



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES
REGULARLY SCHEDULED
MEETING

March 23, 2016

MEETING DOCUMENTS

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TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, March 23, 2016 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES:**
 - A. February 24, 2016 Regular Meeting**
- 3. PRESENTATION BY INVESTMENT MANAGERS:**
 - A. Epoch Investment Partners, Inc.**
 - B. Wasatch Advisors, Inc.**
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON QUARTERLY REAL ESTATE REPORT**
- 6. 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 TO AWARD INTERNATIONAL EQUITY MANAGER SELECTION**
 - 1. Selection of International Equity Managers**
 - 2. Negotiations of Contracts**
 - 3. Structure Options**
 - 4. Transition Manager**
 - C. DISCUSSION ON REAL ESTATE BROKERAGE SERVICE RFP**
 - D. PRESENTATION BY WELLINGTON MIDCAP PORTFOLIO MANAGEMENT**
 - E. DISCUSSION AND POSSIBLE ACTION ON AMENDMENT TO WELLINGTON INVESTMENT MANAGEMENT AGREEMENT**
 - F. DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENTS TO INVESTMENT POLICY STATEMENT**
 - G. DISCUSSION ON CHIEF INVESTMENT OFFICER REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON STAFF RECOMMENDATIONS ON PROPOSED LEGISLATION FOR THE 2016 SESSION AND PRESENTATION BY MAJORITY PLUS, INC.**
- 8. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:**
 - A. Governance**
 - 1. DISCUSSION AND POSSIBLE ACTION TO ADOPT POLICY ON EXECUTIVE DIRECTOR SUCCESSION PLANNING**
 - B. Audit**

- 9. DISCUSSION AND POSSIBLE ACTION TO SET CONTRIBUTION RATE FOR FEDERAL GRANT MATCHING FUNDS FOR FY 2017**
- 10. DISCUSSION AND POSSIBLE ACTION TO APPROVE THE STATEWIDE VIRTUAL CHARTER SCHOOL BOARD AS AN OTRS PARTICIPATING EMPLOYER**
- 11. DISCUSSION AND POSSIBLE ACTION TO APPROVE CONTRACT WITH ATTORNEY GENERAL 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
February 24, 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 8:10 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, *Chairman*

Vernon Florence, *Vice Chair*

Judie Harris, *Secretary*

Bill Bentley*

Roger Gaddis

Jill Geiger*

Christa Hughes

Phil Lewis*

Kevin Moore*

Lance Nelson*

Myron Pope*

Gary Trennepohl*

Greg Winters*

TRUSTEES ABSENT:

TRS STAFF PRESENT:

Tom Spencer, *Executive Director*

Julie Ezell, *General Counsel*

Dixie Moody, *Director of Client Services*

Kim Bold, *Human Resources Director*

Sam Moore, *Director of Finance/CFO*

Debra Plog, *Employer Reporting Manager*

Kirk Stebbins, *Chief Investment Officer*

Melissa Kempkes, *Investment Analyst*

Phyllis Bennett, *Executive Assistant*

OTHERS PRESENT:

Norman Cooper, *OREA*

Wayne Maxwell, *RPOE*

Greg Weaver, *Bogdahn Group*

Doug Anderson, *Bogdahn Group*

Luke Martin, *Majority Plus, Inc.*

Dr. Michael Heldman, *Allianz Global Investors*

Christian McCormick, *Allianz Global Investors*

Taylor Carrington, *Allianz Global Investors*

Joseph A. Zock, *Tocqueville Asset Management*

James E. Hunt, *Tocqueville Asset Management*

Matt Benkendorf, *Vontobel Asset Management*

Peter Newell, *Vontobel Asset Management*

Amit Mukadam, *Vontobel Asset Management*

John A. Boselli, *Wellington Management Co.*

Greg Williams, *Wellington Management Co.*

Alexander Grant, *Wellington Management Co.*

Robert Gilliam, *McKinley Capital Management*

Jeff Patterson, *McKinley Capital Management*

David Settles, *State Street Global Advisors*

Gaurev Mallik, *State Street Global Advisors*

Jean-Christophe de Beaulieu,

State Street Global Advisors

*Denotes late arrival or early departure.

ITEM 1 – ROLL CALL FOR QUORUM: Chairman Peacher called the Board meeting to order at 8:10 a.m. and asked the recording secretary to wait to call roll until more Trustees arrived for a quorum. Due to the rescheduled time, some Trustees would be arriving late.

ITEM 3 – SWEARING IN OF NEW TRUSTEE – CHRISTA HUGHES: Ms. Hughes was sworn in as a new Board Trustee. She was appointed by Speaker of the House Jeff Hickman representing retired educators.

Kevin Moore arrived at 8:21 a.m.

ITEM 1 – ROLL CALL FOR QUORUM: At 8:21 a.m., Chairman Peacher asked the recording secretary to call the roll to determine if a quorum was present. Trustees responding were Mr. Florence, Mr. Gaddis, Ms. Harris, Ms. Hughes, Mr. Moore, Dr. Trennepohl and Chairman Peacher. A quorum was met. Mr. Bentley was also present but does not count toward a quorum.

ITEM 2 – MEETING MINUTES: A motion was made by Mr. Gaddis with a second made by Ms. Harris to approve the January 27, 2016, 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, Ms. Hughes, Mr. Moore, Dr. Trennepohl and Chairman Peacher.

ITEM 4 – PRESENTATION BY INTERNATIONAL EQUITY RFP FINALISTS: Investment consultants to the Board, Greg Weaver and Doug Anderson of the Bogdahn Group, presented their Finalists Review of the International Equity Manager Searches. Chairman Peacher said each of the finalist’s representatives would be given 30 minutes to present to the Board after which the Board would discuss the respective finalists’ presentations. Representatives of the finalists listed below presented portfolios describing their respective firm’s history, staff, investment philosophy, investment style, holdings and successes.

A. Allianz Global Investors: Dr. Michael Heldman and Christian McCormick presented at 8:27 a.m.

Dr. Myron Pope arrived at 8:33 a.m.

Dr. Phil Lewis arrived at 8:50 a.m.

Lance Nelson arrived at 8:56 a.m.

B. Tocqueville Asset Management: Joseph Zock and James E. Hunt presented at 9:10 a.m.

Jill Geiger arrived at 9:38 a.m.

C. Vontobel Asset Management: Matt Benkendorf, Peter Newell and Amit Mukadam, 9:50 a.m.

A break was taken at 10:32 to 10:45 a.m.

Mr. Nelson left at 10:45 a.m.

D. Wellington Management: John A. Boselli, Greg Williams and Alexander Grant, presented at 10:47 a.m.

Mr. Lewis left at 11:08 a.m.

E. McKinley Capital Management: Robert Gilliam and Jeff Patterson presented at 11:30 a.m.

Mr. Nelson returned at 11:53 a.m.

F. State Street Global Advisors: David Settles, Gaurev Mallik and Jean-Christophe de Beaulieu presented at 12:10 p.m.

A break was taken from 12:43 to 1:04 p.m.

ITEM 5 – DISCUSSION AND POSSIBLE ACTION TO AWARD CONTRACTS ON INTERNATIONAL EQUITY RFP: Chairman Peacher requested, in the interest of time, that during lunch Trustees discuss whether TRS will allocate any money to emerging market managers and what the

Trustees thought about the finalists' presentations. After discussion it was agreed to wait until March to choose an International Equity finalist. Before that time, Trustees will review new models that will include various combinations of the RFP finalists and existing fund managers.

Dr. Pope left at 1:32 p.m.

ITEM 6 – DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY AND QUARTERLY REPORTS: Investment consultants to the Board, Greg Weaver and Doug Anderson of the Bogdahn Group, presented Market Update and Portfolio Summaries for January 2016, and the Executive Summary Report for fourth quarter, 2015. Mr. Weaver said the Monthly Asset Allocation for January 2016 reflects the model adopted which is still a work in progress as some of the categories are not fully funded yet. The fund is overweight in Total Domestic Equity, 43.1% vs. 40.0%. International Equity is currently at 15.7% vs. 17.5, down 1.8%. That should go up after an International Equity manager is chosen. Core Fixed Income is under .6%. High Yield Fixed Income is slightly under. MLPs continue to move toward the 7% target as the funds from the terminated ARI portfolio are recommitted. Private Equity is almost fully at target. Real Estate is slightly up.

Looking at the Fund + Class Composite Summary, Mr. Anderson said the total fund is down 4.8. Core Real Estate and Non-Core Real Estate results are not listed here as they were not published yet. The worst performer, Mid Cap Equity, was down 8.4 for the month. Half of that portfolio has now been reallocated and the other half will be moved in mid-March. Equity Portfolios had sharp differences in return. In the International Equity portfolios, Causeway Capital and Northern Trust Passive, the \$758M is the biggest part of what will likely be allocated to a new International Equity manager. The International Large Cap Equity benchmark was down 11.6% for the last year whereas the International Small Cap benchmark was up 1.1%. In Fixed Income Portfolios, Hoisington was down 6.8 over the year but is up 5.5 for the month. Total Fund Performance, the portfolio is up 2.3% vs. a loss 5.3% due to allocations of 40% in International Small Cap.

ITEM 7 – DISCUSSION AND POSSIBLE ACTION ON QUARTERLY 403(B) REPORT:

Referring to the Bogdahn Group's 403(b) executive summary report for the fourth quarter, 2015, Mr. Weaver said assets and enrollment are down. He reminded Trustees that by statute, TRS must have this program. It is low risk plan that probably has mostly older members in it. There was discussion about ending this plan. The overall market value of the assets under management fell from \$185 million as of September 30, 2015 down to \$179,968,345 at December 31, 2015. No action was taken.

ITEM 8 – DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT:

A. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT:

Mr. Florence said one manager is still on alert. No action was taken.

B. DISCUSSION AND POSSIBLE ACTION ON REMOVAL OF MANAGER EXCEPTION FOR LORD ABBETT: Trustees reviewed a letter from Katherine E. Martin, Director of Institutional Client Services, at Lord Abbett, who requested that Lord Abbett remove the Exception that was granted by Trustees August 27, 2014.

Investment Committee motion to remove exception request from Lord Abbett from Exception List was carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Dr. Trennepohl, Dr. Winters and Chairman Peacher.

C. DISCUSSION AND POSSIBLE ACTION ON ADVISORY RESEARCH ALL CAP TRANSITION AND MLP FUNDING: Kirk Stebbins, Chief Investment Officer, said \$128M cash from the termination of ARI was split between MLP managers Chickasaw and Causeway. The transaction will be complete in mid-March.

Dr. Trennepohl left at 1:50 p.m.

D. DISCUSSION OF INTERNATIONAL EQUITY PORTFOLIO STRUCTURE OPTIONS: Per Item 5: A decision on which International Equity RFP finalist to hire will be made in March.

E. DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENTS TO INVESTMENT POLICY STATEMENT: Mr. Florence, Investment Committee Chair, pointed out amendments to Section 1 of the Investment Policy Statement and added that each month the Committee will review amendments to another section. There was no discussion.

Investment Committee motion to approve amendments to Section 1 of the Investment Policy Statement was carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Dr. Winters and Chairman Peacher.

F. DISCUSSION ON CHIEF INVESTMENT OFFICER REPORT: Mr. Stebbins had nothing further to report.

ITEM 9 – DISCUSSION AND POSSIBLE ACTION ON STAFF RECOMMENDATIONS ON PROPOSED LEGISLATION FOR THE 2016 SESSION AND PRESENTATION BY MAJORITY PLUS, INC.: Luke Martin of Majority Plus, Inc. said 14 of 22 bills we are monitoring will die because they will miss the deadline to be heard. Referring to Mr. Spencer’s memo summarizing bills that are relevant to TRS for the 2016 session, Mr. Martin and Mr. Spencer described some of the bills and activity surrounding them. There was extensive discussion about SB 1419 which would put a 14th nonvoting member on the TRS Board. Mr. Martin updated Trustees on the status of each of each bill: HB 2247 passed; HB 2258 passed the House and is headed to a Senate Committee; HB 2263 passed the house 92-3 and is headed to a Senate Committee; HB 2494 is on the House floor. SB 454, SB 1256, SB 1354; and SB1418 will miss the deadline; SB 1092, SB 1103, SB 1128 and SB 1419 all passed Committee and are on the Senate floor. HB 2200, HB 2456, HB 2494, HB 2647, HB 2839, HB 2846, HB 2876, HB 2918, HB 2919, HB 3152, and HJR 1041 will miss their deadlines to be heard. No action was taken.

ITEM 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: Julie Ezell, General Counsel, presented proposed amendments to Permanent Rules. The rules had been open to public comment. No one came to the public hearing but written comments that were received were helpful. Ms. Ezell pointed out there were no major changes in the rules, but there was clarification made to some of the existing rules.

A motion by Dr. Winters with a second by Mr. Florence to adopt the amendments to Permanent Rules was carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Dr. Winters and Chairman Peacher.

11. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:

A. Governance

1. DISCUSSION AND POSSIBLE ACTION TO ADOPT POLICY ON EXECUTIVE DIRECTOR SUCCESSION PLANNING: Kevin Moore indicated that the committee would present this item at the next board meeting.

2. DISCUSSION AND POSSIBLE ACTION TO ADOPT AMENDMENT TO BOARD OF TRUSTEES POLICY MANUAL – EXECUTIVE DIRECTOR EVALUATION POLICY: Mr. Moore presented proposed amendments to the “Evaluation of the Executive Director” in the Board of Trustees Policy Manual; a document soliciting staff feedback and amendments to the Performance Management Process form as it relates to the Executive Director. Mr. Moore said further revisions are being considered for the questions to be asked of the Executive Director’s direct reports.

