

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Rescheduled Regular Board Meeting
Wednesday, February 24, 2016 – 8:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES:**
 - A. January 27, 2016 Regular Meeting
- 3. SWEARING IN OF NEW TRUSTEE – CHRISTA HUGHES**
- 4. PRESENTATION BY INTERNATIONAL EQUITY RFP FINALISTS:**
 - A. Allianz Global Investors
 - B. Tocqueville Asset Management
 - C. Vontobel Asset Management
 - D. Wellington Management
 - E. McKinley Capital Management
 - F. State Street Global Advisors
- 5. DISCUSSION AND POSSIBLE ACTION TO AWARD CONTRACTS ON INTERNATIONAL EQUITY RFP**
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY AND QUARTERLY REPORTS**
- 7. DISCUSSION AND POSSIBLE ACTION ON QUARTERLY 403(B) REPORT**
- 8. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT:**
 - A. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT** *The Board of Trustees may elect to make any changes to the status of any manager(on watch, alert, remove them from that status, or terminate (and select transition manager and reallocate funds if necessary)) based on the information available at the Board meeting.*
 - B. DISCUSSION AND POSSIBLE ACTION ON REMOVAL OF MANAGER EXCEPTION FOR LORD ABBETT**
 - C. DISCUSSION AND POSSIBLE ACTION ON ADVISORY RESEARCH ALL CAP TRANSITION AND MLP FUNDING**
 - D. DISCUSSION OF INTERNATIONAL EQUITY PORTFOLIO STRUCTURE OPTIONS**
 - E. DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENTS TO INVESTMENT POLICY STATEMENT**
 - F. DISCUSSION ON CHIEF INVESTMENT OFFICER REPORT**
- 9. DISCUSSION AND POSSIBLE ACTION ON STAFF RECOMMENDATIONS ON PROPOSED LEGISLATION FOR THE 2016 SESSION AND PRESENTATION BY MAJORITY PLUS, INC.**

10. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF PERMANENT RULES: 715:1-1-13 amended; 715:1-1-8 amended; 715:10-3-1 amended; 715:10-5-4.1 amended; 715:10-5-1 amended; 715:10-5-9 amended; 715:10-5-11 amended; 715:10-7-1 amended; 715:10-9-6 amended; 715:10-11-2 amended; 715:10-13-1 amended; 715:10-13-2 amended; 715:10-13-10 amended; 715:10-13-13 amended; 715:10-15-3 amended; 715:10-15-10 amended; 715:10-15-7.2 amended; 715:10-15-10.2 amended; 715:10-17-12 amended; 715:10-15-16 amended; 715:10-25-1 amended; 715:10-25-2 amended; 715:10-25-3 amended; 715:10-25-4 amended; 715:10-25-5 amended; 715:10-15-11 amended; 715:10-5-4 amended; 715:10-17-13 amended;

11. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:

A. Governance

1. DISCUSSION AND POSSIBLE ACTION TO ADOPT POLICY ON EXECUTIVE DIRECTOR SUCCESSION PLANNING
2. DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENT TO BOARD OF TRUSTEES POLICY MANUAL – EXECUTIVE DIRECTOR EVALUATION POLICY

B. Audit

1. DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDIT CONTRACT AND POSSIBLE ACTION TO AWARD CONTRACT FOR FY 2017

12. DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:

- A. Client Services (70 O.S. 17-105)
- B. Human Resources
- C. Finance
- D. General Counsel
- E. Executive Director

13. QUESTIONS AND COMMENTS FROM TRUSTEES

14. NEW BUSINESS *(Any matter not known about or which could not have been reasonably foreseen prior to the time of posting. 25 O.S. 2011, §311.)*

15. ADJOURNMENT

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

**MEETING MINUTES
JANUARY 27, 2016
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Bill Peacher, Chairman, at 9:04 a.m., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda were posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Bill Peacher, <i>Chairman</i>	Jill Geiger*
Vernon Florence, <i>Vice Chair</i>	Kevin Moore
Judie Harris, <i>Secretary</i>	Myron Pope
Bill Bentley	Gary Trennepohl
Roger Gaddis	Greg Winters

TRUSTEES ABSENT:

Phil Lewis
Lance Nelson
Billie Stephenson

TRS STAFF PRESENT:

Tom Spencer, <i>Executive Director</i>	Sam Moore, <i>Director of Finance/CFO</i>
Julie Ezell, <i>General Counsel</i>	Debra Plog, <i>Employer Reporting Manager</i>
Dixie Moody, <i>Director of Client Services</i>	Kirk Stebbins, <i>Chief Investment Officer</i>
Kim Bold, <i>Human Resources Director</i>	Melissa Kempkes, <i>Investment Analyst</i>

OTHERS PRESENT:

Elaine Dodd, <i>OREA</i>	Hilaire Johnson, <i>Stinnett & Associates</i>
Norman Cooper, <i>OREA</i>	Jan Preslar, <i>Deputy Attorney General</i>
Wayne Maxwell, <i>RPOE</i>	Christopher Lazzaro, <i>Loomis Sayles</i>
Greg Weaver, <i>Bogdahn Group</i>	Matt Eagan, <i>Loomis Sayles</i>
Doug Anderson, <i>Bogdahn Group</i>	Steven Rocco, <i>Lord Abbett</i>
Allen Coffey, <i>RSM US, LLP</i>	Kitty Martin, <i>Lord Abbett</i>
Kara Trahan, <i>RSM US, LLP</i>	Jim Dunlap, <i>Majority Plus, Inc.</i>
John Turner, <i>Stinnett & Associates</i>	Luke Martin, <i>Majority Plus, Inc.</i>

*Denotes late arrival or early departure.

ITEM 1 – ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 9:04 a.m. and asked the recording secretary to call the roll to determine if a quorum was present. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher. Mr. Bentley was also present but does not count toward a quorum and had not yet been sworn in as a new Trustee at the time of roll call.

ITEM 2 – MEETING MINUTES: A motion was made by Mr. Gaddis with a second made by Dr. Winters to approve the December 16, 2015 Regular Board meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 3 – RESOLUTION HONORING ELAINE DODD: Chairman Peacher presented Elaine Dodd with a Resolution recognizing her service as a Trustee. Ms. Dodd gave a few words of appreciation.

ITEM 4 – SWEARING IN OF NEW TRUSTEE – BILL BENTLEY: Bill Bentley was sworn in as a new Trustee in the non-voting position on the Board representing retired educators.

ITEM 5 – PRESENTATION BY INVESTMENT MANAGERS: Investment Consultants to the Board, Greg Weaver and Doug Anderson of the Bogdahn Group, gave a brief introduction of the presenting investment managers, Loomis Sayles and Lord Abbett. Mr. Weaver reminded the Trustees that these managers were hired by the Board in February 2009 and each firm currently manages approximately \$240 million in high yield fixed income index funds. He also stated that this asset class has served the System well since inception.

After Christopher Lazzaro and Matt Eagan of Loomis Sayles and Steven Rocco and Kitty Martin of Lord Abbett presented their respective investment manager reports to the Board, Greg Weaver gave a brief summary of the presentations. No action was necessary.

ITEM 6 – INVESTMENT CONSULTANT MONTHLY REPORT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of the Bogdahn Group, gave their monthly report. Mr. Anderson said the best relative performer in recent years has been the small cap international equity funds. The monthly asset allocation as of December 31, 2015 reflects: 44.1% in total domestic equity with a target of 40.0%; 16.3% in total international equity with a target of 17.5%; 16.0% in core fixed income with a target of 17.5%; 23.5% in total non-core assets with a target of 25.0%; and 0.1% in cash with a target of 0.0%. The total fund returns (gross of fees) as of December 31, 2015 were: 1 month -2.5%; quarter 2.0%; calendar YTD -2.9%; 1 year -2.9%; 3 year 9.2%; 5 year 8.6%; 10 year 7.0%; and since inception 9.2%. No action was necessary.

*A break was taken from 10:40 a.m. to 10:54 a.m.
Jill Geiger arrived during the break at 10:54 a.m.*

ITEM 7 – INVESTMENT COMMITTEE REPORT: Mr. Florence, Chair of the Investment Committee, gave a synopsis of the Investment Committee meeting held on January 26, 2016.

ITEM 7A – MANAGER STATUS SUMMARY REPORT INCLUDING ADVISORY RESEARCH, INC. (ALL CAP) AND WELLINGTON MANAGEMENT: Investment Consultants to the Board, Greg Weaver and Doug Anderson of the Bogdahn Group, presented the Manager Status Summary Report.

Mr. Weaver informed the Trustees that Wellington Management is experiencing a significant personnel change which requires the Board to place the firm in an "On Alert" status. Mr. Weaver assured the Trustees that the personnel change should have no negative impact on the management of the OTRS portfolio. He also informed the Trustees that Wellington has offered a very generous fee concession retroactive to January 1 and offered three different fee alternatives for consideration. After reviewing each alternative, the Bogdahn Group will make a recommendation to the Board. After some discussion, the Investment Committee recommended to place Wellington (Domestic Mid Cap) "On Alert" for personnel changes for one year (through January 2017). The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Weaver reminded the Trustees of the ongoing issue with Advisory Research, Inc. (ARI) as it relates to All Cap. After a brief discussion, the Investment Committee recommended to terminate Advisory Research, Inc. (All Cap), appoint Northern Trust as the transition manager, and to grant staff and the consultant the authority to transition the funds to a current domestic index fund that proves to be the most efficient and expedient. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

Mr. Florence said the Investment Committee discussed at length the options of dealing with the funds managed by ARI. Upon the advice of the Investment Consultant and after some discussion among the Trustees, the Investment Committee recommended that after the transition is completed to allocate a portion of these funds equally to MLP managers Chickasaw and Cushing over not more than the next three months to bring the allocation to the target percent of seven percent (7%) in the Investment Policy, and grant staff and the consultant the authority to negotiate a more advantageous fee arrangement with Chickasaw and Cushing due to the additional allocation. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 7B – INTERNATIONAL EQUITY RFP CANDIDATES INCLUDING REVIEW OF INVESTMENT MODELING AND POSSIBLE SELECTION OF FINALISTS FOR BOARD INTERVIEW: Mr. Florence reminded the Trustees that several months ago the Board discussed the possibility of adding some international equity funds to the OTRS portfolio and said after a thorough discussion among the consultants, staff and the Investment Committee, 6 finalists out of approximately 140 candidates have been recommended for interview before the full Board. Mr. Florence asked Chairman Peacher to discuss the structure of the presentations.

Chairman Peacher said the interviews will be at least a three-hour process and proposed that the February regular meeting begin at 8:00 a.m. with no regular investment manager presentations. To be fully prepared to make an informed decision, Chairman Peacher encouraged the Trustees to review the preliminary information and analytics on the firms provided by the Investment Consultants prior to the meeting. Mr. Weaver added that the total allocation to be managed by these international equity funds is approximately \$1 billion. He also complimented Kirk Stebbins, Chief Investment Officer, on the excellent job he did on modeling how these firms correlate to the market, to the index, to the Investment Policy and how they fit together.

The Investment Committee recommended to name Allianz Global Investors, Vontobel Asset Management, Wellington Management, Tocqueville Asset Management, McKinley Capital Management, and State Street Global Advisors as finalists for the International Equity RFP and invite them for a full Board interview at the February 24, 2016 Board meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 7C – DISCUSSION ON AMENDMENTS TO INVESTMENT POLICY STATEMENT: Kirk Stebbins, Chief Investment Officer, presented the Investment Policy Statement to the Board and discussed proposed changes to Section I of the Policy. He said the first step in this long-term project was to take the existing Policy and organize it according to the standards from the Chartered Financial Analysts Institute (CFA) which has been accomplished. Mr. Stebbins referred the Trustees to the Table of Contents and said he felt the general elements of the Policy were covered sufficiently but as the Policy is reviewed section by section, items may be relocated or changed. He recommended that one or two sections at a time be considered by the Trustees until the entire Policy has been reviewed and approved.

Mr. Stebbins presented the proposed changes to Section I of the Policy and said it is open for comments. After consideration has been given to these comments, he said revisions will be made and Section I will be subject to approval at the February Board meeting. Likewise, proposals to Section II will be subject to a comment period at the February meeting and final language for Section II may be approved at the March meeting.

Mr. Florence commented that the proposed language in Section I is a great start to revision of the Investment Policy. No action was necessary.

ITEM 7D – CHIEF INVESTMENT OFFICER REPORT: Kirk Stebbins presented the Chief Investment Officer report to the Board. He informed the Trustees that the Investment Committee is

cognizant of the time necessary to hear presentations from the System's growing number of investment managers and is considering ways to make the process more useful to Trustees. As discussed at the previous Board meeting, Mr. Stebbins presented a matrix of several reporting options for the Trustees to consider. He said staying with the current schedule of two managers per month would take a two-year period to see all current investment managers. Options discussed were:

- retaining the current method of two investment manager presentations per month to the full Board;
- monthly or as needed, variable number of managers presenting by topical interest to the full Board;
- monthly or as needed, variable number of managers presenting by topical interest to the Investment Committee;
- minimum of four meetings per year, roundtable presentations to the full Board by asset class; or
- as needed, manager presentations by exception to the Investment Committee.

Chairman Peacher asked for feedback from the Trustees. Mr. Moore commented that he feels time would be better served if investment managers gave shorter presentations and allowed more time from the Trustees to ask relevant questions and furthermore, for the Board to have a good understanding of good questions to ask. Mr. Bentley added that in his opinion the "bottom line of performance" would be the most beneficial. After extensive discussion, Mr. Florence encouraged Trustees to make private comments to the Committee if preferred. No action was necessary.

ITEM 8 – DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDITOR'S REPORT:

Mr. Gaddis, Chair of the Audit Committee, introduced Allen Coffey and Kara Trahan with RSM International to present the external audit report through the period of June 30, 2015. Mr. Coffey reminded the Trustees of the difficulties in completing the audit and reported that RSM has discussed and formulated a better approach to conducting the audit in the future, specifically the process of data testing and payroll reconciliation with the sample selection from the reporting entities in connection with GASB 67. Mr. Coffey said the audit resulted in an unqualified clean opinion with one finding identical to the finding in the previous year regarding data provided to the actuary.

A motion was made by Dr. Winters with a second by Ms. Harris to accept the audit as presented. The motion carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 9 – DISCUSSION AND POSSIBLE ACTION ON INTERNAL AUDITOR'S REPORT:

Mr. Gaddis, Chair of the Audit Committee, introduced John Turner and Hilaire Johnson of Stinnett & Associates to present the Accounts Payable / P-Card Audit. Mr. Turner said in 2013, his firm brought issues to management and to the Audit Committee regarding accounts payable and the P-card process. Since that time those issues have been resolved, resulting in a clean audit. Ms. Johnson discussed the details of the audit, specifically segregation of duties and the "ePro" purchasing module approval process. Mr. Turner complimented staff and management saying they have been very cooperative, eager to improve processes, and very receptive to input from his team.

A motion was made by Dr. Pope with a second by Ms. Geiger to accept the audit as presented. The motion carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 13 – DISCUSSION AND POSSIBLE ACTION ON STAFF RECOMMENDATIONS ON PROPOSED LEGISLATION FOR THE 2016 SESSION AND PRESENTATION BY MAJORITY PLUS, INC.:

Tom Spencer, Executive Director, along with Legislative Consultants to the Board, Jim Dunlap and Luke Martin of Majority Plus, Inc., reported on proposed and pending legislation and discussed the status and impact of several legislative bills. A total of 47 bills are currently being tracked and an estimated number of 20 bills will make it out of committee by the deadline. Mr. Martin said that any bill identified as having a fiscal impact will be red-flagged and most likely will not pass the first step

in the legislative process. Dr. Winters expressed concerns about the System's unfunded liability if legislative bills affecting the funding status of the System are passed.

Mr. Spencer highlighted the proposed bills on which the Board should take a position. Norman Cooper of the Oklahoma Retired Educators Association (OREA) was recognized by Chairman Peacher to speak on behalf of HB 2647 and SB 1419 (OREA sponsored bills) which would remove the non-voting member of the OTRS Board representing retired educators and replacing the position with a voting member appointment by a statewide organization representing retired educators with at least 7,000 members, thereby increasing the size of the OTRS Board to fourteen Trustees. Mr. Cooper requested that the Board take no position on this proposed legislation. Wayne Maxwell of Retired Professional Oklahoma Educators (RPOE) commented that the position of his organization is that the current structure of retiree representation is satisfactory and sees no reason to change it.

After a lengthy discussion regarding the current representation on the Board and how increasing the size of the Board would also increase the number of affirmative votes required to pass any motion from seven to eight, a motion was made by Mr. Gaddis with a second by Dr. Trennepohl to oppose both HB 2647 and SB 1419. The motion carried with a unanimous voice vote and also a vote by a show of hands. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

After a brief discussion of HB 2876 which deals with divesting from any company with business operations in Iran, a motion was made by Dr. Trennepohl with a second by Dr. Pope to oppose HB 2876 and emphasize the fact that OTRS complies with all federal regulations regarding investments in Iran. The motion carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 10 – DISCUSSION AND POSSIBLE ACTION ON PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND RECOMMENDATION PREPARED BY HEARING OFFICER FOR GRIEVANCE FILED BY TERRI MILLER-SIMMS: Julie Ezell, General Counsel, introduced Jan Preslar, Deputy Attorney General, and said she was present to advise the Board in the Grievance filed by Terri Miller-Simms, if needed.

Ms. Ezell briefed the Trustees and referred them to the documents distributed. She said the primary issue in this case is a dispute as to whether the grievant, an OTRS retiree, can change her retirement election from Option 1 to an Option 2 after a case was decided by the Tenth Circuit stating a same-sex marriage ban violates the due process protection under the Equal Protection Clause of the Constitution. OTRS denied the grievant's request to change her retirement election because same-sex marriage was not recognized in the State of Oklahoma on the date of the grievant's marriage or on her date of retirement. Ms. Ezell also pointed out to the Trustees that the grievant had the opportunity to choose Option 2 and name her spouse as her Option 2 joint annuitant at the time of retirement, but chose not to do so.

Ms. Ezell stated that the Recommendation of the Administrative Law Judge hearing this case affirmed that the Option 1 retirement plan selected at the time of retirement is binding and final and that the Executive Director's decision to deny Terri L. Miller-Simms' application to change to an Option 2 retirement plan is affirmed.

Ms. Ezell informed the Trustees that they have the option of resolving into Executive Session to discuss the matter with Deputy Attorney General Jan Preslar before making a decision. It was the consensus of the Board that Executive Session was not necessary. Dr. Trennepohl made a motion and Mr. Gaddis made a second to adopt the Findings of Fact, Conclusions of Law, and Recommendation prepared by the hearing officer for the grievance filed by Terri Miller-Simms. The motion carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEMS 11 AND 12 – DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. § 307(B)(9) FOR THE PURPOSE OF ENGAGING IN DELIBERATIONS OR RENDERING A FINAL OR INTERMEDIATE DECISION IN AN INDIVIDUAL PROCEEDING PURSUANT TO ARTICLE II OF THE ADMINISTRATIVE PROCEDURES ACTION REGARDING THE GRIEVANCE OF TERRI MILLER-SIMMS / DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: The Board did not resolve into Executive Session and no further action was taken in the grievance of Terri Miller-Simms.

A break for lunch was taken from 12:45 p.m. – 1:14 p.m.

ITEM 14 – COMMITTEE REPORTS:

ITEM 14B – AUDIT: Mr. Gaddis, Chair of the Audit Committee, informed the Board that the Audit Committee held a telephone conference and discussed options going forward with regard to the System's external audit. He added that RSM has expressed a need to increase the fees for the FY-2016 audit due to the change in regulations in the testing of reporting entities resulting in additional time necessary to complete the audit. Julie Ezell, General Counsel, advised the Trustees that the contract with RSM was a one-year contact and has the option of renewal. No action was necessary.

ITEM 14A – GOVERNANCE: Dr. Trennepohl, Chair of the Governance Committee, said the Committee met and discussed a succession planning process and will bring a recommendation to the full Board in the future. He said the Committee also discussed the process for evaluating the performance of the Executive Director and hopes to bring a recommendation along with a revised form to the Trustees at the February meeting. The third item discussed by the Committee was the review of two chapters in the Board of Trustees Policy Manual relating to Board governance and Board ethics. He said the Committee will review these chapters to ensure they are current and complete before the end of this fiscal year. Dr. Trennepohl also requested Mr. Stebbins to review the sections in the Trustees Policy Manual regarding duties and responsibilities and ensure that the information contained in this manual is consistent with information contained in the Investment Policy. No action was necessary.

ITEM 15 – DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:

ITEM 15A – CLIENT SERVICES REPORT: Dixie Moody, Director of Client Services, gave a brief presentation to the Board. She reported 211 January 1 retirements for the Board's approval and 106 terminated annuities as of January 1, 2016. The OTRS Information Center received 4,454 calls during the month of December. Mr. Gaddis asked if responding to emails would be a more efficient option for the OTRS information center to respond to questions instead of direct phone calls. Ms. Moody explained that speaking directly to the client is actually a more efficient manner of answering questions since the client's account can be viewed while answering various questions. A motion was made by Dr. Winters with a second made by Ms. Harris to approve the monthly retirement report. The motion carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

ITEM 15B – HUMAN RESOURCES REPORT: Kim Bold, Human Resources Director, gave her report to the Board. She reported that one employee left the agency in December and a replacement for that position is scheduled to begin in February. She also reported that one employee in the information center is planning retirement in the month of February and the position will be replaced. No action was necessary.

ITEM 15C – FINANCE REPORT: Debra Plog, Employer Reporting Manager, presented the Employer Reporting Report. She said as of the report date, there were four reporting entities that were delinquent in submitting their reports and one employer in August who did not have sufficient funds who became delinquent. These delinquent funds totaled \$88,087.99 as of the report date. She said since the report was

issued, several employers have become compliant resulting in two employers that are currently delinquent totaling \$40,575. Dr. Winters referred to the entity that was delinquent due to insufficient funds in August and the process of receiving payment through electronic funds transfer (EFT) was discussed.

Sam Moore, Director of Finance/CFO, presented the Finance Report to the Board. He mentioned that the 2015 Comprehensive Annual Financial Report (CAFR) has been completed and should be available on the OTRS website by the end of the week. He said an application will be submitted to the Government Finance Officers Association (GFOA) in the hopes of receiving a Certificate of Achievement for Excellence in Financial Reporting for the twenty-third consecutive year. Total assets as of December 31, 2015 were \$13.4 billion. No action was necessary.

ITEM 15D – GENERAL COUNSEL REPORT: Julie Ezell, General Counsel, presented the legal report to the Board. She informed the Trustees that an administrative hearing is scheduled March 10, 2016. She said she sent letters to employers who have not submitted their Employer End of Year Report to TRS. This amounts to 23 employers who have not yet filed the reports. Ms. Ezell directed the Board's attention to Executive Order 2016-01 and stated that Governor Fallin has directed public bodies as defined in the Oklahoma Statutes to make available on their website the names, telephone numbers and email addresses of members of their governing bodies and such other information about the members as the public body may choose to include. Ms. Ezell discussed the System's plan on implementing the Executive Order, stating that OTRS will create email addresses for each Trustee and that the Trustees will be responsible for monitoring their individual email account. She further stated that a telephone line will be established in the OTRS offices where voice mail messages can be left. Staff will monitor voice mail and forward messages to Trustees as necessary. No action was necessary.

ITEM 15E – EXECUTIVE DIRECTOR REPORT: Tom Spencer, Executive Director, presented his report to the Board and gave an update on the status of several items. He reported that the bill filing deadline for legislation was January 22 and said Majority Plus and staff have completed bill searches to ensure bills impacting OTRS have been identified. He also reported that a candidate has been selected to fill the Executive Assistant position and she is scheduled to begin employment on February 8.

Mr. Spencer said the Finance Division did an exceptional job completing the financial statements, working with the external auditors, and compiling the Comprehensive Annual Financial Report (CAFR). He said in his opinion the quality of this CAFR is the best it has been in years. Mr. Spencer reported that Stinnett & Associates, the internal auditor, will be conducting a comprehensive risk assessment in the next few weeks and will be interviewing OTRS management staff and a sampling of Trustees for input.

Mr. Spencer informed the Trustees that the winter edition of the Advisor Newsletter was published which includes the Popular Annual Financial Report (PAFR) and also includes notification that the Client Portal is now open to all clients. Mr. Spencer also informed the Trustees that the Renaissance Hotel and Conference Center in Tulsa has been identified as the conference facility for the Fall Pension Conference (OPFTEC) and reminded the Trustees that OTRS will host the event September 28-30, 2016.

Mr. Spencer reported that OTRS is still experiencing performance issues with ALICE, the client accounting computer system, and that although additional servers have been added as advised, the system is still running extremely slow. He said OMES has committed to having some of its staff analyze the system and the server to determine the origin of the problem. Mr. Spencer mentioned that OMES has mandated that the relatively new phone system currently in place (less than two years old), must be replaced and he will be attending a meeting to discuss the transition.

Mr. Spencer followed up Dr. Trennepohl's comments on succession planning from the Governance Committee report and stated that after researching several other state pension systems, he found many systems are working on the issue of succession planning but few have adopted written policies. He said that he will provide the Governance Committee some suggested language on succession planning for inclusion in the Trustees Policy Manual. Lastly, Mr. Spencer reported that senior staff conducted an orientation for new Trustee Bill Bentley on January 21. No action was necessary.

ITEM 16 – QUESTIONS AND COMMENTS FROM TRUSTEES: Chairman Peacher brought to the Board's attention a newspaper article recognizing Dr. Winters. Mr. Florence said that due to Dr. Winters' tenacious leadership in the days and months after the destruction of several buildings on the campus of Canadian Valley Technology Center after the May 2013 tornado, a new building has been named in his honor. Several Trustees commented that it is an honor to sit on a Board with someone of that caliber. There were no additional questions or comments from Trustees.

ITEM 17 – NEW BUSINESS: There was no new business from the Board.

ITEM 18 – ADJOURNMENT: There being no further business, a motion was made by Dr. Winters with a second made by Dr. Trennepohl to adjourn the meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Mr. Moore, Dr. Pope, Dr. Trennepohl, Dr. Winters, and Chairman Peacher.

