



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

**REGULARLY SCHEDULED
MEETING**

OCTOBER 28, 2009

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Regular Board Meeting

LOCATION

2500 North Lincoln Boulevard, 5th Floor Board Room
Oklahoma City, Oklahoma

A G E N D A

9:00 a.m., Wednesday, October 28, 2009

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION on Approval of Minutes for September 23, 2009, Board Meeting**
- 3. PRESENTATION BY INVESTMENT MANAGER(S):**
 - A. Presentation by Investment Manager(s):**
 1. Lord, Abbett and Company
 2. Pacific Investment Management Company
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT REPORTS:**
 - A. Investment Consultant Monthly Report**
 - B. Manager Status Summary**
 - C. Organizational Changes at Chase Investment Counsel**
 - D. Request by Loomis Sayles to Utilize Futures**
 - E. Comparison of RFP Respondents for Interview**
 - F. Renewal of Manager Contracts:**
 1. Shapiro Capital Management Company
 2. Thornburg Investment Management
- 5. INTERVIEWS; PRIVATE EQUITY MANAGER(S):**
 - A. Preparation for Interviews:**
 - 1. Cliffwater**
 - a. Presentation
 - b. Questions and Discussion
 - 2. Franklin Park**
 - a. Presentation
 - b. Questions and Discussion
 - 3. Grove Street**
 - a. Presentation
 - b. Questions and Discussion
 - B. Discussion and Possible Consideration/Action – Selection of Finalists**
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT SERVICES REQUEST FOR PROPOSAL (RFP)**
- 7. DISCUSSION AND POSSIBLE ACTION ON AUDIT COMMITTEE REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON LEGAL REPORT**
- 9. DISCUSSION AND POSSIBLE ACTION ON RETENTION AGREEMENT WITH OUTSIDE LAW FIRM: NIX, PATTERSON & ROACH**
- 10. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE SECRETARY REPORT:**
 - A. Client Status Update**
 - B. Other Items for Discussion**
- 11. DISCUSSION AND POSSIBLE ACTION ON ACTUARIAL REPORT**
- 12. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 13. NEW BUSINESS**
- 14. ADJOURNMENT**

MINUTES
SEPTEMBER 23, 2009 MEETING
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

This regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by James Smith, Chairman, at 9:00 A.M., in the Jones Conference Room at the OSU Alumni Building, OSU, Stillwater, Oklahoma. The agenda/meeting notice was posted in accordance with 25 O.S. 2001 Section 311(9).

TRUSTEES PRESENT:

James Smith, *Chairman*

Michael Simpson, *Vice-Chairman*

Dick Neptune, *Secretary*

Sherrie Barnes

Cathy Conway

Bruce DeMuth

Richard Gorman

Galeard Roper

Billie Stephenson

TRUSTEES ABSENT:

Michael Clingman

Odilia Dank

Sandy Garrett

TRS STAFF PRESENT:

James R. Wilbanks, *Executive Secretary*

Josh Richardson, *Internal Auditor*

Nick Pointer, *Investment Associate*

Karen Yost, *Assistant to the Executive Secretary and Board of Trustees*

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT: gregory.w.group

Gregory T. Weaver, *gregory.w.group*

Douglas J. Anderson, *gregory.w.group*

Tony Kay, *gregory.w.group*

OTHERS PRESENT:

Charles Barnes, *TRS Member*

Norman Cooper, *Oklahoma Retired Educators Association*

Jerry H. Johnson, *Oklahoma Education Association*

**Denotes either late arrival or early departure.*

1. BOARD POLL FOR QUORUM

Chairman Smith called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; and Chairman Smith.

2. SWEARING IN OF NEW BOARD MEMBER, BILLIE C. STEPHENSON

Mrs. Stephenson was sworn in and welcomed to the Board.

3. MINUTES of the August 26, 2009, Board Meeting APPROVED

A motion was made by Mr. Gorman with a second made by Mr. Simpson to approve the minutes as presented. The motion carried by a unanimous vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

4. PRESENTATION BY INVESTMENT MANAGERS:

4.A. Presentation by Investment Manager(s): Hoisington Investment Management and Stephens Capital Management were present and made their respective presentations to the Board.

Breaks were taken from 9:50 to 10:00 a.m. and from 10:40 to 10:45 a.m.

5. INVESTMENT REPORTS AND RECOMMENDATIONS:

5.A. Investment Consultant Monthly Report: Gregory Weaver, Douglas Anderson and Tony Kay of gregory.w.group, investment consultant to the Board, gave the Board their monthly report.

5.B. Manager Status Summary and Possible Action: There was no action taken at this time.

6. INVESTMENT COMMITTEE RECOMMENDATIONS:

6.A. Securities Lending Cash Collateral Investment Guidelines: After consideration, the Investment Committee recommendation to adopt Rule 2A7 in the Investment Guidelines was approved by a unanimous vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

6.B. Private Equity Search: Greg Weaver stated there were 43 firms responding to the Private Equity RFP, and after review, the Investment Committee is recommending three firms be interviewed to manage the Private Equity Portfolio, Cliffwater; Franklin Park; and Grove Street. Prior to conducting interviews, due diligence would be performed on each firm by TRS staff, Board Trustees and g.w.g. staff.. After discussion, the Investment Committee recommendation to interview Cliffwater, Franklin Park and Grove Street was approved by a unanimous vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

7. LEGAL REPORT: Regina Switzer, Assistant Attorney General and legal counsel to the Board, made the legal report to the Board. There was no action necessary on this report.

8. PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2011: After discussion a motion was made by Mr. Neptune with a second made by Ms. Conway to adopt the proposed budget. The motion carried by Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith responding yes.

9. EXECUTIVE SECRETARY REPORT:

9. A. AND B.: Client Status update; Other Items for discussion: Dr. Wilbanks gave his report to the Board. Dr. Wilbanks stated he would be glad to answer any questions the Board may have. A motion was made by Ms. Conway with a second made by Mr. Simpson for approval. The motion carried by a unanimous vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

10. ACTUARIAL ASSUMPTION: After considerable discussion, a motion was made by Mr. DeMuth with a second by Mr. Simpson to take no action at this time. The motion was approved by Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith responding yes.

11. QUESTIONS AND COMMENTS FROM TRUSTEES:

There were no further questions or comments from the Board.

12. NEW BUSINESS:

There was no new business before the Board.

13. ADJOURNMENT:

There being no further business before the Board, a motion was made by Ms. Conway with a second made by Mr. Neptune for adjournment. The meeting was adjourned at 12:54 p.m. Trustees present at adjournment were as follows: Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

The next regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma will be:

WEDNESDAY – October 28, 2009

Investment Committee Meeting – There is no Investment Committee Meeting in October.

Board Meeting begins October 28, 2009 at 9:00 a.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Chairman, James E. Smith

ATTEST:

BY: _____
Dick Neptune, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on October 28, 2009.

BY: _____
Karen A. Yost, Assistant to the Executive Secretary and the Board of Trustees

September 2009 - Market Performance Update

Best Third Quarter Since 1939



Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	2.4	-7.4	-3.3	1.8
NASDAQ (prc chg only)	5.6	1.5	-2.0	2.3
S&P 500 cap weighted	3.7	-6.9	-5.4	1.0
S&P 500 equal weighted	5.4	0.9	-3.4	3.4
S&P 400 Mid Cap	5.7	-3.1	-1.4	4.5
S&P Small Cap	5.1	-10.6	-4.0	2.8
S&P REIT	6.7	-28.2	-12.9	1.3
Russell 1000 Growth	4.3	-1.9	-2.5	1.9
Russell 1000 Value	3.9	-10.6	-7.9	0.9
Russell Mid Cap Growth	5.7	-0.4	-3.1	3.8
Russell Mid Cap Value	5.6	-7.1	-5.7	3.5
Russell 2000 Growth	6.6	-6.3	-2.6	2.9
Russell 2000 Value	5.0	-12.6	-6.6	1.8
Russell Top 200	3.5	-7.1	-5.5	0.6
Russell 1000	4.1	-6.1	-5.1	1.5
Russell Mid Cap	5.7	-3.5	-4.1	3.9
Russell 2500	5.8	-5.7	-3.8	3.3
Russell 2000	5.8	-9.5	-4.6	2.4
MSCI World Ex US	4.1	3.5	-2.5	7.0
MSCI World Ex US Growth	4.5	-0.6	-2.2	6.6
MSCI World Ex US Value	3.8	7.6	-2.9	7.4
MSCI EAFE	3.8	3.8	-3.1	6.6
MSCI Emerging Markets	9.1	19.4	8.3	17.7

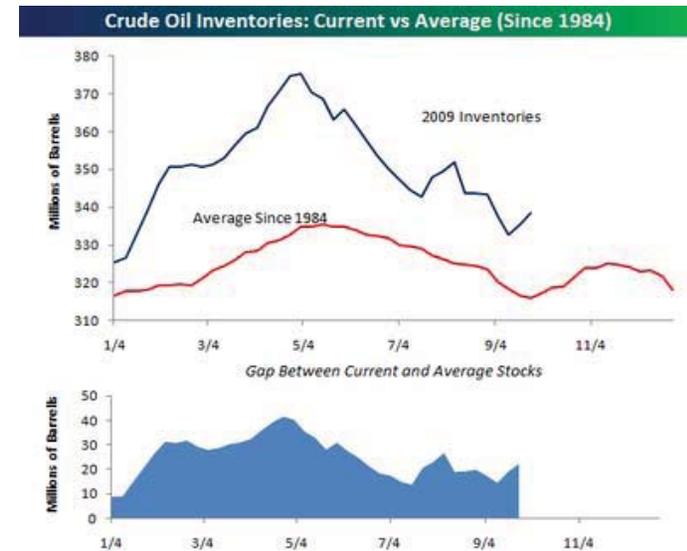
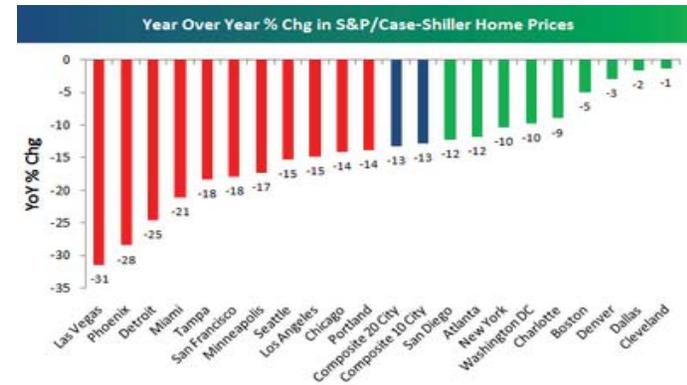
Equity and bond markets rallied through the end of September, capping the best calendar quarter for returns since 1998. Domestic and foreign equity markets extended their gains even as economic news provided little indication of an imminent recovery from the global recession.

The equity market recovery, which began in early March, has captured gains of more than 30%. Training year returns still show the effects of the late summer/fall of 2008 market meltdown. Few domestic equity indexes earned gains over the year just ended. Growth outperformed value equity for the quarter, one, three and five year periods.

International equity markets moved higher during September. The decline of the US dollar also boosted returns for US based investors. Fixed income enjoyed relatively strong results.

Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.3	2.6	3.0
BC Long Treasury	2.0	9.2	8.0	6.6
BC US Agg	1.1	10.6	6.4	5.1



Oklahoma Teachers' Retirement System

Investment Manager Profile – As of September 30, 2009



Manager	Location	Structure	Investment Mandate	Portfolio Size (Total)	Status	Management Fee (Core Portfolio Only)
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Lord Abbett	Jersey City, New Jersey	Privately Held	Core Plus Fixed Income and High Yield Fixed Income	\$ 808,445,600	In Compliance	0.17
PIMCO	Newport Beach, California	Division of Allianz AG	Core Plus Fixed Income and Distressed Mortgage Backeds	\$ 604,176,787	In Compliance	0.25

Manager	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Since Inception
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Lord Abbett Core Plus	1.8	6.7	15.8	7.5	-	-	6.1
<i>BC Aggregate</i>	1.1	3.7	10.6	6.4	5.1	6.3	5.0
							<i>inception: 10.31.2004</i>
PIMCO Core Plus	2.2	6.8	15.1	7.2	6.0	7.1	7.1
<i>BC Aggregate</i>	1.1	3.7	10.6	6.4	5.1	6.3	5.0
							<i>inception: 7.31.1999</i>

Manager	Management Philosophy	Represented By:
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Lord Abbett Core Plus

Lord Abbett uses a highly disciplined and research-oriented investment process. Duration is controlled. The team attempts to add value through fundamental and quantitative research. Process seeks relative value in attractive sectors. Several strategies are employed to create multiple alpha sources. Models are used to optimize the individual and aggregate risk exposures. The high yield portfolio is managed in a rigorous bottom-up process that concentrates on thorough company and credit analysis.