A motion by Mr. Moore with a second by Dr. Winters to adopt amendments to the evaluation process in the Board of Trustees Policy Manual carried with a unanimous vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Dr. Winters and Chairman Peacher.

B. Audit

1. DISCUSSION AND POSSIBLE ACTION ON EXTERNAL AUDIT CONTRACT AND POSSIBLE ACTION TO AWARD CONTRACT FOR FY 2017 (TO AUDIT FY 16) TO EIDE BAILLY: Mr. Gaddis presented a memo from Mr. Spencer and a comparison sheet of auditors Eide Bailly and McGladrey (RSM) from last year. RSM had difficulties with the external audit of FY 2015 financial statements and requested their contract for be increased from \$78K to \$130K for FY 2016. The Audit Committee and staff notified RSM that it would not support that increase and RSM eventually resigned. Mr. Spencer met with Eide Bailly, which submitted an RFP last year, and found that they are interested in working with TRS and will honor their original cost proposal of \$84,975. Mr. Spencer was given positive feedback of Eide Bailly by several sources, and approval by State Auditor & Inspector Gary Jones.

A motion by Ms. Geiger with a second by Dr. Winters to award the FY 2016 audit to Eide Bailly carried by unanimous vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Dr. Winters and Chairman Peacher.

Mr. Gaddis said Stinnett & Associates met with Dr. Trennepohl and Mr. Vernon Tuesday to discuss risk assessment, including cyber-security and encryption. Stinnett will coordinate with its IT team to put together an engagement that TRS might want to look at. More information will be presented at the next meeting.

ITEM 12 – DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:

A. Client Services (70 O.S. 17-105): Dixie Moody, Director of Client Services, presented Client Services Performance Metrics through January 2016, and the Monthly Retirement Status Report for January 2016. There were 1,000 new requests, a slight increase from a year ago. Almost 6,900 calls came into the Information Center, comparable to a year ago, 6,292 calls were answered in the Information Center; 395 went through menu options and 171 callers abandoned their call before it was answered. There were 520 emails received through the web link. Ninety-nine clients applied for retirement in January. Three were disability retirements – one of the three was awarded Social Security. We had 148 clients terminated.

A motion by Ms. Geiger with a second by Mr. Moore to accept the Client Services report as presented was carried with a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Harris, Ms. Hughes, Mr. Moore, Mr. Nelson, Mr. Winters and Chairman Peacher.

B. Human Resources: Kim Bold, Human Resources Director, presented the HR Status Report for January 2016. There were no new hires. There was one resignation of a Retirement Planning Consultant whose last day was January 31. There were no promotions and no severance payments. Information about hiring an executive assistant will be included in the February report that will be presented at the March meeting.

C. Finance: Debra Plog, Employer Reporting Manager, presented the Employer Reporting report which showed there were no delinquent reports.

Sam Moore, Director of Finance/CFO, presented the Finance Report for January 31, 2016. Total liabilities and capital investment are at \$12,724,577,080.22. Statement of Revenues, Expenditures and Changes YTD FY 2016 shows Receipts were down 271.22%, Disbursements were up 3.96%, for a net decrease of 555.81%. Comparison in Actual Expenditures FY 2015 to FY 2016, and in Comparison to FY 2016 Budget to Actual Expenses, the big changes are decreases related to Professional Services. Trustees reviewed the report with no further discussion.

D. General Counsel: Julie Ezell, General Counsel, said pursuant to the governor's executive order, all email communication related to TRS must go through state email addresses. She demonstrated to Trustees how to log into the State web site to access their new email accounts.

Ms. Ezell gave updates on several issues: She mailed letters to the School Board of all districts with outstanding Employer End of Year Reports and at this time there are only 3 outstanding; there is one client grievance scheduled in March; there has been an uptick in the number of grievances mainly due to reconciliation; a new vendor, PBI, is notifying TRS of client deaths more quickly than the State Health Department had been doing.

E. Executive Director: Mr. Spencer presented a report highlighting his activities from February 11 - 23, 2016. Besides working to find options to pursue an external audit firm, he worked with Mr. Stebbins on amendments to the Investment Policy and on options to transition out of ARI and subsequent funding to two of our MLP managers. Mr. Spencer also worked closely with others to monitor the bills affecting TRS. Regarding OKCPS missing its employer reporting deadline: Mr. Spencer was unable to connect with OKCPS Superintendent Robert Neu but was able to talk with the Associate Superintendent and the employer report was submitted that day or the next. Mr. Spencer reported that TRS will have to replace its 1-1/2-year-old telephone system, and will have to pay OMES \$2 more per regular phone and \$85 more per Information Center phone. He reminded Trustees to put on their calendars that the fall pension conference (OPFTEC) will be September 28 – 30 this year in Tulsa, and that TRS is hosting this conference.

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

ITEM 15 – 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.*): No New Business was presented.

ITEM 15 – ADJOURNMENT: There being no further business, a motion was made by Ms. Geiger with a second made by Dr. Winters 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, Ms. Hughes; Mr. Moore, Mr. Nelson; Dr. Winters, and Chairman Peacher.

The meeting was adjourned at 2:33 p.m.

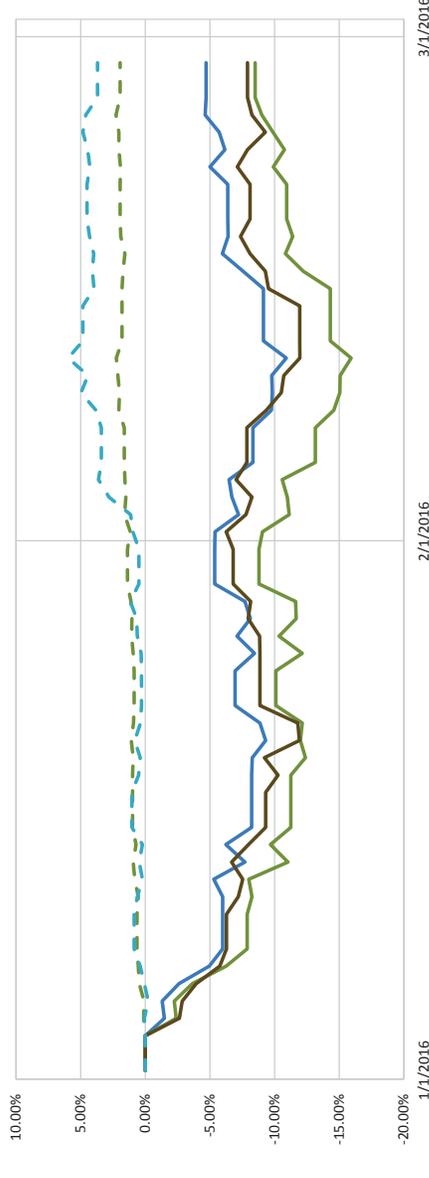
BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Bill Peacher, Chairman

ATTEST:

BY: _____
Judie Harris, Secretary

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 -0.03% versus 0.71% for the Barclays Aggregate Index.
- For the year, the Russell 1000 Index is trailing the Barclays Aggregate Index with a return of -5.41% vs. 2.10%, respectively.

Broad Equity Market Overview

- Small cap domestic equities were the best equity performers for the month with the Russell 2000 Index returning 0.00%.
- Large cap domestic equities underperformed small cap domestic equities for the month (by -0.03%) with the Russell 1000 Index returning -0.03%.
- For the month, international equities underperformed both small cap domestic equities (by -1.14%) and large cap domestic equities (by -1.11%) with the ACWI ex USA Index returning -1.14%.
- On a year-to-date basis, large cap domestic equities are the best performing equity asset class with the Russell 1000 returning -5.41%.
- International equities are trailing large cap domestic equities for the year (by -2.45%) with the ACWI ex USA Index returning -7.87%.
- For the year, small cap domestic equities are trailing both large cap domestic equities (by -3.38%) and international equities (by -0.93%) with the Russell 2000 Index returning -8.80%.

Broad Fixed Market Overview

- For the month, global fixed ex US securities outperformed domestic fixed securities, with the Global Agg ex US returning 3.49%.
- Domestic fixed trailed global fixed ex US (by -2.78%) for the month with the BC Agg returning 0.71%.

- For the year, global fixed ex US securities are outperforming domestic fixed securities with the Global Agg ex US returning 4.00%.
- Year-to-date, domestic fixed securities are trailing global fixed ex US securities by -1.91% with the BC Agg returning 2.10%.

Equity Sector Performance For The Month

- The top three performing sectors for large cap domestic equities were: Materials (return 6.90%), Industrials (return 3.94%) and Telecommunication Services (return 2.34%)
- The bottom three performing sectors for large cap domestic equities were: Financials (return -2.63%), Energy (return -2.19%) and Information Technology (return -1.18%)
- The top three performing sectors for small cap domestic equities were: Telecommunication Services (return 7.02%), Materials (return 2.86%) and Consumer Discretionary (return 2.64%)
- The bottom three performing sectors for small cap domestic equities were: Energy (return -8.54%), Health Care (return -4.41%) and Financials (return -0.32%)
- The top three performing sectors for international equities were: Materials (return 6.19%), Industrials (return 3.94%) and Telecommunication Services (return 7.02%)
- The bottom three performing sectors for international equities were: Financials (return -10.95%), Energy (return -6.57%) and Utilities (return 6.72%)

Fixed Income Sector Performance For The Month

- The sector performance for domestic fixed income in order of best performing to worst was: Treasury (return 0.86%), Corporate (return 0.84%) and MBS (return 0.40%)
- The sector performance for Global ex US fixed income in order of best performing to worst was: Treasury (return 4.11%), MBS (return 1.15%) and Corporate (return 1.06%)

2016 Market Monthly Index Total Return Performance

	1/31/16	2/29/16	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%	-0.03%											-5.41%
Russell 2000	-8.79%	0.00%											-8.80%
MSCI AC World Index EX USA	-1.44%												-7.87%
BC Agg	1.38%	0.71%											2.10%
BC Global Agg ex USD	0.50%	3.49%											4.00%

Equity Sector Performance

	Month-To-Date		Year-To-Date	
	Russell 1000	ACWI ex USA	Russell 1000	ACWI ex USA
Energy	-2.19%	2.16%	-5.58%	-21.97%
Materials	6.90%	6.19%	-3.82%	-7.00%
Industrials	3.94%	0.73%	-2.36%	-5.62%
Consumer Discretionary	0.69%	-2.30%	-4.79%	-3.73%
Consumer Staples	0.21%	-1.92%	0.61%	-2.17%
Health Care	-0.44%	-2.76%	-8.79%	-22.90%
Financials	-2.63%	-0.32%	-10.95%	-7.19%
Information Technology	-1.18%	-0.78%	-6.57%	-8.27%
Telecommunication Services	2.34%	7.02%	8.46%	3.03%
Utilities	1.88%	0.47%	6.72%	4.43%

Fixed Sector & Quality Performance

	Month-To-Date		Year-To-Date	
	BC Agg	Global ex USD	BC Agg	Global ex USD
Treasury	0.86%	4.11%	2.95%	4.84%
MBS	0.40%	1.15%	1.71%	1.27%
Corporate	0.84%	1.06%	1.36%	0.63%
Aaa	0.67%	1.93%	2.41%	2.72%
Aa	0.71%	0.97%	2.00%	1.48%
A	0.84%	7.32%	1.81%	7.83%
Baa	0.84%	0.64%	0.64%	0.84%

Manager Profile - Wasatch Small Cap International



Notes:
Wasatch manages international small cap equities with a preference for growing companies. The firm uses extensive quantitative tools to identify attractive investment opportunities.

