	KINGSTON		DEATH	5,000.00	OPTION-2	-1,108.25
42985	VERA	PARR	DEL CITY			Continued	OP-2 BENEF	1,108.25
43021	NEAL	WILLIAMS	DENISON	TX	DEATH 07-10	5,000.00	OPTION-2	-945.09
43881	RONALD	HAMEL	LAWTON		DEATH 07-10	5,000.00	OPTION-2	-1,105.98
44420	DONNIE	YOUNT	PARK HILL		DEATH 07-10	5,000.00	MAX OPTION	-1,612.91
46626	WAYMAN	PENNER	CORDELL		DEATH 07-10	5,000.00	OPTION-3	-2,781.70
46890	MICHAEL	DOWD	TULSA		DEATH	5,000.00	OPTION-2	-1,952.94
46890	PAMELA	DOWD	TULSA			Continued	OP-2 BENEF	1,952.94
47475	DONALD	VARNER	WELLING		DEATH 07-10	5,000.00	OPTION-3	-2,305.49
48139	KENNETH	SAUNDERS	COWETA		DEATH 07-10	5,000.00	MAX OPTION	-2,093.02
48331	BARBARA	BEATY	ROLAND		DEATH 07-10	5,000.00	OPTION-1	-715.63
48498	EUDELL	NEWMAN	WISTER		DEATH 07-10	5,000.00	OPTION-2	-811.67
48534	JOYCE	ROBBINS	PERKINS			Continued	MAX OPTION	2,456.99
52781	KAREN	VINCENT	TAHLEQUAH			Continued	OP-2 BENEF	500.68
56630	VERLENE	MOTEN	MUSKOGEE		DEATH 07-10	5,000.00	MAX OPTION	-2,111.34
57926	LINDA	HERRIOTT	MOORE			Continued	OPTION-3	2,337.95
58481	RICKY	MOSS	OKLAHOMA CITY		DEATH	5,000.00	OPTION-2	-2,276.59
58481	BARBARA	MOSS	OKLAHOMA CITY			Continued	OP-2 BENEF	2,276.59
60242	LAQUETA	WALL	YUKON		DEATH 07-10	28,350.03	OPTION-1	-2,708.43
63570	NITA	PRUITT	OILTON		DEATH	5,000.00	OPTION-2	-1,605.62
63570	JOHN	PRUITT	OILTON			Continued	OP-2 BENEF	1,605.62
65316	GEORGE	LAMBRIGHT	OKLAHOMA CITY		DEATH 07-10	8,281.15	MAX OPTION	-545.15
65924	MICHAEL	MCKEAN	HENRYETTA			Continued	OP-2 BENEF	2,081.25
66504	LOIS	GODKINS	BIRD ISLAND			Continued	OP-2 BENEF	3,063.71
66548	LINDA	HOLLEY	SHAWNEE			Continued	MAX OPTION	497.97

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
67159	CLIFFORD	PALMER	PRAGUE	DEATH 07-10	5,000.00	MAX OPTION	-469.76
67852	DOSHA	BAKER	OKLAHOMA CITY	TEACH 09-10		MAX OPTION	-1,835.38
68241	GLORIA	HARRIS	CUSHING	DEATH 07-10	16,495.64	OPTION-1	-573.81
68588	SANDRA	MORALES	LAWTON	DEATH 07-10	5,000.00	MAX OPTION	-1,964.86
68757	CLARENCE	ROBINSON	TULSA		Continued	OPTION-1	982.72
69155	JERRY	DOLLINS	HARTSHORNE	DEATH	5,000.00	OPTION-2	-604.31
69155	JUDITH	DOLLINS	HARTSHORNE		Continued	OP-2 BENEF	604.31
70057	SHARRI	CLARK	NORMAN		Continued	OPTION-2	670.21
70705	EDWIN	CRUZAN	CHECOTAH	DEATH	5,000.00	OPTION-2	-2,459.83
70705	MARSHA	CRUZAN	CHECOTAH		Continued	OP-2 BENEF	2,459.83
72890	HELEN	ROBERSON	STROUD	TEACH 09-10		OPTION-3	-1,744.99
73448	JACQUELINE	EDWARDS	TULSA	DEATH 07-10	60,418.17	MAX OPTION	-2,214.29
74628	SHARRON	COFFMAN	EDMOND		Continued	OPTION-2	3,214.26
74790	WILLIAM	HUSEMAN	NORMAN		Continued	OPTION-2	2,503.57

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
D0691	WINIFRED	BLACKWOOD	TULSA	DEATH 07-10	5,000.00	DISABILITY	-1,312.83
D0813	BETTY	MOORE	ARDMORE	DEATH 07-10	5,000.00	DISABILITY	-1,167.45
D1298	LORRAINE	GILL	NOBLE	DEATH 06-10	5,000.00	DISABILITY	-612.48
D1356	DONNA	STANCELL	STIGLER	DEATH 07-10	5,000.00	DISABILITY	-302.60
D1967	JAMES	NELSON	TISHOMINGO	DEATH 07-10	5,000.00	DISABILITY	-575.48
D3137	HAROLD	CHIPMAN	NOBLE	DEATH 07-10	40,725.68	DISABILITY	-1,336.20
D3160	JANE	ROBERTS	POTEAU	DEATH 07-10	39,006.68	DISABILITY	-1,147.36

TOTALS:

Payroll-Chg	-111,894.35
Deceased	104
Retirement Canceled	0
Return To Teaching	2
Continued - Max Ben	2
Continued - Option1	1
Continued - Option2	17
Continued - Option3	2
Continued - Option4	0
Continued - Disable	0

Frances C. Jacob
ADMINISTRATIVE ASSISTANT

September 3, 2010
DATE PREPARED