The meeting was adjourned at 1:50 p.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, *Chairman*

ATTEST:

BY: _____
Judie Harris, *Secretary*

Oklahoma Teachers' Retirement System International Equity Manager Searches

Finalist Review
February, 2016

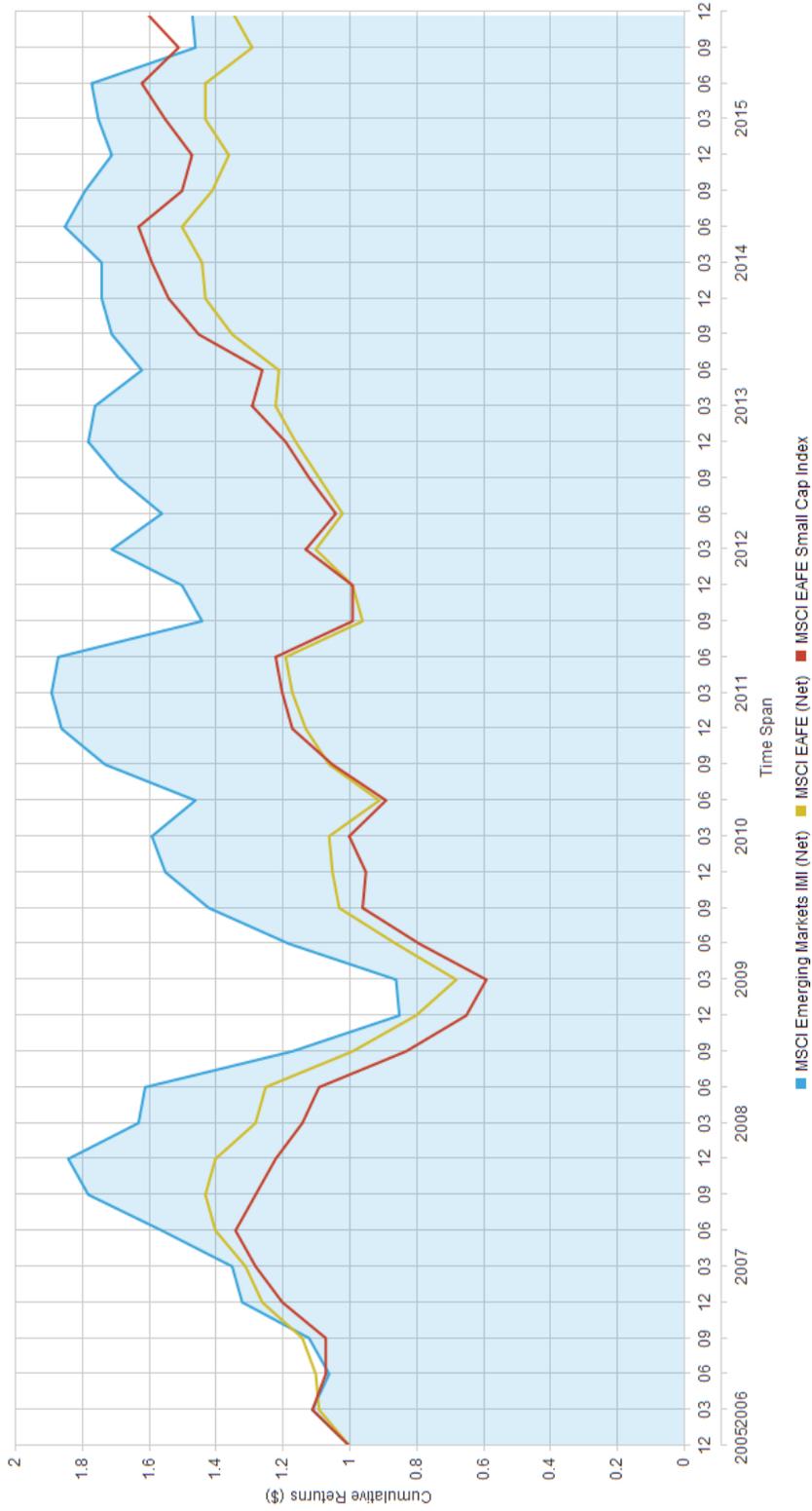


Developed vs. Emerging Markets Returns

Correlation Matrix	MSCI Emerging Markets	MSCI EAFE	MSCI EAFE Small Cap
MSCI Emerging Markets	1.00		
MSCI EAFE	0.91	1.00	
MSCI EAFE Small Cap	0.88	0.96	1.00

MSCI Emerging Markets IMI (Net) : Growth of \$1

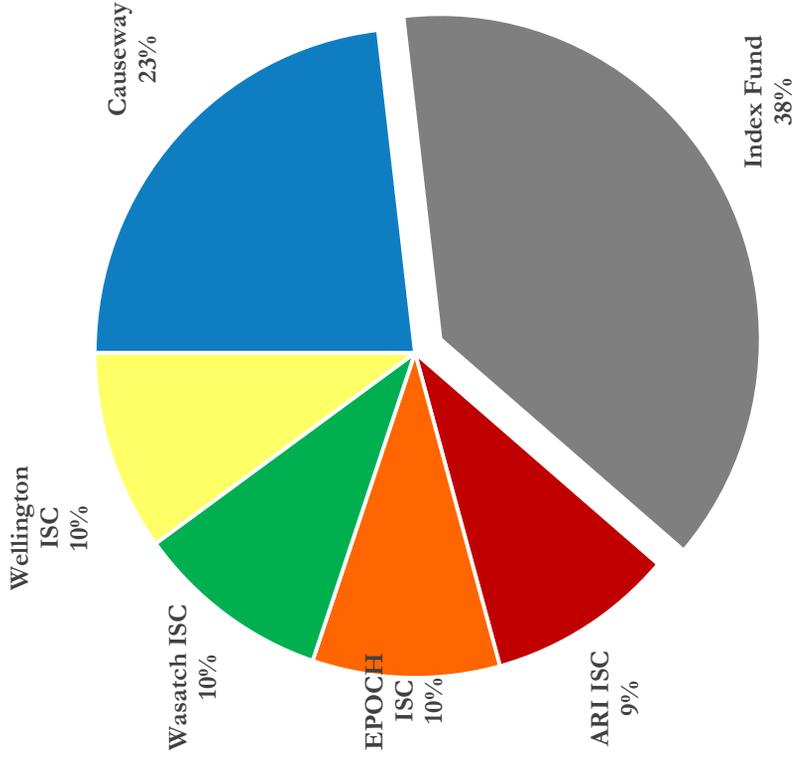
As of 12/31/2015



Source: Investment Metrics, LLC. All rights reserved.



International Equity Allocation - Current



12/31/2015 Allocation = 15.9% (\$2.0 billion)
Target Allocation = 17.5% (\$2.2 billion)

Transition process will involve allocation of additional assets to the international equity portfolio. At roughly current market value, an additional \$200 million would be added. The most likely source of funds would be the domestic equity portfolio.

If the assets currently invested in the international Index Fund are reallocated to active managers, the total amount of reallocated funds will be slightly less than \$1 billion.



Developed + Emerging Manager Profiles



- Location: Portfolio Management - Frankfurt, Germany Service – New York
- Total AUM: \$488.1 billion
- Product AUM: \$1.6 billion
- Background: Allianz has managed client assets since its founding in 1895. In 1998, Allianz established asset management as a distinct business. Since that time, the business has grown both through organic means and by acquisition, including PIMCO. In 2012, Allianz divided its asset management operations into two groups: Allianz Global Investors and PIMCO.
- Ownership: Wholly owned by Allianz SE, a publicly traded financial services organization.
- Process: Allianz Global Investors Best Styles portfolios seek to systematically harvest risk premiums associated with five long-term investment styles: Value, Momentum, Earnings Change, Growth and Quality. The portfolio combines a diversified and stable mix of the five investment styles that has produced excess returns and smoothed the volatility of the individual styles. Top down research is used to determine the mix among the styles while fundamental individual analysis feeds stock selection.
- Decision Making Structure: Lead Portfolio Manager with support team.
- Key Personnel: Dr. Michael Heldmann, Dr. Klaus Teloecken, Dr. Benedikt Henne
- Fee Schedule:
 - First \$75 million: 0.36%
 - Next \$75 million: 0.315%
 - Next \$350 million: 0.27%
 - Over \$500 million: 0.25%
- Annual Fee Proposal on \$100 million allocation: 0.35%; \$348,750
- Annual Fee Proposal on \$200 million allocation: 0.32%; \$641,250

Manager Review: Tocqueville Asset Management - Value

- Location: New York, New York
- Total AUM: \$11 billion
- Product AUM: \$581 million
- Background: Tocqueville was founded in 1985 by Francois Sicart as a subsidiary of Tucker Anthony & R.L. Day and investment bank and broker. The firm gained its independence in 1990. International equity portfolios have been managed since 2001. Tocqueville manages portfolios for high net worth individuals, institutions and mutual funds.
- Ownership: Independent and 80% Employee-owned.
- Process: Tocqueville is a deep-value, contrarian investment manager that builds multi-cap portfolios for clients. The firm's fundamental research process focuses on discovering hidden value within companies. Portfolios generally have lower than market risk. Individual positions are targeted to have 100% upside return potential at purchase with limited downside risk. Attractive individual positions are thoroughly researched and debated by the investment committee and presenting analyst. Focus is placed on why the company under review is seriously undervalued and how market consensus is wrong. The manager occasionally hedges currency. Turnover is generally less than 30% per year.
- Decision Making Structure: Investment Committee lead by James Hunt
- Key Personnel: James Hunt
- Fee Schedule: First \$25 million: 0.85%
Over \$25 million: 0.65%
- Annual Fee Proposal on \$100 million allocation: 0.70%; \$700,000
- Annual Fee Proposal on \$200 million allocation: 0.68%; \$1,350,000

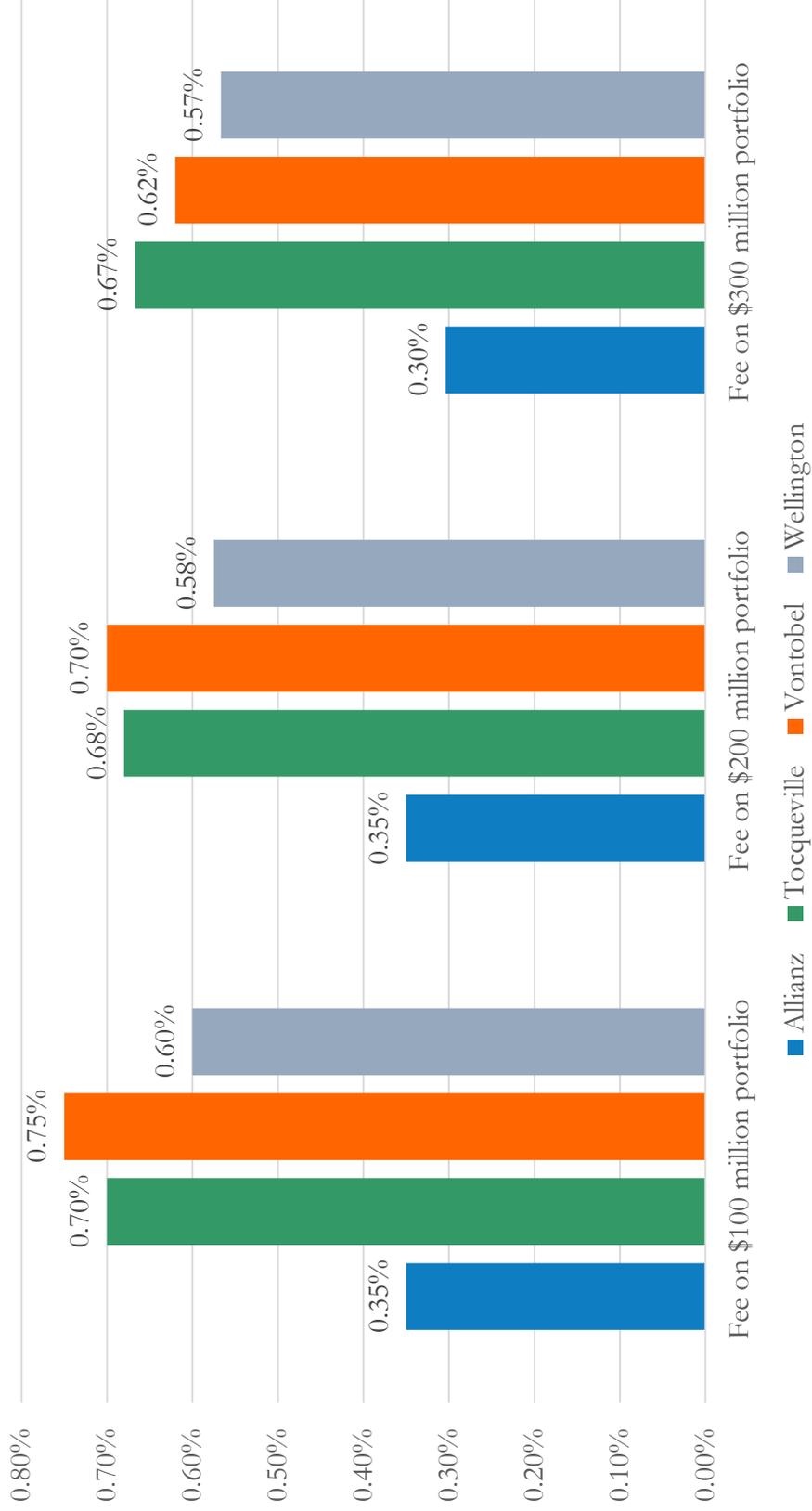
- Location: New York, New York
- Total AUM: \$50.7 billion
- Product AUM: \$7.8 billion
- Background: Vontobel Asset Management was established in 1984. The firm is dedicated to managing global and regional long-only equity portfolios. Their total product line composes six equity products. The firm is a prominent subsidiary of a publicly traded Swiss bank. Portfolio management occurs in New York.
- Ownership: Wholly owned by Vontobel AG, a Swiss bank holding company.
- Process: Vontobel has a firm wide investment philosophy of seeking to invest in high quality growth companies at sensible prices. The international team is made up of four portfolio managers, nine analysts and four traders. Portfolios are relatively unconstrained; Vontobel feels that most broad market indexes do not adequately represent high quality investment opportunities and make it very difficult to properly diversify underlying operational risks. Initial screens seek to find well-managed companies with the following attributes: consistent operating and financial performance, attractive long-term economic prospects, and competent management. Additional research is performed to provide deep understanding of potential investments. Buy candidates are generally characterized by predictable and sustainable business models. Portfolios typically hold between 50 and 70 positions with annual turnover of roughly 20%.
- Decision Making Structure: Rajiv Jain
- Key Personnel: Rajiv Jain, Portfolio Manager, makes all buy/sell decisions and manages portfolio construction.
- Fee Schedule:
 - First \$100 million: 0.75%
 - Over \$100 million: 0.65%
 - For a mandate size of \$250 million or greater, a flat fee of 0.62% will be honored.
- Annual Fee Proposal on \$100 million allocation: 0.75%; \$750,000
- Annual Fee Proposal on \$200 million allocation: 0.70%; \$1,400,000

- Location: Boston, Massachusetts
- Total AUM: \$939 billion
- Product AUM: \$1 billion
- Background: Wellington Management was established in 1928 as the first balanced mutual fund in the U.S. The firm is wholly owned by 152 active employees. The firm's investment process focused on small team managed portfolios supported by significant research and operational resources.
- Ownership: Independent and 100% Employee-owned
- Process: Wellington Quality International Growth builds diversified portfolios of growing companies with superior business models, high levels of organic revenue growth, low valuation on a free cash flow basis, improving fundamentals and a record of returning capital to shareholders. Companies are actively ranked according to their relative attractiveness which combines growth prospects and valuation. Highly ranked companies are thoroughly researched to determine if there is an underlying catalyst and/or have a high probability for multiple expansion. Sector weights are largely determined by stock selection although they are generally maintained within +/- 15% from the benchmark. The same bands also apply to country weightings. The portfolios hold between 60 – 80 positions and typically exhibit higher than average turnover.
- Decision Making Structure: Portfolio Manager: John Boselli is supported by two other portfolio management personnel and 56 global industry analysts
- Key Personnel: John Boselli
- Fee Schedule:

First \$100 million:	0.60%
Amounts over \$100 million:	0.55%
- Annual Fee Proposal on \$100 million allocation: 0.60%; \$600,000
- Annual Fee Proposal on \$200 million allocation: 0.575%; \$1,150,000

Fee Comparison – Current Proposals

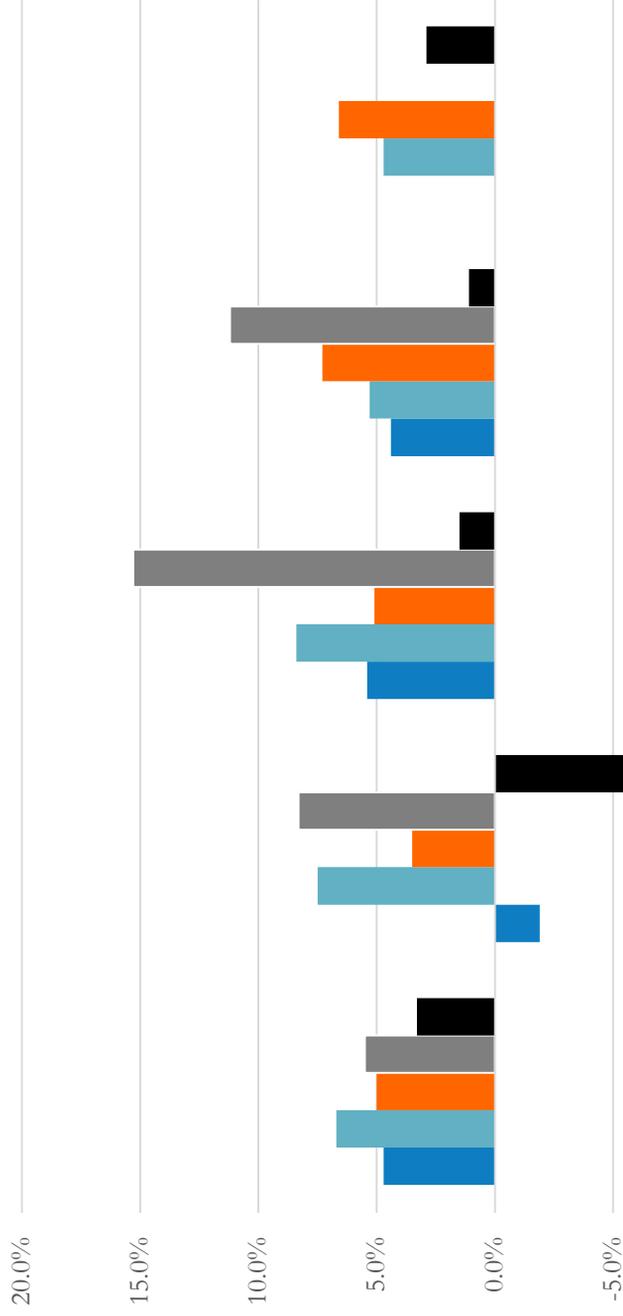
EM + FM



Performance Comparison – Annualized Periods

Updated as of December 31, 2015

DM + EM



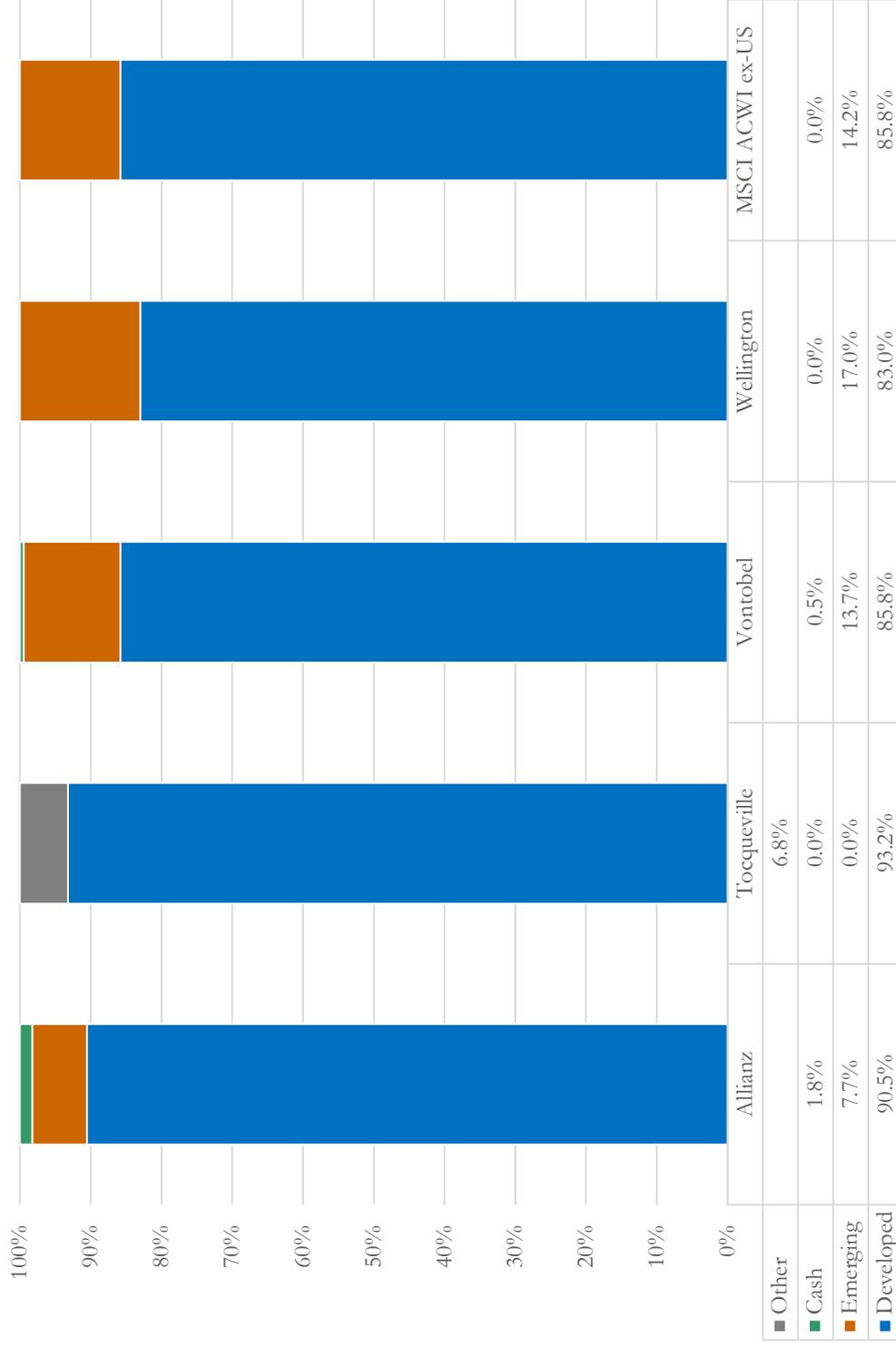
	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Allianz	4.7%	-1.9%	5.4%	4.4%	4.7%
Tocqueville	6.7%	7.5%	8.4%	5.3%	4.7%
Vontobel	5.0%	3.5%	5.1%	7.3%	6.6%
Wellington	5.5%	8.3%	15.3%	11.2%	2.9%
MSCI ACWI ex-US	3.3%	-5.7%	1.5%	1.1%	2.9%



Core Manager	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Allianz	\$29.6 billion	14.11	1.56	2.92%	20.02%
MSCI ACWI ex-US	\$29.1 billion	16.16	1.60	3.04%	10.03%

Growth Managers	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Vontobel	\$81.7 billion	20.84	4.51	2.16%	11.56%
Wellington	\$52.1 billion	17.80	3.60	2.20%	10.90%
MSCI ACWI ex-US	\$29.1 billion	16.16	1.60	3.04%	10.03%

Value Manager	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
Tocqueville	\$28.9 billion	16.30	1.63	2.61%	10.94%
MSCI ACWI ex-US	\$29.1 billion	16.16	1.60	3.04%	10.03%



Emerging + Frontier Manager Profiles

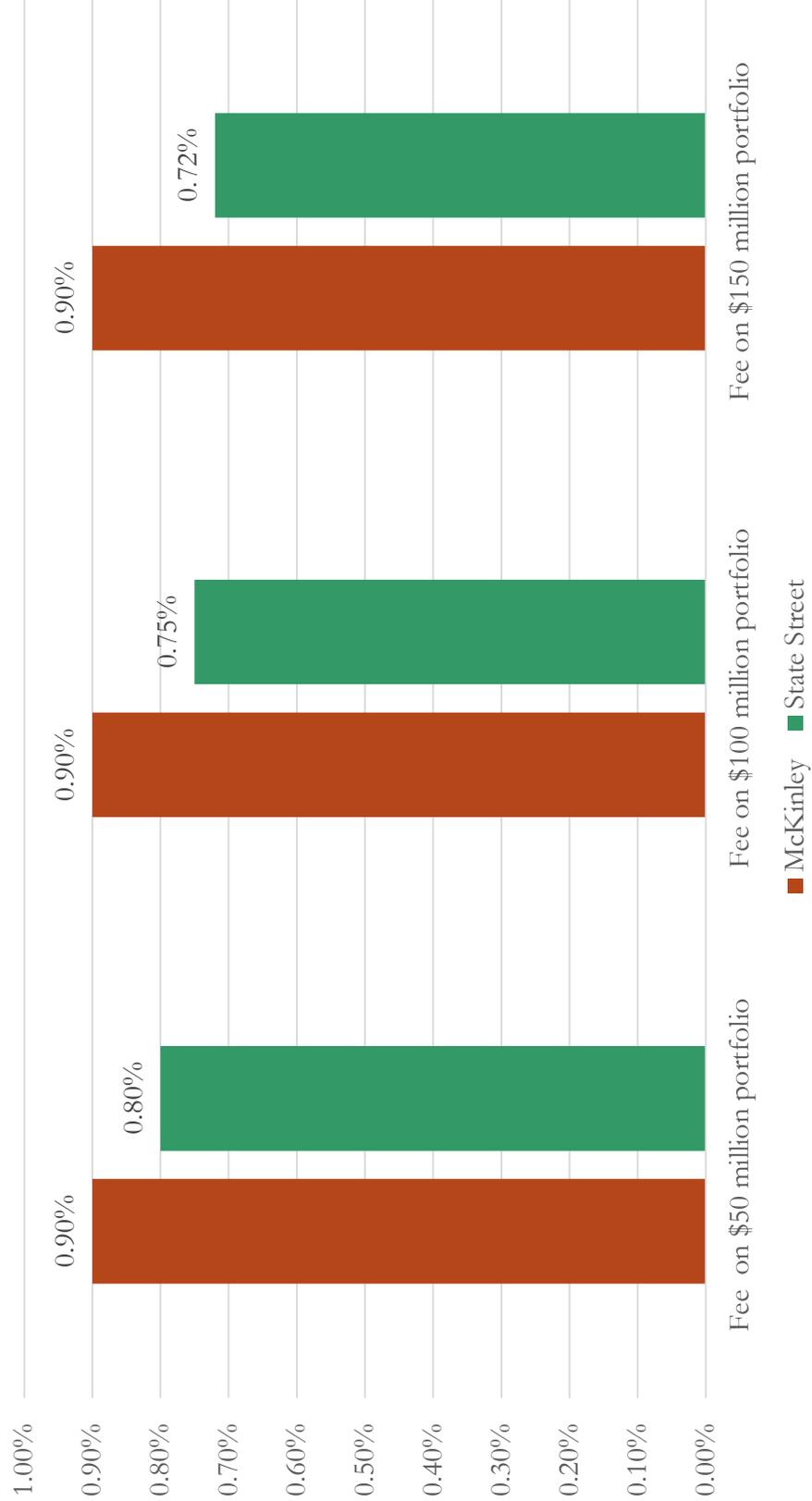


- Location: Anchorage, Alaska
- Total AUM: \$7.5 billion
- Product AUM: \$114 million
- Background: Founded in 1990 by Robert B. Gillman.
- Ownership: Employee-owned, majority owned by Robert Gillman, President and CEO.
- Process: McKinley Capital uses quantitative screens to identify stocks from a universe of over 20,000 Emerging Markets domiciled companies. Liquidity and currency impacts are considered early in the process. The firm's model attempts to identify securities with strong earnings growth and companies exhibiting reasons for continued acceleration. They review forward estimates of earnings, cash flow, and percent of earnings surprise. A qualitative review begins after the quantitative process has identified candidates for possible inclusion in the portfolio. Sector selection is a residual of the bottom-up investment process.
- Decision Making Structure: Team-based approach
- Key Personnel: Robert B. Gillman, President & CEO, Robert A. Gillman CIO, Gregory S. Samorajski, Director of Investments
- Fee Schedule: Flat Fee: 0.90%
- Annual Fee Proposal on \$50 million allocation: 0.90%; \$450,000
- Annual Fee Proposal on \$100 million allocation: 0.90%; \$900,000