Asset Class: International Small Cap
Status: In Compliance
Portfolio Size: \$200,011,121
Inception Date: 12/1/2011
Initial Funding: \$62,000,000
Contributions: \$80,222,242
Withdrawals: \$0
Annual Management Fee: First \$40 million 1.00%; Next \$60 million 0.90%; Thereafter 0.80%
Fees Paid 12 Month Trailing: \$1,735,198
Location: Salt Lake City, Utah
Structure: Privately Held

Portfolio Management Team: Roger Edgley, Director of Institutional Research, Lead Portfolio Manager
 Ken Applegate, Portfolio Manager
 Linda Lasater, Associate Portfolio Manager
 Kabir Goyal, Associate Portfolio Manager

Represented by: Roger Edgley, Director of Institutional Research, Lead Portfolio Manager
 Dustin McCarty, Vice President of Institutional Marketing

Founded: 1975
AUM: \$14.8 billion
Total International Small Cap AUM: \$2.8 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Wasatch Small Cap International	13.4	-	6.1	-0.6	-6.5	-0.8
MSCI EAFE Small Cap	9.6	-	5.6	-5.1	-7.3	-0.1
Risk Characteristics	Number of Holdings	Average Market Cap	Dividend Yield	P/E Ratio	P/B Ratio	
Wasatch Small Cap International	90	2630	1.1	34.7	7.0	
MSCI EAFE Small Cap	2195	2139	2.5	14.9	1.4	

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Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	Target Percentage	Difference	Notes
All Cap/Large Cap	2,166,876,543	17.0%	17.0%	0.0%	Excess allocation bound for Private Equity, MLPs, International Equity, and Real Estate
Mid Cap	1,822,411,838	14.3%	13.0%	1.3%	
Small Cap	1,324,426,965	10.4%	10.0%	0.4%	
Total Domestic Equity	5,313,715,346	41.8%	40.0%	1.8%	
Large Cap International Equity	1,195,395,917	9.4%	11.5%	-2.1%	
Small Cap International Equity	769,953,531	6.1%	6.0%	0.1%	
Total International Equity	1,965,349,448	15.5%	17.5%	-2.0%	
Core Fixed Income	2,172,457,137	17.1%	17.5%	-0.4%	
High Yield Fixed Income	737,755,858	5.8%	6.0%	-0.2%	
MLPs	768,319,660	6.0%	7.0%	-1.0%	
Private Equity	631,916,499	5.0%	5.0%	0.0%	
Real Estate	911,408,186	7.2%	7.0%	0.2%	
Opportunistic Assets	160,344,497	1.3%	0.0%	1.3%	
Total Non-Core Assets	3,209,744,700	25.2%	25.0%	0.2%	
Cash	55,401,980	0.4%	0.0%	0.4%	
Composite	12,716,668,613	100.0%	100.0%	0.0%	



Total Fund + Class Composite Summary

As of February 29, 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)	12,716,668,613	12/1/1991	24.3	8.9	6.1	6.7	5.9	-10.1	-4.5	-6.9	0.3
Allocation Index	41.8%			8.6	5.7	6.3	5.5	-10.4	-4.6	-7.0	0.2
Actuarial Assumption				8.7	5.2	6.4	4.9	-5.7	-4.2	-6.3	-4.2
				8.0	8.0	8.0	8.0	8.0	6.2	1.9	0.6
Total Domestic Equity	5,313,715,346	4/1/1990	25.9	10.1	6.1	8.5	9.1	-12.2	-6.3	-10.0	0.3
S&P 500	41.8%			9.2	6.4	10.1	10.8	-6.2	-5.1	-6.6	-0.1
Total All Cap Equity	462,557,571	9/1/2006	9.5	5.8	-	7.8	8.4	-12.7	-7.4	-10.4	-1.3
Russell 3000	3.6%			6.5		9.6	10.1	-7.8	-5.7	-7.6	0.0
Total Large Cap Active Equity	1,026,264,721	1/1/1995	21.2	9.7	5.7	10.6	10.6	-10.2	-5.7	-8.4	-1.0
S&P 500	8.1%			9.1	6.4	10.1	10.8	-6.2	-5.1	-6.6	-0.1
Total Mid Cap Equity	1,822,411,838	11/1/1998	17.3	9.2	7.3	8.4	8.8	-14.7	-7.3	-11.7	1.2
Russell Mid Cap	14.3%			8.6	6.9	8.9	9.1	-11.3	-5.5	-8.0	1.1
Total Small Cap Equity	1,324,426,965	2/1/1998	18.1	8.4	5.8	6.5	9.0	-11.7	-5.3	-9.7	1.0
Russell 2000	10.4%			6.4	4.9	6.1	5.7	-15.0	-8.8	-13.4	0.0
Total International Equity	1,965,349,448	2/1/1998	18.1	7.8	4.5	1.7	1.7	-12.4	-9.2	-9.6	-1.5
MSCI ACWI ex-US	15.5%			4.5	1.9	-0.9	-1.8	-17.0	-7.8	-9.5	-1.1
Large Cap International Equity	1,195,395,917	2/1/1998	18.1	1.2	-	1.7	0.6	-15.7	-9.0	-10.2	-1.8
MSCI ACWI ex-US	9.4%			-0.7	-	-0.9	-1.8	-17.0	-7.8	-9.5	-1.1
Small Cap International Equity	769,953,531	12/1/2011	16.9	10.6	-	-	4.7	-6.5	-9.5	-8.5	-1.1
MSCI EAFE Small Cap	6.1%			9.6			5.6	-5.1	-8.0	-7.3	-0.1
Core Fixed Income (ex-High Yield)	2,172,457,137	4/1/1990	25.9	7.0	6.3	5.3	2.6	-1.4	2.2	1.2	1.0
Barclays Aggregate	17.1%			6.4	4.7	3.6	2.2	1.5	2.1	1.8	0.7
Active Duration Fixed Income	347,768,638	11/1/2004	11.3	8.6	8.3	12.1	7.1	2.8	8.9	8.9	3.2
Barclays Aggregate	2.7%			4.4	4.7	3.6	2.2	1.5	2.1	1.8	0.7
Master Limited Partnerships	768,319,660	2/28/2011	5.0	3.3	-	2.9	-5.6	-42.6	-13.5	-19.3	1.1
Alerian MIP Index	6.0%			-2.3		-2.3	-11.1	-39.7	-11.5	-14.7	-0.5
High Yield Bonds	737,755,858	2/1/2009	7.1	11.0	-	4.7	1.6	-6.1	-1.5	-4.0	0.4
ML High Yield II	5.8%			11.5		3.9	0.7	-8.5	-1.1	-3.7	0.5
Core Real Estate	745,437,124	4/1/2011	4.9	-	-	-	-	-	-	-	-
NCREIF	5.9%										
Non-Core Real Estate	165,971,062	7/1/2014	1.7	-	-	-	-	-	-	-	-
NCREIF	1.3%										
Cash	55,401,980	4/1/1990	25.9	-	-	-	-	-	-	-	-
91 Day T-Bill	0.4%				1.2		0.1	0.0	0.0	0.0	0.0

Equity Portfolios Summary

As of February 29, 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
All Cap / Large Cap Domestic											
Hotchkiss & Wiley Large Cap	498,224,165 3.9%	4/1/1990	25.9	10.1	3.9	8.6	8.5	-16.2	-8.5	-12.9	-2.2
Russell 1000 Value	528,040,556 4.2%	7/1/2006	9.7	8.1	-	12.5	12.7	-3.8	-2.9	-3.8	0.1
Sawgrass	410,617 0.0%	9/1/2006	9.5	-	-	-	-	-	-	-	-
ARI All Cap - Terminated	462,146,954 3.6%	9/1/2006	9.5	6.8	-	8.7	10.5	-11.7	-7.5	-10.3	-0.4
EPOCH All Cap				6.5	-	9.6	10.1	-7.8	-5.7	-7.6	0.0
Russell 3000				6.5	-	9.6	10.1	-7.8	-5.7	-7.6	0.0
Passive Domestic Equity											
NT Cap Weighted Passive	484,929,024 3.8%	4/1/2012	3.9	11.2	-	-	10.9	-5.8	-5.1	-6.6	-0.1
S&P 500 Cap Weighted	193,125,228 1.5%	4/1/2012	3.9	11.5	-	-	10.3	-9.4	-4.5	-6.7	1.1
SSGA Eq Weighted Passive				11.3	-	-	10.5	-9.1	-4.5	-6.8	1.1
S&P 500 Equal Weighted				11.3	-	-	10.5	-9.1	-4.5	-6.8	1.1
Mid Cap Domestic Equity											
Frontier Capital	469,533,450 3.7%	6/1/2002	13.8	9.4	8.8	9.0	10.0	-10.2	-7.7	-10.5	-0.1
Russell Mid Cap Growth	416,454,843 3.3%	9/1/1998	17.5	9.2	6.0	4.9	8.4	-16.2	-5.9	-10.5	3.2
Wellington Management	511,978,642 4.0%	8/1/1998	17.6	10.1	7.4	10.5	10.6	-11.1	-5.5	-10.0	3.2
Russell MidCap	424,444,904 3.3%	8/1/2002	13.6	11.5	6.6	8.7	8.3	-21.8	-10.3	-16.1	-1.8
Hotchkiss & Wiley Mid Cap				10.1	6.6	8.7	8.3	-11.7	-4.9	-7.8	0.7
Russell MidCap Value				10.1	6.6	8.7	8.3	-11.7	-4.9	-7.8	0.7
Small Cap Domestic Equity											
Shapiro Capital Management	564,529,091 4.4%	2/1/1998	18.1	9.0	7.5	6.7	7.6	-18.6	-3.7	-8.9	2.1
Russell 2000	197,996,112 1.6%	6/1/2013	2.7	8.7	-	-	5.7	-2.9	-8.1	-11.2	-1.8
Geneva Capital	185,397,486 1.5%	6/1/2013	2.7	5.8	-	-	-	-8.8	-8.7	-11.9	-0.7
Russell 2000 Growth	99,541,505 0.8%	6/1/2013	2.7	3.3	-	-	-	-6.5	-4.4	-9.4	2.4
Wasatch Advisors	155,426,065 1.2%	6/1/2013	2.7	8.9	-	-	-	-5.4	-4.0	-9.5	2.1
Cove Street Capital	121,536,705 1.0%	6/1/2013	2.7	10.5	-	-	-	-4.9	-4.9	-8.4	1.4
Russell 2000 Value				2.2	-	-	-	-13.3	-6.1	-11.0	0.7
Neumeier Poma				2.2	-	-	-	-13.3	-6.1	-11.0	0.7
International Large Cap Equity											
Causeway Capital	451,282,534 3.5%	5/1/2003	12.8	7.9	2.7	1.2	-0.3	-17.3	-9.2	-10.4	-1.7
MSCI ACWI Ex US	744,113,382 5.9%	9/1/2013	2.5	-2.9	-	-	-	-14.8	-8.9	-10.1	-1.8
Northern Trust Passive				-3.2	-	-	-	-14.8	-8.9	-10.1	-1.8
MSCI EAFE				-3.2	-	-	-	-14.8	-8.9	-10.1	-1.8
International Small Cap Equity											
ARI Small Cap International	190,097,074 1.5%	12/1/2011	4.2	8.3	-	-	3.0	-11.6	-7.3	-7.5	0.3
MSCI EAFE Small Cap	186,656,844 1.5%	12/1/2011	4.2	7.5	-	-	3.9	-5.7	-10.0	-9.2	-1.3
Epoch Small Cap International	200,011,121 1.6%	12/1/2011	4.2	13.4	-	-	6.1	-0.6	-8.9	-6.5	-0.8
Wasatch Small Cap International	193,188,492 1.5%	12/1/2011	4.2	11.3	-	-	5.8	-7.7	-11.5	-10.9	-2.6
MSCI EAFE Small Cap				9.6	-	-	5.6	-5.1	-8.0	-7.3	-0.1



Fixed Income Portfolios Summary

As of February 29, 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	604,788,080 4.8%	8/1/1999	16.6	6.4	7.0	4.6	1.5	-3.4	1.0	-0.5	0.9
Lord Abbett	619,826,597 4.9%	11/1/2004	11.3	5.4	5.9	4.6	2.2	-0.2	1.2	0.5	0.6
Mackay Shields	600,073,822 4.7%	11/1/2004	11.3	4.4	4.7	3.6	2.2	-3.1	0.8	-0.4	0.5
Active Duration Fixed Income											
Hoisington	347,768,638 2.7%	11/1/2004	11.3	8.6	8.3	12.1	7.1	2.8	8.9	8.9	3.2
High Yield Fixed Income											
Loomis Sayles High Yield	236,466,932 1.9%	2/1/2009	7.1	10.5	-	3.2	-0.2	-9.8	-2.4	-5.5	0.3
Lord Abbett High Yield	252,626,790 2.0%	2/1/2009	7.1	12.0	-	5.8	3.0	-4.3	-1.1	-3.0	0.5
Mackay Shields High Yield	248,662,136 2.0%	2/1/2009	7.1	10.4	-	4.9	1.7	-4.9	-1.1	-3.4	0.5



Non-Traditional Portfolios Summary

As of February 29, 2016
(unless otherwise noted)



Master Limited Partnerships

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Calendar YTD	Last Quarter	Last Month
Chickasaw Capital MLP	300,556,724	2/28/2011	5.0	8.1	-	8.1	-1.9	-41.1	-14.3	-17.9	0.6
Alerian MLP Index	2.4%			-2.3							
Cushing MLP Management	286,122,353	2/28/2011	5.0	3.7	-	3.7	-3.9	-42.7	-10.3	-17.9	3.4
Alerian MLP Index	2.2%			-2.3							
ARI MLP	181,640,583	2/28/2011	5.0	-1.4	-	-1.4	-10.1	-44.7	-16.5	-23.1	-1.4
Alerian MLP Index	1.4%			-2.3							

Private Equity

	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 2/29/2016	% Called	\$ Return as of 2/29/2016	IRR Inception	IRR 3 Year	IRR 1 Year	Performance as of
Legacy Private Equity Portfolio	43,864,159	10/1/2008	7.4	\$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	588,052,340	4/1/2010	5.9	\$1,200,000,000	\$685,037,500	48.8%	\$111,966,249	12.9%	16.2%	14.2%	9/30/2015
Russell 1000 + 4%	4.6%							15.9%	19.0%	4.9%	

Real Estate

	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 2/29/2016	% Called	Time Weighted Trailing Two Year Return (Annualized)	Time Weighted Trailing One Year Return ¹	Performance as of
AEW Real Estate	255,110,350	5/1/2011	4.8	\$165,500,000	\$165,500,000	100%	11.6%	12.7%	12/31/2015
NFI-ODCE	2.0%						14.4%	14.7%	
Helman Real Estate	257,795,592	5/1/2011	4.8	\$157,400,000	\$157,400,000	100%	12.9%	15.6%	12/31/2015
NFI-ODCE	2.0%						14.4%	14.7%	
L&B Real Estate	232,331,182	4/1/2011	4.9	\$150,000,000	\$150,000,000	100%	14.2%	15.8%	12/31/2015
NFI-ODCE	1.8%						14.4%	14.7%	
American Realty	12,996,888	12/1/2014	1.2	\$53,750,000	\$13,745,100	26%	-	18.6%	12/31/2015
NFI-ODCE	0.1%						-	14.7%	
Antheus Capital	26,875,000	10/1/2014	1.4	\$53,750,000	\$26,875,000	50%	-	-	-
NFI-ODCE	0.2%						-	-	
Dune	31,962,173	10/1/2014	1.4	\$53,750,000	\$27,493,125	51%	-	28.1%	9/30/2015
NFI-ODCE	0.3%						-	14.7%	
GreenOak Real Estate	27,280,783	10/1/2014	1.4	\$50,000,000	\$26,890,038	54%	-	-	-
NFI-ODCE	0.2%						-	-	
L&B Golden Driller	26,742,549	7/1/2014	1.7	\$60,000,000	\$26,790,000	45%	-	-	-
NFI-ODCE	0.2%						-	-	
Landmark Realty	12,878,044	12/1/2014	1.2	\$35,000,000	\$12,322,603	35%	-	-	-
NFI-ODCE	0.1%						-	-	
Starwood	27,833,655	11/1/2015	0.3	\$53,750,000	\$27,950,000	52%	-	-	-
NFI-ODCE	0.0%						-	-	