Kristin V. Harper
Michael Goldstein
Thomas McDonald, III

PIMCO Core Plus

PIMCO uses a broadly diversified process that combines security and sector research with a long-term forecast of global economic conditions. Portfolios are technically sophisticated, using a wide variety of tactics and securities to build multi-strategy portfolios. The portfolios are actively managed and constructed to perform in a variety of economic scenarios. The distressed mortgage portfolios are partnerships that invest in opportunistically cheap mortgage-backed securities after thorough macro and microeconomic review

Martin Feeney
Rick Fulford

Oklahoma Teachers' Retirement System

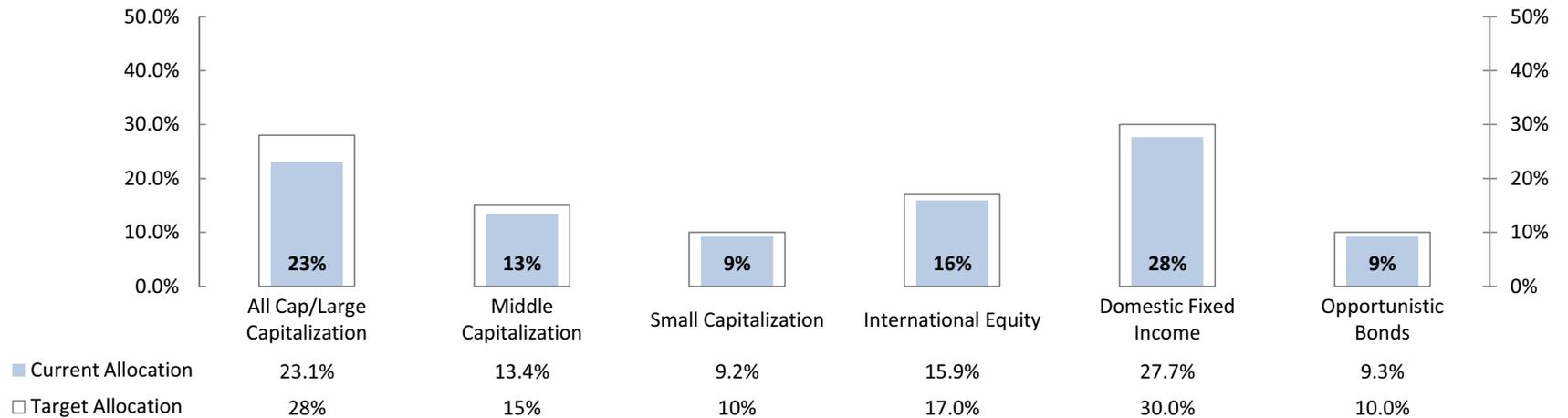


Monthly Asset Allocation Review

As of September 30, 2009

Asset Class	Total Market Value	Percentage of Total	Target Percentage	Action?*
All Cap/Large Capitalization	1,876,042,992	23.1%	28.0%	Yes
Mid Cap	1,089,166,585	13.4%	15.0%	Yes
Small Capitalization	750,790,344	9.2%	10.0%	No
Total Domestic Equity (includes private equity allocation)	3,726,966,401	45.8%	53.0%	Yes
International Equity	1,295,582,476	15.9%	17.0%	No
Fixed Income (excludes OBP)	2,250,193,064	27.7%	30.0%	No
Opportunistic Bonds	752,925,277	9.3%	10.0%	No
Cash	42,852,359	0.5%	0.0%	No

Current vs. Target Asset Allocation



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

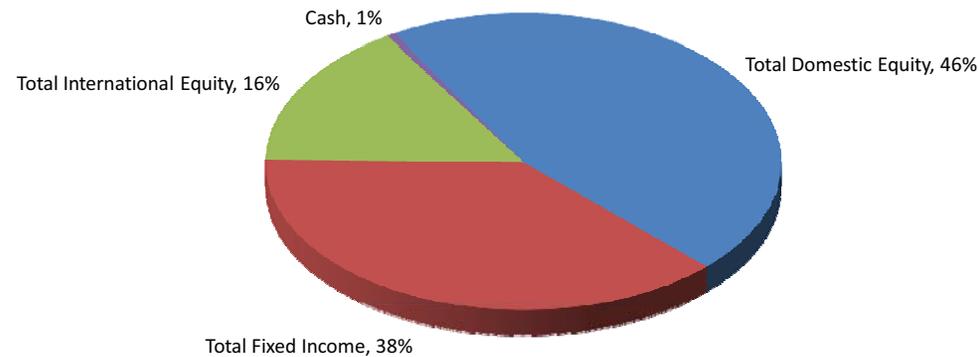
Oklahoma Teachers' Retirement System Composites and Total Fund

Performance Summary as of September 30, 2009



	Market Value	Last Month	Last Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Total Domestic Equity	3,726,966,401	4.9	17.2	-3.4	-3.9	2.5	3.4	9.7	8.3	3.31.90
<i>S&P 500</i>		3.7	15.6	-6.9	-5.4	1.0	-0.2			3.31.90
Total All Cap Equity	620,265,728	4.1	14.7	-7.5	-4.1	-	-	-4.1	-4.2	9.30.06
<i>Russell 3000</i>		4.2	16.3	-6.4	-5.1	1.6	0.7			9.30.06
Total Large Cap Equity	1,255,777,264	3.3	13.3	-7.4	-6.4	0.3	2.4	8.7	6.0	1.31.95
<i>S&P 500</i>		3.7	15.6	-6.9	-5.4	1.0	-0.2			1.31.95
Total Mid Cap Equity	1,089,166,585	6.1	21.3	3.7	-1.9	5.2	6.8	7.3	6.6	11.30.98
<i>Russell MidCap</i>		5.7	20.6	-3.5	-4.1	3.9	6.1			11.30.98
Total Small Cap Equity	750,790,344	6.5	20.1	-2.1	-1.8	4.3	7.7	7.4	4.3	1.31.98
<i>Russell 2000</i>		5.8	19.3	-9.6	-4.6	2.4	4.9			1.31.98
Total International Equity	1,295,582,476	4.3	18.8	3.8	-2.1	7.1	5.8	9.5	4.8	1.31.96
<i>MSCI EAFE</i>		3.8	19.5	3.8	-3.1	6.6	3.0			1.31.96
Total Fixed Income (excludes OBP)	2,250,193,064	1.9	6.3	15.0	7.9	6.3	6.9	7.4	7.2	3.31.90
<i>Barclays Aggregate</i>		1.0	3.7	10.6	6.4	5.1	6.3			3.31.90
Opportunistic Bond Portfolio	752,925,277	4.9	13.2	-	-	-	-	32.0	41.1	2.28.09
<i>ML High Yield</i>		6.0	14.8	22.4	5.2	6.1	6.0			2.28.09
Cash	42,852,359	-	-	-	-	-	-	-	-	
<i>91 Day T-bill</i>		0.0	0.1	0.4	2.8	3.1	3.1	4.1		
Total Fund	8,141,035,253	4.0	13.5	3.5	0.3	4.9	5.5	8.9		11.30.91
<i>Allocation Index</i>		3.4	13.7	1.2	-0.8	4.1	4.5	8.9		11.30.91
<i>Actuarial Assumption</i>		0.6	1.9	8.0	8.0	8.0	8.0	8.0		11.30.91

Composite Allocation by Asset Class



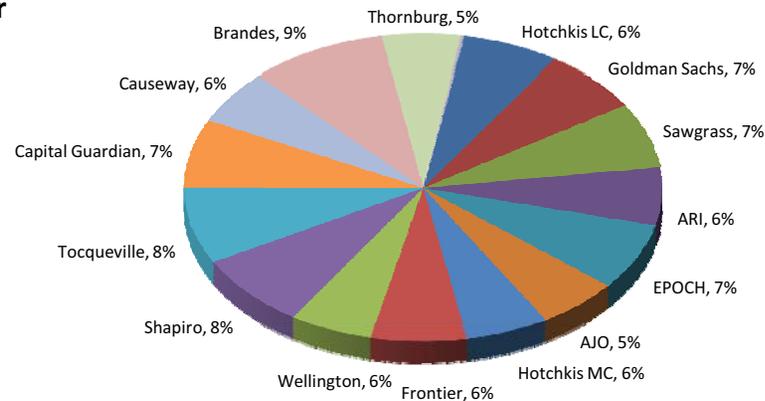
Oklahoma Teachers' Retirement System Equity Portfolios

Performance Summary as of September 30, 2009



	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	305,044,220	2.6	21.7	2.7	-10.4	-1.4	4.7	9.7	9.0	3.31.90
<i>Russell 1000 Value</i>		3.9	18.2	-10.6	-7.9	0.9	2.6			
Goldman Sachs	315,232,026	4.6	11.8	-2.7	-0.9	2.6	0.2	9.4	7.5	3.31.90
Chase Investment	311,420,260	2.6	8.1	-15.3	-4.9	-	-	-4.5	-1.1	6.30.06
Sawgrass	324,019,435	3.5	13.0	-6.1	-4.0	-	-	-1.9	-1.1	6.30.06
<i>Russell 1000 Growth</i>		4.3	14.0	-1.9	-2.5	1.9	-2.6			
Advisory Research	286,879,746	3.4	14.8	-9.1	-6.1	-	-	-6.0	-4.2	9.30.06
EPOCH	333,385,982	4.7	14.7	-6.5	-2.4	-	-	-2.4	-4.2	9.30.06
<i>Russell 3000</i>		4.2	16.3	-6.4	-5.1	1.6	0.7			
Capital Guardian	339,925,390	5.1	18.7	3.1	-3.3	6.3	-	9.4	8.3	4.30.03
Causeway Capital	268,272,224	5.3	23.0	6.6	-2.8	6.0	-	11.7	11.2	4.30.03
Brandes	436,339,127	2.8	17.7	3.0	-2.3	7.6	8.2	12.0	4.8	1.31.96
Thornburg	251,045,735	4.7	16.5	4.7	3.0	-	-	6.0	2.4	11.30.05
<i>MSCI EAFE GD</i>		3.8	19.5	3.8	-3.1	6.6	3.0			
<i>MSCI ACWI Ex US</i>		4.6	17.9	-0.1	-3.2	4.6	1.6			
Wellington	262,680,043	9.1	24.5	2.6	-1.3	6.1	8.1	8.9	5.6	8.31.98
Frontier Capital	304,827,593	5.7	14.9	0.0	3.4	8.3	-	6.8	4.7	5.31.02
<i>Russell MidCap Growth</i>		5.7	17.6	-0.4	-3.1	3.8	2.2			
AJO Partners	258,168,938	5.9	19.2	-2.3	-3.7	3.5	7.3	8.0	6.6	8.31.98
Hotchkis & Wiley Mid Cap	263,490,011	3.9	28.6	18.7	-6.0	2.7	-	10.1	8.1	7.31.02
<i>Russell MidCap Value</i>		5.6	23.6	-7.1	-5.7	3.5	7.4			
<i>Russell MidCap</i>		5.7	20.6	-3.5	-4.1	3.9	6.1			
Shapiro Capital Management	370,847,123	5.3	22.5	2.6	0.0	6.5	9.4	7.7	6.1	1.31.98
Tocqueville	379,943,221	7.6	17.9	-3.1	-1.4	5.7	-	8.5	7.3	10.31.00
<i>Russell 2000 Value</i>		5.0	22.7	-12.6	-6.7	1.8	8.0			
<i>Russell 2000</i>		5.8	19.3	-9.6	-4.6	2.4	4.9			
Private Equity Portfolio	10,966,479	-	-	-	-	-	-	-	-	9.30.08

Equity Portfolio Allocation by Manager



Oklahoma Teachers' Retirement System Fixed Income Portfolios

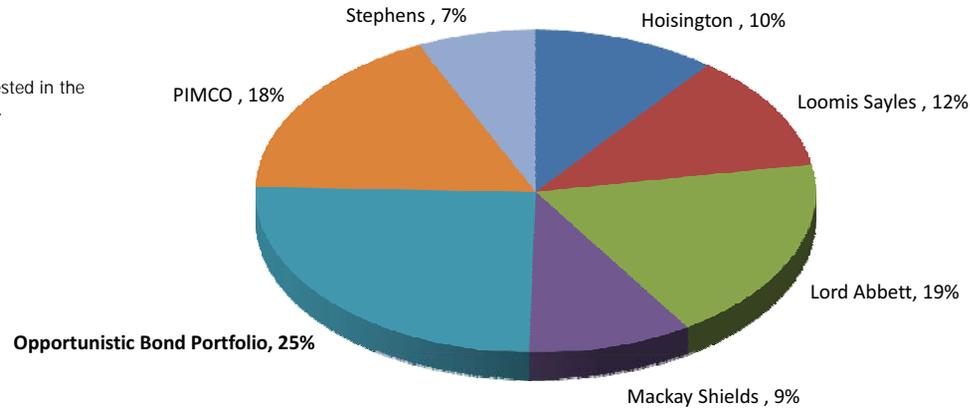
Performance Summary as of September 30, 2009



	Market Value	Last Month	Last Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hoisington	316,061,200	2.6	6.3	10.8	8.4	-	-	8.2	5.0	10.31.04
Loomis Sayles	352,901,256	2.2	8.1	22.9	9.8	7.4	6.8	6.8	6.3	7.31.99
Lord Abbett	559,236,064	1.8	6.7	15.8	7.5	-	-	6.1	5.0	10.31.04
Mackay Shields	284,599,831	1.6	5.1	12.6	7.3	-	-	5.8	5.0	10.31.04
PIMCO	532,490,121	2.2	6.8	15.1	7.2	6.0	7.1	7.1	6.3	7.31.99
Stephens	204,904,592	0.7	2.2	10.7	7.9	-	-	5.9	5.0	10.31.04
<i>Barclays Aggregate</i>			1.1	3.7	10.6	6.4	5.1	6.3		
Opportunistic Bond Portfolio	752,925,277	4.9	13.2	-	-	-	-	31.9	41.1	2.28.09
<i>Merrill Lynch High Yield II</i>			6.0	14.8	22.4	5.2	6.1	6.0		

Fixed Income Portfolio Allocation by Manager

This includes the \$72 million invested in the PIMCO Distressed Mortgage Funds.