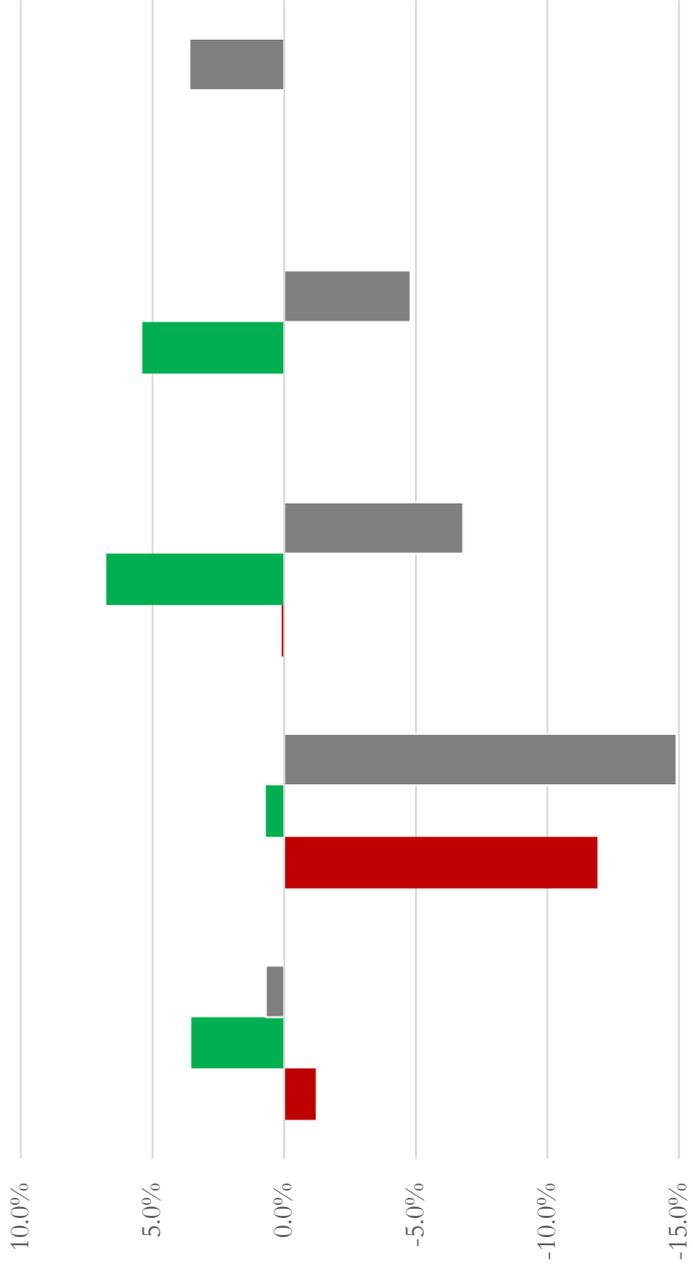
- Location: Boston, Massachusetts
- Total AUM: \$ 2.4 trillion
- Product AUM: \$2.1 billion
- Background: Founded in 1978 as the Asset Management Division of State Street Corporation, State Street Global Advisors was established to provide institutional investment management services focuses on equity indexing and cash.
- Ownership: Publicly traded on the NYSE.
- Process: The SSGA Active Emerging Markets Small Cap Strategy uses a disciplined, risk-managed investment process combining quantitative and qualitative insights in an attempt to identify and exploit security mispricings. The strategy consists of ranking securities and constructing a stock portfolio within each country. They expect to hold 250 – 400 securities in the Active Emerging Markets Small Cap Portfolio
- Decision Making Structure: Team based with Lead PM, Jean-Christophe de Beaulieu, and Back-up PM, Ismail Pomies
- Key Personnel: Michael Ho, CIO of Active Emerging Equities, Jean-Christophe de Beaulieu, Lead Portfolio Manager, Ismail Pomies, Back-up Portfolio Manager, Christopher Laine, Senior Portfolio Manager, Alejandro Gaba, Senior Portfolio Manager, Anthony Yau, Senior Portfolio Manager
- Fee Schedule:

First \$50 million:	0.80%
Next \$50 million:	0.70%
Amounts over \$100 million:	0.65%
- Annual Fee Proposal on \$50 million allocation: 0.80%; \$400,000
- Annual Fee Proposal on \$100 million allocation: 0.75%; \$750,000

Fee Comparison – Current Proposals



Performance Comparison - Annualized Periods Updated as of December 31, 2015

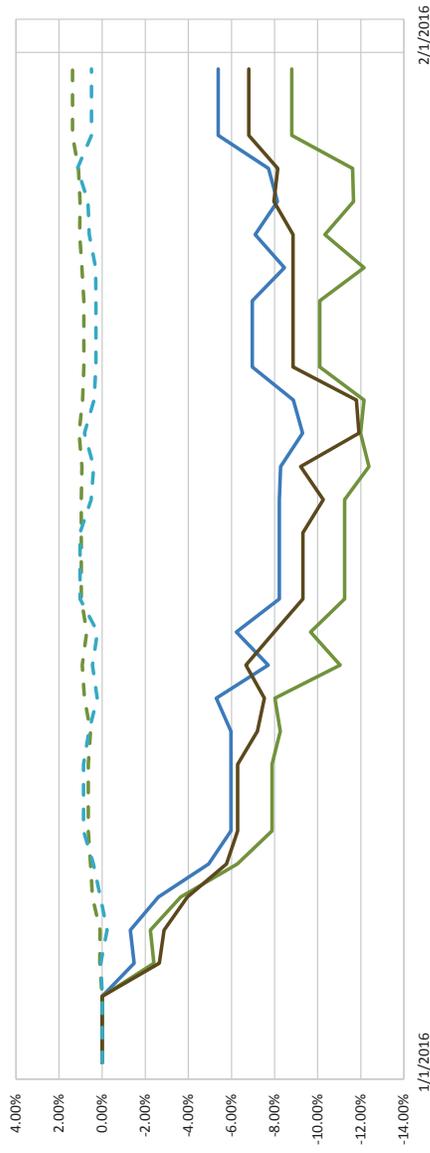


	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
McKinley	-1.2%	-11.9%	0.1%		
State Street	3.5%	0.7%	6.8%	5.4%	
MSCI Emerging Markets	0.7%	-14.9%	-6.8%	-4.8%	3.6%



	Weighted Average Market Cap	P/E Ratio	P/B Ratio	Dividend Yield	5 Year EPS Growth
McKinley	\$19.9 billion	15.32	3.04	2.15%	14.84%
State Street	\$668 million	10.44	1.18	3.91%	19.33%
MSCI Emerging Markets Index	\$33.5 billion	13.03	1.43	2.82%	11.45%

2016 Market Daily Index Total Return Performance



- Market Overview (Domestic Equity vs. Domestic Fixed)**
- For the month, large cap domestic equities underperformed domestic fixed income with the Russell 1000 Index returning -5.38% versus 1.38% for the Barclays Aggregate Index.
 - For the year, the Russell 1000 Index is trailing the Barclays Aggregate Index with a return of -5.38% vs. 1.38%, respectively.

Broad Equity Market Overview

- Large cap domestic equities were the best equity performers for the month with the Russell 1000 Index returning -5.38%.
- International equities underperformed large cap domestic equities for the month (by -1.42%) with the ACWI ex USA Index returning -6.80%.
- For the month, small cap domestic equities underperformed both large cap domestic equities (by -3.41%) and international equities (by -1.99%) with the Russell 2000 Index returning -8.79%.
- On a year-to-date basis, large cap domestic equities are the best performing equity asset class with the Russell 1000 returning -5.38%.
- International equities are trailing large cap domestic equities for the year (by -1.42%) with the ACWI ex USA Index returning -6.80%.
- For the year, small cap domestic equities are trailing both large cap domestic equities (by -3.41%) and international equities (by -1.99%) with the Russell 2000 Index returning -8.79%.

Broad Fixed Market Overview

- For the month, domestic fixed securities outperformed global fixed ex US securities, with the BC Agg returning 1.38%.
- Global fixed ex US trailed domestic fixed (by -0.88%) for the month with the Global Agg ex US returning 0.50%.
- For the year, domestic fixed securities are outperforming global fixed ex US securities with the BC Agg returning 1.38%.
- Year-to-date, global fixed ex US securities are trailing domestic fixed securities by -0.88% with the Global Agg ex US returning 0.50%.

Equity Sector Performance For The Month

- The top three performing sectors for large cap domestic equities were:
 - Telecommunication Services (return 5.98%), Utilities (return 4.75%) and Consumer Staples (return 0.39%)
- The bottom three performing sectors for large cap domestic equities were:
 - Materials (return -10.03%), Financials (return -8.53%) and Health Care (return -8.39%)
- The top three performing sectors for small cap domestic equities were:
 - Utilities (return 3.94%), Telecommunication Services (return -3.72%) and Consumer Staples (return -4.18%)
- The bottom three performing sectors for small cap domestic equities were:
 - Health Care (return -19.34%), Energy (return -14.62%) and Materials (return -9.45%)
- The top three performing sectors for international equities were:
 - Consumer Staples (return -1.04%), Energy (return -2.60%) and Utilities (return -2.91%)
- The bottom three performing sectors for international equities were:
 - Financials (return -10.39%), Materials (return -9.25%) and Information Technology (return -7.55%)

Fixed Income Sector Performance For The Month

- The sector performance for domestic fixed income in order of best performing to worst was: Treasury (return 2.08%), MBS (return 1.31%) and Corporate (return 0.52%)
- The sector performance for Global ex US fixed income in order of best performing to worst was: Treasury (return 0.70%), MBS (return 0.12%) and Corporate (return -0.42%)

2016 Market Monthly Index Total Return Performance

	1/31/16	2/28/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD
Russell 1000	-5.38%												-5.38%
Russell 2000	-8.79%												-8.79%
MSCI AC World Index EX USA	-6.80%												-6.80%
BC Agg	1.38%												1.38%
BC Global Agg ex USD	0.50%												0.50%

Equity Sector Performance

	Russell 1000	Month-To-Date	ACWI ex USA	Russell 1000	Year-To-Date	ACWI ex USA
Energy	-3.46%	-14.62%	-2.60%	-3.46%	-14.62%	-2.60%
Materials	-10.03%	-9.45%	-9.25%	-10.03%	-9.45%	-9.25%
Industrials	-6.07%	-7.45%	-6.03%	-6.07%	-7.45%	-6.03%
Consumer Discretionary	-5.45%	-6.21%	-7.44%	-5.45%	-6.21%	-7.44%
Consumer Staples	0.39%	-4.18%	-1.04%	0.39%	-4.18%	-1.04%
Health Care	-8.39%	-19.34%	-6.87%	-8.39%	-19.34%	-6.87%
Financials	-8.53%	-6.89%	-10.39%	-8.53%	-6.89%	-10.39%
Information Technology	-5.46%	-8.16%	-7.55%	-5.46%	-8.16%	-7.55%
Telecommunication Services	5.98%	-3.72%	-3.24%	5.98%	-3.72%	-3.24%
Utilities	4.75%	3.94%	-2.91%	4.75%	3.94%	-2.91%

Fixed Sector & Quality Performance

	BC Agg	Month-To-Date	Global ex USD	BC Agg	Year-To-Date	Global ex USD
Treasury	2.08%	0.70%	0.70%	2.08%	0.70%	0.70%
MBS	1.31%	0.12%	0.12%	1.31%	0.12%	0.12%
Corporate	0.52%	-0.42%	-0.42%	0.52%	-0.42%	-0.42%
Aaa	1.73%	0.77%	0.77%	1.73%	0.77%	0.77%
Aa	1.29%	0.51%	0.51%	1.29%	0.51%	0.51%
A	0.96%	0.48%	0.48%	0.96%	0.48%	0.48%
Baa	-0.20%	0.20%	0.20%	-0.20%	0.20%	0.20%

Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,362,026,493	18.6%	17.0%	1.6%	Excess allocation bound for Private Equity, MLPs, International Equity, and Real Estate
Mid Cap	1,801,619,592	14.2%	13.0%	1.2%	
Small Cap	1,310,816,970	10.3%	10.0%	0.3%	
Total Domestic Equity	5,474,463,054	43.1%	40.0%	3.1%	
Large Cap International Equity	1,216,714,680	9.6%	11.5%	-1.9%	
Small Cap International Equity	778,290,469	6.1%	6.0%	0.1%	
Total International Equity	1,995,005,149	15.7%	17.5%	-1.8%	
Core Fixed Income	2,150,624,656	16.9%	17.5%	-0.6%	
High Yield Fixed Income	734,669,401	5.8%	6.0%	-0.2%	
MLPs	631,878,181	5.0%	7.0%	-2.0%	
Private Equity	617,930,160	4.9%	5.0%	-0.1%	
Real Estate	903,475,107	7.1%	7.0%	0.1%	
Opportunistic Assets	160,344,497	1.3%	0.0%	1.3%	
Total Non-Core Assets	3,048,297,347	24.0%	25.0%	-1.0%	
Cash	32,462,734	0.3%	0.0%	0.3%	
Composite	12,700,852,940	100.0%	100.0%	0.0%	



Total Fund + Class Composite Summary

As of January 31, 2016



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	12,700,852,940	12/1/1991	24.2	9.0	6.1	7.2	6.0	-6.7	-4.8	-7.4	-4.8
Total Fund (Net of Fees)				8.6	5.7	6.8	5.6	-7.1	-5.1	-7.5	-4.8
Allocation Index				8.7	5.2	6.4	4.9	-5.7	-4.2	-6.3	-4.2
Actuarial Assumption				8.0	8.0	8.0	8.0	8.0	6.2	1.9	0.6
Total Domestic Equity	5,474,463,054	4/1/1990	25.9	10.2	6.1	9.3	9.3	-7.2	-6.6	-9.2	-6.6
S&P 500	43.1%			9.3	6.5	10.9	11.3	-0.7	-5.0	-6.2	-5.0
Total All Cap Equity	890,698,732	9/1/2006	9.4	6.0	-	9.0	9.3	-5.9	-6.2	-8.6	-6.2
Russell 3000	7.0%			6.5	-	10.4	10.5	-2.5	-5.6	-7.1	-5.6
Total Large Cap Active Equity	1,087,611,936	1/1/1995	21.1	9.8	5.8	11.4	11.6	-3.5	-4.7	-7.1	-4.7
S&P 500	8.6%			9.1	6.5	10.9	11.3	-0.7	-5.0	-6.2	-5.0
Total Mid Cap Equity	1,801,619,592	11/1/1998	17.3	9.2	7.2	9.1	8.9	-10.3	-8.4	-12.3	-8.4
Russell Mid Cap	14.2%			8.6	6.7	9.5	9.2	-7.4	-6.6	-8.8	-6.6
Total Small Cap Equity	1,310,816,970	2/1/1998	18.0	8.3	5.8	7.3	8.4	-7.6	-6.3	-7.7	-6.3
Russell 2000	10.3%			6.4	4.9	7.3	6.1	-9.9	-8.8	-10.6	-8.8
Total International Equity	1,995,005,149	2/1/1998	18.0	7.9	3.0	2.6	1.8	-5.8	-7.8	-9.2	-7.8
MSCI ACWI ex-US	15.7%			4.6	2.0	-0.1	-1.7	-11.6	-6.8	-10.4	-6.8
Large Cap International Equity	1,216,714,680	2/1/1998	18.0	1.5	-	2.5	0.9	-9.5	-7.4	-10.2	-7.4
MSCI ACWI ex-US	9.6%			-0.5	-	-0.1	-1.7	-11.6	-6.8	-10.4	-6.8
Small Cap International Equity	778,290,469	12/1/2011	16.9	11.2	-	-	5.6	0.8	-8.5	-7.7	-8.5
MSCI EAFE Small Cap	6.1%			9.9	-	-	6.0	1.1	-7.9	-7.1	-7.9
Core Fixed Income (ex-High Yield)	2,150,624,656	4/1/1990	25.9	7.0	6.2	5.3	2.4	-3.6	1.1	-0.4	1.1
Barclays Aggregate	16.9%			6.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
Active Duration Fixed Income	336,998,058	11/1/2004	11.3	8.4	8.1	11.8	6.4	-6.8	5.5	4.5	5.5
Barclays Aggregate	2.7%			4.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
Master Limited Partnerships	631,878,181	2/28/2011	4.9	3.1	-	-	-5.3	-40.3	-14.5	-25.9	-14.5
Alerian MIP Index	5.0%			-2.1	-	-	-10.7	-38.2	-11.1	-21.2	-11.1
High Yield Bonds	734,669,401	2/1/2009	7.0	11.1	-	5.0	1.6	-4.3	-2.0	-5.8	-2.0
ML High Yield II	5.8%			11.5	-	4.1	0.7	-6.8	-1.6	-6.3	-1.6
Core Real Estate	733,606,417	4/1/2011	4.8	-	-	-	-	-	-	-	-
NCREIF	5.8%			-	-	-	-	-	-	-	-
Non-Core Real Estate	169,868,690	7/1/2014	1.6	-	-	-	-	-	-	-	-
NCREIF	1.3%			-	-	-	-	-	-	-	-
Cash	32,462,734	4/1/1990	25.9	-	-	-	-	-	-	-	-
91 Day T-Bill	0.3%			-	-	1.2	0.1	0.0	0.0	0.0	0.0



Fixed Income Portfolios Summary

As of January 31, 2016



	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Core Fixed Income											
Loomis Sayles	599,936,102 4.7%	8/1/1999	16.5	6.4	7.0	4.6	1.3	-4.3	0.2	-2.0	0.2
Barclays Aggregate				5.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
Lord Abbett	616,423,351 4.9%	11/1/2004	11.3	5.5	5.9	4.5	2.2	-1.0	0.6	-0.4	0.6
Barclays Aggregate				4.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
Mackay Shields	597,267,144 4.7%	11/1/2004	11.3	5.4	5.8	4.2	1.2	-3.4	0.3	-1.6	0.3
Barclays Aggregate				4.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
Active Duration Fixed Income											
Hoisington	336,998,058 2.7%	11/1/2004	11.3	8.4	8.1	11.8	6.4	-6.8	5.5	4.5	5.5
Barclays Aggregate				4.4	4.7	3.5	2.1	-0.2	1.4	0.8	1.4
High Yield Fixed Income											
Loomis Sayles High Yield	235,875,017 1.9%	2/1/2009	7.0	10.6	-	3.6	-0.3	-8.0	-2.7	-7.4	-2.7
Merrill Lynch High Yield II				11.5	-	4.1	0.7	-6.8	-1.6	-6.3	-1.6
Lord Abbett High Yield	251,338,008 2.0%	2/1/2009	7.0	12.1	-	6.0	3.1	-2.6	-1.7	-4.8	-1.7
Merrill Lynch High Yield II				11.5	-	4.1	0.7	-6.8	-1.6	-6.3	-1.6
Mackay Shields High Yield	247,456,376 1.9%	2/1/2009	7.0	10.5	-	5.1	1.8	-3.1	-1.6	-5.2	-1.6
Merrill Lynch High Yield II				11.5	-	4.1	0.7	-6.8	-1.6	-6.3	-1.6

Non-Traditional Portfolios Summary

As of January 31, 2016
(unless otherwise noted)



Master Limited Partnerships

	Market Value	Inception Date	Times Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Chickasaw Capital MLP	234,771,250	2/28/2011	4.9	8.1	-	-	-1.1	-38.7	-14.8	-24.1	-14.8
Alerian MLP Index	1.8%			-2.2	-	-	-10.7	-38.2	-11.1	-21.2	-11.1
Cushing MLP Management	212,892,790	2/28/2011	4.9	3.1	-	-	-4.3	-41.5	-13.3	-26.5	-13.3
Alerian MLP Index	1.7%			-2.2	-	-	-10.7	-38.2	-11.1	-21.2	-11.1
ARI MLP	184,214,142	2/28/2011	4.9	-1.2	-	-	-9.4	-41.0	-15.3	-27.3	-15.3
Alerian MLP Index	1.5%			-2.2	-	-	-10.7	-36.2	-11.1	-21.2	-11.1

Private Equity

	Market Value	Inception Date	Times Since Inception (Years)	\$ Committed	\$ Contributed as of 1/31/2016	% Called	\$ Return as of 1/31/2016	IRR Inception	IRR 3 Year	IRR 1 Year	Performance as of 9/30/2015
Legacy Private Equity Portfolio	43,864,159	10/1/2008	7.3	\$97,500,000	\$95,480,850	97.9%	\$87,673,786	11.2%	11.1%	2.1%	9/30/2015
Russell 1000 + 4%	0.3%							14.0%	19.0%	4.9%	
Franklin Park Private Equity	574,066,001	4/1/2010	5.8	\$1,200,000,000	\$568,037,500	47.3%	\$108,952,588	12.9%	16.2%	14.2%	9/30/2015
Russell 1000 + 4%	4.5%							15.9%	19.0%	4.9%	

Real Estate

	Market Value	Inception Date	Times Since Inception (Years)	\$ Committed	\$ Contributed as of 1/31/2016	% Called	Time Weighted Trailing Two Year Return (Annualized)	Time Weighted Trailing One Year Return ¹	Performance as of 9/30/2015
AEW Real Estate	254,729,602	5/1/2011	4.8	\$165,500,000	\$165,500,000	100%	11.6%	12.3%	13.5%
NFI-ODCE	2.0%						12.4%	12.9%	13.5%
Helman Real Estate	257,795,592	5/1/2011	4.8	\$157,400,000	\$157,400,000	100%	12.8%	12.4%	13.5%
NFI-ODCE	2.0%						12.5%	14.5%	13.5%
L&B Real Estate	221,081,223	4/1/2011	4.8	\$150,000,000	\$150,000,000	100%	12.5%	12.4%	13.5%
NFI-ODCE	1.7%						-	-	-
Antheus Capital	26,875,000	10/1/2014	1.3	\$53,750,000	\$26,875,000	50%	-	-	-
NFI-ODCE	0.2%						-	-	-
Dune	31,962,173	10/1/2014	1.3	\$53,750,000	\$27,493,125	51%	-	-	-
NFI-ODCE	0.3%						-	-	-
GreenOak Real Estate	27,280,783	10/1/2014	1.3	\$50,000,000	\$29,798,072	60%	-	-	-
NFI-ODCE	0.2%						-	-	-
L&B Golden Driller	26,742,549	7/1/2014	1.6	\$60,000,000	\$26,790,000	45%	-	-	-
NFI-ODCE	0.2%						-	-	-
Landmark Realty	13,155,244	12/1/2014	1.2	\$35,000,000	\$12,322,603	35%	-	-	-
NFI-ODCE	0.1%						-	-	-
American Realty	16,019,286	12/1/2014	1.2	\$53,750,000	\$13,745,100	26%	-	-	-
NFI-ODCE	0.1%						-	-	-
Starwood	27,833,655	11/1/2015	0.2	\$53,750,000	\$27,950,000	52%	-	-	-
NFI-ODCE	0.0%						-	-	-

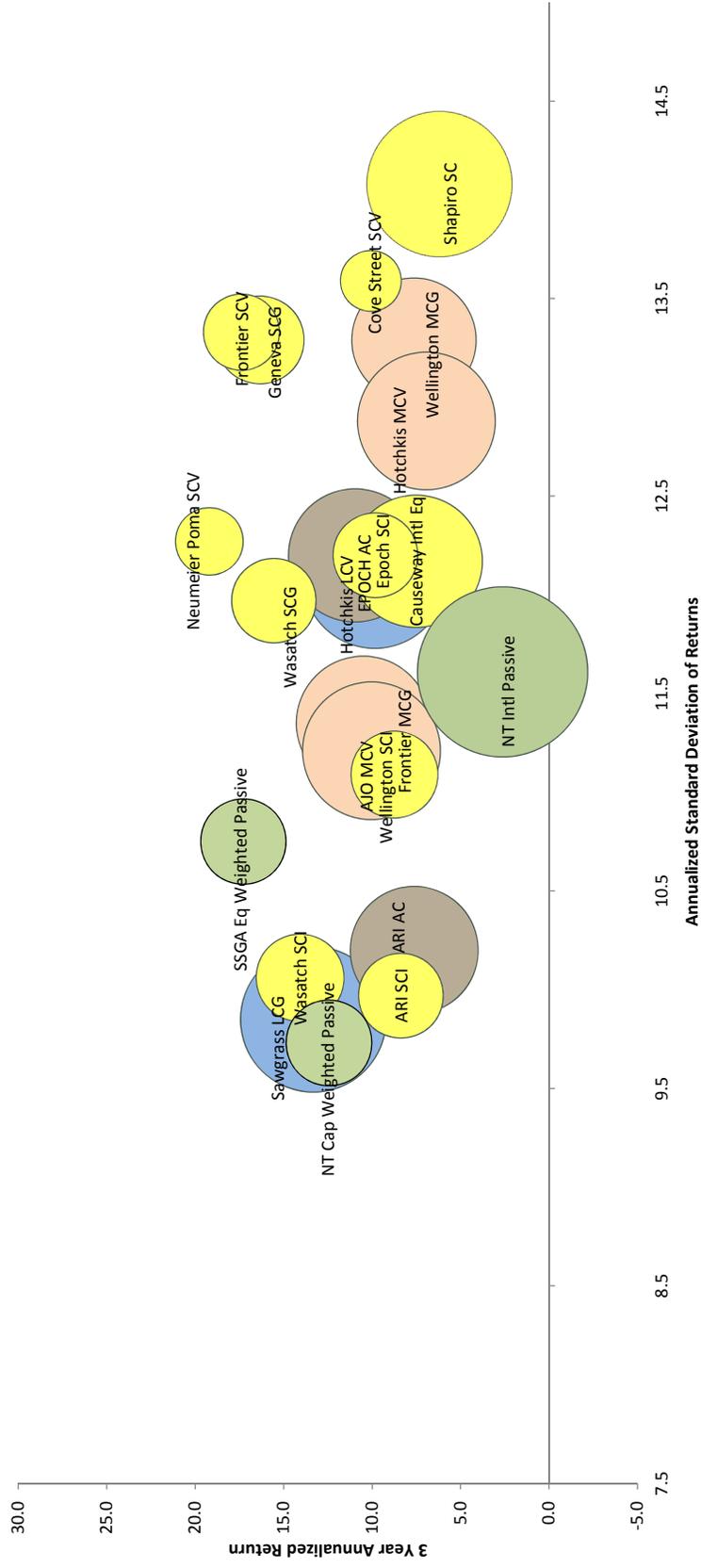
¹Performance shown Net of Fees.

Preliminary data displayed where final audited figures are unavailable.