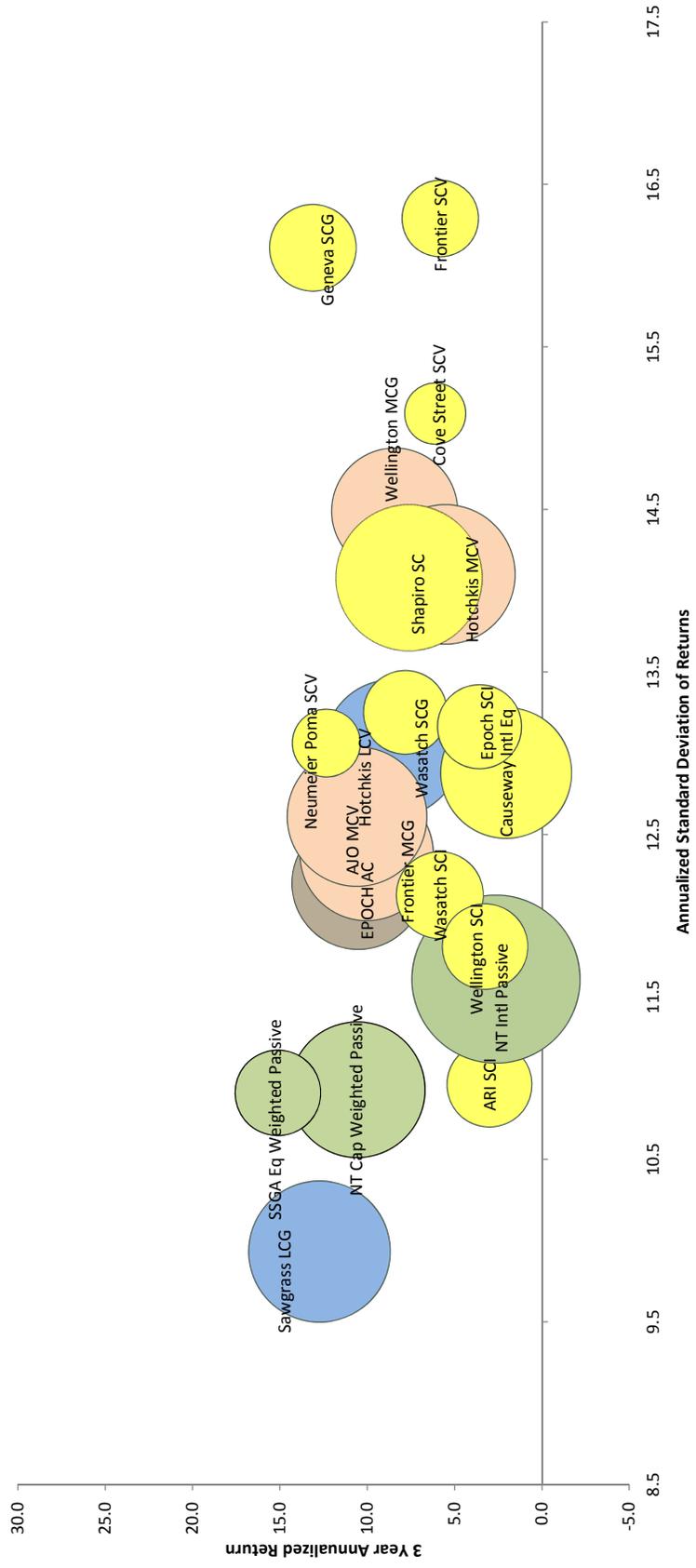
¹Performance shown Net of Fees.

Preliminary data displayed where final audited figures are unavailable.

Opportunistic Fixed Income

	Market Value	Inception Date	Time Since Inception (Years)	\$ Committed	\$ Contributed as of 2/29/2016	% Called ¹	\$ Return as of 2/29/2016	Time Weighted Return Since Inception (Annualized)	Time Weighted One Year Return	Performance as of
PIMCO BRAVO	26,222,404	3/31/2011	4.9	\$100,000,000	\$100,000,000	100%	\$156,225,033	19.7%	4.5%	9/30/2015
Barclays Aggregate	0.2%						\$0	3.6%	1.9%	
PIMCO BRAVO II	134,122,094	3/31/2013	2.9	\$150,000,000	\$120,000,000	80%	\$0	18.8%	8.8%	9/30/2015
Barclays Aggregate	1.1%							1.7%	1.9%	

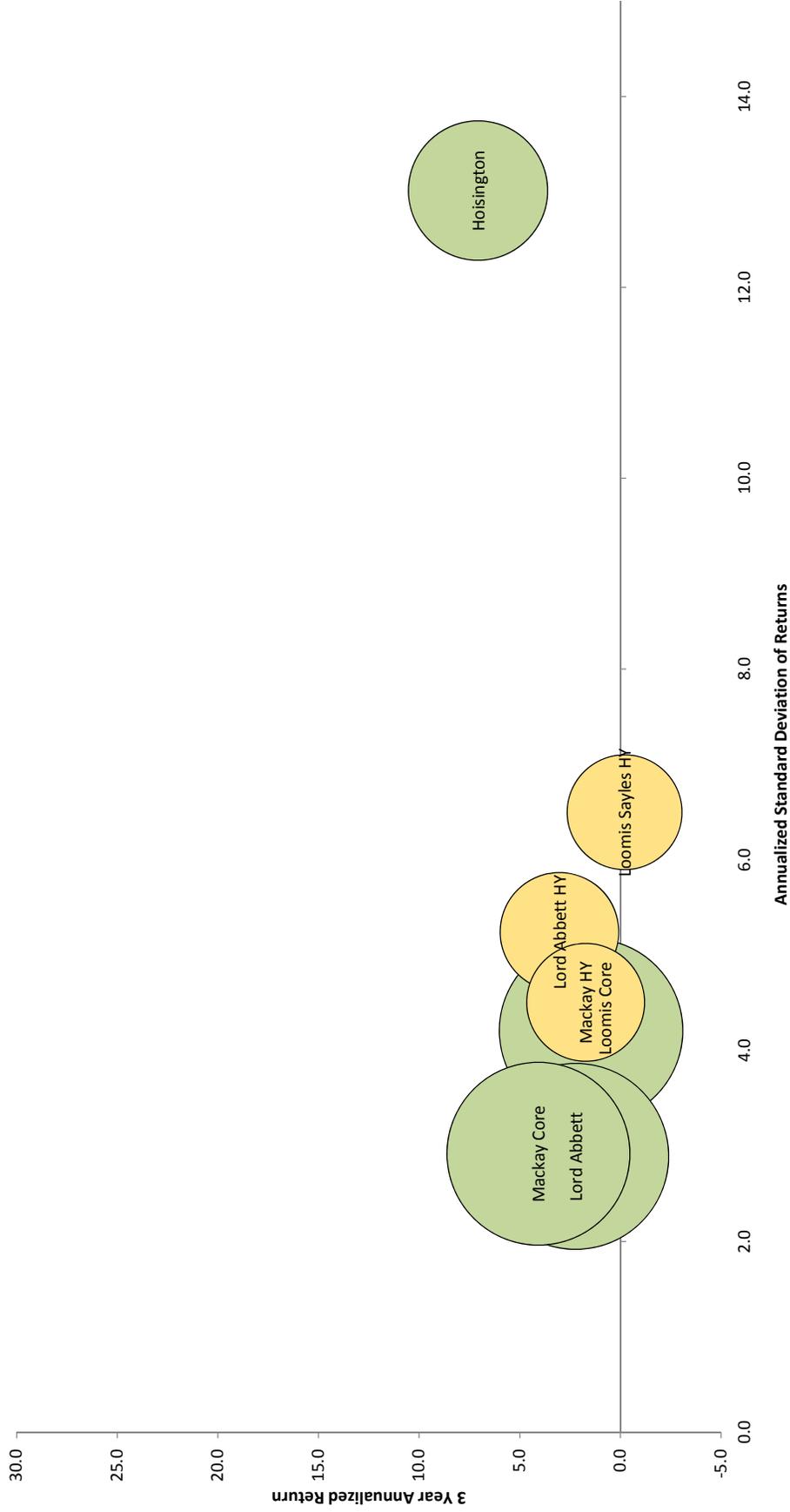
Three Year Risk/Return Review - Equity Portfolios



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.





OKLAHOMA TEACHERS RETIREMENT SYSTEM

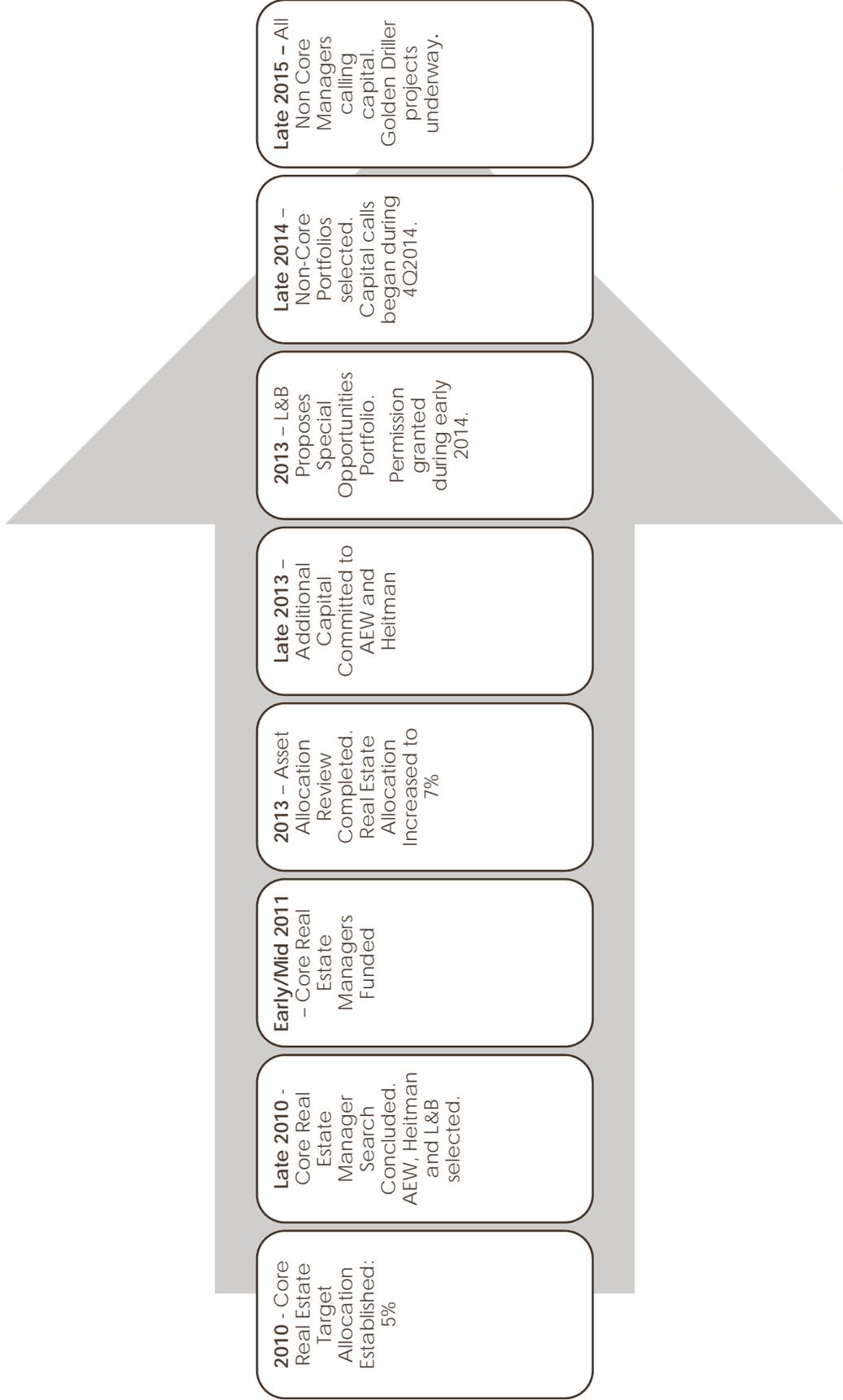
real estate portfolio
executive summary report
fourth quarter, 2015

Real Estate Portfolio Overview

- ▶ The OTRS real estate portfolio was initially funded during April/May of 2011. Three managers were selected after an extensive search process. Each was initially funded with \$150 million.
- ▶ The total real estate allocation target is now 7% of the total fund. The target allocation is based on the net amount invested by the System in real estate assets. The target allocation for real estate was increased from 5% to 7% during 2013.
- ▶ The current portfolio is focused on U.S. based core assets. Core real estate is generally defined as high-quality, low risk, diversified portfolio of stable, income-producing assets. It has expanded beyond core to higher risk/higher return investments.
- ▶ The investments have been successful. We are in the second stage of the real estate investment program. This stage is intended to provide additional diversification and return potential by investing in non-core funds. A search was completed in September 2014 to invest in value-added and opportunistic properties. Six firms were selected to invest approximately \$50 million each. Follow-on searches will be required to replenish funds that reach liquidation. Many of the non-core funds will have life spans between five and ten years.
- ▶ The current performance benchmark is the NCREIF Fund Index – Open End Diversified Core Equity (NFI-ODCE). The index is a fund-level capitalization weighted, time weighted index that includes property investments at ownership share, cash balance and leverage. The returns reflect the funds' actual ownership positions and financing strategy. We believe the new non-core managers should be compared to the NCREIF Closed End Value Add Index. Summaries of both appear in this report's appendix.