Oklahoma Teachers' Retirement System

Estimated Net of Management Fee Performance Summary

As of September 30, 2009



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	305,044,220	0.37	2.6	21.6	2.3	-10.8	-1.8	4.3	9.4	8.0	3.31.90
<i>Russell 1000 Value</i>			3.9	18.2	-10.6	-7.9	0.9	2.6			
Goldman Sachs	315,232,026	0.27	4.5	11.8	-3.0	-1.1	2.3	0.0	9.1	6.6	3.31.90
Chase Investment	311,420,260	0.42	2.5	8.0	-15.7	-	-	-	-4.9	-1.1	6.30.06
Sawgrass	324,019,435	0.41	3.5	12.9	-6.5	-	-	-	-2.3	-1.1	6.30.06
<i>Russell 1000 Growth</i>			4.3	14.0	-1.9	-2.5	1.9	-2.6			
Advisory Research	286,879,746	0.37	3.3	14.7	-9.5	-6.5	-	-	-6.4	-4.2	9.30.06
EPOCH	333,385,982	0.47	4.7	14.6	-7.0	-2.9	-	-	-2.9	-4.2	9.30.06
<i>Russell 3000</i>			4.2	16.3	-6.4	-5.1	1.6	0.7			
AJO Partners	258,168,938	0.20	5.8	19.1	-2.5	-3.9	3.3	7.1	7.8	6.6	8.31.98
Wellington	262,680,043	0.45	9.1	24.4	2.1	-1.7	5.7	7.6	8.5	5.6	8.31.98
Frontier Capital Management	304,827,593	0.57	5.7	14.8	-0.5	2.8	7.7	-	6.2	4.7	5.31.02
Hotchkis & Wiley Mid Cap	263,490,011	0.50	3.9	28.5	18.2	-6.5	2.2	-	9.6	8.1	7.31.02
<i>Russell MidCap</i>			5.7	20.6	-3.5	-4.1	3.9	6.1			
Shapiro Capital Management	370,847,123	0.73	5.2	22.3	1.9	-0.7	5.7	8.7	7.0	6.1	1.31.98
Tocqueville	379,943,221	0.66	7.6	17.7	-3.8	-2.0	5.1	-	7.8	7.3	9.30.00
<i>Russell 2000</i>			5.8	19.3	-9.6	-4.6	2.4	4.9			
Private Equity	10,966,479	-	-	-	-	-	-	-	-	-	9.30.08
<i>S&P 500 + 4.0%</i>			3.8	16.6	-2.9	-1.4	5.0	3.8			
Capital Guardian	339,925,390	0.42	5.0	18.6	3.0	-3.4	-	9.0	9.3	-	4.30.03
Causeway Capital	268,272,224	0.40	5.2	22.9	6.2	-3.2	5.6	-	10.8	11.2	4.30.03
Brandes	436,339,127	0.41	2.8	17.6	2.6	-2.7	7.2	7.8	4.4	4.8	1.31.96
Thornburg	251,045,735	0.52	4.6	16.4	4.2	2.4	-	-	1.9	2.4	11.30.05
<i>MSCI EAFE GD</i>			3.8	19.5	3.8	-3.1	6.6	3.0			
<i>MSCI ACWI Ex US</i>			4.6	17.9	-0.1	-3.2	4.6	1.6			
Hoisington	316,061,200	0.15	2.6	6.3	10.6	8.3	-	-	8.1	5.0	10.31.04
Loomis Sayles	352,901,256	0.16	2.2	8.1	22.7	9.6	7.2	-	6.6	6.3	7.31.99
Lord Abbett	559,236,064	0.17	1.8	6.7	15.7	7.4	-	-	5.9	5.0	10.31.04
Mackay Shields	284,599,831	0.21	1.6	5.1	12.4	7.1	-	-	5.5	5.0	10.31.04
PIMCO	532,490,121	0.25	2.1	6.7	14.9	6.9	5.7	-	6.8	6.3	7.31.99
Stephens	204,904,592	0.16	0.7	2.2	10.5	7.8	-	-	5.7	5.0	10.31.04
<i>Barclays Aggregate</i>			1.1	3.7	10.6	6.4	5.1	6.3			
Opportunistic Bond Portfolio	752,925,277	0.44	4.9	13.1	-	-	-	-	32.0	41.1	2.28.09
<i>ML High Yield II</i>			6.0	14.8	22.4	5.2	6.1	6.0			
Total Fund	8,141,035,253	0.37	3.9	13.4	3.1	-0.1	4.5	5.1	8.6	8.9	11.30.91
<i>Allocation Index</i>			3.4	13.7	1.2	-0.8	4.1	4.5	8.9		
<i>Actuarial Assumption</i>			0.6	1.9	8.0	8.0	8.0	8.0	8.0		

7

Oklahoma Teachers' Retirement System

Manager Status Summary

As of September 30, 2009



Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
<u>Domestic Equity</u>				
Goldman Sachs	4%	Large Cap Growth Equity	In Compliance	
Chase	4%	Large Cap Growth Equity	In Compliance	Recommend On Alert: Performance and Personnel
Sawgrass	4%	Large Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4%	Large Cap Value Equity	On Alert	Performance until January, 2010
Advisory Research	4%	All Cap Equity	On Alert	Performance until January, 2010
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	On Alert	Performance until January, 2010
Wellington	3%		In Compliance	
Shapiro Capital Management	5%	Small Cap Value Equity	In Compliance	
Tocqueville	5%	Small Cap Value Equity	In Compliance	
<u>International Equity</u>				
Brandes	5%	International Value Equity	In Compliance	
Capital Guardian	4%	International Growth Equity	On Alert	Performance until January, 2010
Causeway Capital	3%	International Value Equity	In Compliance	
Thornburg	3%	International Value Equity	In Compliance	
<u>Fixed Income</u>				
Hoisington	4%	Fixed Income	In Compliance	
Loomis Sayles	4%	Fixed Income	In Compliance	
Lord Abbett	7%	Fixed Income	In Compliance	
Mackay Shields	3%	Fixed Income	In Compliance	
PIMCO	7%	Fixed Income	In Compliance	
∞ Stephens	3%	Fixed Income	In Compliance	



September 9, 2009

Mr. James Wilbanks, Ph.D.
Oklahoma Teachers Retirement System
P.O. Box 53524
2500 N. Lincoln Boulevard
Oklahoma City, OK 73152

Re: Request to Utilize Treasury Bond Futures to Manage Duration
High Yield Full Discretion Portfolio

Dr. Wilbanks:

The investment guidelines for Oklahoma Teachers permit the use of treasury futures as a duration management tool, with certain limitations. I am writing to ask for your consideration of our request to utilize futures to manage the yield curve risk and duration of your core plus fixed income portfolio. Futures will NOT be used for the purpose of speculation or to incur leverage.

The key advantage of incorporation futures into the investment process is that it provides greater flexibility so that securities in the portfolio need not be sold in order to make changes to the yield curve exposure. This will lead to more precise management of the portfolio duration, better liquidity and improved risk/return characteristics.

In a rising rate market environment, efficient duration management is important in supporting investment goals. We are seeking the flexibility to go long or short U.S. Treasury Note and Bond futures with the duration and average maturity constraints established in the current guidelines.



We appreciate your consideration of this request. If approved, we will work closely with Greg Weaver and Doug Anderson to make sure that our use of futures is consistent with the risk and return objectives of the plan.

Please feel free to call me at your convenience to discuss in greater detail.

Best regards,

A handwritten signature in black ink, appearing to read 'K. Johnson'.

Kenneth M. Johnson, VP
Client Portfolio Manager
Tel: 617-960-2033
Fax: 617-482-5032
kjohnson@loomissayles.com

cc: Greg Weaver, Gregory W. Associates
Doug Anderson, Gregory W. Associates



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Private Equity Search
October - 2009

October, 2009



Selection Criteria

There are many:

Strong, Ethical Organizations

Stable Groups of Experienced Professionals

Policies Addressing Conflict of Interest

Policies Addressing Allocations Between Funds and Clients

Successful Investment History

- Access to Top Tier Funds

- Asset Allocation Expertise

- Exposure to Different Asset Categories

- Creative/Proactive Investment Philosophy

Competent Legal Staff

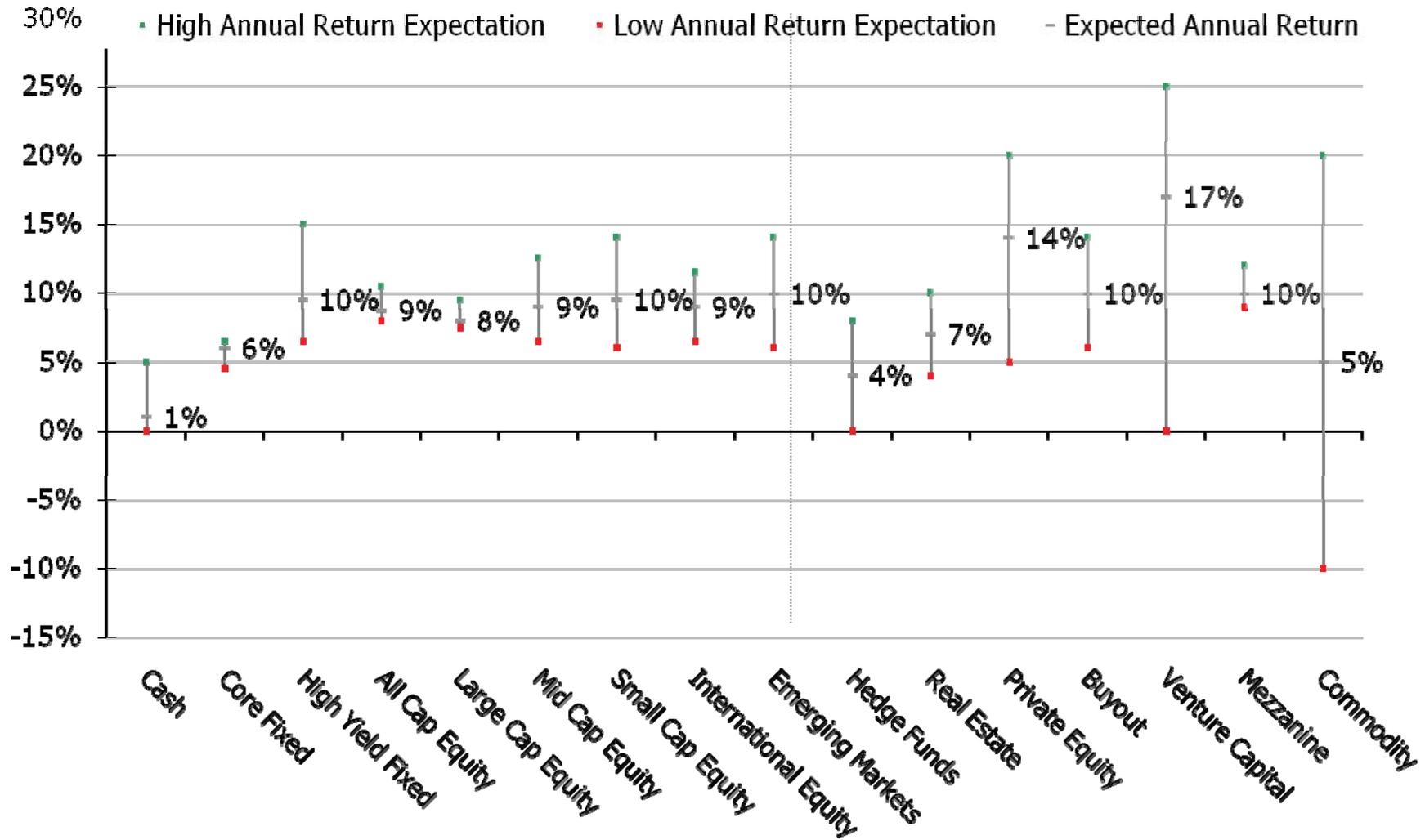
Capable Back Office

Discretionary Separate Account Capability

Attractive Client List

Understandable Fee Structure

Absolute Performance Expectations with Normal Ranges



Private Equity – Pros and Cons

PROS

- Higher Expected Returns
- Inefficient Asset Class
- Insulation from Short Term Market Risk
- Diversification
- Competitive Advantage for Portfolio Companies
- Additional exposure to talented, innovative, fundamental investors
- Established private equity portfolios are transparent