Opportunistic Fixed Income

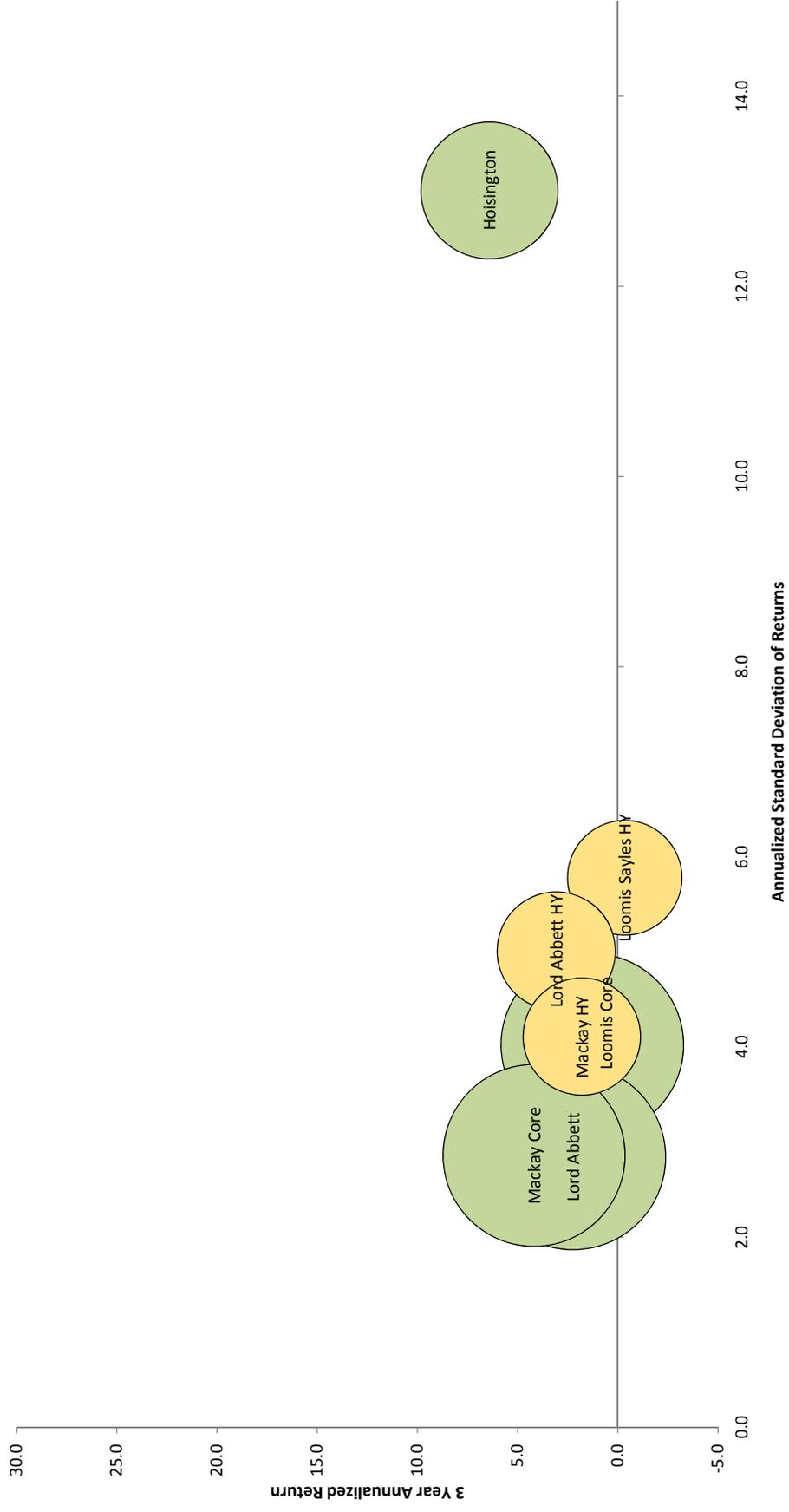
	Market Value	Inception Date	Times Since Inception (Years)	\$ Committed	\$ Contributed as of 1/31/2016	% Called ¹	\$ Return as of 1/31/2016	Time Weighted Return Since Inception (Annualized)	Time Weighted One Year Return	Performance as of 9/30/2015
PIMCO BRAVO	26,222,404	3/31/2011	4.8	\$100,000,000	\$100,000,000	100%	\$156,225,033	19.7%	4.5%	9/30/2015
Barclays Aggregate	0.2%						\$0	18.8%	8.8%	9/30/2015
PIMCO BRAVO II	134,122,094	3/31/2013	2.8	\$150,000,000	\$120,000,000	80%	\$0	1.7%	1.9%	9/30/2015
Barclays Aggregate	1.1%							1.7%	1.9%	

Three Year Risk/Return Review - Equity Portfolios



¹Actual OTRS results used when available; composite when necessary.

Three Year Risk/Return Review - Fixed Income Portfolios



¹Actual OTRS results used when available, composite when necessary. Please note difference in standard deviation axis from previous page.





LORD ABBETT

January 25th, 2016
Investment Committee
Teacher's Retirement System of Oklahoma
P.O. Box 53524
Oklahoma City, OK 73152-3524

Dear Sirs/Madams:

Lord Abbett would like to remove the Exception that was granted by the Board of Trustees at the August 27, 2014 Board Meeting, allowing an increase to the maximum concentration in developing or emerging markets issues as determined by MSCI to 15%. The current Oklahoma Teachers Retirement Investment Policy allows for a maximum of 10% in developing or emerging markets issuers as determined by MSCI, and at this time, we are comfortable to be within the OTRS Investment Policy guidelines. When we requested the Exception in 2014, we had seen an increased number of attractive investments in the EM debt market but we no longer feel that we need the flexibility, in spite of widening spreads. As such, we would be more comfortable not having this Exception in place at this time.

Respectfully yours,

Katherine E. Martin
Director, Institutional Client Services

CC: Mr. Douglas Anderson
The Bogdahn Group

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

INVESTMENT POLICY STATEMENT

| ~~REVISED JULY, 2015~~ DRAFT REVISION STAGE 3 FEBRUARY, 2016

Table of Contents

I.	INTRODUCTION AND STATEMENTS OF PURPOSE, PHILOSOPHY AND ETHICS	1
A.	Legal Authority and System Description	1
B.	Statement of Purpose	2
C.	Statement of Investment Philosophy	3
D.	Statement of Ethical Standards	4
II.	STATEMENT OF DUTIES AND RESPONSIBILITIES	6
A.	Board of Trustees	6
B.	Staff	7
C.	Investment Consultant	9
D.	Investment Managers	12
E.	Custodian	15
F.	Securities Lending Agent	16
G.	Transition Manager	17
III.	PROCEDURES	18
A.	Investment Policy Review	18
B.	Investment Manager Policy Exceptions	18
C.	Third Party Marketing and Referrals Disclosure Policy	18
IV.	INVESTMENT OBJECTIVES	20
V.	INVESTMENT GUIDELINES AND CONSTRAINTS	24
A.	Ineligible Investments	24
B.	Universal Cash Rule for all OTRS Accounts	24
C.	Index Portfolios	25
D.	Domestic Equity Portfolios	25
E.	International Equity	25
F.	Fixed Income	26
G.	Securities Lending	27
H.	Private Equity	27
I.	Real Estate	28
J.	Master Limited Partnership (Energy Infrastructure)	29
K.	Opportunistic Investments	29
L.	Derivatives	30
VI.	EVALUATION AND REVIEW	30
A.	Investment Staff Reporting Requirements	30
B.	Investment Consultant Reporting Requirements	31
C.	Investment Manager Reporting Requirements	32

VII.	APPENDIX A - STRATEGIC ASSET ALLOCATION	35
VIII.	APPENDIX B - REBALANCING POLICY	36
	A. Overall Fund Allocation.....	36
	B. Allocation among Equity Styles.....	36
IX.	APPENDIX C – INVESTMENT MANAGER EXCEPTIONS TO INVESTMENT GUIDELINES	37
X.	APPENDIX D – INVESTMENT MANAGER PERFORMANCE BENCHMARKS	39
I.	Introduction	1
	A. Legal Authority	1
	B. Purpose.....	2
II.	Statement of Goals and Objectives	3
III.	Roles and Responsibilities	4
	A. Board of Trustees	4
	B. Staff.....	4
	C. Investment Consultant.....	7
	D. Investment Managers	9
	E. Custodian.....	12
	F. Securities Lending Agent	13
	G. Transition Manager	13
IV.	Asset Allocation	15
V.	Rebalancing Policy.....	17
	A. Overall Fund Allocation.....	17
	B. Allocation among Equity Styles.....	17
VI.	Securities Transactions.....	18
VII.	Investment Guidelines.....	19
	A. Ineligible Investments	19
	B. Manager Policy Exceptions.....	19
	C. Universal Cash Rule for all OTRS Accounts	19
	D. Index Portfolios	20
	E. Domestic Equity Portfolios	20
	F. International Equity	20
	G. Fixed Income.....	21
	Core Plus Fixed Income	21
	High Yield Fixed Income	21
	H. Securities Lending.....	22
	I. Private Equity.....	22
	J. Real Estate.....	23

K. Master Limited Partnership (Energy Infrastructure).....	24
L. Opportunistic Investments.....	24
M. Derivatives.....	25
VIII. Third Party Marketing and Referrals Disclosure Policy	25
IX. Appendix A Investment Manager Exceptions to Investment Guidelines	27
X. Appendix B Investment Manager Performance Benchmarks	31

DRAFT

I. INTRODUCTION AND STATEMENTS OF PURPOSE, PHILOSOPHY AND ETHICS

The Board of Trustees of the Teachers' Retirement System of Oklahoma, as the governing body for the System, deems it prudent and necessary to maintain this Investment Policy Statement to act as the principal governing document for the investment of System assets.

A. Legal Authority and System Description

The System is established by statute; the legal authority and description of the System are detailed below.

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~~defines 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.”

A.B. Statement of Purpose

~~This A primary purpose of this investment~~ policy statement is ~~issued for the~~ guidance ~~of~~ fiduciaries, including the ~~members of the~~ Board of Trustees, System staff, investment managers, consultants and others responsible for overseeing and investing the assets of the Fund. This policy also communicates foundational tenets underlying its formulation.

This policy provides specific guidance regarding investment objectives, asset allocation, risk management and the means by which investment objectives are intended to be achieved. Additional specific guidance is given in defining roles, delegated duties and accountabilities of System fiduciaries as well as setting forth logical, disciplined procedures for making decisions.

C. Statement of Investment Philosophy

Since this policy is a communication tool for System fiduciaries, interested stakeholders as well as other external parties, the Board recognizes that it is important to articulate the underlying beliefs that are foundational in its formulation. Key aspects of the Board's investment philosophy are summarized in the following statements.

1. The Fund has an infinite time horizon and the assets should be invested and managed accordingly.
2. A central tenet in investing is the tradeoff between risk and return, meaning that the pursuit of higher expected returns is accompanied with higher expected risk. Bearing some degree of investment risk is necessary in the pursuit of investment return objectives.
3. Investment risk comes in many forms. The most common risk is the volatility of periodic returns measured by the statistical term known as standard deviation. Additionally, there are a variety of other risks to be considered. A partial list of these risks would include the risk of permanent loss of capital, the risk of not meeting objectives, illiquidity risk, credit risk, interest rate risk, inflation risk, leverage risk, concentration risk and manager risk. A primary focus of this investment policy is to balance, manage and, to the extent possible, control these various risks.
4. Funds with long term investment horizons are able to pursue higher expected returns associated with higher risk portfolios because they are able to remain invested when periodic declines in market values occur.
5. The Fund will best contribute to the primary goal of providing benefits to participants and their beneficiaries by realizing high risk-adjusted net returns.
6. The Board acknowledges that while other institutions may make investment decisions to pursue various worthy causes that may be admirable in their own right, the Board's investment decisions are made to achieve the primary goal of providing benefits to participants and their beneficiaries and defraying reasonable expenses.
7. Long-term investing success is best accomplished by adhering to a long-term strategic asset allocation rather than engaging in short term tactical market timing among asset classes.
8. Diversification among asset classes and securities is the primary means of controlling the risk of an investment portfolio.

9. The primary factor determining portfolio risk and return is how the portfolio is allocated among asset classes.
10. The decision-making process for investments should be both disciplined and logical deriving support from current academic theory and the application of rigorous analysis.
11. In less efficient markets where the probabilities of achieving net-of-fee outperformance relative to a passive market index are higher, active management is preferred. In more efficient markets where the probabilities of achieving net-of-fee outperformance relative to a passive market index are lower, low-cost index management is preferred.
12. Certain asset classes are only accessible in the form of private market interests which have very limited liquidity and normally higher costs relative to public market instruments. Investing a portion of the Fund in these illiquid asset classes is reasonable to the extent that they offer some desirable combination of the following relative to available public market asset classes: higher expected net return and/or risk reduction through diversification.

D. Statement of Ethical Standards

The Board of Trustees is committed to maintaining and promoting the highest ethical standards among Board members and among all parties involved in the administration of fund assets.

The Board expects all parties involved in the administration of fund assets, including all System fiduciaries, to conduct their activities according to the highest ethical standards adhering likewise to the principles expressed in the Board of Trustee Policy Manual Chapter 6 – Ethical and Fiduciary Conduct. Given the nature of fund management and investing, particular attention will be given to conflicts of interest. All parties involved in the administration of fund assets should be free of conflicts of interest to avoid even the appearance of not acting in the sole interests of System participants and their beneficiaries. Where any involved party becomes aware of an actual or potential conflict of interest it is their duty to disclose the conflict so that the Board may assess its seriousness.

~~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.~~

~~H. Statement of Goals and Objectives~~

Comment [KS1]: Moved intact to Section IV

~~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 nominal target return is 8.0%. This target rate of return is used as the investment rate of return assumption for the System's annual actuarial valuation of plan. This target 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 long term total return for the System should meet or exceed the System's Asset Allocation Index.~~
- ~~4. Total risk exposure as measured by the standard deviation of return and other applicable measures and risk adjusted returns will be regularly evaluated and compared with a universe of similar funds for the total System and each investment manager.~~
- ~~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 over time periods of at least five (5) years. Passive managers shall match the return of the designated index.~~
- ~~6. Appendix B specifies the benchmark for each of the System's Investment managers.~~

~~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.~~

~~III-II.~~ **STATEMENT OF ROLES, DUTIES AND RESPONSIBILITIES**

A. Board of Trustees

~~The Board of Trustees has the final decision making authority for the System. The Investment Committee of the Board has the authority to make investment recommendations to the Board. The Board evaluates and decides whether or not to take action on recommendations from the Investment Committee. The Investment Committee's authority and responsibilities are set forth in the Investment Committee Charter contained in the Board of Trustees Policy Manual.~~

~~Trustee duties and responsibilities are listed in summary as follows:~~

~~duties and responsibilities of the Board of Trustees include:~~

- ~~1. Adopt, and when deemed necessary, amend this~~Establish the ~~Investment Policy Statement.~~
- ~~2. Determine delegated duties to be performed by other qualified fiduciaries in order to ensure that the Fund is properly administered and regularly evaluated to assess progress towards achieving established objectives.~~
- ~~3. Receive and evaluate reports, presentations and other materials provided by investment consultant(s), staff, investment managers, and other retained advisors to monitor the administration of Fund assets in accordance with policy objectives and to regularly assess progress towards achieving the goals and objectives defined herein, including the asset allocation, in accordance with the goals and objectives outlined above.~~
- ~~2. Review, at least annually, and modify, as necessary, 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. Provide overall policy direction to staff, Investment Consultant(s), Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s) in the execution of the investment policy.~~
- ~~4. Select and contract with qualified professional advisory organizations to perform functions deemed necessary by the Board to manage the Fund in accordance with policy. Common professional advisory organizations would include and retain qualified investment consultant(s), investment managers, global custodians and securities lending agents, to advise and manage assets in furtherance of the goals and objectives outlined above.~~

Comment [KS2]: Moved in substance to Section III.

Comment [KS3]: Seems redundant given Sect I B. regarding purpose

5. ~~Monitor and review~~Evaluating the performance of retained professional advisory organizations and staff ~~Investment Managers, Custodian and Securities Lending Agent~~ to ~~determine~~assess fulfillment of duties, achievement of goals and compliance with policy guidelines.

6. Annually conduct a formal review of the performance of Investment Consultant(s), normally to be performed in the month of .

7. ~~When necessary, terminate~~Terminating the contracts with any retained professional advisory organization when deemed necessary. ~~Investment Consultant(s), Investment Managers, Custodian or Securities Lending Agent.~~

~~Review and approve the Investment Staff Annual Work Plan.~~

~~Monitor investment activity for compliance with Board policies and adherence by Investment Managers to strategy and direction.~~

~~Review overall investment performance to determine whether it meets established benchmarks.~~

8. Monitor/Review all costs of investment operations at least annually.

Comment [KS4]: 9, 10 and 11 seem redundant to 3 above

B. Staff

~~The~~A summary of the duties and responsibilities of the ~~Investment S~~taff is as follows~~include:~~

1. Provide the Board and the Investment Committee with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.

2. Serve as the primary liaison between the Board of Trustees and the Iinvestment cConsultant(s), Iinvestment Mmanagers, Ccustodian, Ssecurities Lending Aagent and Ttransition Mmanager(s).

3. Implement Board decisions regarding asset allocation, investment structure, portfolio rebalancing procedures and retention of Iinvestment Cconsultant(s), Iinvestment Mmanagers, Ccustodian and Ssecurities Lending Aagent.

4. Coordinate the search, selection, and evaluation and retention decisions of processes for Iinvestment Cconsultant(s), Iinvestment Mmanagers, Ccustodian and Ssecurities Lending Aagent on behalf of the Board of Trustees.

5. Monitor and review the performance of the total fund, asset class composites, and Iinvestment Mmanagers, Custodian and Securities Lending Agent to evaluate performance, achievement of objectives and compliance with policy guidelines.

- ~~5.6. Monitor and review all costs of investment operations including, but not limited to, fees paid to Investment Consultant(s), Investment Managers, and Custodian, Securities Lending Agent and Transition Manager(s); fees netted against System accounts paid to Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s); trading costs and foreign exchange as well as portfolio transactions costs.~~
- ~~6.7. Manage the liquidity in the Total Portfolio to ensure timely payment of Client benefit payments and plan expenses and the investment of contributions consistent with established asset allocation and portfolio rebalancing policies.~~
- ~~7.8. Conduct the search and selection of Transition Manager(s) in collaboration with the Investment Consultant(s) as directed by the Board.~~
- ~~8.9. Conduct due diligence in collaboration with the Investment Consultant(s) when Investment Managers fail to meet the expectations of the Board or are formally placed 'On Alert' or "'On Notice' on the Investment Consultant's Monthly Manager Status Report.~~
- ~~9.10. Explore, research, analyze and review new-innovative investment ideas and managers-concepts in collaboration with the Investment Consultant(s) in an effort to keep the system current with investment options identify potential modifications to improve the investment portfolio.~~
- ~~10.11. Review weekly with the Investment Consultant Monitor the status and performance of current the total fund, asset class composites and Investment Managers and to determine if any issues need to be addressed by the Staff Investment Committee or the Board of Trustees.~~

INVESTMENT STAFF REPORTING REQUIREMENTS

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

- ~~1. Review any material Investment Policy compliance violations.~~
- ~~2. Review pertinent information regarding due diligence on Managers that have failed to meet the expectations of the Board or are placed 'On Alert' or "'On Notice' on the Investment Consultant's Monthly Manager Status Report.~~

Monthly

- ~~a) Review presenting Investment Managers' portfolio characteristics including relevant benchmark comparisons, portfolio performance, liquidity, holdings and holdings overlap between managers.~~

Quarterly

- ~~1. Review all costs of trading.~~

Comment [KS5]: Moved intact to Section VI. Evaluation and Review

~~2. Certify to Board that Investment Consultant has certified their compliance with all requirements of this Investment Policy Statement. Report to the Board if any Investment Consultant(s) have failed to certify their compliance, and make recommendations as to any action Board should consider.~~

~~3. Report to the Board if any Investment Managers have failed to certify their compliance, and make recommendations as to any action Board should consider.~~

~~4. Other comments or information as required.~~

Annually

~~1. Present Investment Staff Annual Work Plan to Board of Trustees for Review.~~

~~2. Review of investment oversight process, total fund construction and evaluation of investment manager's portfolio.~~

~~3. Review all costs of investment operations including, but not limited to, fees netted against system accounts and fees paid to Investment Consultant(s); Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s).~~

~~4. The General Counsel shall review the ADV filed with the SEC by the Investment Consultant and advise of any material findings and/or changes.~~

~~Review all form ADV's filed with the SEC on all Investment Managers and advise the board on any material changes and/or findings.~~

C. Investment Consultant

~~The A summary of the duties and responsibilities of the Iinvestment Cconsultant(s) retained by the Board is as follows include:~~

~~1. Be appointed, and act as, a Acknowledge status as a fiduciary for to the System and remain in compliance both with this investment policy and with the current executed contract with the System.~~

~~2. Provide the Board and the Investment Committee with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.~~

~~3. 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.~~

~~4. Assist the Board by monitoring compliance with this Investment Policy.~~

- 4.5. Provide assistance in investment performance calculation, evaluation, and analysis.
- 5.6. Provide assistance in ~~H~~investment ~~M~~anager searches and selection.
- 6.7. Provide assistance in ~~C~~ustodian, ~~S~~ecurities ~~L~~ending ~~A~~gent, ~~T~~ransition ~~M~~anager and ~~C~~ommission ~~R~~ecapture ~~A~~gent searches and selection.
- 7.8. Provide timely information, written and/or oral, on investment strategies, instruments, ~~M~~anagers and other related issues, as requested by the Board.
- 8.9. Monitor the Board's investment managers and notify the Board and staff of any material changes in the ~~H~~investment ~~M~~anagers' ~~firm's~~organizational structure, ~~or~~ their staffing-personnel or if there are performance issues.
- 9.10. Certify on a quarterly basis, in writing to the Board, the ~~H~~investment ~~C~~onsultant's compliance with this Statement as it currently exists or as modified in the future.
- 10.11. Reporting to the Board at their request. The ~~H~~investment ~~C~~onsultant shall report to the Board as ~~outlined-detailed in Section VI of this policy below.~~ Monthly All reports should be timely submitted, ~~in writing within 15 days of the end of each month.~~
- 11.12. Review ~~weekly~~ with the ~~S~~taff the status and performance of current ~~H~~investment ~~M~~anagers and determine if any issues need to be addressed by the ~~S~~taff or the Board of Trustees.
- 12.13. ~~Provide assistance~~Collaborate with Staff in the search and selection of ~~T~~ransition ~~M~~anager(s) as directed by the Board.
- 13.14. ~~Provide assistance~~ Collaborate with Staff in the conduct of due diligence when ~~H~~investment ~~M~~anagers fail to meet the expectations of the Board or are placed 'On Alert' or 'On Notice', ~~on the Investment Consultant's Monthly Manager Status Report.~~
- 14.15. Explore, research, analyze and review new investment ideas and managers in collaboration with the ~~S~~taff in an effort to keep the system current with investment options.

INVESTMENT CONSULTANT REPORTING REQUIREMENTS

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

~~1. Review of Investment Consultant Organizational Structure~~

- ~~a. Organizational changes (i.e., ownership).~~
- ~~b. Any departures/additions to consulting staff.~~
- ~~c. Material changes in assets under advisement.~~

Comment [KS6]: Moved intact to Section VI. Evaluation and Review

Monthly

a. ~~Performance Review.~~

- ~~i. Present total fund, asset class and Investment Manager gross returns and net of fee returns for last month, last quarter, year to date, fiscal year to date, last year, last three years, last five years, last ten years, and since inception versus designated benchmarks.~~
- ~~ii. Compare actual asset allocation to target asset allocation and make recommendations for rebalancing.~~
- ~~iii. Present manager status summary, including any recommended changes.~~

b. ~~Other comments or information as required.~~

Quarterly

a. ~~Performance Review.~~

- ~~i. Present total fund, asset class and Investment Manager returns and 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.~~
 - ~~ii. Review and analysis of any outstanding investment manager policy exceptions.~~
- ~~b. Other comments or information as required.~~
- ~~c. Certify to Board that Investment Consultant is in compliance with all requirements of this Investment Policy Statement.~~
- ~~d. 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

- ~~a. 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.~~

- ~~e. 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.~~
- ~~b. 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.~~
 - ~~e. Disclose any affiliated Investment Management firm. Summary of Investment Guidelines.~~
 - ~~i. Discuss adherence to guidelines.~~
 - ~~ii. Comments, concerns, or suggestions regarding the policy statement.~~

D. Investment Managers

~~A summary of the~~The duties and responsibilities of each ~~of the~~ investment managers retained by the Board ~~include~~is as follows:

- ~~1.~~ Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System. Be appointed, and act as, a fiduciary for the System.
- ~~2.~~ Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.
- ~~3.~~ Managing-Manage the Fund's assets in accordance with the policy guidelines and objectives expressed herein.
- ~~4.~~ Prudently selecting investments based on thorough evaluation of all risks applicable to stated mandate.

~~4.5.~~ Working with the ~~C~~ustodian and the ~~I~~vestment ~~C~~onsultant to verify monthly accounting and performance reports.

~~5.6.~~ Certify 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.

~~6.7.~~ 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 according to the reporting requirements set forth in Section VI of this policy.~~

~~8.~~ ~~It is the responsibility of each Investment Manager to a~~ct as a fiduciary in adopting and adhering to proxy voting policies, ~~and the manager certifies/acknowledging~~ that its proxy voting policies may affect the value of their respective portfolio.

~~7.9.~~ Seek to obtain best execution in all securities transactions to minimize the costs of trading.

INVESTMENT MANAGER REPORTING REQUIREMENTS

Comment [KS7]: Moved intact to Section VI. Evaluation and Review

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

~~a. 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~~

~~All Managers with at least monthly reconciliation and valuation will provide:~~

~~a. Performance Review:~~

~~i. 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.~~

~~ii. Present total fund net of fees returns for last month, calendar quarter, year-to-date, last year, last three years, last five years and since inception.~~

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

~~iv. Provide portfolio characteristics.~~

~~v. Risk and Return Attribution analysis of any granted exceptions to investment policy analysis.~~

~~b. Provide Portfolio Holdings:~~

~~i. Present book value and current market value.~~

~~ii. List individual securities by sector.~~

~~e. Other Comments or Information:~~

Quarterly

~~a. Summary of Investment Guidelines:~~

~~i. Discuss adherence to guidelines.~~

~~ii. Comments, concerns, or suggestions regarding the policy statement.~~

~~b. 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 days after the end of each calendar quarter.~~

~~c. Any Manager that manages a particular mandate that does not reconcile assets and provide market value of assets on a monthly basis will provide monthly performance and holdings reporting on a quarterly basis.~~

Annually

~~a. 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.~~

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

~~c. Each manager, as pertinent to their applicable mandate, 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. A statement demonstrating compliance with Section 28(e) of the Securities Exchange Act of 1934, and/or other applicable laws.~~

~~e. Analysis of execution.~~

~~d. Each manager, as pertinent to their applicable mandate, will report annually to the Board of Trustees a record of proxy policies, as well as voting record for the previous 12 month period.~~

E. Custodian

~~A summary of the The duties and responsibilities of the custodian bank(s) retained by the System will be responsible for performing the following functions is as follows:~~

- ~~1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System. Be appointed, and act as, a fiduciary for the System.~~
- ~~1.2. Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.~~
- ~~2.3. Accept daily instructions from designated staff.~~
- ~~3.4. Notify Investment Managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.~~
- ~~4.5. Safekeeping of securities.~~
- ~~5.6. Timely collection of interest and dividends.~~
- ~~6.7. Daily cash sweep of idle principal and income cash balances.~~
- ~~7.8. Processing of and maintain records of all investment manager transactions.~~
- ~~8.9. Collection of proceeds from maturing securities.~~
- ~~9.10. Disbursement of all income or principal cash balances as directed.~~
- ~~10. Providing monthly statements by investment account and a consolidated statement of all assets.~~
~~Provide monthly exchange traded funds and cash position by investment manager.~~
- ~~11. Provide written statements revealing monthly holdings and transactions with the System's retained custody and investment managers on at least a monthly basis.~~
~~Perform regular reconciliations of accounting statements.~~
- ~~12. Working with the System's staff and the Investment Consultant to ensure accuracy in reporting.~~

~~12.~~13. Manage and administer the System's directed brokerage program.