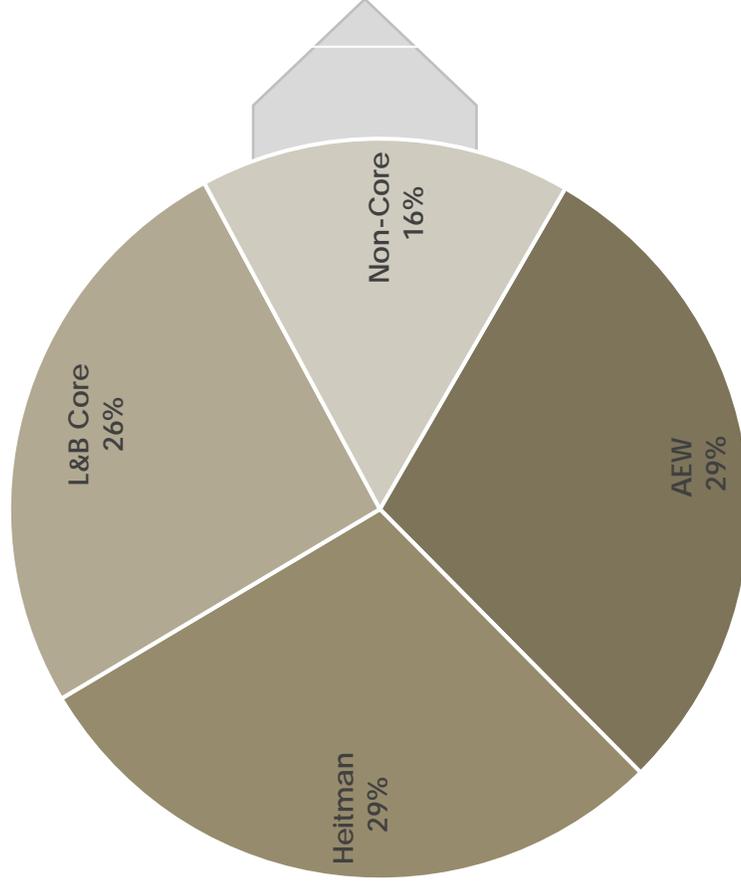


Real Estate Portfolio Timeline



Real Estate Allocation Review: By Market Value

Composite Real Estate Allocation

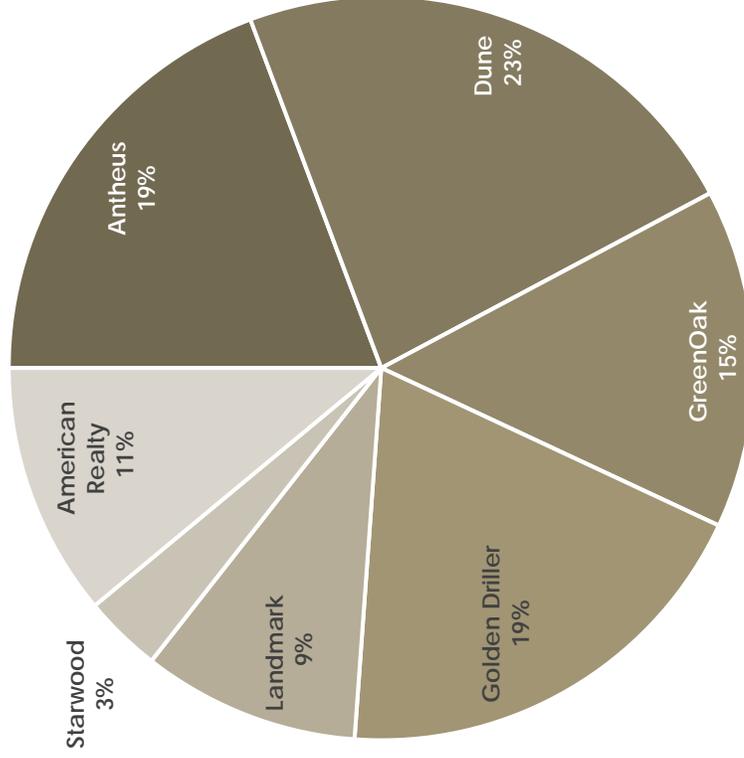


Total Real Estate Market Value: \$860,649,970



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

Non-Core Real Estate



Total Non-Core Market Value: \$139,360,675

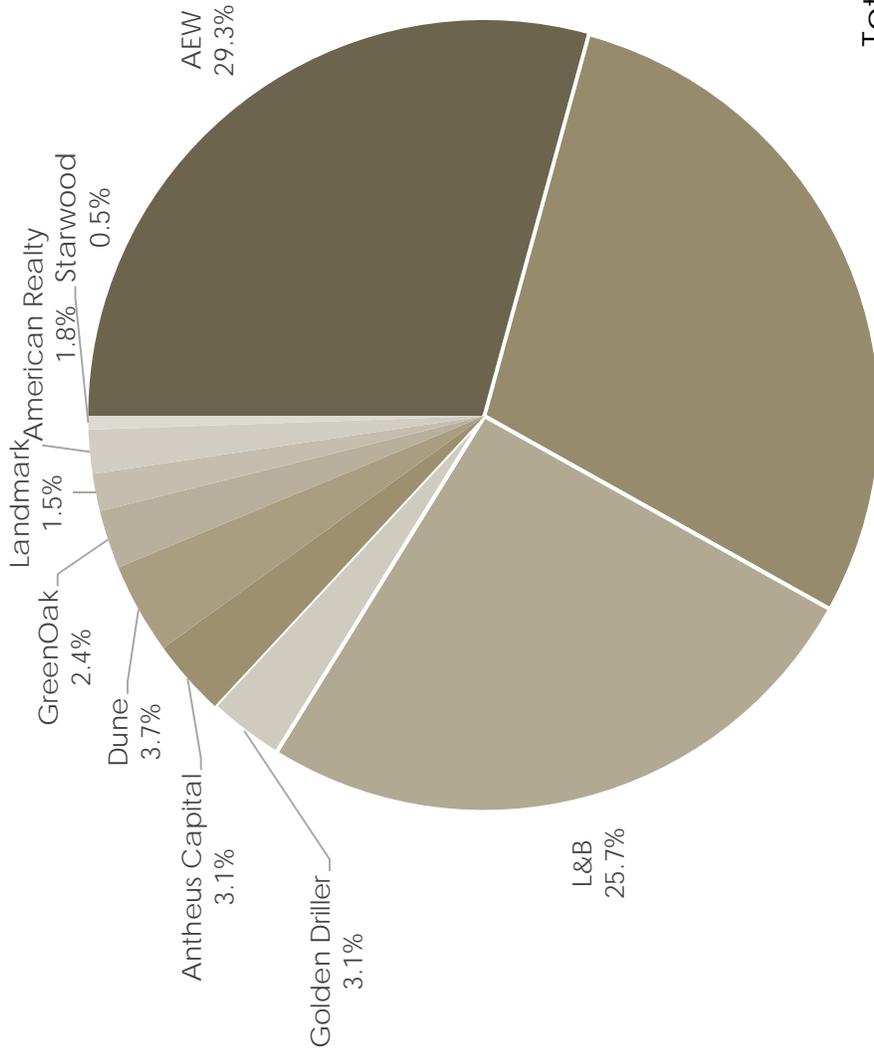


OTRS Real Estate Capital Contributed

As of December 31, 2015

	Capital Committed	Capital Contributed	% Called
AEW	\$165,500,000	\$165,000,000	100%
L&B Core	\$150,000,000	\$150,000,000	100%
Heitman	\$157,400,000	\$157,400,000	100%
American Realty	\$53,750,000	\$13,745,100	26%
Antheus	\$53,750,000	\$26,875,000	50%
Dune	\$53,750,000	\$21,435,612	40%
Golden Driller	\$60,000,000	\$26,790,000	45%
GreenOak	\$50,000,000	\$20,146,308	40%
Landmark	\$35,000,000	\$12,322,603	35%
Starwood	\$43,750,000	\$4,837,500	9%
	\$822,900,000	\$598,552,123	73%

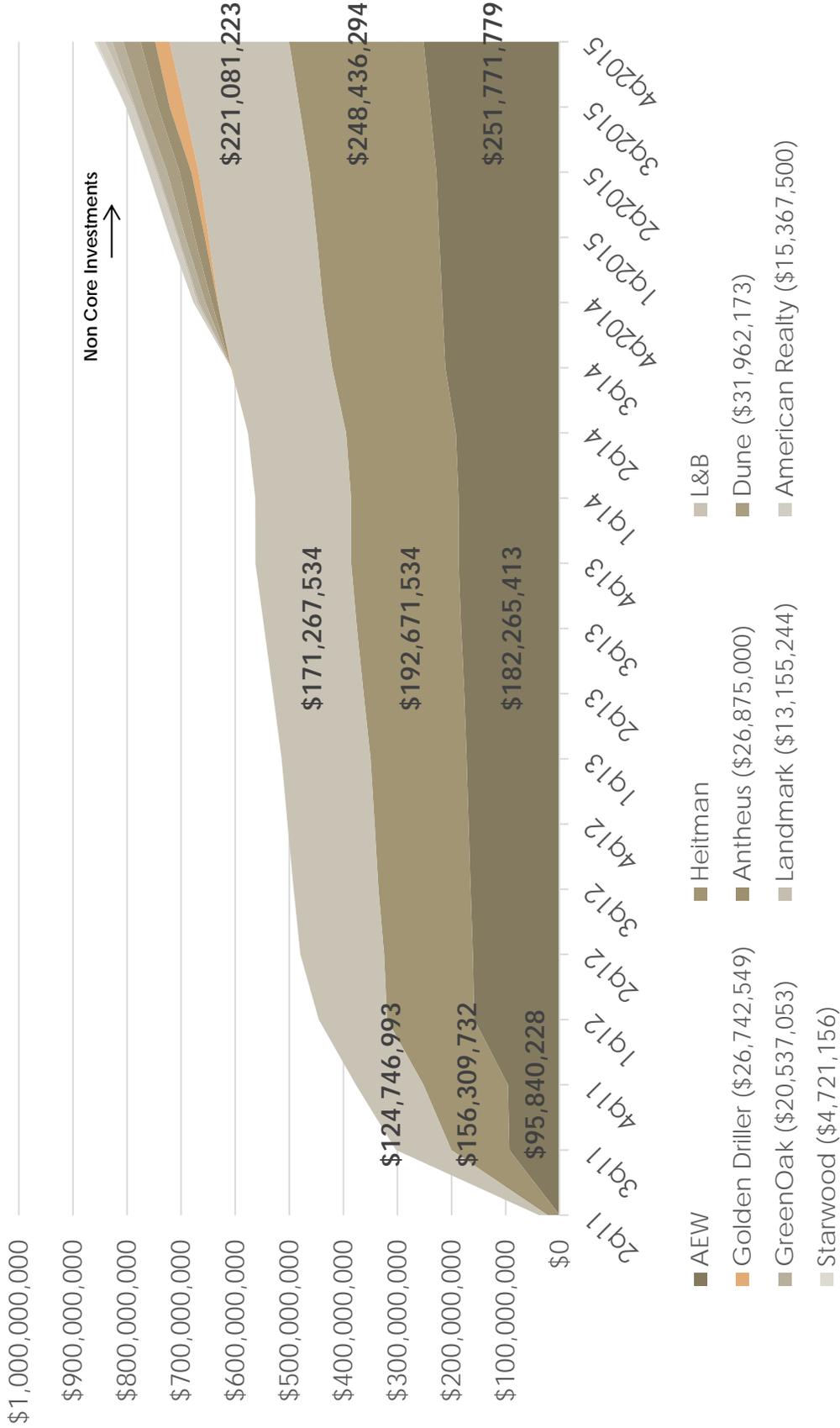
Allocation of Real Estate Portfolio – Net Exposure As of December 31, 2015