CONS

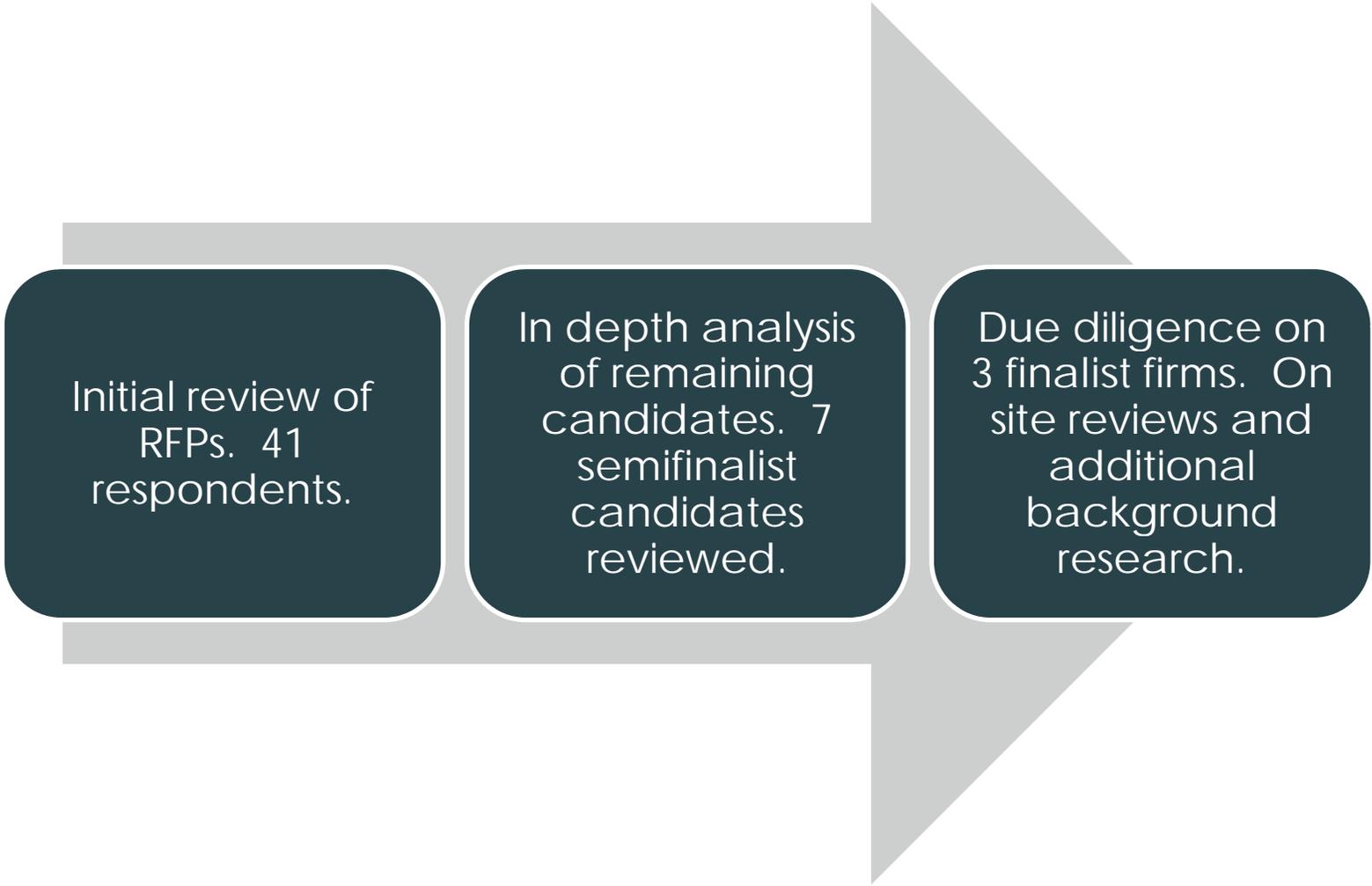
- Illiquid
- J-Curve Profit Cycle

What is private equity?

- Venture Capital: Capital invested in a new or young company (seed capital)
- Growth Capital: Capital to expand a company's operations or resources
- Leveraged Buyouts: Debt and equity combination used to purchase control of an established company
- Secondaries: Private equity partnership interests purchased from current owner, often at a discount to fair market value
- Mezzanine Financing: Financing in the form of debt but investors receive a large amount of warrants (similar to a convertible security)



RFP Review Process



Management Fee Comparison

Firm	Option 1 at \$250 Million Commitment without Carried Interest	Option 2 at \$250 Million Commitment with Carried Interest
Cliffwater <i>carried interest proposal of 5% of profits after preferred return of 8%</i>	Without carried interest: 0.40% of committed capital, years 1-7 0.20% of committed capital, years 8-10	With carried interest: 0.35% of committed capital, years 1-7 0.175% of committed capital, years 8-10
Franklin Park	0.80% of committed capital on 1 st \$100 million 0.70% on next \$100 million 0.60% on next \$100 million 0.25% on each additional allocation	
Grove Street <i>carried interest proposal of 6% of profits after preferred return of 8%</i>		With carried interest: 1.00% of committed capital, years 1-3 0.50% of committed capital, years 4-6 0.25% of committed capital, years 7-12

Management Fee Comparison – Legacy Assets

Firm	
Cliffwater	0.10%
Franklin Park	0.25%
Grove Street	None

Carried Interest Comparison

Firm	
Cliffwater	In relationships where carried interest is charged, 50% remains with the firm as revenue. 50% is distributed to the management team which is split equally among the Senior Managing Directors, Managing Directors, and Directors.
Franklin Park	Franklin Park will not charge carried interest.
Grove Street	Carried interest is divided according to equity ownership percentages after allowance of 1% of the carry to each to the Vice President of Finance and Principals.

Cliffwater, LLC

Primary Office: Marina Del Ray, California

SEC Registered: Yes

Team Established: 1994

Founded: 2004

Ownership: 100% employee-owned

Total AUM: \$12.6 billion

Private Equity AUM: \$2.6 billion

Investment Philosophy: Cliffwater is an independent advisory firm that specializes in alternative asset consulting. Many of the firm's investment professionals co-founded the firm after departing Wilshire in 2004. Seven members of the investment team worked together on private equity and other alternative assets for over 15 years. The firm has extensive public pension fund experience.

Investment Process: Cliffwater is a small, specialized firm that has been structured to prevent conflicts of interest between itself and its clients. Their investment process first defines each client's custom portfolio structure. These can vary widely according to individual portfolio needs.

Cliffwater believes that top tier private equity managers are able to compensate investors for the inherent risks of private equity. They believe equity oriented investors should have a healthy allocation to private equity due to its superior return potential. Initial fund level research is performed by the firm's private equity group before presentation to the Cliffwater Investment Committee. Voting members of the Investment Committee are drawn from the firm's senior management and members of the research staff for the asset category being reviewed.

Sample Fund Investments:

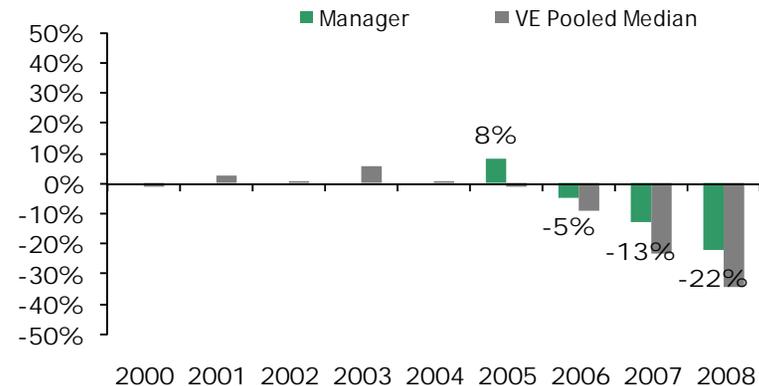
Berkshire, ABRY, HIG, Accel, Mayfield, USVP, Austin, Menlo, Advent, NMAS Graphite, Bain Asia, Ironbridge.

Representative Institutional Client List:

Texas County and District Retirement System

Oberlin College

Maine Public Employees' Retirement System



Franklin Park Associates, LLC

Primary Office: Bala Cynwyd, Pennsylvania

SEC Registered: Yes

Team Established: 1999

Founded: 2003

Ownership: 100% employee-owned

Total AUM: \$7.2 billion

Private Equity AUM: \$ 7.2 billion

Investment Philosophy: Franklin Park is a relatively new boutique firm composed of experienced private equity professionals. The firm began operations in 2003. Many of the firm's employees worked together at Hamilton Lane. The firm's founding principles are geared to prevent conflicts of interest. Franklin Park does not invest on a principal basis, they do not charge performance based fees and they structure fees similarly for discretionary and non-discretionary clients.

Investment Process: Franklin Park believes that the primary reason to invest in private equity is to generate premium returns to public equity. They view the dispersion of returns among private equity managers as evidence of exploitable market inefficiency. They advise clients to remain flexible in their sector allocation targets. This allows Franklin Park to be opportunistic in their investment program and avoids forcing assets into funds or market segments they view as sub-par. Franklin Park are strong proponents of a transparent investment process. The firm offers clients a venture capital fund every year to access that subset of the private equity market.

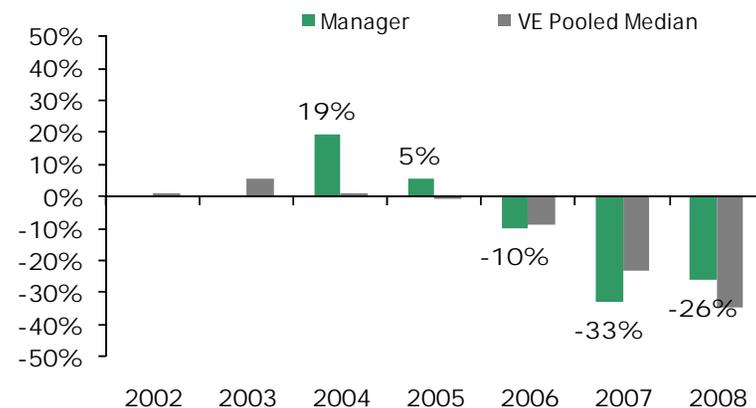
Sample Fund Investments: Advent, Apax, Austin, Blackstone, Canaan, Charles River, Hellman Friedman, Highland, Lightspeed, Madison Dearborn, Morganthaler, Riverside, TA, TH Lee, Warburg Pincus.

Representative Institutional Client List:

Arkansas Teachers' Retirement System

Penn State University Office of Investment Management

Overseas Private Investment Corporation



Grove Street Advisors, LLC

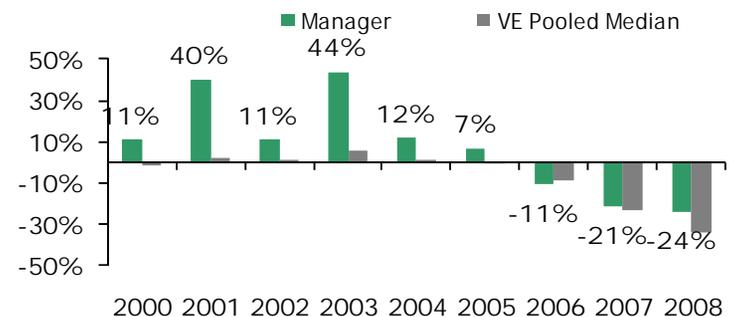
Primary Office: Wellesley, Massachusetts
 SEC Registered: Yes
 Founded: 1998
 Ownership: 100% employee-owned
 Total AUM: \$6 billion
 Private Equity AUM: \$6 billion
 Investment Philosophy: Grove Street offers clients individual accounts that are dedicated fund of funds where GSA and the client are the only investors. Investment strategy for each program is tailored to meet specific client needs. GSA manages its deal generation, investment selection and due diligence in a style similar to a private equity firm. Investment Process: Key points of the process are: Significant partner participation in the evaluation process; respect for the time of fund management teams; prompt and efficient screening of proposals; constructive feedback to fund management teams; no application of a formalized due diligence questionnaire; and in-depth due diligence conducted only on those investments likely to be completed. During due diligence, GSA attempts to build relationships with each team and to adapt its analysis to the characteristics of each investment. Their objective is to establish successful long-term relationships with managers because they expect to invest with them over multiple funds. GSA works with proven teams and emerging funds and will actively sponsor new teams. GSA invests alongside its clients in every investment. Investments are allocated across all applicable clients on a mutually pre-agreed formula with full disclosure and transparency. Sample Fund Investments: Austin Ventures, Highland Capital, TA Associates, Vector Capital, Carmel Ventures

Representative Institutional Client List:

Oregon Investment Council

Florida State Board of Investment

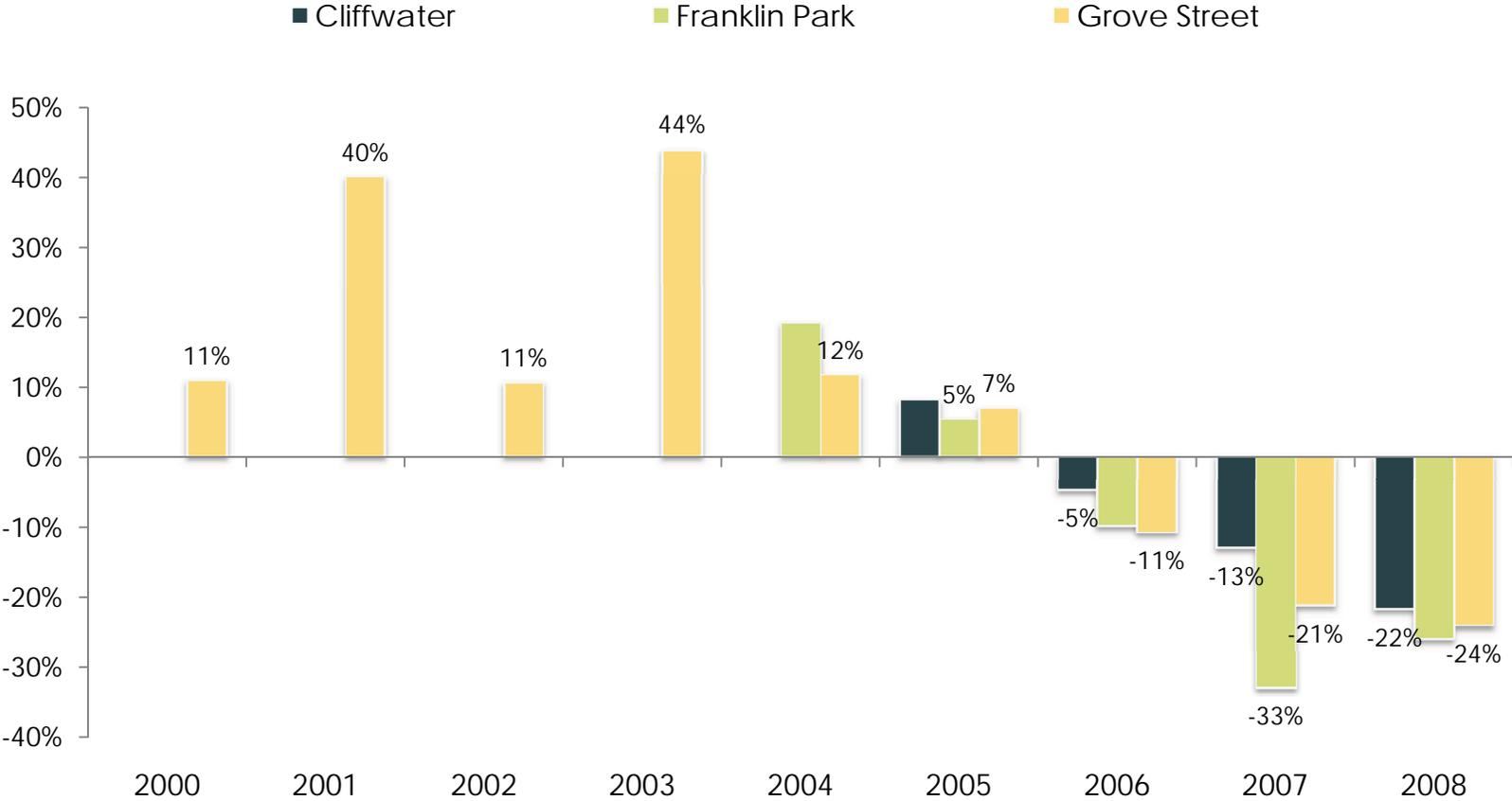
Missouri Department of Transportation and Highway Patrol Employees



Vintage Year Performance Comparison

	<i>Cliffwater a/o 12/31/08</i>	<i>Franklin Park a/o 3/31/09</i>	<i>Grove Street a/o 3/31/09 (buyout)</i>	<i>Venture Economics Median</i>
2000			10.9%	-1.2%
2001			40.0%	2.3%
2002			10.6%	1.0%
2003			44.0%	5.6%
2004		19.2%	11.7%	0.8%
2005	8.1%	5.3%	6.9%	-0.9%
2006	-4.7%	-9.9%	-10.8%	-8.9%
2007	-13.0%	-32.9%	-21.3%	-23.4%
2008	-21.8%	-26.1%	-24.1%	-34.6%

Vintage Year Performance Comparison



Overview

- ❑ Search to review private equity discretionary separate account managers
- ❑ Search represents a measured allocation to an alternative asset class
- ❑ Existing Private Equity portfolio will be passively managed until its partnerships terminate
- ❑ Forty one RFP responses were returned during August, 2009
- ❑ Extensive review of search documents and submitting firms, including background/reference checks
- ❑ Quantitative review of portfolios and performance
- ❑ Our review and analysis focused on qualitative aspects of the bidders
- ❑ Respondent pool narrowed to seven, then to three
- ❑ On site due diligence reviews being conducted on all three finalists

Glossary of Common Private Equity Terms

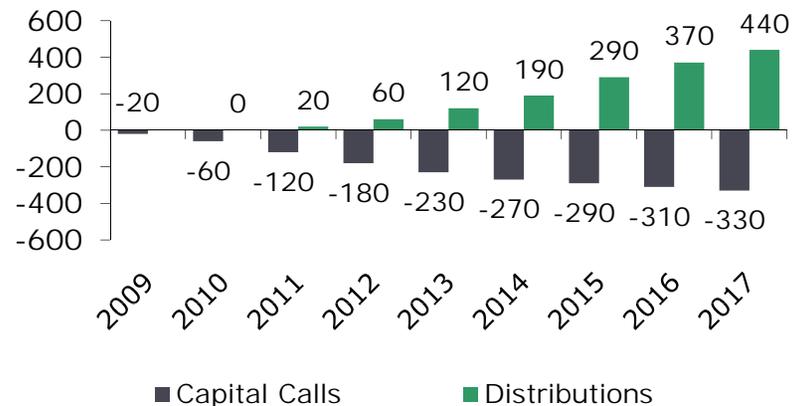
- Buy-out - The purchase of a company or a controlling interest of a corporation's shares. This often happens when a company's existing managers wish to take control of the company.
- Capital commitment - Investors in private equity commit to investing a specified sum of money in the fund partnership over a specified period of time. The fund records this as the limited partnership's capital commitment. Limited partners and the general partner must make a capital commitment to participate in the fund.
- Capital distribution - These are the returns that an investor in a private equity fund receives. It is the income and capital realized from investments less expenses and liabilities. Once a limited partner has had their cost of investment returned, further distributions are actual profit. The partnership agreement determines the timing of distributions to the limited partner.
- Carried interest - The share of profits that the fund manager is due once it has returned the cost of investment to investors. Carried interest is normally expressed as a percentage of the total profits of the fund.
- Distressed debt - This is a form of finance used to purchase the corporate bonds of companies that have either filed for bankruptcy or appear likely to do so. Private equity firms and other corporate financiers who buy distressed debt don't asset-strip and liquidate the companies they purchase. Instead, they attempt to restore them to health and then prosperity.
- Exit - An exit is the means by which a fund is able to realize its investment in a company - by an initial public offering, a trade sale, selling to another private equity firm or a company buy-back.
- Fund of funds - A fund set up to distribute investments among a selection of private equity fund managers, who in turn invest the capital directly. Fund of funds are specialist private equity investors and have existing relationships with firms.
- General partner - This can refer to the top-ranking partners at a private equity firm as well as the firm managing the private equity fund.
- Internal rate of return (IRR) - This is the most appropriate performance benchmark for private equity investments. In simple terms, it is a time-weighted return expressed as a percentage. IRR uses the present sum of cash drawdowns (money invested), the present value of distributions (money returned from investments) and the current value of unrealized investments and applies a discount.
- Limited partners - Institutions or individuals that contribute capital to a private equity fund. LPs typically include pension funds, insurance companies, asset management firms and fund of fund investors.
- Preferred return - This is the minimum amount of return that is distributed to the limited partners until the time when the general partner is eligible to deduct carried interest. The preferred return ensures that the general partner shares in the profits of the partnership only after investments have performed well.
- Private equity This refers to the holding of stock in unlisted companies – companies that are not quoted on a stock exchange. It includes forms of venture capital and Buyout financing.
- Venture capital - The term given to early-stage equity investments. Many people use the term venture capital very loosely and what they actually mean is private equity.
- Vintage year - The year in which a private equity fund makes its first investment.

Source: www.AltAsset.com

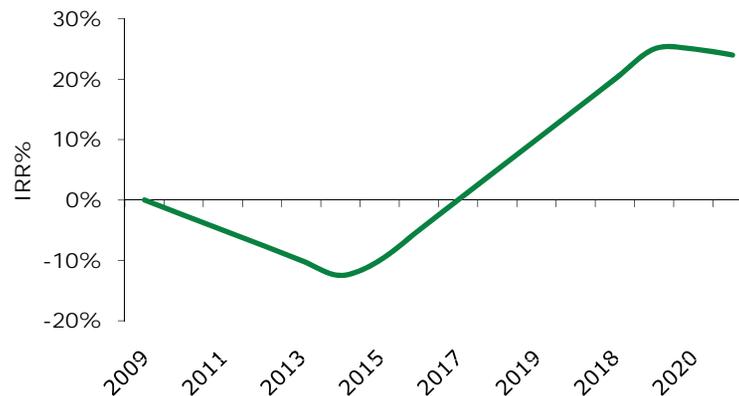
Cash Flows and the J-Curve

- Private equity investments do not follow the customary portfolio investment patterns of the public markets. Since private equity investments are negotiated and made only when the general partners find a compelling opportunity, portfolios are not “fully invested” as publicly traded portfolios. Portfolio allocations are traditionally set and then capital is “called” as needed. Realized profits and cash flows are replenished in much the same manner.
- In private equity, fund expenses are borne at the outset of investments, and assets are carried at book value. This causes the indicated return over the first few years of private equity investment to be generally negative. It can take several years for the efforts of the General Partners to be reflected. In the first year of a private equity fund, investments are carried at cost. In subsequent years, the sale of portfolio companies or public offerings of their shares results in cash and/or stock distributions to the Limited Partners. Over time, increasing proportions of a fund's performance reflects actual cash distributions received, rather than valuation estimates. As portfolio companies are restructured and eventually exited, profits are realized which can result in substantial profits and Internal Rates of Return as the portfolio ages. Mitigating strategies are available to make the “dip” in the J-Curve shallower and of shorter duration.

Hypothetical Cumulative Cash Flows



Private Equity J-curve Effect



**RENEWAL OF INVESTMENT MANAGER CONTRACTS
OCTOBER 28, 2009**

The contracts with the following managers need to be ratified for another year. These ratifications will be through June 30, 2010. There have been no changes to the existing contracts.

Equities:

SHAPIRO CAPITAL	First \$100 Million	.905 percent
	Next \$400 Million	.67 percent
	Thereafter	.925 percent
THORNBURG INVESTMENT	First \$300 Million	.575 percent
	Thereafter	.50 percent



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

Internal Audit Report

September 2009



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Control Mapping

Purpose: Review all significant processes performed on a regular basis by mapping:

- Critical Procedures
- Internal Controls
- Organizational Workflow



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Control Mapping

Processes Reviewed:

- Cash Receipts
- Active Client Records
- Retirement Benefits
- Cash Disbursements
- Financial Reporting
- Information Technology and Security
- Investments

Process Pending: Processing of Client Payroll



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Control Mapping

Work Performed:

- Interviewed key personnel
- Documented Process Level Narrative
- Documented Process Level Control Matrix
- Documented Organizational Workflow



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Control Mapping

Significant Findings:

- Most processes have a number of effective internal controls designed to ensure accurate processing
- Most divisions are using very manual processes to perform their daily functions
- Retirement Benefits process is overly manual and meticulous
- The Information Technology Department spends the majority of their time working around errors rather than developing long term solutions
- Processing of Client Payroll process is overly manual and meticulous. A significant portion of many employees' time is spent working around the shortcomings and static nature of the Client Accounting System



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Control Mapping

Proposed Action Items:

- Implement Basic and Intermediate Excel Training on an organization-wide basis.
- Review outstanding Information Technology Requests to remove duplicate, erroneous or antiquated requests.
- Review Office of State Finance's daily backup and disaster recovery procedures.
- Initiate IT Steering Committee to prioritize work performed by IT department.
 - Should develop tracking process
 - Should work with End-Users to proactively develop software solutions to manual processes



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

From: Internal Audit Department
Work Performed: Control Mapping
Date: 7/30/09

Purpose: To review all significant processes performed on a regular basis by mapping critical procedures, internal controls and organizational workflow.

Background: The Teachers' Retirement System has recently undergone a significant change in organizational structure. The previous structure encouraged territorial use of information which resulted in a silo effect where each division worked independently and without the knowledge of their effects on other divisions. Currently the organization is organized into three divisions: Client Services, Finance/Accounting and Information Technology.

The Client services division is primarily responsible for providing retirement estimates, answering phone calls and maintenance of incoming data regarding each Client. They also handle cash disbursements to Clients who have withdrawn, have death benefits or have a number of other special circumstances.

The Finance/Accounting department is primarily responsible for processing and depositing cash receipts, administering employee payroll, managing administrative expenses and producing monthly Financial Reports.

The Information Technology department is primarily responsible for administering information technology requests (ITRs) which range from adjusting Client's accounts to enhancing the Client Accounting System itself.