~~13.~~14. Monitor compliance with this Investment Policies Statement, provide applicable research to ensure the validity of suspected breaches, and submit appropriate commentary offering a recommendation to the reported breach.

~~14.~~15. Participate in an annual review of compliance with OTRS staff, to determine the effectiveness of investment policy testing. 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.

~~15.~~16. Monitoring Monitor, file and reporting of report on securities class action lawsuitsuits related to securities fraud claimsand collect and record settlement and proceeds, and collection of subsequent proceeds.

~~16.~~17. Processing and ~~file~~file of Foreign Tax Reclaims on behalf of the System.

F. Securities Lending Agent

~~A summary of the duties and responsibilities of T~~the securities lending agent ~~will be responsible for managing the securities lending program including the following functions~~retained by the System is as follows:

~~1.~~1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System.

~~2.~~2. Provide the Board, the Investment Committee, the staff and the investment consultant(s) with reports, presentations and any other materials to assist them in the fulfillment of their duties and responsibilities.~~Be appointed, and act as, a fiduciary for the System.~~

~~3.~~3. Arrange terms and conditions of securities loans.

~~4.~~4. 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.

~~5.~~5. 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.

~~6.~~6. Notify the Board of any changes to the investment guidelines in the Securities and Exchange Commission's rule 2A7 for consideration by the Board.

~~7.~~7. Notify OTRS staff in the event that a recalled security has not been returned by a borrowing party within 10 days of the request.

G. Transition Manager

The ~~F~~transition ~~M~~managers shall manage the transition of assets from one or more ~~i~~investment ~~M~~managers or asset categories to one or more other ~~i~~investment ~~M~~managers or asset categories. Transition ~~M~~managers shall be selected among those approved by the Board. 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.

A summary of the duties and responsibilities of Transition Managers retained by the System is as follows:~~shall be responsible for managing transitions including the following functions:~~

1. Acknowledge status as a fiduciary to the System and remain in compliance both with this investment policy and with the current executed contract with the System.~~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, comparing the actual costs with the pre trade estimates. The report will also include various trading statistics, benchmarking information, and detailed trade reports.
5. In all securities transactions, transition managers shall seek to obtain best execution to minimize the costs of trading.

III. PROCEDURES

A. Investment Policy Review

In order to keep the Investment Policy current, the Board will at least annually, review and modify, as deemed necessary any portions of the policy. The annual review will consider, but not be limited to, the following: objectives and guidelines, the development of asset allocation strategies, recommendations on long-term asset allocation and the appropriate mix of investment manager styles and strategies.

The Board, both upon their own initiative and upon consideration of the advice and recommendations of staff, consultants, 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.

B. Investment Manager Policy Exceptions

Requests for an exception to invest in securities precluded by section V. A. or the applicable mandate's specific policies, should be submitted in writing to the Board of Trustees and include justification for such request, proposed process for providing quarterly reporting on attribution analysis of the contribution of the allowed exception, and a requested time period, up to three years. Exception requests will undergo a reevaluation and approval process at the end of each term.

C. 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. A "third party marketer" is a person who represents an asset management firm or any other type of investment services provider, as an independent contractor rather than as an employee of the firm, for the purpose of making presentations or securing contracts with OTRS for the firm or provider. Any such third party marketer must disclose himself or herself as a third party marketer before at the same time as contacting any member of the Board of Trustees, employee of OTRS or the outside investment consultant for OTRS. In addition, 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.

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Investment Committee Charter

Purpose

The Investment Committee has been established by the Oklahoma Teachers Retirement System Retirement Board to administer all matters relating to the investment of the Fund's assets and investment management. The Committee is charged to administer the Fund's assets for the exclusive purpose of providing benefits to the participants and their beneficiaries within the system; and to maximize the financial stability of the Funds in an efficient and cost effective manner. The Committee members will carry out their duties with the care, skill, prudence, and diligence of a prudent person acting in a similar institutional investment Trustee capacity, and strive to follow sound policies and procedures that enhance good, fair, and open decision making. The Committee's core objective is to diversify the investments so as to minimize the risk of loss and to maximize the rate of return, in accordance with the Board's overall objective of promoting the best interests for Oklahoma Teachers Retirement System, its Clients, retirees, and beneficiaries.

Authority

The Investment Committee shall have the authority to recommend to the Board for action:

1. All matters relating to the investment portfolio including, but not limited to, strategic asset allocation, any tactical changes to the strategic asset allocation; pursuing new asset categories, and changes to investment policy.
2. The engagement of investment advisors, consultants, managers and counsel as necessary; to assist the Board in carrying out its responsibilities.
3. The Committee will not consider any proposed investment that has not gone through the System's due diligence process and been reviewed by the System's professional staff.
4. All Committee actions must be ratified or adopted by the Board to be effective.

Composition

The Committee shall be composed of a minimum of three (3) members, appointed by the Chair of the Board.

Meetings

The Committee will meet at least four times a year, with authority to convene additional meetings as determined by the Committee Chair in consultation with the Board Chair.

Responsibilities

The Investment Committee shall have responsibility for the following:

1. Determining the Fund's overall investment objectives, risk tolerance and performance standards in accordance with the Oklahoma Constitution and the Teachers' Retirement Law.
2. Determining the asset allocation of the Fund, including consideration of asset classes and sub-classes not currently utilized in the Fund.
3. Determining the overall Fund Investment Policy as well as asset class and program investment policies.
4. Monitoring the performance of the investment portfolio as a whole as well as the performance of each asset class, including the performance of internal and external investment managers, and reviewing periodic reports from investment staff as well as external consultants, advisors, and investment managers
5. Determine appropriate levels of staff delegation with respect to investment transactions in the various asset classes of the Fund.
6. Determine and ensure compliance with the System's corporate governance policies in an effort to protect Oklahoma Teachers Retirement System assets through the pursuit of good governance and operational accountability.
7. Determining the relative amount of internal and external management.
8. Monitoring the direct and indirect costs of each asset category.
9. Determining and ensuring compliance with the appropriate reporting standards and time horizons.
10. Identifying and discussing potential legislation related to investments.
11. Ensuring that Oklahoma Teachers Retirement System investments are made in conformance with applicable investment policies and investment resolutions.

TITLE 715. TEACHERS' RETIREMENT SYSTEM
CHAPTER 1. ADMINISTRATIVE OPERATIONS

715:1-1-8. Payment of salaries and claims

(a) The Executive Director is authorized to approve and pay all payrolls for the regular personnel and extra help of TRS, as provided in the budget approved by the Board of Trustees. The Executive Director ~~and the Secretary-Treasurer,~~ Chief Financial Officer, and Certified Procurement Officer must comply with the law in making purchases of supplies, printing materials and equipment. ~~Claims for all traveling expenses, utility bills, communications, bond premiums, rentals, payments of death claims to beneficiaries or estates, tax sheltered annuity claims, and maintenance and repair of machines, when properly audited and approved by the Secretary Treasurer or the Executive Director, may be paid before approval by the Board of Trustees.~~ In the event of the absence of the ~~Secretary Treasurer or the Executive Director,~~ the ~~Assistant Executive Director~~ Chief Financial Officer may also sign for approval of claims.

(b) The retired member payroll shall be paid when approved by the ~~Secretary Treasurer~~ Chief Financial Officer and the Executive Director, or in the event of an absence, the ~~Assistant Executive Director~~ General Counsel may approve for one. The Board of Trustees shall then make final approval at the next regular meeting following the date on which the checks were mailed to retired members.

[Source: Amended at 28 Ok Reg 978, eff 5-26-11]

715:1-1-13. Change of address, name or district

When a member moves to a new address, or if there is a change of surname, TRS should be notified of such change in writing or via the OTRS Client Portal. Please include the new name, the former name and the Social Security number or Client ID number. This procedure also applies to retired members whose checks are directly deposited to their banking accounts. Also, when an employee moves from one school district to another, it is important that TRS be notified of this change at once. Personal Data Form TRS 1-A may be secured for this purpose from the fiscal officer of the member's employer.

[Source: Amended at 19 Ok Reg 2726, eff 7-11-02]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 3. SERVICE ELIGIBILITY

715:10-3-1. Requirements for creditable service

(a) All members of Teachers' Retirement System must be employed a specified amount of time as related to their educational employment position, and earn a minimum salary, before creditable service will be awarded. A school\employment year typically falls between July 1 and June 30 of any year. No service performed as a unpaid volunteer shall be counted as service credit. For service performed on or after July 1, 2013, creditable service will be awarded based upon the information provided by each employer certifying full-time equivalent for each position, subject to approval by TRS. No member shall receive one (1) year of service credit for less than 960 hours of employment. (This does not mean that a member working 960 hours is automatically entitled to receive one (1) year of creditable service.) No more than one (1) year of creditable service shall be awarded for all service in any one (1) school year. For service performed on or after July 1, 2013, fractional service will be awarded for less than full-time employment performed during the contract year. ~~(Note: Please refer to Client Handbook for explanation of creditable service qualifications. The Client Handbook, which is periodically modified, can be found at www.ok.gov/TRS).~~

(b) For service performed on or after July 1, 2016, service credit will be the result of the days the employee worked during the employment year divided by the number of days the full-time equivalent for that position would be required to work during the entire employment year. A member employed in a position where the full-time equivalent is required to work at least 6 hours per day, 30 hours per week, and 8 months per year shall be considered a full-time employee. A member employed less than 6 hours per day, 30 hours per week, or 8 consecutive months in a year shall be considered a part-time employee.

(c) For service performed on or after July 1, 2016, service credit awarded will be the result of the days the employee worked during the employment year divided by the number of days the full-time equivalent for that position would be required to work during the entire employment year. For a part-time employee the resulting value from this calculation will be multiplied by .5 to arrive at the service credit awarded.

(d) For service credit of less than 1.0, all service credit shall be rounded to the nearest tenths (4 hundredths and lower will round down, and 5 hundredths and higher will round up).

[Source: Amended at 29 Ok Reg 857, eff 8-1-12]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS

715:10-5-1. Oklahoma service credit after July 1, 1943

Members may purchase credit for years of employment from July 1, 1943, to date of membership in the public schools of Oklahoma on which contributions were not remitted. One (1) full year (twelve calendar months) as a contributing member of TRS must be completed before a member may make such purchases. All purchased service must meet Teachers' Retirement System minimum requirements for eligibility, in effect at the time of purchase, and be properly documented before purchase is allowed. Payment shall not be allowed for any employment during a school year that was less than one-half (1/2) time, and no credit is allowed for periods of employment when a member participated in an alternate retirement plan as provided for by the Alternate Retirement Plan for Comprehensive Universities Act.— All payments for past service must be made while an active contributing member of the Teachers' Retirement System or within sixty (60) days of termination of employment in the public schools of Oklahoma. Payment for service credit must be completed prior to the effective date of retirement and cannot be purchased by any person after the death of the member. (See OAC 715:10-5-4 for cost and method of payment).

[Source: Amended at 17 Ok Reg 204, eff 9-8-99 (emergency); Amended at 17 Ok Reg 3071, eff 7-13-00; Amended at 22 Ok Reg 2255, eff 6-25-05]

715:10-5-4. Cost to purchase Oklahoma service ~~[REVOKED]~~

The purchase price for each year of Oklahoma service, unless otherwise specified, shall be based on the actuarial cost of the incremental projected benefits being purchased.

(1) The actuarial cost and any tables formulated for the purpose of determining such cost, shall be based on the actuarial assumptions adopted by the Board of Trustees to be utilized in the actuarial valuation report for the Fiscal Year beginning each July 1. New actuarial assumptions approved by the Board subsequent to January 1, 1991, shall be incorporated into such tables with an effective date of the next January 1st.

(2) The actuarial value shall be based upon the member's age, full-time equivalent salary and contribution level at the time of purchase (or the annual salary of the previous year, if greater), together with the earliest age for retirement with maximum benefits and actuarially assumed salary at time of retirement. If purchase is not made by the due date on the

billing statement, the purchase must be recalculated and the actuarial cost may increase.

(3) For purposes of this actuarial cost, the member's age shall be determined as the age at last birthday.

(4) For purposes of this actuarial cost, the mortality tables shall be based upon mortality tables adopted by the Board of Trustees.

(5) The actuarial cost shall not be less than the contributions required of the member at a rate commensurate with the salary earned as a regular full-time employee the last preceding school year prior to the purchase. Individuals employed on a less than full-time basis shall have their salary adjusted upward, in a prorata manner, to the amount that would be earned if employed full-time.

(6) Payment may be made in a lump sum for all eligible years of service or in installments equal to establishing one (1) year of creditable service.

(7) A billing statement will be issued at the request of the member. The due date of payment shall be the date prior to the member's next birthday or June 30th, whichever occurs first.

(8) A member may request payment of past service credits billed in accordance with provisions of 70 O.S., Section 17-116.8, as amended, to be amortized in monthly installments of not more than sixty (60) months. A payment schedule may be established allowing the member to make monthly payments directly to Teachers' Retirement or through payroll deductions by the member's employer if the employer agrees to make the deductions and remit payments to Teachers' Retirement. Payments remitted by an employer for its employees must be kept separate from the employer's regular retirement contributions and tax sheltered annuity deposits. Effective January 1, 2002, installment payments made through employer payroll deductions qualify for special tax treatment. (See OAC 715:10-5-35.)

(9) The installment payment schedule provided for in this section must be in equal monthly increments of twelve-month periods not to exceed sixty (60) months. The member shall be responsible for maintaining the payment schedule. Payments are due on the first day of each month. A monthly installment not paid within sixty (60) days of the due date will result in termination of the installment payment schedule with the member given the option of paying the balance of the actuarial cost or receiving partial credit for payments made under the installment schedule as provided for in paragraph (11) of this section.

(10) The monthly payment will be determined by amortizing the total amount due for the service to be purchased over the period of the installment schedule using an interest rate equal to the actuarially assumed interest rate adopted by the Board of

Trustees for investment earnings each year. The current interest rate is eight percent (8%).

(11) If the installment payment is terminated for any reason, including termination of employment, death of the member or by cessation of payments, the member or his beneficiary will have the option of paying the remaining balance within six (6) months. If the balance is not paid, the member will receive credit for service prorated in whole years for only the principal amount paid. Any payment balance that is not used in crediting whole years will be refunded to the member.

(12) Credit will not be awarded for partial years of service unless the member's employment record is such that one-half (1/2) year of credit is included in the original service to be purchased.

(13) Credit for service purchased on an installment schedule will not be added to the member's account until the entire balance is paid, except as provided for in paragraph (11) of this section. All payments must be completed ninety (90) days prior to the effective retirement date of the member.

[Source: Amended at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)1; Amended at 11 Ok Reg 4251, eff 7-25-94; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)2; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 25 Ok Reg 2598, eff 7-11-08; Amended at 29 Ok Reg 858, eff 8-1-12]

715:10-5-4.1. Payment of Contribution Deficit for Education Employees Service Incentive Plan

(a) A member whose Regular Annual Compensation, as defined in 70 O. S. § 17-101, was greater than \$40,000 during the school years 1987-88 through 1994-95, must make an additional contribution based on his or her Regular Annual Compensation in excess of \$40,000 to qualify for the provisions of OAC 715:10-15-7.2. A member who chooses not to make the additional contribution payment will not qualify for the EESIP formula.

(b) The payment required for any school year between 1987-88 and 1994-95 is the contribution rate in effect for each year applied to the difference between the member's total Regular Annual Compensation and the amount contributed by or on behalf of the member during the school year. This may include compensation in excess of \$25,000, when the member elected not to contribute on earnings between \$25,000 and \$40,000 for these school years or when the school failed to contribute on the member's total

compensation up to \$40,000 for any school year during this period. In addition to the contribution balance, compound interest of ten percent (10%) per annum will be included in the balance due for each year. The interest rate will be applied from June 30 of the school year to the date payment is made to the Teachers' Retirement System.

(c) To qualify for the movement of the first two (2) years of service credits performed before July 1, 1995, the member must make any payment due for the 1993-94 and 1994-95 school years. To qualify for the next two (2) years of service performed prior to July 1, 1995, the member must make any payment due for the 1991-92 and 1992-93 school years. Payment for additional years of service performed prior to July 1, 1995, will be required in descending order back to the 1987-88 school year.

(d) Payment must be made in accordance with existing Internal Revenue Service regulations in effect at the time of payment. TRS will accept after-tax contributions and pre-tax direct or indirect rollovers and transfers from 401(a), 401(k), 403(b), 457 and IRA plans, when allowed by IRS regulations, and installment payment arrangements as provided under OAC 715:10-5-35. Payments may be a combination of any of the available payment methods. (Also see OAC 715:10-5-32. Roll-overs from other qualified plans or conduit IRAs.)

(e) Any payment balance(s) required for a member to qualify for the EESIP formula must be completed at least ~~thirty (30)~~ ninety (90) days before the member's retirement date.

(f) TRS staff will calculate each member's contribution deficit for any year(s) based on payroll records as reported by the employing school. When existing payroll records are not sufficient to accurately determine the member's contribution deficit, TRS has the right to request additional information from the member and/or the employing school. If additional records are required, it is the member's responsibility to obtain or cause records to be forwarded to TRS from the employing school.

(g) If a member retires on or after July 1, 2006, and before June 30, 2007, the member will be required to pay 50% of the total contribution deficit balance.

(h) If a member retires on or after July 1, 2007, and before June 30, 2008, the member will be required to pay 75% of the total contribution deficit balance.

(i) If the member retires on or after July 1, 2008, the member will be required to pay 100% of the total contribution deficit balance.

(j) TRS will accept EESIP contribution deficit payment(s) from the member at any time prior to the member's retirement. However, if at retirement it is determined that an additional

balance is due, the member will be required to make the additional payment, including interest, before his or her first retirement benefit payment is due. If it is determined the member has paid more than the required balance, any difference will be refunded to the member, but no interest will be paid by TRS on the deposits, regardless of the length of time such deposits have been held by the Teachers' Retirement System.

[Source: Added at 24 Ok Reg 220, eff 10-31-06 (emergency); Amended at 24 Ok Reg 1692, eff 6-11-07]

715:10-5-9. Re-establishing withdrawn service

After returning to employment in the public schools of Oklahoma a member may redeposit a withdrawn account to re-establish service previously withdrawn from the system. For purposes of this section the following shall apply:

(1) A "classified" and "non-classified" member (except as noted in paragraph 2 of this section) who has returned to public education employment and has established one full year (twelve calendar months) of creditable Oklahoma service, is eligible to redeposit withdrawn contributions. A redeposit of withdrawn contributions must include all applicable interest, which shall be computed at a simple interest rate of ten percent (10%) per annum from the date of the withdrawal to the date repayment is made.

(2) Non-classified members who voluntarily withdrew from membership in TRS, between July 1, 1984 and June 30, 1990, without terminating employment in the public schools of Oklahoma, are not eligible to redeposit or purchase past service for any period of employment between the date of the membership period covered by the withdrawn account and the date of return to membership in TRS.

(3) Non-classified members who voluntarily cease monthly contributions to TRS while continuing to be employed in an eligible position shall be considered to have withdrawn from membership.

(4) Requests for redeposits should be made to the Teachers' Retirement System in writing. The request must include the name in which the service was rendered, the Social Security number and the number of years withdrawn.

(5) Documentation of this service is on file in the Teachers' Retirement System office and will be verified by the staff. Service that cannot be documented by researching microfilm records of the member's prior service account or the monthly remittance reports from the employing school must be purchased under the rule for establishing service prior to membership.

(6) Repayments of withdrawn accounts may be made by active

contributing members of TRS in a single lump sum, which includes the withdrawn contributions and all applicable interest, or in installment payments. Such installment payments may be paid in 12-month increments, but shall be completed within 60 months. Installment payments shall include interest based upon actuarial assumptions adopted by the TRS Board of Trustees. Such installment payments shall be completed before the member's effective retirement date. No proration is allowed for partial payments. If payments terminate prior to completion of the installment agreement, the amount paid by the member shall be refunded without interest.

(7) Redepositing of withdrawn accounts must be completed, and payment made to TRS, ~~within sixty (60) days of termination of employment in the public schools of Oklahoma, but one (1) month~~ ninety (90) days prior to the effective date of a member's official retirement date.

(8) No person may make a redeposit to a member's account after the death of the member.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 12 Ok Reg 295, eff 10-14-94 through 7-14-95 (emergency)¹; Amended at 12 Ok Reg 3285, eff 7-27-95; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)²; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 19 Ok Reg 2729, eff 7-11-02; Amended at 29 Ok Reg 860, eff 8-1-12]

715:10-5-11. Military service limited to maximum of five years
[REVOKED]

Credit for military service may be purchased and is limited to a maximum of five (5) years. This includes service both before and after July 1, 1943. No credit may be given for any year of military duty which duplicates any other credit already granted or in which a year of creditable service is available for service in the public schools of Oklahoma. The member must have two (2) years of creditable Oklahoma service after the years of military service credit for each year to be purchased. Out-of-state service credit cannot be counted as employment in obtaining military service credit. The purchase of military service must be completed, and payment made to TRS, no later than 90 days prior to the effective date of a member's official retirement date.

[Source: Revoked at 29 Ok Reg 860, eff 8-1-12]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 7. MEMBERSHIP VESTING AND TERMINATION

715:10-7-1. Vesting of membership in TRS

Members who have accumulated five (5) or more years of creditable service in the public schools of Oklahoma, on which retirement contributions have been remitted, and whose account had not closed prior to July 1, 2003, in accordance with 70 O.S. § 17-103(6) or OAC 715:10-7-3, shall be granted an indefinite extension of membership in TRS. Such membership is vested and shall remain open until the member retires or the contributions are voluntarily withdrawn. Military and out-of-state service shall not be included in the five (5) years required for vesting. Any year of service obtained by the use of accumulated unused sick leave cannot be included in the five (5) years required for vesting. Any member who joins TRS after July 1, 1991, shall be required to have five (5) full years of membership service credit awarded pursuant to OAC 715:10-3-1 et. seq. as a contributing member of the System. For members who join after July 1, 1991, Oklahoma service purchased after membership will not be counted for "vesting" purposes.

[Source: Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency); Amended at 21 Ok Reg 3099, eff 8-12-04]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 9. SURVIVOR BENEFITS

715:10-9-6. Probate Waivers ~~{REVOKED}~~

(a) In the event a member dies, leaving no living beneficiary or having designated his estate as beneficiary, the System shall require the judicial appointment of an administrator or executor for the member's estate prior to payment of any benefits or unpaid contributions. However, this requirement may be waived by the System for any benefits or unpaid contributions in the amount of \$5,000.00 or less, upon presentation of:

(1) the member's valid Last Will and Testament

(2) an Affidavit of Heirship naming all heirs to the member's estate which must state:

(A) that the value of the deceased member's entire estate is subject to probate, and that the estate wherever located, less liens and encumbrances, does not exceed the amount permitted by law, including the

payment of benefits or unpaid contributions from the System;

(B) a description of the personal property claimed (including the death benefit or unpaid contributions or both), together with a statement that such personal property is subject to probate; and

(C) a claim by each individual claiming heir identifying the amount of personal property that the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the deceased member pending with the System.

(3)a Hold Harmless Agreement signed by all heirs;

(4)a Corroborating Affidavit from someone other than an heir who is familiar with the deceased member; and

(5)proof of payment of expenses of last sickness, death and burial, including all medical, hospital and funeral expenses.

(b)The Executive Director of the Teachers' Retirement System shall retain complete discretion in determining which requests for probate waiver may be granted or denied, for any reason. If there is any question as to the validity of any document herein required, the judicial appointment requirement shall not be waived.

(c)After paying any death benefits or unpaid contributions to any claiming heirs as provided by this section, the Teachers' Retirement System is discharged and released from any and all liability, obligation and costs to the same extent as if the System had dealt with a personal representative of the deceased member. The System is not required to inquire into the truth of any matter specified in this section or into the payment of any estate tax liability.

[Source: Amended at 12 Ok Reg 841, eff 1-15-95 through 7-14-95 (emergency)1; Added at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3523, eff 8-26-96; Amended at 28 Ok Reg 981, eff 5-26-11; Revoked at 29 Ok Reg 862, eff 8-1-12]

CHAPTER 10. GENERAL OPERATIONS

SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS

715:10-11-2. Withdrawal of optional membership while still employed

A non-classified optional member may voluntarily terminate TRS membership while continuing employment in the public schools of Oklahoma, if:

(1) Proper application is made to TRS. Withdrawal may be made no

earlier than two (2) months after date of application and no earlier than the receipt by TRS of the final deposit to the member's account.

(2) The financial officer of the employing school certifies the member's election to stop contributions and the date the member's last contributions will be remitted to TRS.

(3) Any member who withdraws under the conditions listed here may rejoin the Teachers' Retirement System, under the provision of OAC 715:10-1-4(8). A member who terminates membership under this section cannot redeposit contributions withdrawn under this section at a later date, even if the individual returns to membership in TRS. The member will also forfeit any right to purchase service performed from the date of termination of membership under this section and prior to the re-entry date, and will forfeit any unused sick leave accumulated from the date of termination of membership under this section and prior to the re-entry date.

(4) A member's contributions cannot be terminated, by either the member or the employer, without termination of TRS membership. Any member who ceases contributions while still employed in an optional position shall be deemed to have become an ineligible member of TRS, and will have forfeited all rights to retirement benefits provided by TRS. For the service prior to the date the member ceased contributions.

(5) An employer may prevent its employees from withdrawing, under this rule, if the employer has a negotiated labor agreement, or formalized IRS plan, prohibiting such terminations and withdrawals.

(6) After-tax contributions can be refunded to an optional member prior to separation from service. Pre-tax contributions cannot be refunded until the member terminates employment or turns 62. Following termination of employment, TRS should be contacted for the proper form to be completed for return of pre-tax contributions. Upon completion of the verification form by the school and the mandatory four-month waiting period, payment of the balance of the account will be made at the same time as regular withdrawals.

[Source: Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)1; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 20 Ok Reg 2247, eff 3-5-03 (emergency); Amended at 20 Ok Reg 2596, eff 7-11-03; Amended at 28 Ok Reg 981, eff 5-26-11; Amended at 29 Ok Reg 863, eff 8-1-12]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE

715:10-13-1. Regular annual compensation requirements—[REVOKED]
Each member of the Teachers' Retirement System is required to make contributions to the Retirement Fund. Monthly contributions are a set percent of "regular annual compensation". Regular annual compensation is defined as wages plus fringe benefits, excluding the flexible benefit allowance provided by Section 26-105 of Title 70 of the Oklahoma Statutes, and shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of Title 70 of the Oklahoma Statutes. Wages and fringe benefits for retirement purposes are defined as normal periodic payment for service the right to which accrues on a regular basis in proportion to the service performed. Such periodic payments shall include staff development or other periodic payments to qualifying members. Fringe benefits shall include employer-paid group health and disability insurance, group term life insurance, annuities and pension contributions and IRS Code Section 125 cafeteria benefits provided on a periodic basis to all qualified members of the employer, which qualify as fringe benefits under the United States Internal Revenue Code. A qualified member is any eligible employee who is currently contributing to the System. Excluded from regular annual compensation are: employer contributions to a deferred compensation plan that is not provided to all qualified members of the employer, expense reimbursement payments; office, vehicle, housing or other maintenance allowances; the flexible benefit allowance provided pursuant to Section 26-105 of Title 70 of the Oklahoma Statutes; payment for unused vacation and sick leave; any payment made for reason of termination or retirement; maintenance or other non-monetary compensation; payment received as an independent contractor or consultant; any benefit payments not made pursuant to a valid employment agreement; stipends that are not given across the board to all employees; payment received for obtaining national board certification; and compensation received from the Teacher Shortage Employment Incentive Program. Contributions can only be remitted on actual wages and fringe benefits. No individual can contribute on unearned or non-existent compensation. Under no circumstances can members pay retirement contributions on more than they actually earn.