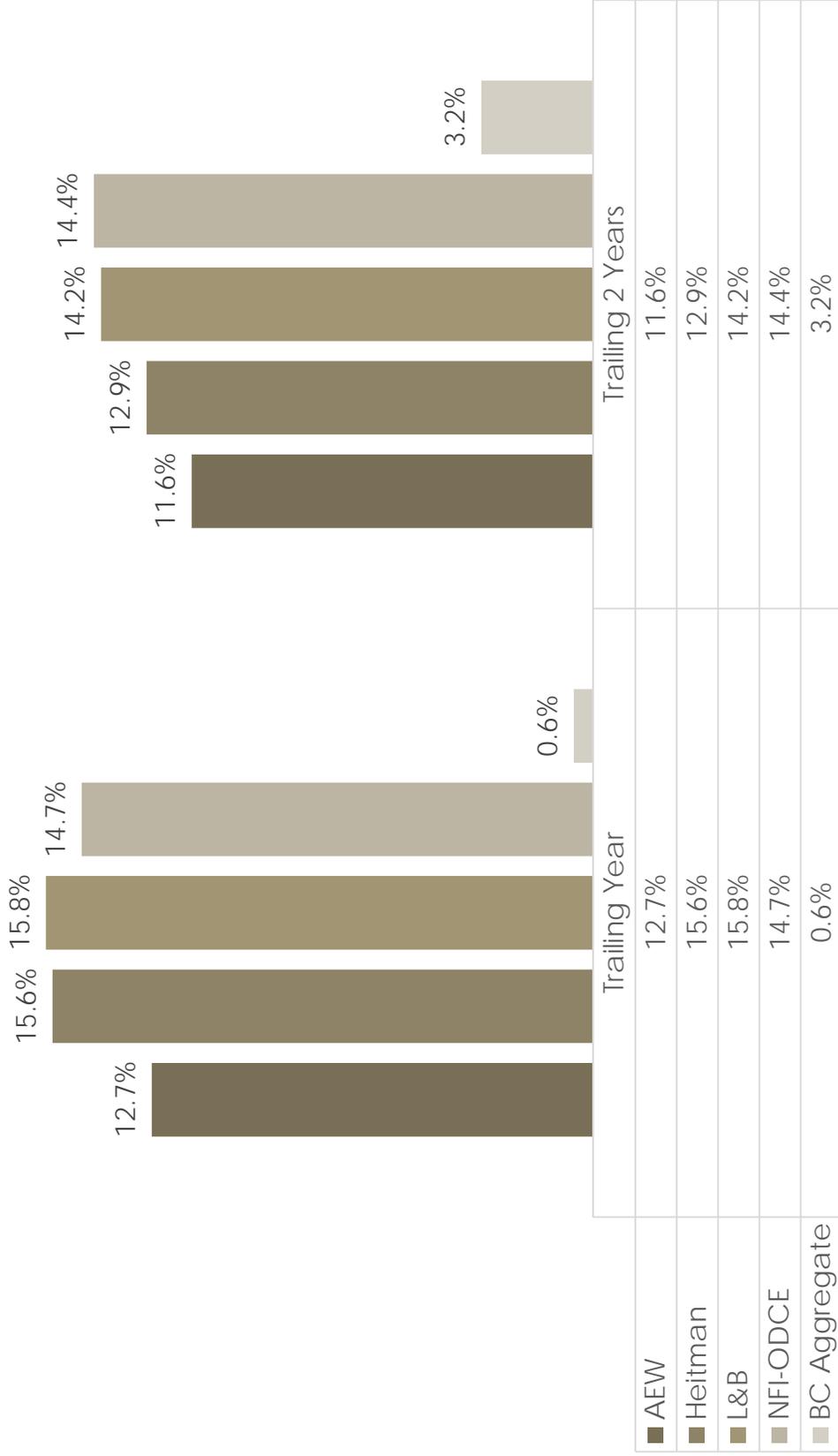
Total Market Value: **\$860,649,970**
This composed **6.5%** of the total portfolio.



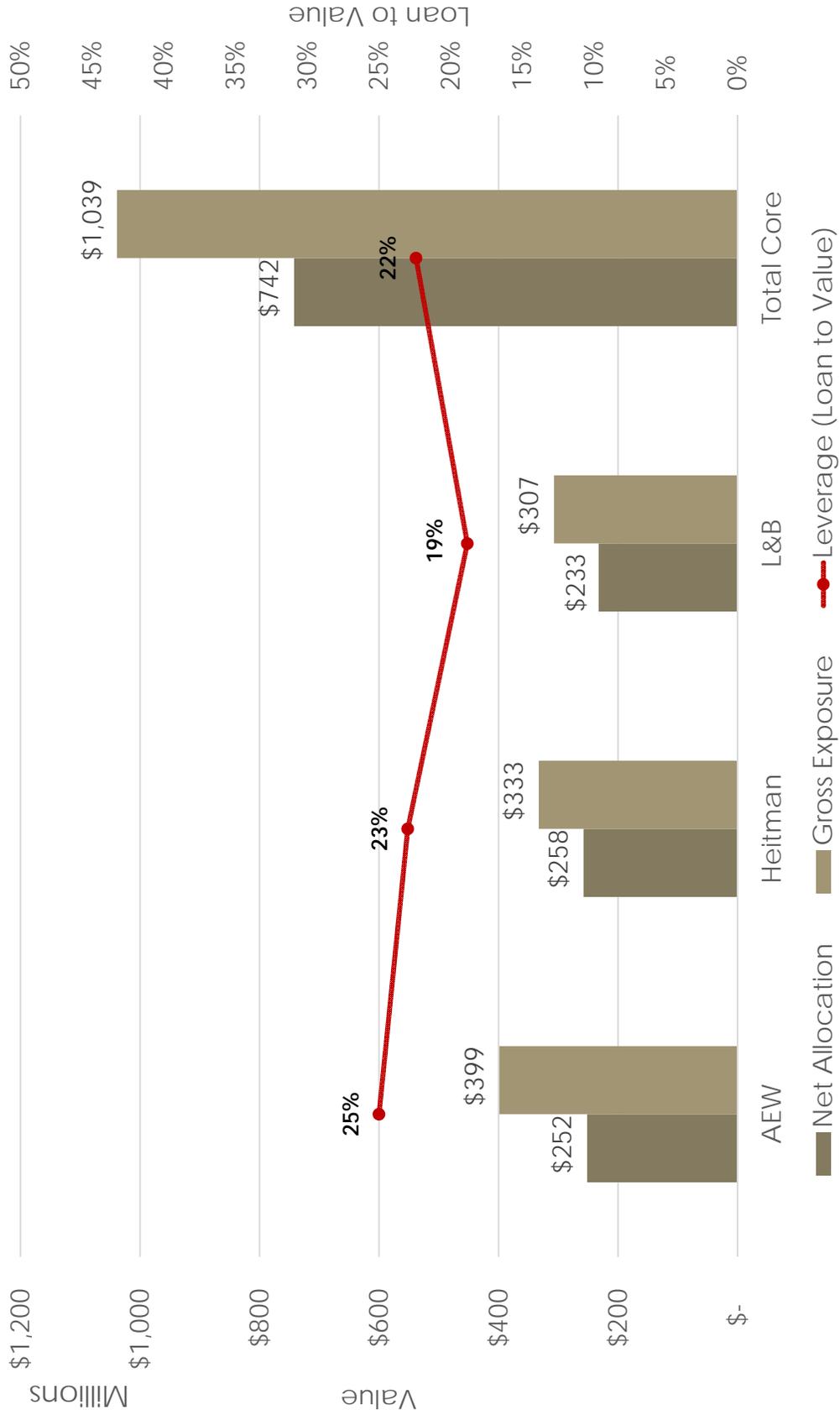
Allocation History – Market Values/Quarterly Observations



Core Real Estate Performance Comparison – Net of Fees Periods Ended December 31, 2015

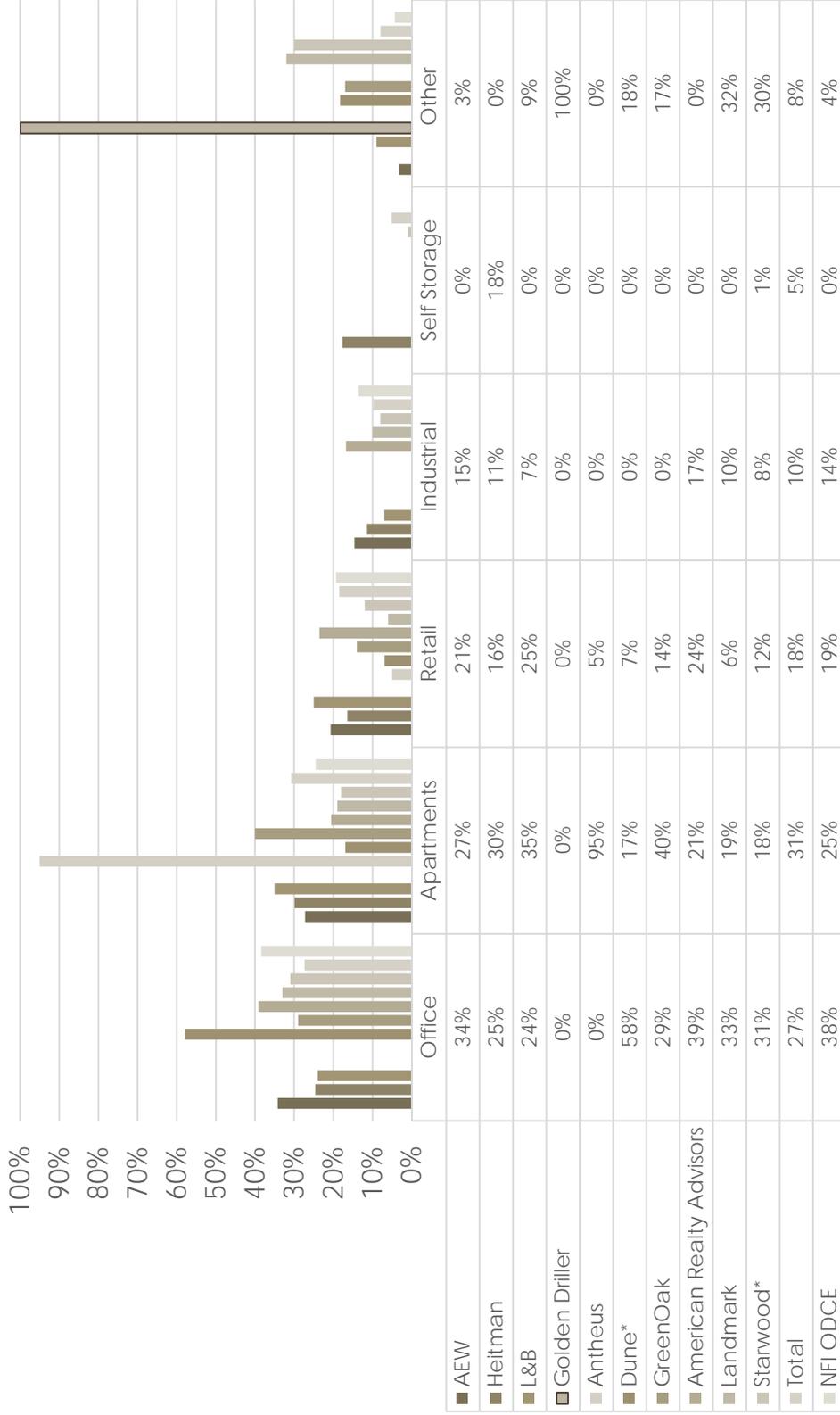


Allocation of Core Real Estate Portfolio – Net vs. Gross Exposure As of December 31, 2015



Property Type Diversification – Net Exposure

As of December 31, 2015

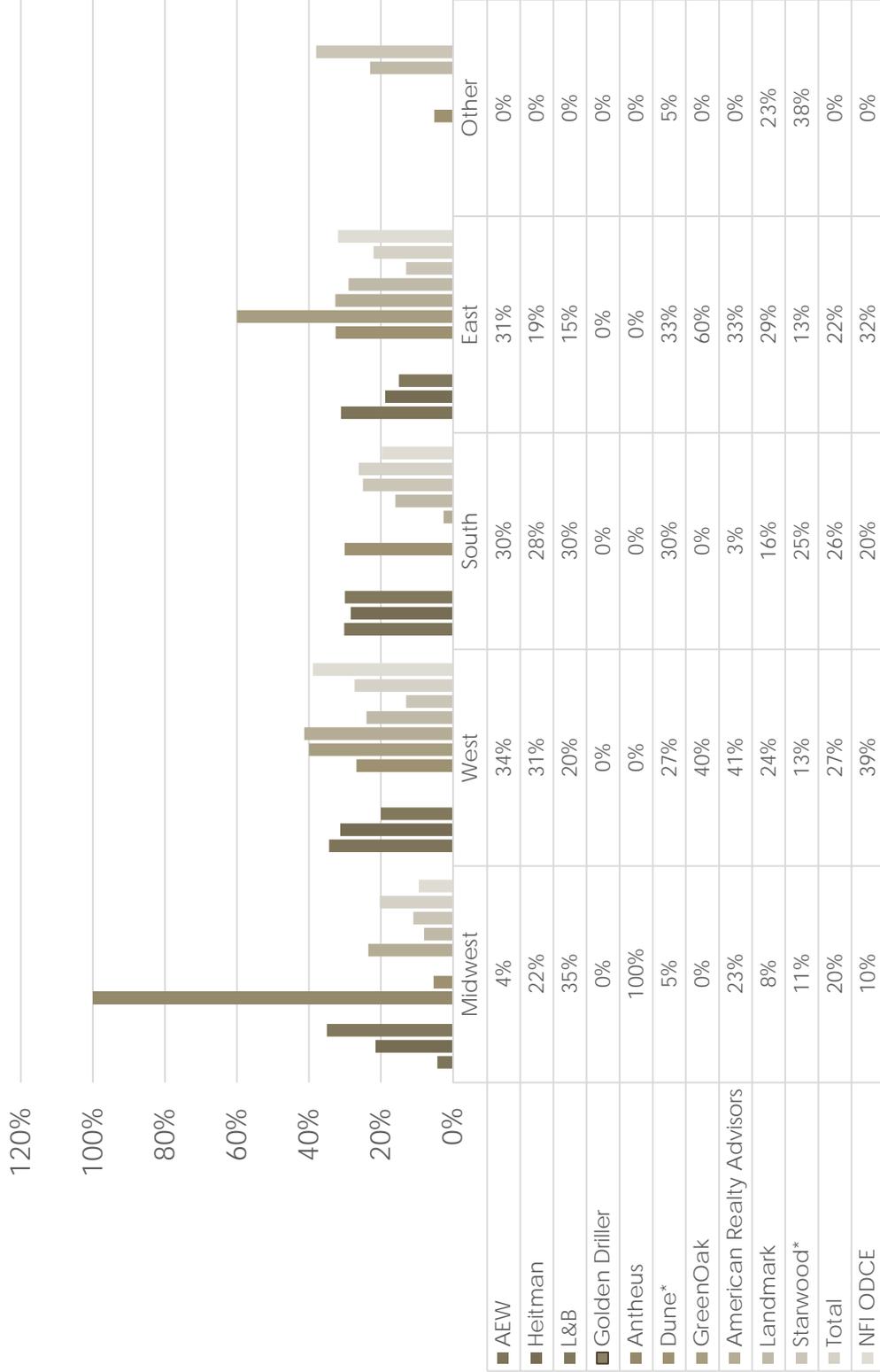


*Property Type Diversification as of 9/30/2015.