Work Performed: The functions performed by the organization were divided into the following critical processes: Cash Receipts, Active Client Records, Retirement Benefits, Cash Disbursements, Processing of Client Payroll, Financial Reporting, Information Technology and Security, and Investments. For all of these processes, key individuals were interviewed in order to understand the day to day routines and the controls utilized. In some cases walkthroughs of an entire process were performed in order to better understand the organizational workflow. Each process was documented by a narrative description, a control matrix and an organizational workflow chart.



Findings:

- Most processes have a number of effective internal controls designed to ensure accurate processing.
- Most divisions are using very manual processes to perform their daily functions.
- Some employees have resigned their technology requests for enhancements and reports which would automate some of their manual processes.
- The Information Technology department has a backlog of ITRs for antiquated problems instead of specific enhancements. Some ITRs are from prior audits and are still outstanding. Other ITRs have also been submitted to resolve overlapping problems in different ways.
- The Information Technology department spends the majority of their time fixing files from faulty programs and procedures rather than developing future solutions.
- The Cash Receipts process performed by Raquel Maciel-de-Dye and Lisa Van Liew is meticulously performed with exceptional internal controls.
- The Investments division does not yet have formal controls or procedures initiated at this point due to new staff and re-organization.
- There are many types of Cash Disbursements; all of which are handled with consideration for separation of duties and peer reviews.
- The Retirement Benefits department is the source of Customer Service. This process is overly manual and meticulous. Developing accompanying software enhancements will provide significant opportunity for increased efficiency and future initiatives for providing online estimates.
- The Processing of Client Payroll process is a system of manual procedures involving computer files and static programs. The procedures need to be automated and menu-driven. Most employees involved with this process believe that enhancements and automation would greatly reduce payroll errors and time spent administering each payroll cycle.
- Many IT functions, such as Disaster Recovery, Support and Daily Backups have been outsourced to the Office of State Finance. These procedures still need to be reviewed to ensure we understand how our information is being secured on a daily basis.



- A portion of many employees' time is spent working around the shortcomings and static nature of the CAS.

Proposed Action Items:

- Implement Basic and Intermediate Excel Training on an organization-wide basis. One-on-one training has already commenced for specific individuals.
- Review all outstanding ITRs to remove duplicate, erroneous or antiquated requests to reduce backlog and create opportunity for development of software solutions.
- Initiate IT Steering Committee to first develop Payroll Processing Enhancements. The Steering Committee should have open communication and encourage development of future enhancements, reports and ideas to improve accuracy of system and efficiency of use.
 - The Steering Committee should foremost prioritize the work performed by the IT department.
 - A tracking process needs to be utilized to provide accountability for ITRs and enhancements and be reported to the Steering Committee.
 - They should also periodically work with End-Users to proactively develop software solutions to manual processes.
- Review Office of State Finance's daily backup and disaster recovery procedures.

Conclusion: While each process has implemented internal controls to ensure accuracy of data, separation of duties and peer review, it is imperative that future technology based solutions be designed to improve efficiency in each division.

Even though manual processes have continued to produce the end-product necessary for the organization during every cycle, each process needs to be reviewed and enhanced with the aid of technology in some fashion.

Performed by:

Joshua D. Richardson

REPORT OF LEGAL COUNSEL
Teachers' Retirement System of Oklahoma
October 28, 2009

LITIGATION

1. OTRS vs. Patricia Calbert, surviving spouse, and children of TRS Member, Sidney Calbert, deceased, vs. Deshandra Calbert, Katherine Payne Smith, and Sean Johnson, nieces and nephew of Sidney Calbert.

Issues: Member Sidney Calbert died prior to retirement. Upon joining TRS in 1977, Mr. Calbert, a single man, named his nieces and nephew as his primary designated beneficiaries. Subsequently, he married Patricia Calbert and had children of the marriage. Calbert never updated his original 1977 designation form during his career. At the time of his death, Mr. Calbert considered retirement and requested estimates, but had not completed the necessary paperwork to set a retirement date; further, a divorce action was pending at death, but a final decree had not been entered.

Mr. Calbert's wife and adult children of the marriage challenge the 1977 designation of beneficiary form, filed prior to the marriage, claiming a marital estate in the TRS account. Calbert's adult nieces and nephew, claim the account in full as primary designated beneficiaries.

TRS filed an interpleader action in Oklahoma County Court on September 26, 2006, seeking an order instructing distribution of the member's final account balance and death benefit. A motion to enter on a non-jury trial docket was heard on December 15, 2006. The parties engaged in discovery and a pre-trial conference was held on September 19, 2007. A trial was held on December 6, 2007. The Court ruled in favor of the designated beneficiaries on January 2, 2008. An appeal to the Supreme Court was filed on February 4, 2008. A response to the Petition in Error was filed on February 22, 2008. Appellants filed their Brief in Chief on August 14, 2008. Appellees filed their answer brief on September 15, 2008. Appellant's filed their reply brief on October 6, 2008. This appeal was assigned to the Court of Civil Appeals in Tulsa on October 22, 2008. Oral arguments were held on May 12, 2009. On September 11, 2009, the Court of Civil Appeals reversed and remanded with instructions to enter judgment for Patricia Calbert. On October 2, the designated beneficiaries filed a petition for certiorari in the Oklahoma Supreme Court. Wife and children filed answer to pet for cert on October 21, 2009.

Status: Pending Petition for Cert.

2. 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: Pending Filing of Class Settlement Claims; Awaiting funding of Delphi's bankruptcy settlement.

3. 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 TIAA-CREF 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.

4. 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. Defendants 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.

Status: Pending preliminary approval of Settlement.

5. William R. Stephens v. TRS: Mr. Stephens retired effective July 1994 with 32 years of service credit. He filed his Request by Retiree to Return to Active Membership Status on or about June 18, 2001. He ceased receiving retirement checks and has been contributing to the Retirement System since that date. On or about December 19, 2006.

Mr. Stephens requested the procedure to apply for the Education Employees Service Incentive Plan (EESIP). He was informed he did not qualify for EESIP and he appealed.

There was one legal issue that was decided by the TRS Hearing Officer: Whether Mr. Stephens is eligible to participate in EESIP. He Hearing Officer's recommendation is that Mr. Stephens is not eligible to participate in EESIP. The Board adopted the decision of the Administrative Law Judge on June 27, 2007.

Mr. Stephens has appealed the decision to Oklahoma County District Court. The Record has been forwarded to the court. Oral arguments were held on April 11, 2008. Judge Dixon affirmed the Final Administrative Order of the Trustee.

Mr. Stephens appealed the District Court decision on May 21, 2008. TRS filed its response on June 9, 2008. On August 22, 2008, the Supreme Court denied Stephens' request to retain jurisdiction. Mr. Stephens filed his Brief in Chief on November 19, 2008. TRS filed its response on or before December 19, 2008. On January 21, 2009, this appeal was assigned to the Court of Civil Appeals in Tulsa. On October 15, 2009, the Court of Civil Appeals affirmed the order and decision of TRS, found the proceedings free from prejudicial error to the appellant, and further, that the trial court committed no error in affirmance of the Board's decision. It therefore, affirmed the trial court.

Status: Pending Appeal.

6. 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..

STATUS: Pending Decision by Court.

7. 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.

STATUS: Pending Decision by the Court.

8. 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.**

STATUS: Discovery ongoing..

9. 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.**

STATUS: Pending Court appointment of Lead Plaintiff.

ADMINISTRATIVE

There are no Administrative matters at this time.

CIV-A 08-0002
DLK

RECEIVED

OCT 15 2009

NOT FOR OFFICIAL PUBLICATION

IN THE COURT OF CIVIL APPEALS OF THE STATE OF OKLAHOMA
COURT OF CIVIL APPEALS
STATE OF OKLAHOMA
ATTORNEY GENERAL

DIVISION II

OCT 14 2009

MICHAEL S. RICHIE
CLERK

WILLIAM R. STEPHENS,)
)
 Petitioner/Appellant,)
)
 vs.)
)
 STATE OF OKLAHOMA *ex rel.*)
 TEACHERS' RETIREMENT)
 SYSTEM OF OKLAHOMA,)
)
 Respondent/Appellee.)

Case No. 105,880

APPEAL FROM THE DISTRICT COURT OF
OKLAHOMA COUNTY, OKLAHOMA

HONORABLE BRYAN C. DIXON, TRIAL JUDGE

AFFIRMED

Michael J. Romero
JOHNSON & ROMERO, LLP
Miami, Oklahoma

For Petitioner/Appellant

David L. Kinney
ASSISTANT ATTORNEY GENERAL
STATE OF OKLAHOMA
Oklahoma City, Oklahoma

For Respondent/Appellee

OPINION BY JANE P. WISEMAN, VICE CHIEF JUDGE:

Appellant William R. Stephens appeals from an order of the district court affirming the final administrative order of the Board of Trustees of the Teachers' Retirement System of Oklahoma which denied Stephens' request to participate in the Education Employees Service Incentive Plan. Having reviewed the record, including the administrative record, and the parties' appellate briefs, we affirm.

FACTS AND PROCEDURAL BACKGROUND

The facts in this case are not in dispute. William R. Stephens first joined the Teachers' Retirement System (TRS) in 1963. He worked continuously from 1963 to 1994, first as a full-time employee of Tulsa Public Schools and then as a full-time employee of Bristow Public Schools. During his employment, Stephens contributed to TRS and accumulated 32 years of service.

On May 25, 1994, Stephens filed a "Final Contract for Service Retirement Under Option 3" which provided that Stephens was making an application to retire as of July 1994. Stephens also filed the following documents with TRS: (1) "Retirement Allowance Estimate," (2) "Verification of Unused Sick Leave," and (3) "Request For Retirement and Notice of Final Payment." Stephens received retirement checks from TRS totaling \$165,455.86 from August 1994 through July 2001.

Stephens reentered employment with Miami Public Schools and notified TRS of this fact in June 2001. He filed a "Request by Retiree to Return to Active Membership Status" with TRS on June 18, 2001. Stephens has been contributing to TRS since June 2001 when he started working as the Superintendent of Miami Public Schools.

On December 19, 2006, Stephens "officially" asked TRS for the procedure he would need to follow to apply for the Education Employees Service Incentive Plan (EESIP). TRS' executive secretary, Tommy Beavers, sent Stephens a letter dated January 12, 2007, which informed Stephens that he did not qualify for EESIP. Stephens' attorney sent a letter dated February 15, 2007, which notified Beavers that Stephens wished to appeal the decision that he did not qualify for EESIP.

An administrative hearing was held on March 29, 2007, before Judge William S. Myers, Jr., who concluded that Stephens' request to participate in EESIP should be denied. The Board adopted Judge Myers' findings of fact and conclusions of law and denied Stephens' request to participate in EESIP.

Stephens filed an appeal in Oklahoma County District Court. The district court affirmed the Board's final administrative order.

Stephens appeals.

STANDARD OF REVIEW

“Adjudicatory orders will be affirmed if the record contains substantial evidence in support of the facts upon which the decision is based, and if the order is otherwise free of error.” *City of Hugo v. State ex rel. Pub. Employees Relations Bd.*, 1994 OK 134, ¶ 9, 886 P.2d 485, 490. Under the Oklahoma Administrative Procedures Act, the district court and this Court apply the same standard of review for agency actions. *City of Tulsa v. State ex rel. Pub. Employees Relations Bd.*, 1998 OK 92, ¶ 12, 967 P.2d 1214, 1219. We will set aside a decision of an administrative law judge only if we determine that one (or more) of the grounds listed in 75 O.S.2001 § 322 is shown.¹ We may not disturb the decision of an administrative agency “unless our review of the record leads us to a firm conviction that the agency is mistaken.” *Carpenters Local Union No. 329 v. State ex rel. Dep’t. of Labor*, 2000 OK CIV APP 96, ¶ 3, 11 P.3d 1257, 1259.

We must accord great weight to the expertise of an administrative agency. *City of Hugo*, 1994 OK 134 at ¶ 10, 886 P.2d at 490. We may not substitute our judgment for that of the agency, and this holds true particularly in the area of the

¹Title 75 O.S.2001 § 322 provides that an agency order may be set aside, modified, or reversed if the order (1) violates a constitutional provision; (2) was “in excess of the statutory authority or jurisdiction of the agency;” (3) was “made upon unlawful procedure;” (4) was “affected by other error of law;” (5) was “clearly erroneous;” (6) was “arbitrary or capricious;” or (7) “because findings of fact, upon issues essential to the decision were not made although requested.”

agency's expertise. *City of Midwest City v. Public Employees Relations Bd.*, 2003 OK CIV APP 36, ¶ 9, 69 P.3d 1218, 1222.

ANALYSIS

EESIP was enacted by the Oklahoma Legislature in 2006. *See* 2006 Okla. Sess. Laws 2166 (H.B. 1179). It provides an improved retirement benefit formula for eligible members who work beyond retirement age, resulting in higher monthly retirement benefits. Section 2 of House Bill 1179, now codified at 70 O.S. Supp. 2006 § 17-116.2C, sets out who may participate in the EESIP, and provides in part:

C. Effective July 1, 2006, *any eligible member of the Teachers' Retirement System of Oklahoma, who, as of July 1, 2006, has already reached a normal retirement age or who on or after July 1, 2006, reaches a normal retirement age as defined by paragraph 24 of Section 17-101 of Title 70 of the Oklahoma Statutes, shall be eligible to have a retirement benefit computed as provided by this section.* If a member is eligible for the benefit computation authorized by this section, the average salary used to compute the retirement benefit of the member shall be governed by the provisions of this section and such provisions shall govern in the event of conflict between this section and the provisions of Section 17-116.2 of Title 70 of the Oklahoma Statutes.