[Source: Amended at 10 Ok Reg 3879, eff 7-12-93; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)1; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 22 Ok Reg 2255, eff 6-

25-05; Amended at 27 Ok Reg 1282, eff 5-27-10; Amended at 28 Ok Reg 981, eff 5-26-11; Revoked at 29 Ok Reg 863, eff 8-1-12]

715:10-13-10. Annual report of employment

At the close of each fiscal year but prior to November 1, the payroll office of each employer shall file a report with Teachers' Retirement System that certifies the number of hours worked that year by each less-than- fulltime employee. The report shall also include the names and total number of hours worked by any employee receiving Teachers' Retirement System retirement benefits. This report shall be known as the Employment Year End Report.

715:10-13-13. Contributions while receiving payments from Workers' Compensation

Any member who is an active contributing member and receives temporary total disability benefits during the period of absence from a public school due to a work-related injury or illness and qualifies for payment pursuant to the Workers' Compensation Act shall receive credit for said period of absence, if contributions were not remitted on the member's regular annual compensation while the member is receiving temporary total or partial disability benefits, subject to the following requirements:

- (1) the member was employed by the public school immediately prior to and during the period of absence,
- (2) the member must notify the System in writing not later than four (4) months after the member's return to his or her job duties with the public school, or termination of the temporary total disability benefits, whichever is earlier, of the member's desire to receive service credit for the period of absence,
- (3) the public school employer must certify to the System in writing the dates during which temporary total disability benefit payments were paid to the member, and
- (4) the member and the public school employer shall each pay the respective contributions required for the period of absence without interest within sixty (60) days of billing by the System, or with interest at a rate consistent with the actuarial assumed earnings rate adopted by the Board of Trustees (currently 8% per annum), compounded annually if paid after said sixty (60) days. Employee and employer contributions will be based on the member's regular annual compensation the member would have earned had the injury or illness not occurred.

(5) All balances due must be paid in full at least 30 days prior to ~~retirement or~~ termination of employment or ninety (90) days prior to the effective date of a member's official retirement date.

[Source: Added at 15 Ok Reg 48, eff 9-4-97 (emergency); Added at 15 Ok Reg 3481, eff 7-15-98; Amended at 29 Ok Reg 865, eff 8-1-12]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 15. SERVICE RETIREMENT

715:10-15-3. Date of retirement; making application

The earliest effective date of retirement for any eligible member is the first day of the month following the one in which employment ceases, with the first annuity payment due the last day of that month.

(1) It is the member's responsibility to notify, by filing a retirement contract as outlined in paragraphs 4 and 5 of this section, the TRS Board of Trustees of the date on which retirement is to begin.

(2) Payments for all years of service, for which a member wants to receive credit, must be made no less than 90 days prior to the date of retirement.

(3) State law does not permit TRS to make retroactive retirement payments. Members should ensure that their creditable service record is up-to-date and accurate before they retire.

(4) After submitting all pre-retirement required documentation, the member will receive an Intent to Retire. This form must be returned to TRS no less than sixty (60) days prior to the expected retirement date. Upon receipt of the completed Intent to Retire ~~the member will receive a final contract for retirement. upon completing and returning to TRS an Intent to Retire. This form should be returned to TRS no less than sixty (60) days prior to the expected retirement date. The member shall select the retirement option on the Intent to Retire.~~

(5) The Final Contract for Retirement, properly executed before a notary, is required by statutes to be filed with TRS no less than thirty (30) days before the date of retirement. Therefore, the final contract for retirement must be completed and on file with TRS by the first day of the month immediately preceding the retirement date. The first retirement benefit payment will be made on the first day of the month following the effective date of retirement.

(6) For example, a retirement contract must be on file by May 1, for a retirement date of June 1, in order to process the first retirement benefit payment on July 1.

[Source: Amended at 30 Ok Reg 1476, eff 7-1-13]

715:10-15-7.2. Retirement formula for members retiring under provisions of the Education Employees Service Incentive Plan (-EESIP-)

(a) Legislation enacted during the Special Session of the 2006 Legislature modified the standard retirement formula for TRS members employed by remitting entities other than comprehensive and regional four-year universities. A member must have been employed by a participating remitting entity for at least one full school year (twelve months) immediately prior to termination of employment or retirement to qualify for this section.

(b) A TRS member who was employed prior to July 1, 1995, may have service credits performed prior to July 1, 1995, calculated in the member's retirement formula used for service performed after July 1, 1995, when the member's average salary at retirement is greater than \$40,000, and the member works beyond the year in which he or she reaches normal retirement age. (The terms "average salary" and "normal retirement age" are defined in 70 O. S. § 17-101.)

(c) ~~A retiring~~ member who works one year beyond the school year in which he or she reaches normal retirement age, and who is employed by a participating employer, may move two (2) years of service performed prior to July 1, 1995, to the retirement formula used to calculate service performed after July 1, 1995. For each additional year the member works beyond normal retirement age employed by a participating employer, he or she may move two (2) additional years of service credit performed prior to July 1, 1995.

(d) For members who retire on or after July 1, 2006, and before June 30, 2007, the maximum average salary that can be used to calculate the benefit for service credits that qualify to be moved under this section is \$60,000. During this one-year period, a member whose average salary at retirement is greater than \$60,000 shall have benefits calculated in three steps: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; 2% x \$60,000 for service performed prior to July 1, 1995, that qualifies as moved service; and 2% x the member's average salary for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.])

(e) For members who retire on or after July 1, 2007, and before June 30, 2008, the maximum average salary that can be used to calculate the benefit for service credits that qualify to be moved under this section is \$80,000. During this one-year period, a member whose average salary at retirement is greater than \$80,000 shall have benefits calculated in three steps: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; 2% x \$80,000 for service performed prior to July 1, 1995, that qualifies as moved service; and 2% x the member's average salary for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.])

(f) For members who retire on or after July 1, 2008, the average salary used to calculate the benefit for service credits that qualify to be moved under this section is the member's average salary at retirement. The member's retirement benefit will be calculated as follows: 2% x \$40,000 for service performed prior to July 1, 1995, that does not qualify as moved service; and 2% x the member's average salary for service performed prior to July 1, 1995, that qualifies as moved service and for service performed on or after July 1, 1995. (Note: The retirement date for each retiring member is always the first day of the month. [See OAC 715:10-15-4.])

(g) A member whose Regular Annual Compensation was greater than \$40,000 during the school years 1987-88 through 1994-95 must make an additional contribution to qualify for movement of service provided for in this section. [See OAC 715:10-5-4.1. Payment of contribution deficit for Education Employees Service Incentive Plan]

(h) A member reaches Normal Retirement Age during the school year he or she reaches age 62, or when the member's age and total service equal 80 or more for those members whose official TRS membership date is prior to July 1, 1992, and when the member's age and total service equal 90 or more for those members whose official TRS membership date is on or after July 1, 1992.

(i) For this section, credit a member may receive for having 120 or more days of unused sick leave at retirement will be used in determining the school year in which a member reaches Normal Retirement Age.

(j) For this section, a member who reaches Normal Retirement Age by the tenth of July of any school year will be considered to have reached Normal Retirement Age at the beginning of that school year. A member who reaches Normal Retirement Age after the tenth of July of any school year will be considered to have reached Normal Retirement Age at the beginning of the next

school year in which the member is employed.

(k) To qualify for a year of service beyond Normal Retirement Age, OAC 715:10-3-2 and OAC 715:10-3-3 will be used to determine credited service. However, a fractional year of service performed after reaching Normal Retirement Age cannot be combined with a fractional year of service performed prior to reaching Normal Retirement Age to qualify for a year of service credit under this section. Fractional years of service worked after reaching Normal Retirement Age can be combined to create a full year of credited service. If a member participates in ESSIP and wears away at least two (2) years of capped service but has employment at a non-participating entity (comprehensive and regional four-year universities) after reaching Normal Retirement Age, service credit will be awarded for the employment for the non-participating entity, but the salary the member earned at the non-participating entity will not be applied to those years of service which qualify for the Education Employees Service Incentive Plan (EESIP).

(l) The provisions of subsections e and f of this section become effective only if additional employer contributions are funded as required by ~~Enrolled House Bill 1179xx~~ 70 O.S. § 17-116.2C.

[Source: Added at 24 Ok Reg 220, eff 10-31-06 (emergency); Amended at 24 Ok Reg 1692, eff 6-11-07]

715:10-15-10. Retirement plans

A member may elect to receive a monthly life annuity under one of the following plans:

(1) The Maximum Retirement Plan provides the greatest monthly lifetime benefit that each individual member's years of creditable service and average salary permit. The maximum retirement plan is the monthly entitlement calculated using the standard retirement formula set by statutes. In the event the total retirement payments made prior to the death of a retired member are less than the member's accumulated contributions (with any interest credited to the account prior to July 1, 1968), the difference shall be paid to the member's designated beneficiary or to the member's estate if no designated beneficiary survives the member.

(2) Retirement Option 1 provides a slightly reduced lifetime benefit. The monthly entitlement is the difference between the annuity portion of the maximum retirement plan and the annuity portion of an Option 1 retirement plan subtracted from the Maximum retirement plan. If the retired member dies before receiving in the annuity portion of the monthly payments an amount equal to the member's deposits (with any interest credited to the account prior to July 1, 1968), the remaining

balance shall be paid in a lump sum to the member's designated beneficiary or to the member's estate if no beneficiary survives the member. (The member's deposits are "protected" for the member's beneficiary for a longer period of time than under the maximum retirement plan, hence, the monthly benefit is less than the Maximum benefit.)

(3) Retirement Option 2 provides a reduced monthly benefit payable to the member for life. At the death of the retired member, the same monthly benefit payable to the member, shall continue to the member's beneficiary joint annuitant, if living. This option is known as a "100% joint survivor annuity." The reduction in the monthly benefit is based on actuarial tables developed for this purpose and approved by the Board of Trustees. The ages of the member and beneficiary joint annuitant are an important factor in computing this benefit. The beneficiary joint annuitant for the Option 2 retirement plan may be the member's spouse or another person. If the designated beneficiary joint annuitant is not the member's spouse, IRS Regulations require that the adjusted member/beneficiary age difference cannot be more than ten (10) years. The adjusted member/beneficiary joint annuitant age difference is determined by first calculating the excess of the age of the member over the age of the beneficiary based on their ages on the date of retirement. If the member is younger than age 70, the age difference determined in the previous sentence is reduced by the number of years that the member is younger than age 70 based on the member's age on the date of retirement. If the adjusted member/beneficiary joint annuitant age difference is greater than ten (10) years, the Option 2 retirement plan is not available. In the event the member's beneficiary joint annuitant dies at any time after the member's retirement date but before the death of the member, the member shall return to the retirement benefit, including any post-retirement benefit increases the member would have received, had the member not selected the Option 2 retirement plan. The beneficiary joint annuitant designation cannot be changed under any circumstance after the date of retirement. The reduction in the monthly payment is much greater than under all other retirement options because two people are protected for the life of both individuals.

(4) Retirement Option 3 provides a reduced monthly benefit payable to the member for life. At the death of the retired member, one-half (or 50%) of the monthly benefit payable to the member, shall continue to the member's beneficiary joint annuitant, if living. This option is known as a "50% joint survivor annuity." The reduction in the monthly benefit is based on actuarial tables developed for this purpose and approved by

the Board of Trustees. The age of the ~~beneficiary~~ joint annuitant is an important factor in computing this benefit. The ~~beneficiary~~ joint annuitant for the Option 3 retirement plan may be any person. In the event the member's ~~beneficiary~~ dies at any time after the member's retirement date but before the death of the member, the member shall return to the retirement benefit, including any post-retirement benefit increases, the member would have received had the member not selected the Option 3 retirement plan. The ~~beneficiary~~ joint annuitant cannot be changed under any circumstance after the date of retirement. The reduction in the monthly payment, while not as great as in the Option 2 plan, still requires a substantial reduction because two people are protected for the life of both individuals.

(5) Retirement Option 4 provides a reduced monthly benefit payable to the member for life. In the event the retired member dies within one hundred twenty (120) continuous months from the date of retirement, the balance of the payments is continued to the designated beneficiary until a total of one hundred twenty (120) months have been completed. The actual reduction is based on actuarial tables developed for this purpose and approved by the Board of Trustees. The beneficiary must be designated at the time of retirement. The Option 4 retirement plan is not available for a member whose retirement date is on or after the member reaches age 93. However, if the designated beneficiary is the member's spouse, the Option 4 retirement plan may be selected if the 120-month period does not extend beyond the joint life and last survivor expectancy of the member and the member's spouse. If the beneficiary dies before the total number of "guaranteed" months have been completed, the remaining payments shall be computed at the rate of interest used in determining the original guarantee. The funds remaining shall be paid to the administrators, executors or assigns of the last surviving payee.

[Source: Amended at 12 Ok Reg 295, eff 10-14-94 through 7-14-95 (emergency)¹; Amended at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)²; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)³; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 22 Ok Reg 2255, eff 6-25-05]

715:10-15-10.2. Partial lump-sum payments

~~The requirements for partial lump-sum payments shall be administered as directed in Title 70, Oklahoma Statutes, Section 17-105.2 [70 O.S. 17-105.2].~~

(a) Any member of the Teachers' Retirement System with 30 or more years of service credit may elect to receive a partial lump-sum payment in exchange for a reduced annuity. The application for a partial lump-sum payment will be added to the retiring member's final contract for retirement on a form prescribed by the Board of Trustees. A beneficiary of a deceased active member is not eligible to select a partial lump-sum payment.

(1) A member may elect to receive a partial lump-sum payment in an amount equal to the unreduced retirement benefit (Maximum Retirement Allowance) which would have been paid over a period of 12, 24 or 36 months, had the lump-sum option not been selected. Once the payout amount is selected, a reduced Maximum Retirement Allowance is then calculated using factors based upon the member's age at retirement and the payout option (12, 24, or 36 months) selected. This reduced Maximum Retirement Allowance then serves as the basis upon which other optional payment alternatives will be calculated pursuant to 70 O.S. § 17-105 and OAC 715:10-15-10.

(2) The partial lump-sum payment shall be paid in a single check separate from the regular monthly retirement ninety (90) days after the date of the retiring member's first monthly benefit payment. The partial lump-sum payment cannot be returned to the Retirement System once it has been received by the member.

(3) The partial lump-sum payment shall be subject to federal income tax in accordance with Internal Revenue Code or applicable Internal Revenue Service regulations. In accordance with IRS regulations, the member may elect to roll over the partial lump-sum payment into an eligible individual retirement account (IRA) or other eligible retirement plan, including the Oklahoma Teachers' Retirement System's 403b Tax Sheltered Annuity Plan if you already have an established account prior to expected retirement date.

(4) The total amount of the partial lump-sum payment shall be deducted from the member's account balance consisting of the employee contributions plus interest posted to the member's account prior to July 1, 1968, for the purpose of determining unused contributions remaining in the account.

(5) The partial lump-sum payment will be based on the service credit and average compensation, including projected compensation, at the time of retirement, but may be issued before final compensation and contributions are received and posted to the member's account. TRS reserves the right to correct any overpayment or underpayment discovered after final compensation and contribution

postings have been received. Should the member have been overpaid, TRS will collect such overpayment from the member, based on an adjustment to the member's monthly benefit. Should the member have been underpaid, TRS will adjust future monthly benefit payments to compensate the member for the amount of the underpayment.

(6)A retiree, having received a partial lump-sum payment, who is reemployed and returns to membership contributing status pursuant to OAC 715:10-17-13, shall have his or her subsequent retirement benefit calculated taking into consideration that a partial lump-sum payment has been received.

(7)Should the retiring member die after the effective date of retirement, but before the partial lump-sum payment is made, the payment will be made to the beneficiary(ies) designated by the retiring member on the final contract for retirement, unless the member filed a separate beneficiary form specifically designating a third party as the beneficiary of the partial lump-sum payment.

(8)If the retiring member is married at the time of retirement, the member's spouse must sign the member's partial lump-sum application form acknowledging the retiring member's intent to receive a partial lump sum payment.

[Source: Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)1; Amended at 21 Ok Reg 3099, eff 8-12-04; Amended at 29 Ok Reg 866, eff 8-1-12]

715:10-15-11. Designation of beneficiaries for retirement options

A designation of beneficiary must be made when the retirement contract is completed. A member who selects the Maximum or Option 1 retirement plan may name more than one beneficiary. Beneficiaries named for the Maximum and Option 1 retirement plan may be changed by the member at any time. A member desiring to change or update a beneficiary designation should request TRS Form 90. The beneficiary for the Option 2 or Option 3 retirement plan cannot be changed even if the beneficiary dies before the member, providing, however, the retired member may designate an alternate beneficiary to receive the \$5,000 death benefit, when the spouse predeceases the member. The member who elects the Option 4 retirement plan must name a beneficiary, who can be any living person. The beneficiary does not have to be a spouse or dependent. In the case of a divorce the retirement contract remains in force and the member's joint annuitant (ex-spouse)

will receive the member's monthly benefit after the member's death (if named as a joint annuitant) unless a Court, acting through a Qualified Domestic Relations Order, directs otherwise.

[Source: Amended at 16 Ok Reg 743, eff 10-5-98 through 7-14-99 (emergency)¹; Amended at 16 Ok Reg 3567, eff 9-13-99; Amended at 25 Ok Reg 2598, eff 7-11-08]

715:10-15-16. Review by Medical Board

Upon receipt of the application for disability retirement, the Medical Board of the Teachers' Retirement System will review the application at its next monthly meeting. The Medical Board may recommend to the Board of Trustees a member for permanent disability retirement or for a temporary disability retirement when in its opinion the prognosis of the disability is of a temporary nature. Temporary disability retirement benefits may be provided for six (6) to twelve (12) months, subject to re-examination by the Medical Board at the end of the prescribed period. If a member is granted temporary disability the member may apply for permanent disability, or reapply for temporary disability, only within one (1) month of the expiration of the temporary disability. The member will be notified in writing of the recommendation of the Medical Board. If disability benefits are not recommended by the Medical Board, the reason will be provided to the member. The member may then submit additional medical evidence for further review or request an administrative hearing pursuant to the Administrative Procedures Act, 75 O.S. Section 250 et seq., and OAC 715:1-1-10 within sixty (60) days of notification of the Medical Board's adverse recommendation.

[Source: Amended at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)¹; Amended at 11 Ok Reg 4251, eff 7-25-94; Amended at 19 Ok Reg 2729, eff 7-11-02]

CHAPTER 10. GENERAL OPERATIONS

SUBCHAPTER 17. POST RETIREMENT EMPLOYMENT

715:10-17-12. Earnings report by remitting agencies

Prior to March 15 of each year, each employer covered by the provisions of TRS shall submit a report showing the total earnings received by each individual, member and non-member of TRS, during the previous calendar year. The report provided by the employer shall be a copy of the ~~magnetic media~~ report prepared and submitted to IRS to report W-2 Tax Statements and other taxable income reportable to IRS and the Social Security

Administration. ~~In lieu of the magnetic media report above, a magnetic media report may be created having~~ The report will be electronically transmitted to TRS via the Employer Portal and will contain the name, social security number, address and the total earnings paid from all sources from January 1 to December 31 of the year and shall be in the format specified by TRS. [

Source: Amended at 27 Ok Reg 1282, eff 5-27-10]

715:10-17-13. Election to return to qualifying employment

Any retired member who returns to employment in the public schools of Oklahoma and is employed half-time or more as defined in OAC 715:10-3-2 and OAC 715:10-3-3 may return to post-retirement employment or active contributing status ~~membership contributing status~~ under the following conditions:

(1) Active Contributing Status. The retired member must file an irrevocable election to discontinue retirement benefits for the period of such employment. The return to membership contributing status must coincide with the beginning of a school year or the member must refund all benefit payments received from the beginning of the school year in which employment begins and make employee contributions on any compensation earned from the beginning of the school year to the date of the election to return to contributing status.

(2) The election form must be completed by the employing school and signed by the retired member and an official who has authority to employ or pay regular employees of the school. In addition, a new Personal Data Form 1-A shall be completed and submitted to TRS to return a member to work status.

(3) The form must include the nature of the position held and the beginning date of employment.

(4) Retirement payments shall be discontinued in accordance with OAC 715:10-17-14. Retirement payments shall not be resumed during the summer months between consecutive years of this type of employment.

(5) The retired member and the employing public school shall remit employee and employer contributions in the same manner as active contributing employees.

(6) The retired member shall accumulate service credit in the same manner as active contributing employees of the system.

(7) Upon termination of employment, the retired member's monthly retirement benefits will resume with an adjustment to reflect credit for the additional employment as follows:

(A) The initial benefit calculated at the time of retirement will not be affected by the additional employment.

(B) Service credits will be accumulated and credited to the member's record in accordance with Subchapter 3 of this

Chapter.

(C) A supplemental benefit for the year(s) of additional service will be calculated using the standard retirement benefit formula and the retirement plan selected by the retiree when the member first retired (See OAC 715:10-15-7 and 715:10-15-7.1).

(D) The average salary used in calculating the supplement benefit will be the average of the salaries earned during this period of employment. In the event the member is employed for less than the number of years required to determine the appropriate average salary, the average will be determined by the number of years employed. Annual salaries will be based on contributions made and determined on a school year basis.

(8) If the retired member is employed for a period less than six months, or for a period of time which does not qualify for additional service credit, the employee contributions remitted by the employee or by the employer on the retired member's behalf will be refunded to the member without interest. Employer contributions as provided by OAC 715:10-13-3 will not be refunded.

(9) The employer shall provide written notice to the Teachers' Retirement System when the retired member's employment is terminated. The member cannot resume benefit payments under this rule and remain employed. The member must comply with the sixty (60)-day non-employment rule that applies to a member who elects regular retirement. Retirement payments will be resumed effective the first of the following month, provided employment terminates on or before the 15th of the month, otherwise benefits will be resumed the first of the next succeeding month. Any supplemental benefit determined pursuant to this section shall commence at the same time.

(10) If the retired member dies while engaging in half-time or more employment as provided in this section, the retired member's beneficiaries will receive any survivor benefits specified in the terms of the retirement contract elected by the member, the \$18,000 death benefit provided by OAC 715:10-9-2, if applicable, and a return of employee contributions, plus interest accumulated during the current employment, as defined in OAC 715:10-9-1. The beneficiaries of the deceased retired member will not be entitled to both the \$18,000 death benefit and the \$5,000 death benefit defined in OAC 715:10-9-4.

(11) If a retired member does not file an election to discontinue monthly benefits while employed by the public schools of Oklahoma, he or she waives the accrual of service credit and the right to any supplemental benefit from service in the position. The retired member will, however, be subject to the earnings limits outlined in Title 70, Oklahoma Statutes, Section 17-116.10 [70 O.S. 17-116.10]. ~~except to the extent that~~

~~the value of the accrual of additional service credit and the supplemental benefit would exceed the actuarial value of the benefits received under this Chapter and that were continued or begun pursuant to an election under this section. In such a case, a supplemental benefit equal only to the difference in value will be payable upon subsequent retirement.~~

(12) Retired members returning to half-time or more employment under this subchapter and section shall not be considered "active members" for purposes of purchasing or transferring any form of prior service credit of whatever nature.

(13) A retiree having received a partial lump-sum payment, who is re-employed and returns to membership contributing status pursuant to OAC 715:10-17-13, shall have his or her subsequent retirement benefit calculated taking into consideration that a partial lump-sum payment has been received.