Geographic Diversification – Net Exposure

As of December 31, 2015



* Geographic Diversification as of 9/30/2015.



Core Real Estate Investments



AEW Capital Management - Core Real Estate

Location: Boston, Massachusetts
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$165 million
Fund Name: AEW Core Property Trust
Fund Type: Open Ended Private REIT
Fund Size (Net): \$5.2 billion
Fund Size (Gross): \$8.2 billion
Number of Investments: 64
Firm AUM: \$30 billion
Inception Date: Fourth Quarter, 2007
Fund Manager: Dan Bradley and Jon Martin

Investment Process: Research driven strategy that combines long-term economic forecasts with on-the-ground market knowledge that builds diversified portfolios of apartments, retail, office, industrial, and to a smaller extent, hotel properties. Portfolios will be diversified among major growing metropolitan markets with barriers to new supply. The portfolio will feature high-quality assets designed to provide durable income and reasonable capital appreciation. The fund will only invest in the U.S. No single investment may exceed 25% of the fund's net asset value. Non-core assets limited to 15% of net asset value. 30% maximum leverage at the total fund level.

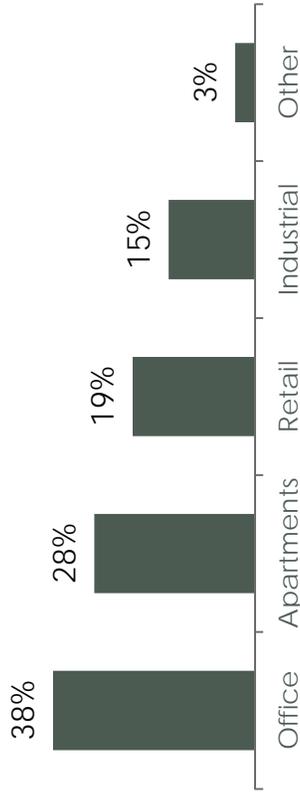
Status: **In Compliance**



OKLAHOMA TEACHERS
RETIREMENT SYSTEM



Property Type Diversification



*Other includes mezzanine debt investments and land parcels.

	AEW	NFI ODCE
2015 YTD Income Return	5.43%	4.76%
2015 YTD Appreciation Return	7.80%	9.88%
Current Occupancy	96.0%	-
OTRS Ownership of Fund	4.8%	-

2015 NOI Growth: 4.1%



Heitman Capital Management – Core Real Estate

Location: Chicago, Illinois
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$157 million
Fund Name: Heitman Capital Management
Fund Type: Open Ended Partnership
Fund Size (Net): \$5.8 billion
Fund Size (Gross): \$7.6 billion
Number of Investments: 78
Firm AUM: \$35 billion
Fund Inception Date: Second Quarter, 2007
Fund Manager: David Perisho and Blaise Keane
Investment Process: Acquire strong properties on a direct basis to deliver returns 1.0% over the relevant benchmark index over a rolling five year period. The portfolio will remain flexible as to property type concentration but will be adequately diversified. Heitman will buy in major markets. Properties will be well-constructed and have proximity to amenities and transportation networks. The fund will invest only in the U.S. and Canada. No more than 10% of the fund will be invested in Canada. Up to 15% of the fund will be invested in value-added properties. The maximum investment in a single property will be 15%. Leverage is capped at 30% of the fund.

Status: **In compliance;** Noncompliance for Real Estate funds will not concentrate, in any single property, the greater of \$100 million or 25% of the total Gross Asset Value (GAV) of the overall investment Fund.

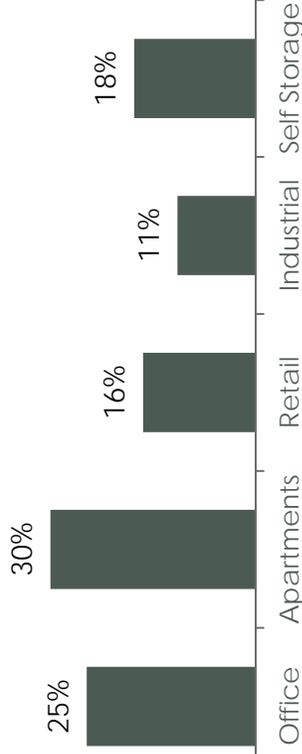


OKLAHOMA TEACHERS
RETIREMENT SYSTEM

RE
 Real Estate



Property Type Diversification



	Heitman	NFI ODCE
2015 YTD Income Return	5.07%	4.76%
2015 YTD Appreciation Return	10.95%	9.88%
Current Occupancy	93.4%	-
OTRS Ownership of Fund	4.4%	-

2015 NOI Growth: 6.6%



L&B Realty Advisers - Core Real Estate

Location: Dallas, Texas
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$150 million
Fund Name: L&B Core Income Partners, L.P.
Fund Type: Open Ended Partnership
Fund Size (Net): \$506 million
Fund Size (Gross): \$669 million
Number of Investments: 10
Firm AUM: \$7.6 billion

Inception Date: Second Quarter, 2011

Fund Manager: Christian Metten

Investment Process: The fund will invest in a diversified portfolio of core properties that are well-leased by credit-worthy tenants. The primary objective is protection of capital and limited downside risk. Assets will be appropriately priced and utilize reasonable leverage. The portfolio will concentrate on stable, enduring assets but can allocate up to 15% to non-core assets. All investments will be in the U.S. Maximum leverage at the fund level is 35%; maximum leverage for individual properties is 50%. Average investment is \$50 million in equity. This fund was recently added to the NFI ODCE Index.

Status: In compliance

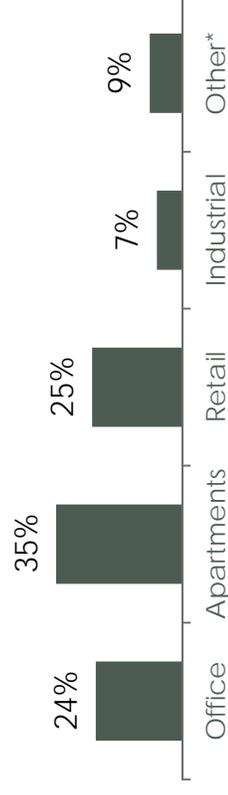


OKLAHOMA TEACHERS
RETIREMENT SYSTEM



RE
Real Estate

Property Type Diversification



*60% Office and 40% Retail.

	L&B	NFI ODCE
2015 YTD Income Return	3.03%	4.76%
2015 YTD Appreciation Return	9.61%	9.88%
Current Occupancy	87.7%	-
OTRS Ownership of Fund	45.9%	-

2015 NOI Growth: 8.2%



Non-Core Real Estate Investments



American Realty Advisors

Location: Glendale, California
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: American Realty Strategic Value Realty Fund
Fund Type: Open Ended Diversified Value Added
Fund Size (Net): \$280 million
Fund Size (Gross): \$562 million
Number of Investments: 13
Firm AUM: \$7.4 billion
Inception Date: Fourth Quarter, 2014

Fund Manager: Kurt Helgeson and Douglas Rush
Investment Process: Team based process that views each acquisition as on operating asset and also a part of the overall portfolio. Acquisitions are reviewed by Investment Committee. Named portfolio manager is Chairman of the Investment Committee. Portfolio currently has a focus on the West and Midwest (~80% of portfolio). Largest sector allocation is Office which accounts for 49% of the portfolio. Investment process follows these steps: market/submarket research, acquisition underwriting and due diligence, active operational management and a well-defined hold/exit strategy. Risk of each asset is continuously evaluated and managed. Purchases are generally mid to lower market, or between \$10 - \$50 million.

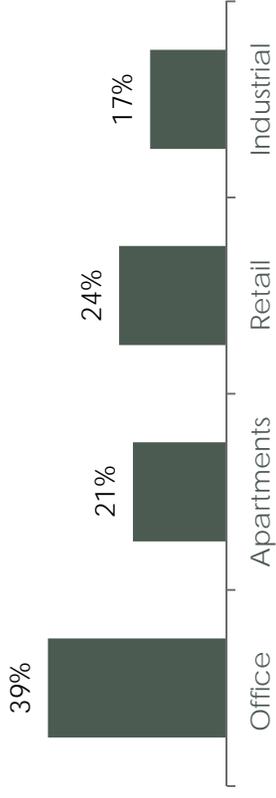
Status: **In compliance**



OKLAHOMA TEACHERS
RETIREMENT SYSTEM



Property Type Diversification



Current Occupancy is 79%.
OTRS owns 4.5% of the fund.

Antheus Capital, LLC

Location: Englewood, New Jersey
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: Lyrical-OTRS Realty Partners IV, LP
Fund Type: Close End Value Added Fund
Fund Size (Gross): \$168 million
Number of Investments: 18
Firm AUM: \$1.0 billion
Inception Date: Fourth Quarter, 2014

Fund Manager: Eli Ungar and David Gefsky
Investment Process: Extremely hands on investment process that currently manages a diversified portfolio of multi-family investments in two sub-markets where they seek deep property by property knowledge and a dominant market share. Currently, their portfolio owns over 6,000 apartment units in Chicago, Kansas City, and St. Louis in areas that exhibit strong, structural supply/demand conditions that cannot be easily reversed and ultimately benefit apartment owners. The team seeks areas where supply/demand remains in disequilibrium and favorable to long-term growth rates of rental income. Operating expenses for their properties tend to remain flat after initial investment, allowing them to compound a growing level of net operating expenses. The team focuses on year over year operating success rather than “trades”.

The fund expects to deploy equally between Chicago, Kansas City and St. Louis. Property acquisitions are moving forward at a deliberate pace. The location of the Barack Obama presidential library was announced to be at the South side of Chicago. This should be positive for the portfolio’s holdings in the Hyde Park neighborhood.

Status: **In compliance**

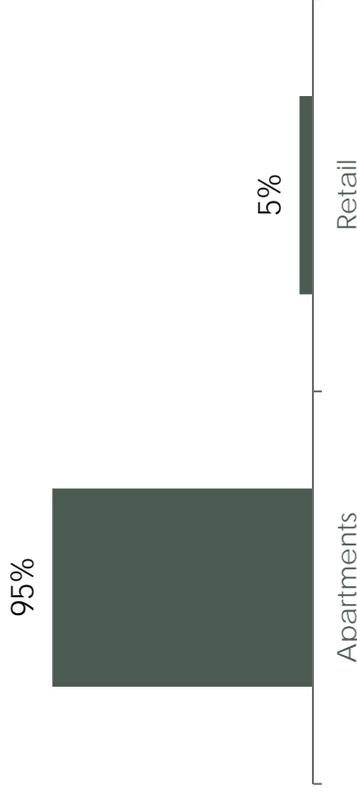


**OKLAHOMA TEACHERS
RETIREMENT SYSTEM**

RE
Real Estate



Property Type Diversification



OTRS owns 100% of Lyrical-OTRS Realty Partners IV, LP.
OTRS owns 32% of LARP IV-Blue Holdings, LLC which consists of Lyrical-Antheus Realty Partners IV, LP & side cars including Lyrical-OTRS Realty Partners IV, LP.



Dune Real Estate Partners

Location: New York, New York
OTRS Initial Commitment: \$54 million
OTRS Total Commitment: \$54 million
Fund Name: Dune Real Estate Fund III, LP
Fund Type: Close Ended Opportunistic
Fund Size (Net): \$960 million
Number of Investments: 14
Firm AUM: \$4.1 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Dan Neidich and Cia Buckley Marakovits

Investment Process: Partner driven model that seeks to exploit the talent and experience of a highly experienced group of real estate professionals. The fund will broadly focus on opportunities resulting from the unprecedented deleveraging of the capital market. The fund will seek opportunities created by distress and dislocation through three themes: Distressed Assets, Deep Value-add, and Contrarian Investments. Distressed assets will be creatively acquired, recapitalized and/or restructured through sub- or non-performing commercial mortgages or real estate loans. Deep value-add projects will seek to stabilize and reposition underperforming assets through renovation, re-leasing and capital investment. Contrarian assets will be acquired to exploit oversold conditions through deeply discounted purchased of unpopular assets.

Status: **In compliance**

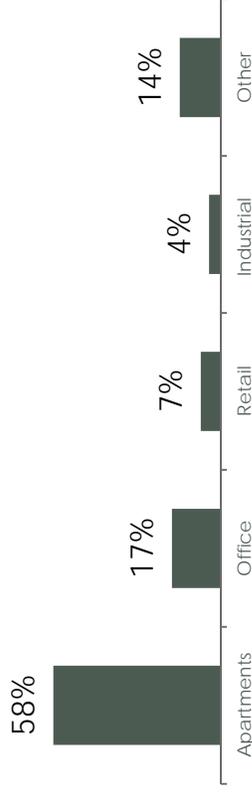
All data as of 9/30/2015.