70 O.S. Supp. 2006 § 17-116.2C(C) (emphasis added).² Title 70 O.S. Supp. 2006 § 70-116.2(A)(2) defines an "[e]ligible employee" as

² 70 O.S. § 17-116.2C was amended effective July 1, 2007, but the amendments did not affect the substantive content of subsection (C).

[A] *member of the System who has not retired* prior to the effective date of this act and who has performed service at any time prior to June 30, 1995, and who fulfills the requirements of this act with respect to inclusion of pre-cap removal years of service in a retirement benefit computation and:

- a. who has already reached a normal retirement age prior to the effective date of this act and has not retired prior to the effective date of this act,
- b. who reaches a normal retirement age on or after the effective date of this act, and
- c. who is employed by an institution within The Oklahoma State System of Higher Education that is not a comprehensive university or a regional institution offering a four-year degree program as designated or authorized by the Oklahoma State Regents for Higher Education;

(Emphasis added.)³ Also, 70 O.S. Supp. 2006 § 17-116.2C(Q) provides, “No member of the System who has retired prior to July 1, 2006, shall be eligible to make any payments of the contribution deficit amount and no such member shall have the ability to have a retirement benefit recomputed as a result of the provisions of this section.”⁴

³The 2007 amendments to § 17-116.2C also did not alter subsection (A)(2).

⁴The 2007 amendments to § 17-116.2C also did not alter subsection (Q).

The Board interpreted § 17-116.2C to preclude Stephens' participation in EESIP because he had previously retired in 1994. The Board concluded the following:

If the Legislature had wanted to provide EESIP to all employed TRS members, it could have done so by changing the wording to read "eligible employee' means any employed member of the System" instead of "eligible member' means a member of the System who has not retired" and deleting the subsection restricting retired members from contributing additional contributions and receiving a recomputed benefit. Such "legislative silence, when it has authority to speak," gives rise to an implication of legislative intent.

On appeal, Stephens asserts that "retired member" and "retirement" have been clearly defined by the Board in the Oklahoma Administrative Code and that the Board erred when it failed to apply its own definitions of these two terms when considering his request. Oklahoma Administrative Code 715:10-17-1 defines "retired member" as including "any person, who is receiving monthly benefits from the Teachers' Retirement System of Oklahoma" and "retirement" as "withdrawal from active service, with a retirement benefit in lieu thereof."

Stephens asserts that the Board acted inconsistently with these two definitions when it ruled on his request to participate in EESIP. We reject this

contention because the Board correctly based its decision on the language of the statute at issue, § 17-116.2C, which without question takes precedence over the administrative rules.

The Oklahoma Legislature is vested with the power to make laws and to establish agencies. *See* 75 O.S.2001 § 250.2(A). The Legislature may delegate rulemaking authority to such agencies. 75 O.S.2001 § 250.2(B). When the Legislature delegates rulemaking authority, it still retains “[t]he right to establish any aspect of general policy by legislation.” 75 O.S.2001 § 250.2(B)(2). The scheme, which was set up to create agencies and delegate rulemaking authority, clearly establishes that the Legislature retains the power to legislate in areas for which an agency has promulgated rules.

The Board was not required to confine itself to the rules regarding definitions of “retired member” and “retirement” where the Legislature had clearly established a new policy when it enacted EESIP and specifically defined relevant terms under the Act. We agree with the Board that the Legislature clearly indicated to whom it intended EESIP to apply: it prohibited participation in EESIP by any member of the TRS “who has retired prior to July 1, 2006.” 70 O.S. Supp. 2006 § 17-116.2C(Q). It is undisputed that Stephens retired in 1994. We agree

with the Board that § 17-116.2C clearly prohibits Stephens from participating in EESIP.⁵

Stephens asserts that denial of participation in EESIP would detrimentally affect his vested rights. Stephens, however, has no vested right to participate in the EESIP when from the plain language of the statute he is not a person to whom the statute was meant to apply. We further find that none of Stephens' other assertions on appeal can overcome the plain language of § 17-116.2C that he is not eligible to participate in EESIP.

We must "affirm the order and decision of the agency, if it is found to be valid and the proceedings are free from prejudicial error to the appellant." 75 O.S.2001 § 322(3). Finding no prejudicial error, we affirm.

CONCLUSION

The Board's findings and conclusions are thorough, supported by the evidence, and fully explanatory of its factual basis and legal reasoning. We find that the trial court committed no error in its affirmance of the Board's decision. We affirm the decision of the trial court.

⁵ If the Legislature had intended to cover someone like Stephens who retires and then returns to active status, the disqualification from eligibility language in § 17-116.2C could have provided that "eligible employee" means a member "who is not retired on the effective date of this act" or "who is on active status on the effective date of this act."

AFFIRMED.

BARNES, P.J. and GOODMAN, J., concur.

October 14, 2009



OKLAHOMA TEACHERS RETIREMENT SYSTEM

Client Status Update Report

October 1, 2009

Regular Retirement

Clients Recommended:	103
Monthly Pay:	\$154,222.35

Disability Retirement

Clients Recommended for Regular Disability	3
Clients Recommended for Social Security Disability	0
Clients Not Recommended for Disability Retirement	0

Retirement Payroll Termination

Payroll Changes	(\$95,605.07)
Deceased	86
Retirement Cancelled	0
Return To Teaching	9

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
OCTOBER 1, 2009

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
72289	CAPPY N MCGOODWIN	62	Max.	359.44		1402.61
72290	LINDA L ABNER	68	Max.	500.90		1552.63
72291	BILLY R ALLEN	58	Opt.2	72.83		314.66
72292	MARGARET F ALLEN	59	Opt.2	86.13		428.27
72293	SHIRLEY J ANDERSON	60	Max.	181.36		1323.77
72294	SONDRA K ANSIVINO	60	Max.	907.70		3165.59
72295	LINDA J BAIRD	62	Opt.1	291.31		971.20
72296	WANDA J BANTA	64	Opt.2	155.35		824.10
72297	JESSE A BARKER	54	Opt.2	378.61		1749.59
72298	THELMA N BARNES	62	Max.	183.89		612.33
72299	LINDA K BELT	57	Opt.1	206.67		1234.51
72300	LYNDA L BENNETT	61	Max.	417.75		1551.23
72301	JENNY L BOYER	60	Max.	514.49		3405.90
72302	HEROLD J BROWN	61	Opt.2	289.38		1052.02
72303	KATHLEEN M BROX	54	Opt.2	424.15		1718.88
72304	MARY A BURRISS	62	Max.	280.84		844.98
72305	CALVIN S BYRE	61	Max.	531.60		2009.87
72306	FLORONA F CABANISS	62	Opt.1	482.37		2450.86
72307	JIMMY R CACY	62	Max.	445.38		1508.13
72308	ROBERT L COFFMAN	65	Max.	89.41		271.98
72309	JUDITH A CONARD	62	Max.	64.16		412.51
72310	HELEN S COWETT	62	Max.	150.19		575.20
72311	DONNA J COX	79	Max.	289.48		788.97
72312	DAVID W CRAVENS	59	Opt.1	464.03		2010.21
72313	LYNNETTE S DALE	62	Opt.1	208.05		1585.77
72314	CYNTHIA A DAVIS	57	Opt.2	299.07		1496.05
72315	DEBORAH L DEERING	60	Opt.1	339.62		1427.27
72316	MARY C DILLISHAW	62	Opt.2	310.09		947.54
72317	GEORGANNA DORNEY	65	Max.	61.16		215.99
72318	MARY L DRAKE	58	Max.	272.67		1357.88
72319	MICHAEL J DUNN	61	Opt.1	178.29		500.10
72320	ROSANNA EASTERLING	55	Opt.1	427.25		2310.14
72321	ANNE M ELFRINK	57	Opt.1	362.11		812.55
72322	CLIFTON D GIVENS	67	Opt.2	177.50		497.70
72323	CAROLYN J GRANT	64	Max.	41.82		121.15
72324	DANNY R GREEN	57	Max.	100.07		247.69
72325	GARY W GREGG	64	Max.	203.55		755.25
72326	EVELYN A GUTHRIE	77	Max.	296.67		802.74
72327	DAVID R HAMMOND	56	Opt.2	344.35		1567.00
72328	CAROL M HARTMANN	61	Opt.3	544.68		1724.79

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
OCTOBER 1, 2009

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
72329	BRENDA L HITT	57	Opt.2	453.78		2107.39
72330	VICKY L HOLLAWAY	64	Opt.2	314.46		1231.91
72331	JUDY M HOPSON	61	Opt.2	181.10		522.87
72332	EDGAR E HORNBACK	67	Opt.1	218.17		606.80
72333	KAREN M HOWARD	58	Max.	333.55		1511.14
72334	REX S HOWARD	62	Opt.2	587.36		3501.90
72335	SIDNEY A HUDSON	55	Opt.2	518.44		5627.38
72336	JOHN L HUFF	67	Opt.3	863.96		4908.61
72337	JOY M HUNT	64	Max.	182.01		851.41
72338	PAUL L JAMES	69	Opt.1	150.84		430.66
72339	ROBERTA L JENKINS	53	Opt.2	335.25		1719.25
72340	CONNIE L KAYS	58	Max.	116.54		579.29
72341	NANCY K KOEHN	60	Opt.2	389.40		1959.00
72342	RHONDA E LACY	53	Opt.2	333.37		1735.27
72343	VICKI A LATHAM	62	Max.	452.13		1450.53
72344	FARREL D LISENBY	62	Max.	288.36		860.00
72345	MARGARET E LOAGUE	62	Max.	250.45		883.63
72346	ELIZABETH A LOFTHUS	60	Max.	337.92		5538.00
72347	PATRICIA LYNCH	62	Max.	852.11		3568.14
72348	MARY A MCDONALD	54	Max.	493.27		1791.40
72349	JOHN T MCGINNIS	63	Max.	30.76		4296.34
72350	CORMAL K MCMAHAN	64	Opt.1	284.86		1007.95
72351	JANICE Y MITCHELL	55	Opt.1	383.44		2008.04
72352	DONNA L MOORE	55	Opt.1	220.49		529.09
72353	MARILYN S MORRISON	65	Max.	345.00		1456.47
72354	MARY T MOWDY	53	Opt.2	842.03		3797.33
72355	LIVIA NAKAHODO	62	Opt.2	74.54		242.34
72356	MARION E NEIGHBORS	62	Opt.1	380.59		1560.07
72357	LARRY J NORVELL	62	Max.	72.74		198.88
72358	ROBERT D OKADA	62	Opt.2	166.87		550.77
72359	SUSAN E ORANGE	55	Opt.3	390.53		2140.36
72360	JOHN F PAXSON	75	Opt.3	113.82		317.78
72361	SHARON K PEERSON	62	Opt.1	146.97		587.79
72362	LINDA L PHILLIPS	62	Opt.1	212.77		685.31
72363	DONNA K PREGLER	52	Opt.1	328.62		1755.00
72364	VICKIE L REDDICK	56	Opt.1	208.27		1262.99
72365	CAROL A RICH	63	Opt.1	194.00		604.61
72366	RICHARD A ROWE	56	Opt.2	132.72		273.27
72367	WANDA L SANDERS	62	Max.	176.74		675.62
72368	PAULETTE SCOTT	59	Max.	197.98		493.56

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
RECOMMENDATIONS FOR RETIREMENT
OCTOBER 1, 2009

Retirement Number	Name	Age	Plan	Annuity	Tax Shelter	Total Payment
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THIS IS TO CERTIFY THE 103 REGULAR MEMBERS, 0 SPECIAL RETIREES,
AND 2 DISABLED MEMBERS LISTED ON THIS REPORT HAVE MET THE REQUIRE-
MENTS 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
OCTOBER 30, 2009

APPROVED BY BOARD OF TRUSTEES:

DATE: OCTOBER 28, 2009

DATE PREPARED: OCTOBER 1, 2009

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
13141	LUCILLE SARYCKI	MUSKOGEE	DEATH 08-09	5,000.00	MAX OPTION	-1,471.93
14100	AUDREE TULL	TULSA	DEATH 08-09	5,000.00	OPTION-1	-465.40
15526	CLEO PACK	VIAN	DEATH 08-09	5,000.00	OPTION-1	-1,375.75
15569	DENNIS RODGERS	DEL CITY	DEATH 07-09	.00	OP-3 BENEF	-714.75
16042	ALICE BALLARD	TULSA	DEATH 08-09	5,000.00	OPTION-1	-432.82
16886	VERNA GLASS	LAWTON	DEATH 08-09	5,000.00	OPTION-1	-976.57
17343	LOIS SHIPLEY	INDEPENDENCE MO	DEATH 08-09	5,000.00	MAX OPTION	-944.64
18194	ELDRED MORTON	TULSA	DEATH 08-09	5,000.00	OPTION-1	-638.10
18195	ELDRED MORTON	TULSA	DEATH 08-09	.00	OP-3 BENEF	-844.86
18529	VIRGINIA FREEMAN	EDMOND	DEATH 08-09	5,000.00	OPTION-1	-356.17
19030	ELWIN KUIVER	CRESCENT	DEATH 08-09	5,000.00	MAX OPTION	-1,139.62
19107	VERNON REED	INOLA	DEATH 08-09	5,000.00	OPTION-1	-1,773.32
19596	EVELYN FAGAN	BROKEN BOW	DEATH 08-09	5,000.00	OPTION-1	-1,774.60
19660	LWATSON HAFEN	OKLAHOMA CITY	DEATH 08-09	5,000.00	MAX OPTION	-983.82
20171	JAMES CLARK	GARLAND TX	DEATH 08-09	5,000.00	OP-2 POPUP	-1,551.79
20227	MARY BROWN	TULSA	DEATH 07-09	5,000.00	MAX OPTION	-1,053.31
20930	BRUCE GRANGER	ST PAUL MN	DEATH 08-09	5,000.00	OP-3 POPUP	-1,227.73
21746	MELBA SMITH	ALVA	DEATH 08-09	5,000.00	MAX OPTION	-391.01
22059	MARY NOWLIN	SALLISAW	DEATH 08-09	.00	OP-3 BENEF	-802.24
22179	IMA BITTLE	CHECOTAH	DEATH 08-09	5,000.00	OPTION-1	-1,626.27
22561	JASPER MERCER	NORMAN	DEATH 08-09	5,000.00	MAX OPTION	-1,335.36
22601	NALMA OSBORN	MILBURN	DEATH 08-09	5,000.00	OPTION-2	-1,901.32
22608	DORRYS PARR	DUNCAN		Continued	OP-3 BENEF	543.89
23189	HOYT SANDLIN	DUNCAN	DEATH 08-09	5,000.00	OP-3 POPUP	-917.48
23708	MARY GUDENBURR	HOUSTON TX	DEATH 08-09	.00	OP-2 BENEF	-1,595.51
23737	LUCILLE HEDGER	STILLWATER		Continued	OP-3 BENEF	1,176.89

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
23987	EULA	ROBBINS	STILLWATER	DEATH 08-09	5,000.00	OP-3 POPUP -1,563.47
25324	IRVINE	CASTLEMAN	HOLLIS	DEATH 08-09	5,000.00	OPTION-1 -1,620.76
25905	RUTH	HULL	WILSON	DEATH 08-09	5,000.00	OP-2 POPUP -2,118.57
25973	OLETA	JONES	HUGO	DEATH 08-09	.00	OP-3 BENEF -153.90
26106	DOLORES	LOUDERMILK	HARRAH	DEATH 08-09	5,000.00	MAX OPTION -515.28
26731	ROBERT	TAYLOR	EDMOND	DEATH 08-09	5,000.00	OP-3 POPUP -1,872.65
26807	MELVIN	WACKERMAN	SAND SPRINGS	DEATH 08-09	5,000.00	OPTION-1 -421.78
27141	FRANK	HOBBS	OKLAHOMA CITY	DEATH 08-09	5,000.00	OPTION-1 -2,026.23
27218	GLADYS	STONE	CHEYENNE	DEATH 08-09	5,000.00	OPTION-1 -187.86
27396	BILLY	GOUGH	OKLAHOMA CITY	DEATH	5,000.00	OPTION-3 -1,030.10
27396	MARGIE	GOUGH	OKLAHOMA CITY	Continued		OP-3 BENEF 515.05
27665	MARY	HOWARD	ARDMORE	DEATH 08-09	5,000.00	MAX OPTION -1,765.09
28126	EVELYN	CARRON	FORT GIBSON	DEATH 07-09	5,000.00	OPTION-1 -193.58
28498	WILMA	ALLEN	MUSKOGEE	Continued		OP-2 BENEF 1,428.03
29758	WILMA	RALPH	OWASSO	DEATH 08-09	.00	OP-2 BENEF -1,883.37
30008	THOMAS	OSBORNE, JR	MCALESTER	DEATH 08-09	5,000.00	OPTION-1 -1,193.30
30196	CLARICE	LOLICH	OAKLAND CA	DEATH 08-09	5,000.00	OPTION-1 -583.61
30873	MARY	BUCKNER	EL RENO	DEATH 08-09	5,000.00	OPTION-1 -943.32
31288	ORA	JIMISON	OKMULGEE	DEATH 08-09	5,000.00	MAX OPTION -942.93
31530	MARILEE	CHAMBERS	TULSA	DEATH 08-09	5,000.00	OPTION-1 -1,401.00
31559	JUNE	COOLEY	SARASOTA FL	DEATH 08-09	5,000.00	OP-2 POPUP -1,014.92
32273	CLYTUS	WOOLDRIDGE	ENID	DEATH 08-09	.00	OP-2 BENEF -1,611.92
32332	NOLAN	COKER	TUTTLE	DEATH 08-09	5,000.00	OPTION-3 -2,255.66
32847	VERA	POOR	WILBURTON	DEATH 08-09	5,000.00	OPTION-1 -319.37
32858	DESSIE	WHITSON	OKLAHOMA CITY	Continued		OP-2 BENEF 735.64
32942	ORA	FRIDAY	TULSA	DEATH 08-09	5,000.00	OPTION-1 -855.99

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt
33054	JOSEPH	GONZALEZ SR	LAWTON	DEATH 08-09	5,000.00	MAX OPTION -651.09
33311	JAMES	BOGGS	NASHVILLE TN	DEATH 08-09	5,000.00	MAX OPTION -3,882.32
37170	JAN	HARRIS	DRUMRIGHT	DEATH 08-09	9,208.46	OPTION-1 -2,715.76
38474	UVELLE	KINSLOW	HUGO	DEATH 08-09	5,000.00	MAX OPTION -440.06
38656	JAMES	POTTS	CLAREMORE	DEATH	5,000.00	OPTION-3 -2,313.20
38656	CAROLE	POTTS	CLAREMORE	Continued		OP-3 BENEF 1,156.60
38940	DAVID	CHANCE	PAULS VALLEY	DEATH 08-09	5,000.00	OPTION-3 -1,806.27
39486	JOSEPH	LUCERO	PORTALES NM	DEATH 08-09	7,764.40	OPTION-1 -1,059.72
39569	BARBARA	BRANSCUM	TULSA	Continued		OP-2 BENEF 1,365.45
40750	MARY	WINTERS	BLAIR	DEATH 08-09	5,000.00	MAX OPTION -231.85
40955	THEODORE	ROSENFELT	NORMAN	DEATH	5,000.00	OPTION-2 -161.78
40955	JANETTE	ROSENFELT-DEWEY	EUFULA	Continued		OP-2 BENEF 161.78
41133	KIRBY	THOMPSON	LAWTON	DEATH 08-09	.00	OP-2 BENEF -531.40
41304	FREDA	TIETZ	RIPLEY	Continued		OP-2 BENEF 394.27
42006	BETTY	HAMBRICK	CLAREMORE	DEATH 07-09	.00	OP-3 BENEF -538.43
42549	RUTH	CRAWFORD	PADEN	DEATH 08-09	5,000.00	MAX OPTION -392.98
42586	NANCY	GIBBS	VALLIANT	Continued		OP-2 BENEF 2,224.50
42967	ROBERT	LEY	POCAHONTAS AR	DEATH	5,000.00	OPTION-2 -1,406.69
42967	CAROLYN	LEY	POCAHONTAS AR	Continued		OP-2 BENEF 1,406.69
43150	FREDA	ALLEN	TALALA	DEATH 08-09	5,000.00	MAX OPTION -772.89
44488	DARREL	DAY	TULSA	Continued		OP-3 BENEF 508.67
46594	DAN	MCCLURE	LAWTON	DEATH	5,000.00	OPTION-2 -2,508.62
46594	MYRNA	MCCLURE	LAWTON	Continued		OP-2 BENEF 2,508.62
46640	WILDA	STOREY	HAWORTH	DEATH 07-09	5,000.00	OPTION-1 -822.06
47168	EOLA	DRAPER	NORMAN	DEATH 08-09	5,000.00	MAX OPTION -1,207.93
47383	WINFRED	SMITH	HOLDENVILLE	DEATH 08-09	5,000.00	OPTION-4 -470.56
48410	MANUEL	GONZALES	MANGUM	DEATH 08-09	5,000.00	MAX OPTION -739.65
49284	HARRY	BEGGERLY	MIAMI	DEATH 08-09	5,000.00	OPTION-3 -2,026.76

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
50471	GLEND A	KEETHLER	STILLWATER	DEATH	5,000.00	OPTION-2	-604.48
50471	JAMES	KEETHLER	STILLWATER		Continued	OP-2 BENE F	604.48
50743	ELDON	STORER	TAHLEQUAH	DEATH	5,000.00	OPTION-2	-943.30
50743	ZOE	STORER	TAHLEQUAH		Continued	OP-2 BENE F	943.30
50787	WANDA	COWAN	RALSTON	DEATH 08-09	5,000.00	MAX OPTION	-329.97
53434	RONALD	TAYLOR	NORMAN	DEATH 08-09	5,000.00	OPTION-2	-2,043.12
53611	MICHAEL	BILVAIS	LAWTON	DEATH 08-09	19,310.42	OPTION-1	-1,694.53
55751	ALICE	MATTHEWS	OKLAHOMA CITY	DEATH 08-09	15,097.18	OPTION-1	-859.24
55792	PAUL	ADKINS	OKLAHOMA CITY	DEATH	5,000.00	OPTION-2	-1,831.90
55792	JUNE	ADKINS	OKLAHOMA CITY		Continued	OP-2 BENE F	1,831.90
58793	JAMES	COOK JR	BROKEN BOW	DEATH 08-09	5,000.00	OPTION-2	-1,428.08
58832	LARRY	DAVIS	DURANT	DEATH 08-09	27,902.07	OPTION-1	-1,781.58
64857	LOUISA	ROSSER	WOODWARD	DEATH	5,000.00	OPTION-2	-804.27
64857	JOHN	ROSSER	WOODWARD		Continued	OP-2 BENE F	804.27
64995	MICHAEL	MARTIN	CHELSEA	TEACH 10-09		OPTION-2	-2,971.49
66061	CYNTHIA	RAGAN	EUCHA	TEACH 10-09		OPTION-2	-1,667.22
66635	MARC	MONTROSE	LEEDEY	TEACH 10-09		OPTION-1	-2,759.83
66671	EDWARD	PUGH	OKLAHOMA CITY	DEATH	5,000.00	OPTION-2	-2,251.00
66671	SHIRLEY	PUGH	OKLAHOMA CITY		Continued	OP-2 BENE F	2,251.00
67743	PAUL	SHAFFER	CLAREMORE	DEATH	5,000.00	OPTION-4	-442.38
67743	CAROLINE	SHAFFER	CLAREMORE		Continued	OP-4 BENE F	442.38
67921	SANDRA	BOYER	SAND SPRINGS	TEACH 10-09		OPTION-1	-558.66
68520	SYLVIA	MCFARLAND	BARTLESVILLE	TEACH 10-09		OPTION-1	-1,075.39
69673	GEORGE	VASCELLARO	YUKON	DEATH	5,000.00	OPTION-2	-1,501.44
69673	REBECCA	VASCELLARO	YUKON		Continued	OP-2 BENE F	1,501.44
70810	DIANNA	FOSTER	CUSHING	TEACH 10-09		OPTION-2	-2,306.90
70952	GERTRUDE	HOGAN	VIAN	DEATH 08-09	65,518.08	MAX OPTION	-3,163.39
70964	JANIS	HUDSON	KINGFISHER	TEACH 10-09		MAX OPTION	-1,657.59
70968	JANET	HUMPHREY	ADA	TEACH 10-09		OPTION-2	-2,290.83

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
71253	GRACE	PRYOR	BLACKWELL	DEATH 08-09	19,804.48	MAX OPTION	-630.32
71505	SHARLA	WELLS	STROUD	TEACH 10-09		OPTION-1	-2,392.39

Ret-No	Name	Area	Term	Amount-Due	Option	Benefit-Amt	
B0872	PALMER	STEINERT	SHATTUCK	DEATH 08-09	ACCT-CLOSED	SB 490	-194.89

Ret-No	Name		Area	Term	Amount-Due	Option	Benefit-Amt
D1248	BETTY	PERRY	POTEAU	DEATH 08-09	5,000.00	DISABILITY	-1,175.65
D1288	ROSINDA	STAMP	MUSTANG	DEATH 08-09	5,000.00	DISABILITY	-250.86
D2363	LARRY	WATSON	SHADY POINT	DEATH 08-09	5,000.00	DISABILITY	-2,064.83
D3088	FLOYD	PATTON	STRINGTOWN		Continued	OP-2 BENEf	1,014.66

TOTALS:

Payroll-Chg	-95,605.07
Deceased	86
Retirement Canceled	0
Return To Teaching	9
Continued - Max Ben	0
Continued - Option1	0
Continued - Option2	15
Continued - Option3	5
Continued - Option4	1
Continued - Disable	0

APPROVED BY BOARD OF TRUSTEES

Anthony W. Bellard
ADMINISTRATIVE ASSISTANT

10/28/09
DATE

10/1/09
DATE PREPARED

Board Meeting
October 28, 2009

Financial Reports will be distributed at the Board meeting.