[Source: Added at 11 Ok Reg 4785, eff 9-12-94 through 7-14-95 (emergency)¹; Added at 12 Ok Reg 3285, eff 7-27-95; Amended at 13 Ok Reg 3899, eff 8-5-96 through 7-14-97 (emergency)²; Amended at 14 Ok Reg 3216, eff 7-25-97; Amended at 18 Ok Reg 50, eff 10-3-00 (emergency); Amended at 18 Ok Reg 3152, eff 7-12-01; Amended at 21 Ok Reg 3091, eff 8-21-03 through 7-14-04 (emergency)³; Amended at 21 Ok Reg 3099, eff 8-12-04]

CHAPTER 10. GENERAL OPERATIONS
SUBCHAPTER 25. QUALIFIED DOMESTIC ORDER ~~{REVOKED}~~

715:10-25-1. Definition ~~{REVOKED}~~

The term "qualified domestic order" means an order issued by a district court of the State of Oklahoma pursuant to the domestic relations laws of this state which relates to the provision of marital property rights to a spouse or former spouse of a member and which creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to receive a portion of the benefits payable with respect to a member of the Teachers' Retirement System.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)¹; Added at 11 Ok Reg 4251, eff 7-25-94; Revoked at 29 Ok Reg 869, eff 8-1-12]

715:10-25-2. Filing a qualified domestic order~~{REVOKED}~~

A member of Teachers' Retirement, his or her legal representative, a member's former spouse, or his or her legal representative may file a qualified domestic order with the Teachers' Retirement System. In not less than thirty (30) days of such filing, Teachers' Retirement will acknowledge receipt and notify all parties listed in the order that the order has

been accepted or that clarification of the order must be provided to Teachers' Retirement. All qualified domestic orders filed with the Teachers' Retirement System of Oklahoma must be in accordance with Oklahoma Statutes and must conform to the provisions of 70 O.S., Section 17-109, as amended. TRS Form 110.46 OTRS Qualified Domestic Order is available upon request and its use is recommended.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)1; Added at 11 Ok Reg 4251, eff 7-25-94; Amended at 25 Ok Reg 2598, eff 7-11-08; Revoked at 29 Ok Reg 869, eff 8-1-12]

715:10-25-3. Contents of qualified domestic order~~{REVOKED}~~

For a qualified domestic order to be accepted and binding on the Teachers' Retirement System the order meet the following requirements:

- (1) The order must clearly specify the following:
 - (A) the name and last-known mailing address (if any) of the member and the name and mailing address of the alternate payee covered by the order,
 - (B) the amount or percentage of the member's benefits to be paid by Teachers' Retirement to the alternate payee,
 - (C) the number of payments or period to which such order applies,
 - (D) the characterization of the benefit as to marital property rights, and whether the benefit ceases upon the death or remarriage of the alternate payee, and
 - (E) each plan to which such order applies.
- (2) The order meets the requirements of this section only if such order:
 - (A) does not require Teachers' Retirement to provide any type or form of benefit, or any option not otherwise provided under the state law as related to the Retirement System,
 - (B) does not require Teachers' Retirement to provide increased benefits,
 - (C) does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee pursuant to another order previously determined to be a qualified domestic order

or an order recognized by the Retirement System as a valid order prior to the effective date of this subchapter, and

(D) does not require payment of benefits to an alternate payee prior to the actual retirement date of the related member or prior to the date the member elects to receive a lump sum distribution of his or her retirement account.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 (emergency)1; Added at 11 Ok Reg 4251, eff 7-25-94; Revoked at 29 Ok Reg 869, eff 8-1-12]

715:10-25-4. Payment to alternate payee~~{REVOKED}~~

Payments to an alternate payee will be made in a like manner and at the same time payment is made to the member. Payment will be either a lump sum distribution of the contributions and interest due the member upon termination of service or death, or monthly benefit payments under the retirement options available to the member at the time he or she applies for retirement benefits. The alternate payee shall not be allowed to choose a method of payment that is different from the method chosen by the member. The alternate payee may not receive payment of any kind prior to the member making application and becoming eligible for payment of benefits. Federal and Oklahoma state income taxes will be withheld from the payment to an alternate payee in accordance with applicable federal and state statutes.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)1; Added at 11 Ok Reg 4251, eff 7-25-94; Revoked at 29 Ok Reg 869, eff 8-1-12]

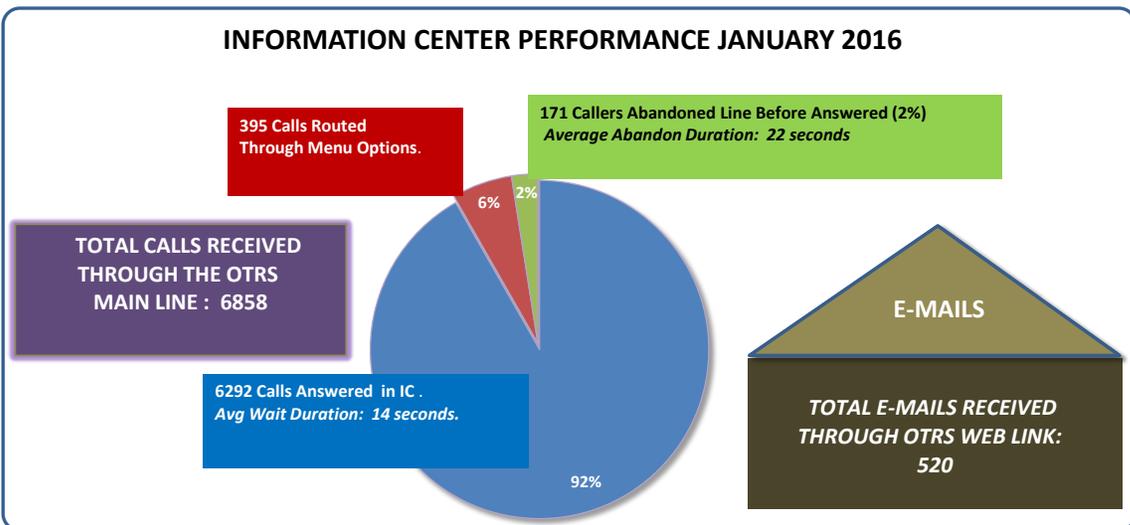
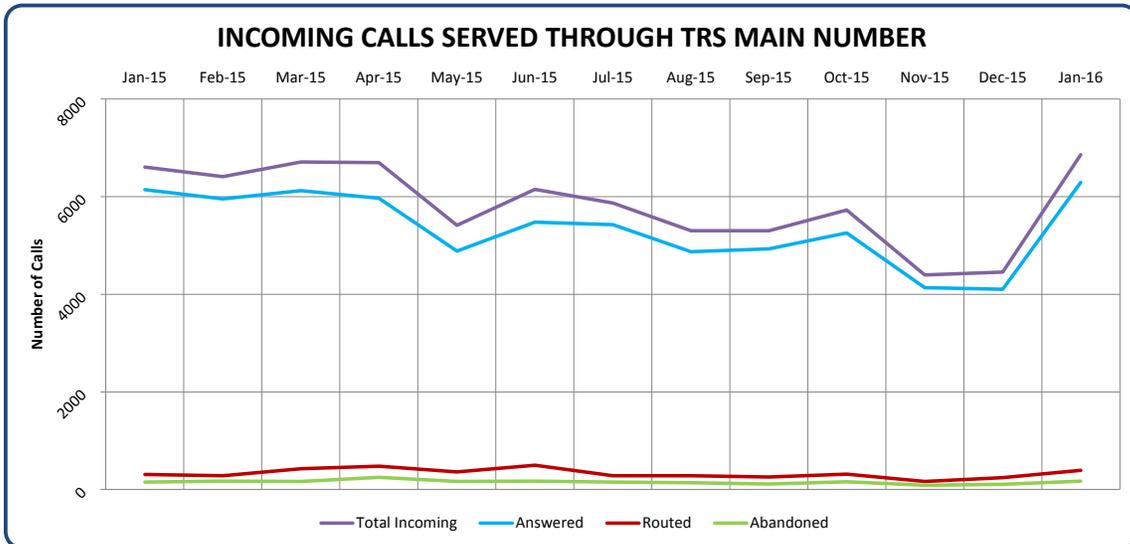
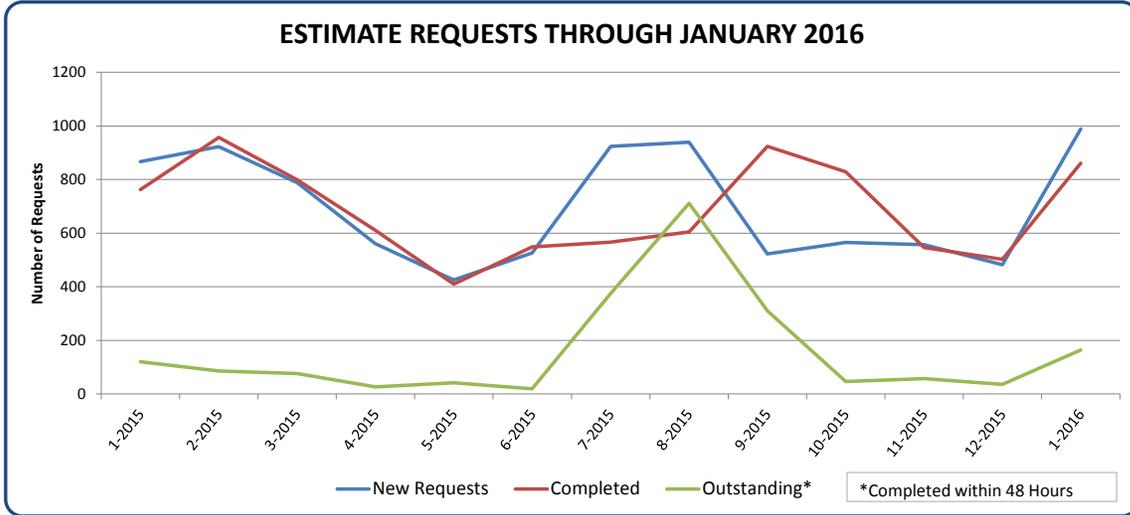
715:10-25-5. Termination of a qualified domestic order~~{REVOKED}~~

A qualified domestic order will terminate when Teachers' Retirement has fully met the provisions of the order. The obligation of the Teachers' Retirement System to pay an alternate payee pursuant to a qualified domestic order shall cease upon the death of the related member. In the event a qualified domestic order requires the benefits payable to an alternate payee to terminate upon the remarriage of the alternate payee, the Retirement System shall terminate said benefit only upon the receipt of a certified copy of a marriage license, or a copy of a certified order issued by the court that originally issued said qualified domestic order declaring the

remarriage of said alternate payee. The order may be cancelled or modified by the court that originally issued the order.

[Source: Added at 10 Ok Reg 4829, eff 9-17-93 through 7-14-94 (emergency)1; Added at 11 Ok Reg 4251, eff 7-25-94; Revoked at 29 Ok Reg 869, eff 8-1-12]

CLIENT SERVICES PERFORMANCE METRICS THROUGH JANUARY 2016





OKLAHOMA TEACHERS RETIREMENT SYSTEM

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

Monthly Retirement Status Report

February 1, 2016

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Disability	3	\$3,112.53	\$1,037.51	18.22	49.67
Normal	96	\$154,244.23	\$1,606.71	19.21	63.97
Total	99	\$157,356.76	\$1,589.46	19.18	63.54
Terminated Annuities	148	\$ (210,103.58)	\$1,421.65	24.5	79.15

NORMAL RETIREMENTS			February 1, 2016		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0200129	12	63	2/1/2016	106229	\$821.63
Q0216344	16	64	2/1/2016	106301	\$4,556.70
Q0163458	15	62	2/1/2016	106250	\$1,627.94
Q0262084	37	62	2/1/2016	106133	\$2,841.97
Q0049659	10	62	2/1/2016	106251	\$798.91
Q0234826	19	63	2/1/2016	106254	\$854.32
Q0129569	24	55	2/1/2016	106187	\$870.53
Q0183767	34	63	2/1/2016	106275	\$2,238.52
Q0257577	11	66	2/1/2016	106401	\$256.51
Q0080394	11	76	2/1/2016	106252	\$75.69
Q0290386	9	68	2/1/2016	106270	\$931.64
Q0005392	29	62	2/1/2016	106277	\$1,939.64
Q0158143	12	72	2/1/2016	106134	\$473.23
Q0181598	26	65	2/1/2016	106202	\$1,893.42
Q0006240	24	64	2/1/2016	106230	\$1,791.26
Q0276577	11	58	2/1/2016	106333	\$338.89
Q0206718	31	56	2/1/2016	106171	\$2,635.45
Q0219280	23	63	2/1/2016	106402	\$1,798.77
Q0285961	9	69	2/1/2016	106261	\$219.67
Q0164694	12	60	2/1/2016	106403	\$404.63
Q0291760	8	63	2/1/2016	106278	\$558.63
Q0179446	43	69	2/1/2016	106303	\$5,746.83
Q0049173	18	64	2/1/2016	106334	\$1,369.71
Q0160859	13	68	2/1/2016	106185	\$1,763.62
Q0013869	31	66	2/1/2016	106135	\$2,381.11
Q0053072	27	55	2/1/2016	106249	\$2,379.81
Q0166425	25	57	2/1/2016	106007	\$1,715.23
Q0183480	30	62	2/1/2016	106304	\$938.91
Q0021410	30	64	2/1/2016	105802	\$3,449.29
Q0035605	27	62	2/1/2016	106404	\$1,187.85
Q0103144	26	66	2/1/2016	106181	\$3,653.64
Q0087671	16	62	2/1/2016	106405	\$1,165.70
Q0123985	28	66	2/1/2016	106318	\$2,424.80
Q0163735	41	64	2/1/2016	106406	\$3,449.58
Q0034209	16	63	2/1/2016	106407	\$1,513.11
Q0046157	21	68	2/1/2016	106272	\$3,085.34
Q0232002	16	64	2/1/2016	106271	\$524.17
Q0089821	8	58	2/1/2016	106232	\$411.66
Q0292295	9	67	2/1/2016	106136	\$167.28
Q0125053	8	62	2/1/2016	106137	\$183.33
Q0182123	15	64	2/1/2016	106338	\$766.78
Q0018067	37	70	2/1/2016	106165	\$4,021.14
Q0314471	5	72	2/1/2016	106305	\$138.43
Q0283595	9	56	2/1/2016	106324	\$98.21
Q0231633	23	61	2/1/2016	106319	\$4,758.57
Q0014185	12	64	2/1/2016	106312	\$4,827.60
Q0049150	8	63	2/1/2016	106285	\$531.22
Q0182862	27	64	2/1/2016	106112	\$1,730.17

Q0023720	29	68	2/1/2016	106282	\$1,342.62
Q0047876	17	62	2/1/2016	106243	\$1,564.89
Q0162406	18	66	2/1/2016	106296	\$1,209.28
Q0215134	16	67	2/1/2016	106295	\$504.10
Q0294011	6	63	2/1/2016	106222	\$382.77
Q0163960	17	64	2/1/2016	106227	\$452.09
Q0134588	10	68	2/1/2016	106073	\$246.11
Q0048389	32	67	2/1/2016	106168	\$2,714.21
Q0175882	26	77	2/1/2016	106332	\$1,345.99
Q0050798	22	60	2/1/2016	106361	\$1,247.86
Q0186090	23	58	2/1/2016	106294	\$1,497.22
Q0107644	15	63	2/1/2016	106308	\$811.27
Q0218029	16	65	2/1/2016	106360	\$5,926.14
Q0007197	17	62	2/1/2016	106221	\$1,274.16
Q0288881	8	67	2/1/2016	106220	\$417.74
Q0183157	27	64	2/1/2016	106441	\$3,516.62
Q0044970	16	65	2/1/2016	106293	\$1,269.90
Q0292310	9	67	2/1/2016	106169	\$409.90
Q0083767	12	65	2/1/2016	106302	\$659.43
Q0279311	11	64	2/1/2016	106328	\$581.77
Q0238840	24	68	2/1/2016	106330	\$3,946.83
Q0051586	25	55	2/1/2016	106364	\$3,139.31
Q0108396	25	55	2/1/2016	106050	\$3,148.02
Q0224257	25	62	2/1/2016	106084	\$619.08
Q0053683	28	52	2/1/2016	106331	\$2,772.08
Q0211183	5	63	2/1/2016	106219	\$409.34
Q0011096	24	65	2/1/2016	106158	\$1,421.61
Q0137277	14	78	2/1/2016	106218	\$243.56
Q0145717	19	62	2/1/2016	106142	\$910.33
Q0220878	27	60	2/1/2016	106363	\$1,690.25
Q0247610	25	83	2/1/2016	106274	\$4,118.18
Q0164182	33	62	2/1/2016	106327	\$4,988.09
Q0086900	17	65	2/1/2016	106306	\$705.05
Q0144333	19	67	2/1/2016	106346	\$856.52
Q0241232	21	66	2/1/2016	106055	\$1,814.37
Q0163994	15	66	2/1/2016	106313	\$477.78
Q0021419	18	61	2/1/2016	106292	\$918.35
Q0182615	12	63	2/1/2016	106326	\$288.00
Q0007364	17	62	2/1/2016	106291	\$1,771.08
Q0292986	8	60	2/1/2016	106290	\$409.18
Q0022607	14	63	2/1/2016	106359	\$1,326.11
Q0088142	32	62	2/1/2016	105890	\$2,076.87
Q0163628	23	63	2/1/2016	106289	\$2,359.29
Q0223360	18	62	2/1/2016	106288	\$730.79
Q0164009	17	64	2/1/2016	106287	\$378.61
Q0219093	15	68	2/1/2016	106209	\$595.53
Q0288863	12	63	2/1/2016	106092	\$806.80
Q0144855	20	62	2/1/2016	106286	\$1,638.11
Averages	19.21	63.97			\$1,606.71
			Totals	96	\$154,244.23

DISABILITY RETIREMENTS			February 1, 2016		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0232454	14	48	2/1/2016	D106466	\$987.32
Q0132298	14	48	2/1/2016	D106465	\$826.97
Q0130418	27	53	2/1/2016	D106467	\$1,298.24
Averages	18.22	49.67			
			Totals	3	\$1,037.51
					\$3,112.53

TERMINATIONS

From 1/1/2016 to 1/31/2016

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	25	104	12/4/2015	1/1/2016	015283	\$1,264.41
Deceased	25	93	12/25/2015	1/1/2016	019123	\$795.28
Deceased	21	95	12/25/2015	1/1/2016	019428	\$905.25
Deceased	37	94	12/30/2015	1/1/2016	019544	\$1,817.36
Deceased	41	99	12/3/2015	1/1/2016	020357	\$1,855.16
Deceased	24	95	12/12/2015	1/1/2016	020884	\$1,138.59
Deceased	40	97	12/17/2015	1/1/2016	021250	\$1,813.69
Deceased	30	94	12/28/2015	1/1/2016	021369	\$1,498.14
Deceased	39	94	12/30/2015	1/1/2016	021900	\$1,586.29
Deceased	39	91	12/26/2015	1/1/2016	022098	\$2,082.09
Deceased	27	89	12/23/2015	1/1/2016	022674	\$916.00
Deceased	39	91	12/26/2015	1/1/2016	022926	\$959.58
Deceased	17	91	12/25/2015	1/1/2016	023224	\$415.47
Deceased	31	91	12/5/2015	1/1/2016	023271	\$1,107.70
Deceased	12	79	12/3/2015	1/1/2016	023529	\$314.84
Deceased	32	83	12/19/2015	1/1/2016	023558	\$1,932.41
Deceased	18	98	12/2/2015	1/1/2016	023564	\$985.43
Deceased	19	92	12/28/2015	1/1/2016	023704	\$1,151.48
Deceased	25	94	12/11/2015	1/1/2016	023904	\$1,552.97
Deceased	29	88	12/2/2015	1/1/2016	024147	\$1,641.01
Deceased	25	79	12/28/2015	1/1/2016	024307	\$1,099.91
Deceased	37	87	12/22/2015	1/1/2016	025010	\$2,291.20
Deceased	25	91	12/6/2015	1/1/2016	025318	\$787.08
Deceased	24	91	12/15/2015	1/1/2016	025547	\$1,249.99
Deceased	18	93	12/30/2015	1/1/2016	025642	\$1,107.42
Deceased	30	90	12/6/2015	1/1/2016	026135	\$1,721.77
Deceased	34	92	12/17/2015	1/1/2016	026356	\$1,865.81
Deceased	30	89	12/11/2015	1/1/2016	026398	\$1,647.12
Deceased	42	91	12/23/2015	1/1/2016	026497	\$2,111.63
Deceased	23	88	12/7/2015	1/1/2016	027214	\$1,164.86
Deceased	11	84	12/17/2015	1/1/2016	027271	\$327.02
Deceased	30	80	12/20/2015	1/1/2016	027466	\$1,998.96
Deceased	19	90	12/9/2015	1/1/2016	027657	\$375.40
Deceased	19	86	12/11/2015	1/1/2016	028342	\$566.35
Deceased	34	82	12/26/2015	1/1/2016	028449	\$2,167.52
Deceased	35	85	12/6/2015	1/1/2016	029364	\$1,815.99
Deceased	26	87	12/26/2015	1/1/2016	029578	\$1,442.21
Deceased	19	92	12/9/2015	1/1/2016	030563	\$657.92
Deceased	12	90	12/16/2015	1/1/2016	030768	\$165.24
Deceased	21	87	12/11/2015	1/1/2016	030824	\$945.41
Deceased	10	83	12/10/2015	1/1/2016	030894	\$163.46
Deceased	30	84	12/27/2015	1/1/2016	031694	\$1,832.94
Deceased	40	88	12/23/2015	1/1/2016	031729	\$3,169.23
Deceased	16	92	12/16/2015	1/1/2016	031946	\$832.18
Deceased	27	79	12/4/2015	1/1/2016	031989	\$1,505.17
Deceased	24	87	12/1/2015	1/1/2016	032050	\$1,806.08
Deceased	22	83	12/31/2015	1/1/2016	032352	\$689.57
Deceased	18	85	12/20/2015	1/1/2016	032801	\$256.54
Deceased	28	84	12/18/2015	1/1/2016	033548	\$1,522.80
Deceased	33	79	12/20/2015	1/1/2016	033840	\$1,852.36

Deceased	10	89	12/5/2015	1/1/2016	034006	\$262.68
Deceased	14	84	12/3/2015	1/1/2016	034098	\$805.41
Deceased	12	89	12/21/2015	1/1/2016	034112	\$473.71
Deceased	23	84	12/25/2015	1/1/2016	034152	\$837.43
Deceased	37	84	12/19/2015	1/1/2016	034159	\$2,680.78
Deceased	26	80	12/20/2015	1/1/2016	034470	\$1,379.82
Deceased	36	85	12/1/2015	1/1/2016	035251	\$2,101.15
Deceased	18	88	12/3/2015	1/1/2016	035968	\$350.92
Deceased	10	85	12/5/2015	1/1/2016	036296	\$299.10
Deceased	23	80	12/18/2015	1/1/2016	036477	\$1,261.83
Deceased	15	84	12/9/2015	1/1/2016	037193	\$1,022.63
Deceased	18	84	12/23/2015	1/1/2016	037740	\$574.97
Deceased	39	85	12/17/2015	1/1/2016	037963	\$3,049.97
Deceased	26	81	12/21/2015	1/1/2016	038485	\$1,726.31
Deceased	32	84	12/24/2015	1/1/2016	038530	\$2,232.45
Deceased	26	77	12/23/2015	1/1/2016	038621	\$1,863.07
Deceased	26	79	12/19/2015	1/1/2016	039548	\$1,744.98
Deceased	20	81	12/7/2015	1/1/2016	040012	\$1,407.62
Deceased	22	80	12/17/2015	1/1/2016	040137	\$1,704.76
Deceased	33	75	12/12/2015	1/1/2016	040141	\$2,362.95
Deceased	23	82	12/23/2015	1/1/2016	040368	\$1,518.67
Deceased	10	82	12/23/2015	1/1/2016	040654	\$390.95
Deceased	36	82	12/23/2015	1/1/2016	040674	\$2,558.96
Deceased	22	78	12/11/2015	1/1/2016	040809	\$1,238.50
Deceased	25	82	12/27/2015	1/1/2016	040835	\$545.06
Deceased	31	95	12/31/2015	1/1/2016	041172	\$892.24
Deceased	11	79	12/15/2015	1/1/2016	041242	\$166.73
Deceased	19	80	12/24/2015	1/1/2016	041917	\$1,014.23
Deceased	14	78	1/12/2012	1/1/2016	042722	\$269.36
Deceased	11	83	12/25/2015	1/1/2016	042816	\$409.72
Deceased	22	78	12/18/2015	1/1/2016	042971	\$1,305.21
Deceased	10	82	12/22/2015	1/1/2016	043066	\$541.33
Deceased	24	84	12/1/2015	1/1/2016	043366	\$1,773.02
Deceased	25	77	12/23/2015	1/1/2016	043616	\$1,538.51
Deceased	42	81	1/8/2015	1/1/2016	045269	\$2,847.52
Deceased	17	73	12/15/2015	1/1/2016	045398	\$437.57
Deceased	27	73	12/7/2015	1/1/2016	046454	\$1,180.07
Deceased	31	70	12/14/2015	1/1/2016	046733	\$2,256.40
Deceased	11	80	12/22/2015	1/1/2016	047083	\$359.83
Deceased	29	68	12/18/2015	1/1/2016	047357	\$1,790.18
Deceased	17	79	12/26/2015	1/1/2016	047880	\$802.09
Deceased	26	74	11/30/2015	1/1/2016	047915	\$1,962.24
Deceased	43	73	12/7/2015	1/1/2016	048534	\$2,456.99
Deceased	21	75	12/14/2015	1/1/2016	049080	\$493.30
Deceased	10	73	12/15/2015	1/1/2016	049597	\$379.09
Deceased	27	73	12/11/2015	1/1/2016	049716	\$1,113.09
Deceased	23	78	12/27/2015	1/1/2016	050191	\$1,490.85
Deceased	29	67	12/23/2015	1/1/2016	051034	\$2,192.23
Deceased	35	79	12/22/2015	1/1/2016	053230	\$2,760.26
Deceased	11	86	12/15/2015	1/1/2016	053308	\$360.05
Deceased	27	66	12/9/2015	1/1/2016	053934	\$1,472.44
Deceased	42	78	12/10/2015	1/1/2016	055099	\$3,316.59
Deceased	19	73	12/18/2015	1/1/2016	056843	\$1,379.34
Deceased	31	67	12/15/2015	1/1/2016	057284	\$2,043.86

Deceased	31	73	12/11/2015	1/1/2016	058164	\$2,177.08
Deceased	28	64	12/9/2015	1/1/2016	059211	\$1,982.71
Deceased	21	71	12/21/2015	1/1/2016	059508	\$1,279.01
Deceased	31	74	12/19/2015	1/1/2016	059510	\$2,032.49
Deceased	34	66	12/30/2015	1/1/2016	062287	\$2,492.28
Deceased	15	82	12/10/2015	1/1/2016	063118	\$818.96
Deceased	40	74	12/3/2015	1/1/2016	064154	\$3,107.26
Deceased	21	77	12/14/2015	1/1/2016	065226	\$402.18
Deceased	13	71	12/3/2015	1/1/2016	065898	\$530.14
Deceased	17	75	12/10/2015	1/1/2016	066133	\$1,201.43
Deceased	8	78	12/22/2015	1/1/2016	066614	\$184.24
Deceased	27	69	12/31/2015	1/1/2016	069450	\$1,858.54
Deceased	35	69	12/23/2015	1/1/2016	070363	\$2,658.02
Deceased	45	75	12/16/2015	1/1/2016	070458	\$3,513.38
Deceased	26	70	12/24/2015	1/1/2016	071864	\$1,927.51
Deceased	28	59	12/5/2015	1/1/2016	072173	\$1,890.42
Deceased	6	59	12/18/2015	1/1/2016	073003	\$86.56
Deceased	25	69	12/10/2015	1/1/2016	074764	\$2,049.23
Deceased	13	67	12/30/2015	1/1/2016	075525	\$502.80
Deceased	19	70	12/3/2015	1/1/2016	075637	\$433.36
Deceased	45	75	12/18/2015	1/1/2016	093779	\$5,486.08
Deceased	6	69	12/12/2015	1/1/2016	095458	\$445.06
Deceased	39	79	12:00:00 AM	1/1/2016	095473	\$3,576.09
Deceased	20	58	12/18/2015	1/1/2016	097391	\$802.91
Deceased	7	67	12/19/2015	1/1/2016	098366	\$240.67
Deceased	38	61	12/29/2015	1/1/2016	098421	\$3,725.76
Deceased	21	65	12/24/2015	1/1/2016	101038	\$976.38
Deceased	32	57	12/1/2015	1/1/2016	101522	\$2,461.54
Deceased	37	60	12/21/2015	1/1/2016	102016	\$3,227.18
Deceased	36	63	12/8/2015	1/1/2016	102643	\$2,718.73
Deceased	12	66	12/6/2015	1/1/2016	102806	\$320.98
Deceased	30	56	12/16/2015	1/1/2016	103079	\$2,788.93
Deceased	29	53	12/24/2015	1/1/2016	103190	\$1,929.96
Deceased	37	64	12/23/2015	1/1/2016	104215	\$3,314.34
Deceased	13	65	12/17/2015	1/1/2016	104224	\$496.73
Deceased	27	58	12/25/2015	1/1/2016	105590	\$2,066.03
Deceased	24	62	12/11/2015	1/1/2016	105612	\$1,744.31
Deceased	10	88	12/21/2015	1/1/2016	D00764	\$440.74
Deceased	11	84	12/25/2015	1/1/2016	D00806	\$414.68
Deceased	22	69	12/2/2015	1/1/2016	D01455	\$1,190.89
Deceased	10	62	12/1/2015	1/1/2016	D02400	\$291.83
Deceased	12	72	12/25/2015	1/1/2016	D02484	\$967.49
Deceased	14	54	12/25/2015	1/1/2016	D095370	\$831.90
Deceased	11	59	12/4/2015	1/1/2016	D105182	\$545.46

Averages	24.50	79.15				\$1,421.65
			Totals	148		\$210,403.58



**OKLAHOMA TEACHERS
RETIREMENT SYSTEM**

**HR STATUS REPORT
2/24/2016**

HR STATUS REPORT

- **New Hires (January 2016):**

n/a

- **Resignations/Terminations/Retirements (January 2016):**

Employee: 100782
Title: Retirement Planning Consultant (Information Center)
Salary: \$38,090
Effective: 1/31/2016

- **Promotions (January 2016):**

n/a

MISCELLANEOUS PAYMENTS

- **Severance Payments:**

n/a

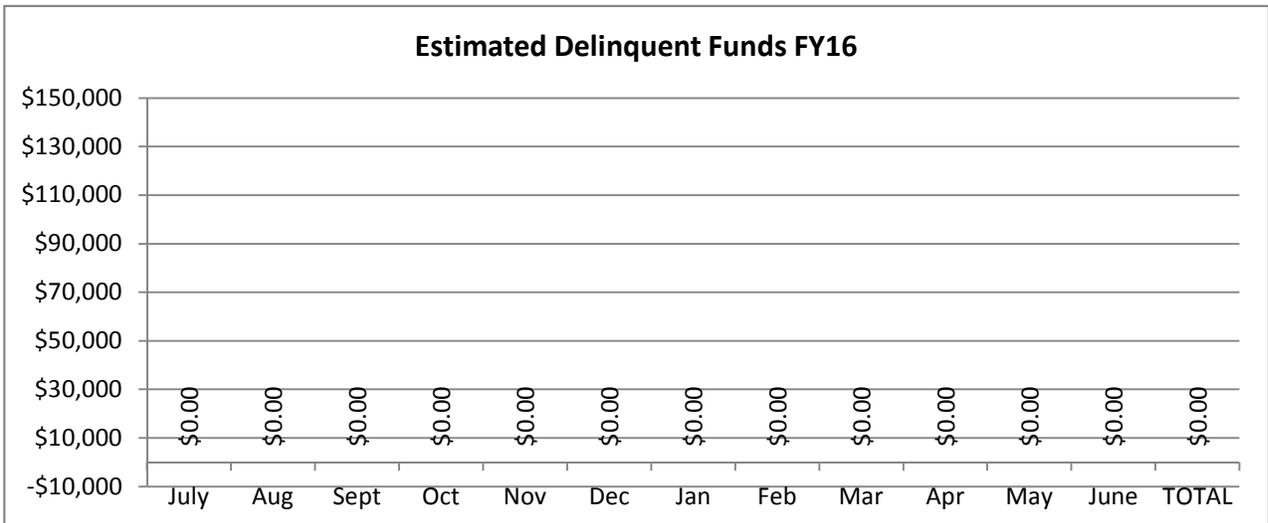
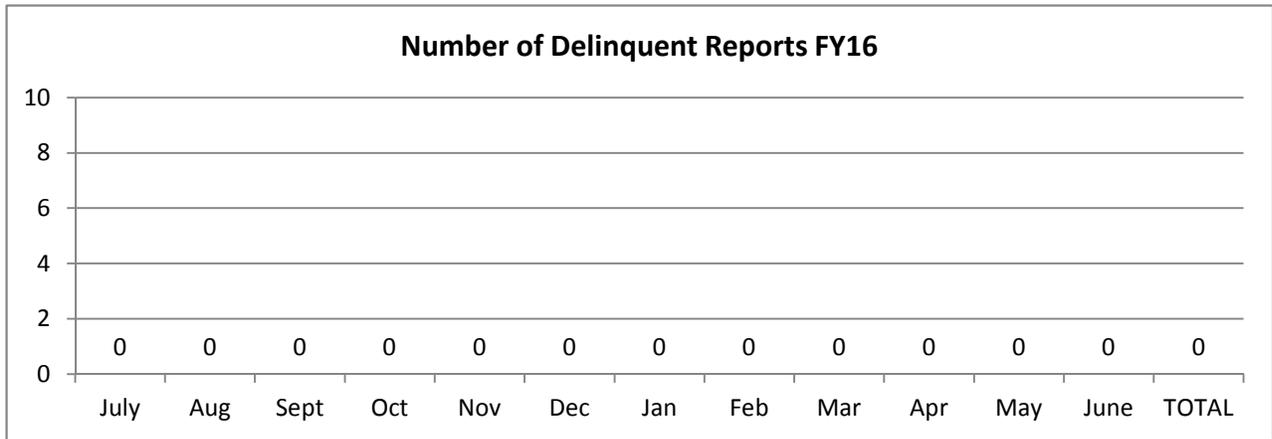
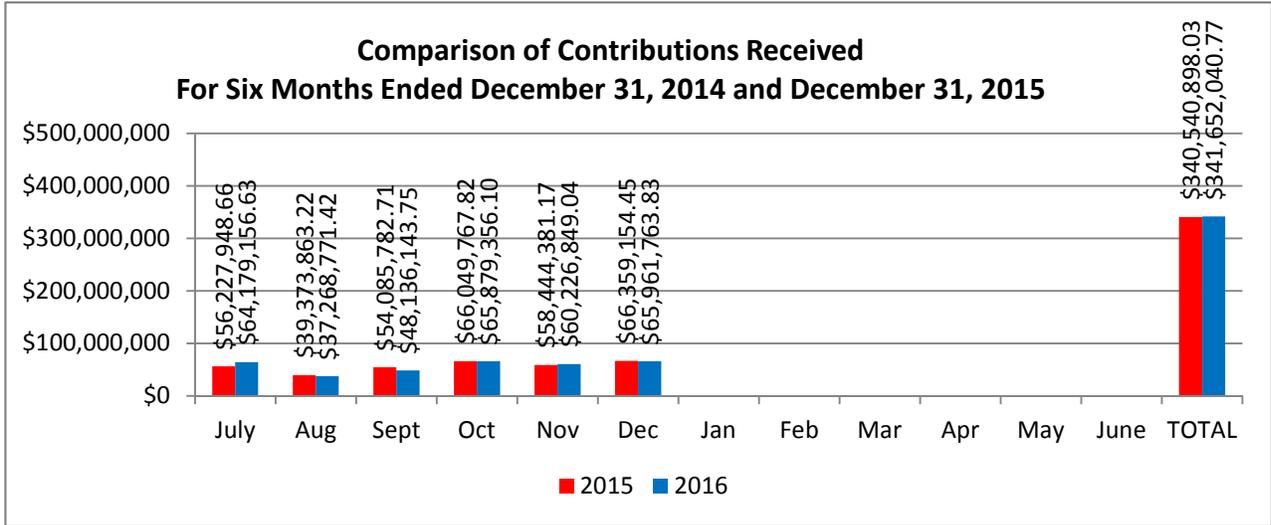
NEW HIRES, RESIGNATIONS, RETIREMENTS OR OTHER CHANGES PENDING

- Executive Assistant – new hire effective 2/8/2016

(Mar 2016 report)

Employer Reporting

Analysis of Employee and Employer Contributions Received





**BALANCE SHEET
JANUARY 31, 2016**

CURRENT ASSETS:

Cash Not Available For Investment	\$18,803,975.38
Equities (At Market Value)	9,557,107,964.36
Fixed Income (At Market Value)	2,822,295,937.26
Short-Term Investment Account	377,917,636.74
Due From/(To) Broker	(109,426,408.16)
Accounts Receivable Installment Payments	1,271,016.06
Accrued Income	<u>52,957,809.58</u>

Total Current Assets

12,720,927,931.22

CAPITAL ASSETS:

Office Furniture and Equipment	3,924,987.00
Accumulated Depreciation	<u>(275,838.00)</u>

TOTAL ASSETS

\$12,724,577,080.22

CURRENT LIABILITIES:

Teachers' Savings Fund	\$4,691,075,803.65
Retirement Benefit Fund	9,380,688,765.71
Interest Fund	(1,440,650,427.44)
Expense Fund	48,871,902.18
Suspense Fund	<u>40,475,755.80</u>

Total Current Liabilities

12,720,461,799.90

TRS Capital Investment	<u>4,115,280.32</u>
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TOTAL LIABILITIES AND CAPITAL INVESTMENT

\$12,724,577,080.22

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE SEVEN MONTHS ENDED JANUARY 31

	<u>Year to Date</u> (FY 2016)	<u>Year to Date</u> (FY 2015)	<u>% Change</u>
Balance of Cash and Investments Net Position, Beginning of Year	\$14,374,427,590.20	\$14,201,669,559.43	
<u>RECEIPTS:</u>			
Members' Deposits	150,541,807.05	150,163,182.32	0.25%
Employer Contributions	222,829,200.79	218,008,963.22	2.21%
State Credits	11,276,363.32	21,326,587.00	-47.13%
Reimbursed Administrative	3,073.35	13,152.07	-76.63%
Matching Funds from Schools	14,028,820.84	13,311,590.81	5.39%
Lottery Revenue	1,710,407.30	2,062,414.00	-17.07%
Cigarette Sales Tax Revenue	1,004,108.53	970,172.51	3.50%
Dedicated Revenue	173,537,045.61	179,298,170.63	-3.21%
Total Retirement Receipts	574,930,826.79	585,154,232.56	-1.75%
Interest Income (Fixed Income and Short-Term)	137,533,171.37	74,158,653.60	85.46%
Dividend Income	107,465,747.55	124,076,495.60	-13.39%
Net Realized Gain/(Loss)	203,539,748.47	545,483,969.41	-62.69%
Net Unrealized Gain/(Loss)	(1,893,232,609.88)	(829,798,085.21)	-128.16%
Investment Operations Income:			
Class Action Lawsuit Proceeds	0.00	108.64	-100.00%
Other Income	0.00	67,616.12	-100.00%
Securities Lending Income	4,043,515.05	6,483,515.78	-37.63%
Total Investment Income	(1,440,650,427.44)	(79,527,726.06)	-1711.51%
TOTAL RECEIPTS	(865,719,600.65)	505,626,506.50	-271.22%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	709,767,427.89	680,779,624.58	4.26%
Insurance Premiums Paid for Retirees	17,901,399.00	17,770,471.00	0.74%
Death Benefits	9,857,720.51	8,388,910.90	17.51%
Withdrawals of Accounts	23,753,638.92	20,244,837.32	17.33%
Total Benefit Payments	761,280,186.32	727,183,843.80	4.69%
Administrative Expense:			
General Operations	3,043,539.95	2,912,343.45	4.50%
Investment Expense	23,456,332.06	27,663,078.09	-15.21%
Total Administrative Expenses	26,499,872.01	30,575,421.54	-13.33%
TOTAL DISBURSEMENTS	787,780,058.33	757,759,265.34	3.96%
NET INCREASE/(NET DECREASE)	(1,653,499,658.98)	(252,132,758.84)	-555.81%
Balance of Cash and Investments, January 31	<u>\$12,720,927,931.22</u>	<u>\$13,949,536,800.59</u>	



**SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2015 and Fiscal Year 2016
7 Months Ended January 31, 2016**

Object of Expenditure	FY-2015 YTD Actual Expenditures 1/31/2015	FY-2016 YTD Actual Expenditures 1/31/2016	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,032,624	1,250,288	217,664	21.1%
Taxes, Benefits, and Other Expenses	518,254	615,800	97,546	18.8%
Subtotal Personal Services	1,550,878	1,866,088	315,210	20.3%
Professional Services				
Investment Manager Expenses	14,157,615	10,449,317	(3,708,298)	-26.2%
Investment Consultant Expenses	439,500	531,000	91,500	20.8%
Investment Custodian Expenses	0	12,777	12,777	0.0%
Pension Commission Expenses	15,016	4,987	(10,029)	-66.8%
Subtotal Investment Expenses	14,612,131	10,998,081	(3,614,050)	-24.7%
Legal Services - Special Projects	23,185	20,018	(3,167)	-13.7%
Legal Services - Attorney General	105	0	(105)	0.0%
Administrative Hearings	0	0	0	0.0%
Auditing Services	166,919	97,712	(69,207)	-41.5%
Actuarial Services	50,943	85,943	35,000	68.7%
Medical Hearings	5,700	5,369	(331)	-5.8%
Reimbursement for Executive Director Services	29,444	0	(29,444)	0.0%
Marketing/Management Consultant	0	1,000	1,000	0.0%
Miscellaneous Services	55,597	5,463	(50,134)	-90.2%
Subtotal Professional Services	331,893	215,505	(116,388)	-35.1%
Total Professional Services	14,944,024	11,213,586	(3,730,438)	-25.0%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	15,434	18,310	2,876	18.6%
Employee Training	3,628	2,455	(1,173)	-32.3%
Employee Travel Expenses	12,586	12,569	(17)	-0.1%
Subtotal Travel and Per Diem Expenses	31,648	33,334	1,686	5.3%
Administrative Expenses				
Postage	92,850	97,823	4,973	5.4%
Telecommunications Services	14,151	8,246	(5,905)	-41.7%
Printing and Binding Contracts	12,934	9,221	(3,713)	-28.7%
Informational Services	23,272	12,540	(10,732)	0.0%
Rent and Maintenance	111,451	104,198	(7,254)	-6.5%
Membership in Organizations	0	8,430	8,430	0.0%
Office Supplies	15,498	15,824	326	2.1%
Buildings and Other Structures Construction and Renovation	0	0	0	0.0%
Miscellaneous Administrative Expenses	18,990	11,476	(7,514)	-39.6%
Subtotal Administrative Expenses	289,146	267,758	(21,388)	-7.4%
Data Processing Expenses				
Professional Services	427,598	323,204	(104,394)	-24.4%
Rent and Maintenance	1,389	2,515	1,126	81.1%
Office Supplies	0	0	0	0.0%
Equipment -Telecommunications	2,621	10,619	7,998	305.2%
Subtotal Data Processing Expenses	431,608	336,338	(95,270)	-22.1%
Total Expenses	17,247,304	13,717,104	(3,530,200)	-20.5%
Total Investment Expenses Only	14,612,131	10,998,081	(3,614,050)	-24.7%
Total Data Processing Expenses Only	431,608	336,338	(95,270)	-22.1%
Total except Investment & Data Processing Expenses	2,203,565	2,382,684	179,119	8.1%

SCHEDULE II
Comparison of FY2016 Budget to Actual Expenses
7 Months ended January 31, 2016 Year to Date Comparison

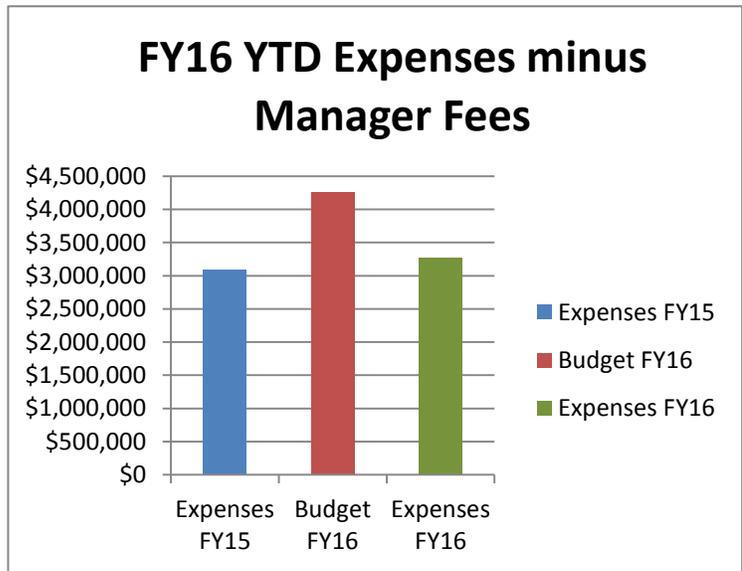
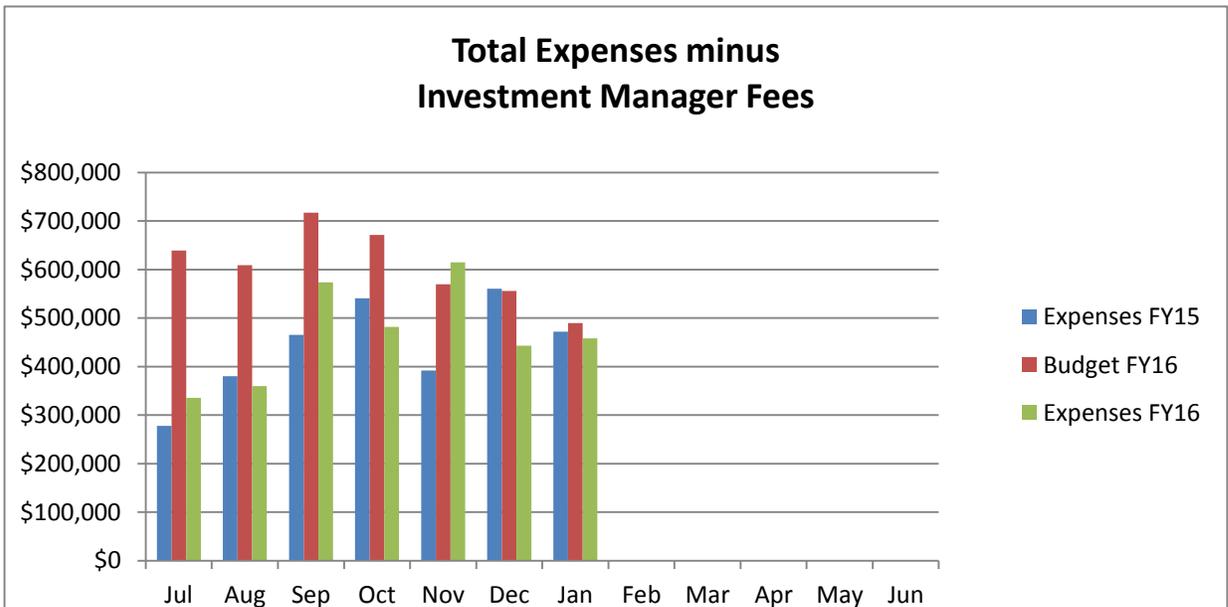
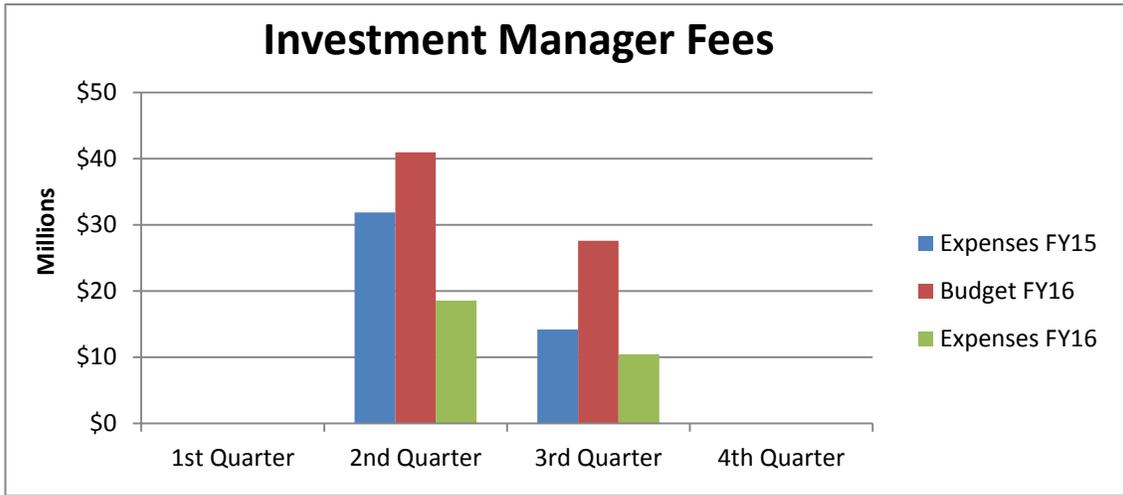
Object of Expenditure	7 Months FY-2016 YTD Budget	7 Months FY-2016 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,388,734	1,250,288	(138,446)	-10.0%
Taxes, Benefits, and Other Expenses	714,870	615,800	(99,070)	-13.9%
Subtotal Personal Services	2,103,604	1,866,088	(237,516)	-11.3%
Professional Services				
Investment Manager Expenses	27,585,984	10,449,317	(17,136,667)	-62.1%
Investment Consultant Expenses	634,500	531,000	(103,500)	-16.3%
Investment Custodian Expenses	26,250	12,777	(13,473)	0.0%
Pension Commission Expenses	35,000	4,987	(30,013)	-85.8%
Subtotal Investment Expenses	28,281,734	10,998,081	(17,283,653)	-61.1%
Legal Services - Special Projects	14,581	20,018	5,437	37.3%
Legal Services - Attorney General	4,375	0	(4,375)	0.0%
Administrative Hearings	3,750	0	(3,750)	0.0%
Auditing Services	152,500	97,712	(54,788)	-35.9%
Actuarial Services	75,000	85,943	10,943	14.6%
Medical Hearings	8,985	5,369	(3,616)	-40.2%
CIO Executive Search	36,250	0	(36,250)	0.0%
Communications Firm	29,169	0	(29,169)	0.0%
Contract Lobbyist	18,334	0	(18,334)	0.0%
Marketing/Management Consultant	0	1,000	1,000	0.0%
Miscellaneous Services	15,202	5,463	(9,739)	-64.1%
Subtotal Professional Services	358,146	215,505	(142,641)	-39.8%
Total Professional Services	28,639,880	11,213,586	(17,426,294)	-60.8%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	30,100	18,310	(11,790)	-39.2%
Employee Training	7,375	2,455	(4,920)	-66.7%
Employee Travel Expenses	57,273	12,569	(44,704)	-78.1%
Subtotal Travel and Per Diem Expenses	94,748	33,334	(61,414)	-64.8%
Administrative Expenses				
Postage	101,738	97,823	(3,915)	-3.8%
Telecommunications Services	17,501	8,246	(9,255)	-52.9%
Printing and Binding Contracts	80,416	9,221	(71,195)	-88.5%
Informational Services	31,550	12,540	(19,010)	-60.3%
Rent and Maintenance	132,712	104,198	(28,514)	-21.5%
Membership in Organizations	8,455	8,430	(25)	-0.3%
Office Supplies	17,028	15,824	(1,204)	-7.1%
Equipment	7,000	0	(7,000)	0.0%
Miscellaneous Administrative Expenses	26,595	11,476	(15,119)	-56.8%
Subtotal Administrative Expenses	422,995	267,758	(155,237)	-36.7%
Data Processing Expenses				
Professional Services	470,370	323,204	(147,166)	-31.3%
Rent and Maintenance	3,025	2,515	(510)	-16.9%
Office Supplies	3,956	0	(3,956)	0.0%
Equipment	100,500	10,619	(89,881)	-89.4%
Subtotal Data Processing Expenses	577,851	336,338	(241,513)	-41.8%
Total Expenses	31,839,078	13,717,104	(18,121,974)	-56.9%
Total Investment Expenses Only	28,281,734	10,998,081	(17,283,653)	-61.1%
Total Data Processing Expenses Only	577,851	336,338	(241,513)	-41.8%
Total except Investment and Data Processing Expenses	2,979,493	2,382,685	(596,808)	-20.0%

Miscellaneous Professional Services Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Background Checks	\$ 40.00	\$ 19.00	\$ 95.00
Executive Director Search	-	-	43,008.65
Document Destruction	2,100.00	1,080.00	1,216.00
Other Professional, Science & Technology Svc. (Communications)	2,300.00	2,184.20	2,300.02
Security	5,250.00	-	3,565.29
Business Service Center	2,800.00	2,180.11	5,177.25
Administrative Management - General Management Consulting	2,550.00	-	-
Flexible Benefits Administration	162.00	-	-
Legal Subscription Service	-	-	235.00
	<u>\$15,202.00</u>	<u>\$5,463.31</u>	<u>\$55,597.21</u>

Miscellaneous Administrative Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Advertising and Promotional Expenses	\$ 3,000.00	\$ 889.93	\$ 813.52
Informational Services	350.00	1,792.26	-
Bank Service Charges	6,625.00	3,890.84	3,847.13
ERP Systems - PeopleSoft	1,855.00	1,593.00	1,062.00
Licenses, Permits, Certificates and Other Rights	2,190.00	162.50	748.50
Membership in Organizations	-	-	8,140.00
Premium Surety and Other Required Bonds	-	2,898.33	-
Exhibitions, Shows, Special Events	2,000.00	-	-
Property and Liability Insurance	3,000.00	-	2,807.87
Tuition Career-Tech Schools and Other Training	7,575.00	-	1,410.00
Interior Design Services (OCI - Modular Furniture)	-	250.00	-
Interest on Withholding Taxes	-	-	161.42
	<u>\$26,595.00</u>	<u>\$11,476.86</u>	<u>\$18,990.44</u>





**CLAIMS FOR AUTHORIZED EXPENDITURES
JANUARY 31, 2016**

Expenses of Board

Trustee	Due diligence trips	\$	1,373.32
Trustee	Due diligence trip		151.00
			1,524.32

Travel of Employees

Chief Investment Officer	Due diligence trips		1,505.65
Executive Director	Investment consultant meeting		137.19
			1,642.84

Communications

AT&T	Wireless, OneNet charges		203.61
Cox Communications	Cable charges		43.48
JP Morgan Chase Bank, NA	Account analysis bank fees November & December		1,276.86
Office of Management and Enterprise Services	Desktop, laptop, email support - November & December		6,307.76
Office of Management and Enterprise Services	Server support, disk storage & network support: November		1,944.00
Office of Management and Enterprise Services	Telecommunications, transaction fees: Dec. & Nov.		1,746.49
Thomson West	Legal information services		253.00
			11,775.20

Contingency, Maintenance, Insurance, Rent, Etc.

Amazon.com	Books for Trustees		149.25
Business Manager	Reimbursement - kitchen supplies		13.62
Department of Libraries	Records storage - November		489.90
Ethics Commission	Agency registration - lobbyist		102.50
Extreme Beans Coffee	Kitchen/meeting supplies		459.00
Financial Accountant	Reimbursement - office supplies		3.57
General Counsel	Reimbursement - Board meeting supplies		17.10
HP Direct - Public Sector	HP LaserJet printer		597.08
Internal Revenue Service	Application fee		85.00
National Assoc. of State Retirement Admin.	Membership		3,850.00
National Council on Teacher Retirement	Membership		3,400.00
Office of Management and Enterprise Services	Director/officers' liability insurance		2,084.72
Office of Management and Enterprise Services	Office rent - December		13,195.27
Oklahoma State Treasurer	Bank charges - December		30.00
Public Pension Financial Forum	Membership		150.00
South Central Industries	Kitchen/meeting supplies		649.48
SQ Arrow Appliance Repair	Refrigerator repair service and parts		157.00
Standley Systems, LLC	Copier lease		4,662.52
Staples	Office supplies		283.47
The UPS Store	Shipping materials		131.25
Zio's Italian Kitchen	Catering for December Board meeting		330.90
			30,841.63



**CLAIMS FOR AUTHORIZED EXPENDITURES
JANUARY 31, 2016**

Investment Expenditures

Bogdahn Consulting	December 2015 investment consultant fees	\$ 88,500.00
The Northern Trust Company	Custodial bank fees 12/31/2015	<u>12,777.78</u>
		101,277.78

Professional Services, Workers Comp Insurance

Gabriel Roeder Smith & Co.	Actuary November	9,612.50
George R. Jay, MD	Medical Board - January	300.00
ICE Miller	Legal fees - December	4,292.71
MY Consulting Inc.	ALICE/Client server development - December	24,538.75
Office of Management and Enterprise Services	Interagency mail/postage/printing	4,418.62
Peyton Osborne, MD	Medical Board - January	300.00
State Auditor and Inspector	Pro-rata share pension administration July-December	4,987.09
Stinnett & Associates LLC	Audit services December	5,076.00
The Meadows	Document destruction	<u>135.00</u>
		53,660.67

Salaries and Fringe Benefits

Salaries	Administrative department	29,209.15
Salaries	Finance/Accounting department	33,118.85
Salaries	Client Services department	88,326.01
Salaries	Investment department	19,782.43
Longevity Payroll		2,450.00
Excess Benefit Allowance		4,852.18
FICA/MQFE	Social Security and Medicare	13,371.34
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	881.10
Oklahoma Group Insurance	Employee health, dental, and life	34,033.77
Teachers' Retirement System of Oklahoma	Employees' retirement contributions	<u>36,891.34</u>
		262,916.17

		\$ <u><u>463,638.61</u></u>
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