OKLAHOMA TEACHERS
RETIREMENT SYSTEM



Property Type Diversification



Other includes Senior Housing (5%), Hotel (5%) and Residential Land (4%).

OTRS owns 5.6% of the fund.
Occupancy: N/A

GreenOak Real Estate, LP

Location: New York, New York
OTRS Initial Commitment: \$50 million
OTRS Total Commitment: \$50 million
Fund Name: GreenOak Real Estate Partners US Fund II
Fund Type: Close Ended Opportunistic
Fund Size (Net): \$756 million
Number of Investments: 16
Firm AUM: \$5.6 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Sonny Kalsi, Chris Niehaus, John Carreffell, Fred Schmidt, Andrew Yoon

Investment Process: Fund will focus on high barrier to entry markets that possess size, supply constraints, significant demand growth and liquidity. Undervalued properties will be targeted in off market transactions. Assets will be recapitalized – the fund will target assets acquired or financed during the 2005-2008 vintages. Mid market properties will be targeted – properties owned primarily by families, private investors or smaller institutions who are not willing to expend capital to maintain competitiveness or professionally manage the asset. The fund will also allocate to improvable assets with good locations.

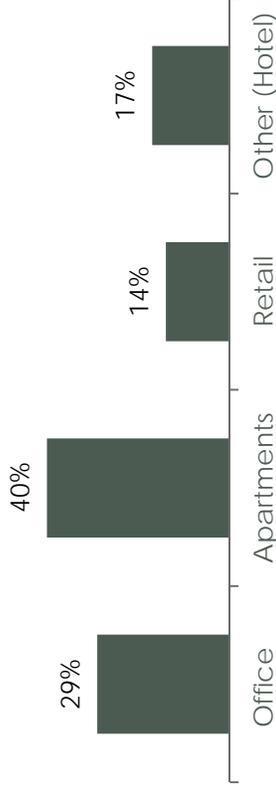
Status: **In compliance**



OKLAHOMA TEACHERS
RETIREMENT SYSTEM



Property Type Diversification



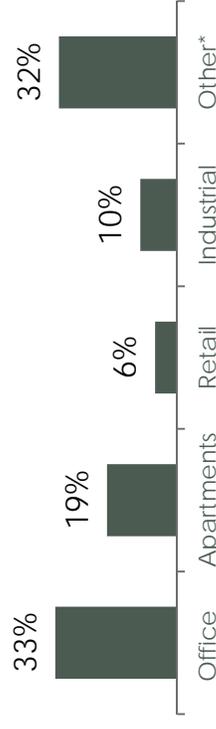
Current Occupancy is 79%.
OTRS owns 7.2% of the fund.

Landmark Partners

Location: Simsbury, Connecticut
OTRS Initial Commitment: \$35 million
OTRS Total Commitment: \$35 million
Fund Name: Landmark Real Estate Fund VII
Fund Type: Close Ended Real Estate Secondaries
Fund Size (Net): \$1.6 billion
Number of Investments: 5
Firm AUM: \$14.9 billion
Inception Date: Fourth Quarter, 2014
Fund Manager: Francisco Borges, Timothy Haviland, Chad Aifeld, Robert Dombi, Raul Mehlman, James Sunday



Property Type Diversification



*Includes Mixed-Use (10%), Land (9%), Lodging (6%), Other (4%), and Cash (3%).

OTRS owns 3.0% of the fund.

Investment Process: Landmark is a pioneer in the construction of portfolios through secondary market transactions. The firm will seek to build a portfolio diversified across vintage years, geographies, managers and strategies. Investing in secondaries generally allows for faster deployment of capital as sellers come to market. Sellers generally are forced to sell their interests at a discount, benefitting an established buyer such as Landmark. Secondary interests are usually seasoned assets that generate income and distributions immediately. This produces current cash flow and minimizes J-curve impact. Investments are generally held until full fund level distribution.

Status: In compliance



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RETIREMENT SYSTEM



L&B Realty Advisers – Golden Driller Fund

Location: Dallas, Texas
OTRS Initial Commitment: \$60 million
OTRS Total Commitment: \$60 million
Fund Name: L&B Golden Driller
Fund Type: Separate Account Limited Partnership
Number of Working Investments: 3
Firm AUM: \$7.6 billion
Inception Date: Second Quarter, 2014
Fund Manager: Christian Metten

Investment Process: The fund will invest in a focused portfolio composed of up to three property types: Retirement Homes/Memory Care facilities, Build to Core Office, and Special Opportunities. The primary objective is protection of capital and appreciation. Assets will be conservatively underwritten and utilize reasonable leverage (up to 65%). The portfolio will invest a geographically diversified portfolio of non-core development properties. The Retirement Homes/Memory Care will focus on demographically advantaged areas and construct new facilities. Build to Core will construct high quality office buildings in attractive infill areas. Special opportunities will target unique properties with a focus on long-term income production.

Status: **In Compliance**



Property Type Diversification

100%



PROGRESS UPDATE: The fund is currently working on three retirement home/memory care facilities. Two in Florida and one in Texas. The Texas property (Dallas) is the newest and largest project. The two Florida projects have capital commitments of \$15.9 and \$15.9 million respectively. The Texas project is expected to have a capital commitment of \$29.6 million. Total beds for all three are expected to be 448 with roughly two thirds assisted living and one third memory care. Palm Beach Gardens site has been cleared, and foundation is being poured. Land close for Park Cities (Dallas) occurred on September 3, 2015. Site work will begin 2016. Demolition of existing structures occurred in November, and formal groundbreaking for the project is March 30. Wellington site work will begin in June.

No Build to Core or Special Opportunities projects have been started.



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RETIREMENT SYSTEM



Golden Driller – Project Timelines

	HarborChase of Palm Beach Gardens	HarborChase of Wellington Crossing	HarborChase of Park Cities
Government Approvals Completed	February, 2015	June, 2015	April, 2015
Land Closing	March, 2015	June, 2015	September, 2015
Loan Closing	September, 2015	May, 2016	April, 2016
Commence Construction	September, 2015	June, 2016	April, 2016
Sitework/Garage Complete	January, 2016	July, 2016	October, 2016
Foundation Complete	March, 2016	October, 2016	October, 2016
Vertical Construction Complete	July, 2016	February, 2017	March, 2017
Open Sales Office	September, 2016	March, 2017	April, 2017
Hire/Train Staff	February, 2017	August, 2017	September, 2017
Construction Complete	March, 2017	September, 2017	October, 2017

Golden Driller – Project Economics

	HarborChase of Palm Beach Gardens	HarborChase of Wellington Crossing	HarborChase of Park Cities
Units/Beds	120/140	136/154	134/154
Cost	\$38,031,832	\$39,806,518	\$72,522,346
Debt	\$22,175,000	\$23,883,911	\$42,913,653
Equity	\$15,856,832	\$15,922,607	\$29,608,783
Stabilized NOI	\$3,674,083	\$4,130,116	\$7,196,470
Return on Cost	9.7%	10.4%	9.9%
Project IRR	23.7%	27.1%	24.5%
Estimated Sales Price (Year 5)	\$63,544,790	\$71,381,403	\$123,936,809
Debt	\$21,660,174	\$22,698,520	\$42,123,901
Equity	\$15,856,832	\$15,922,607	\$29,608,783
Transaction Cost	\$953,172	\$1,070,721	\$1,859,052
Estimated Profit	\$25,074,612	\$31,689,555	\$50,345,073

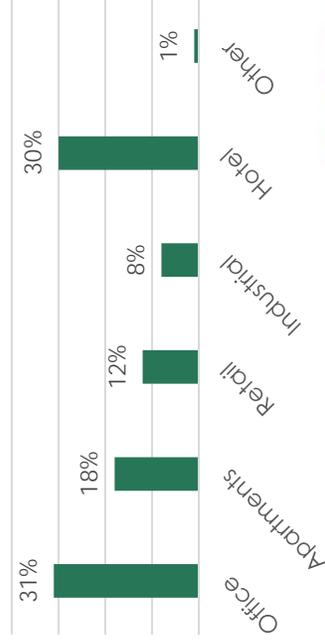


Starwood

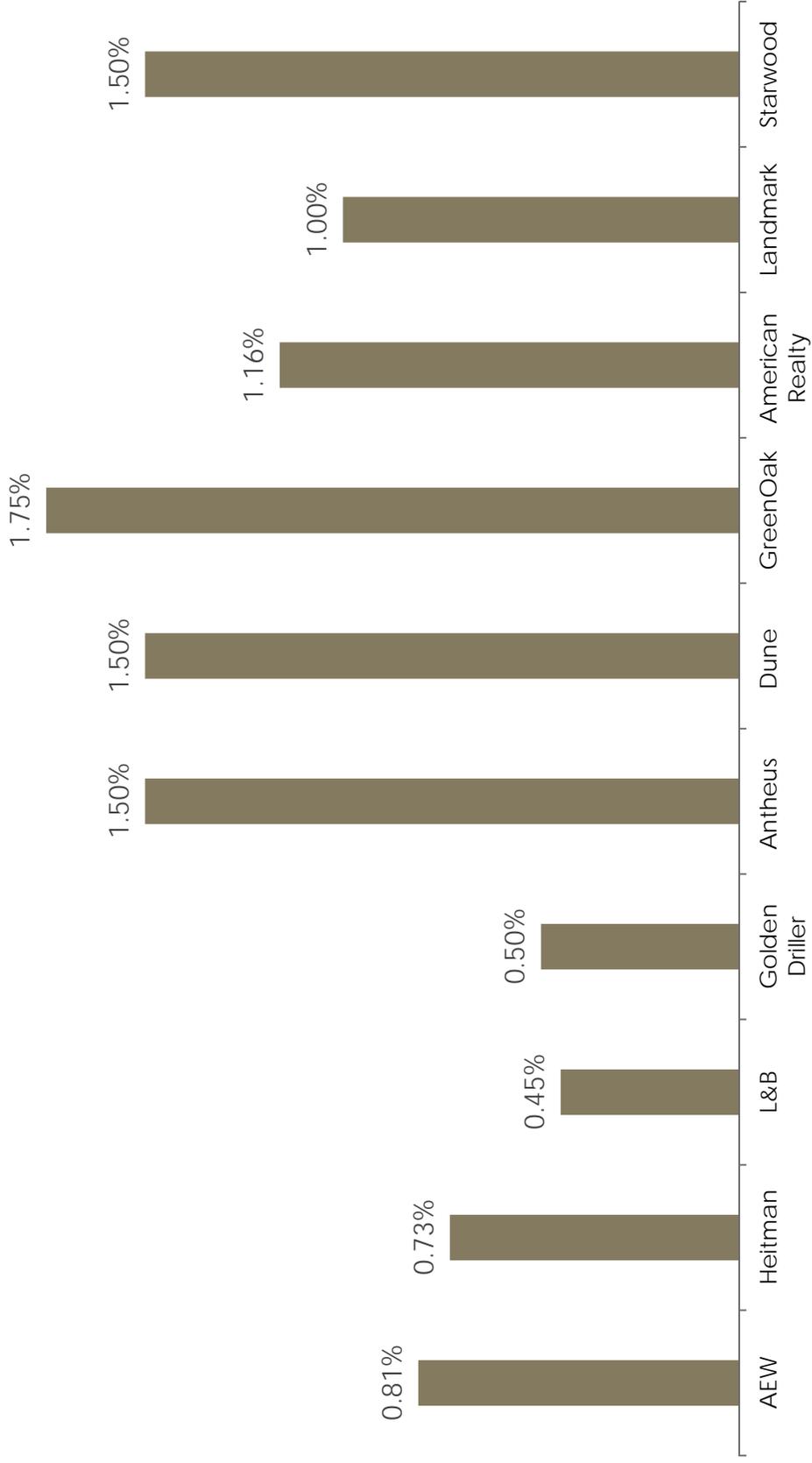
Location: Simsbury, Connecticut
OTRS Initial Commitment: \$44 million
OTRS Total Commitment: \$54 million
Fund Name: Starwood Distressed Opportunity Fund
Fund Type: Large Real Estate Specialist
Fund Size (Net): \$5.6 billion
Number of Investments: 36
Firm AUM: \$44.5 billion
Inception Date: Second Quarter, 2014
Fund Manager: Barry Sternlicht
Investment Process: The fund will target investments with average equity of \$75 - \$100 million. The firm adheres to an established set of investment principles: buy below replacement cost, use appropriate leverage (amount and duration), invest when supply is low, avoid overconcentration by diversifying across risk spectrum, geographic areas, asset type and capital structure; invest alongside LPs, and anticipate opportunities created by capital flows. The fund will invest in a **global portfolio** via purchases of non-performing loans, individual assets and portfolios of assets or companies. Purchases will **focus on the US and Europe** although investment opportunities in other regions will be considered.
Status: In compliance; Noncompliance for purchase privately placed or other non-marketable debt, except securities issued under Rule 144A.



Property Type Diversification



Annual Management Fee Comparison



Quarterly Performance History (Net of fees) Core Real Estate Portfolios

	AEW	Heitman	L&B	NFI-ODCE
4q 2011	3.1%	2.2%	1.1%	3.0%
1q 2012	2.2%	3.3%	1.2%	2.8%
2q 2012	1.7%	2.3%	1.5%	2.6%
3q 2012	2.8%	4.0%	1.4%	2.8%
4q 2012	2.5%	2.5%	2.6%	2.4%
1q 2013	2.0%	2.8%	2.3%	2.7%
2q 2013	3.1%	4.6%	2.0%	3.9%
3q 2013	3.5%	3.9%	2.4%	3.6%
4q 2013	3.2%	3.4%	3.6%	3.2%
1q 2014	2.3%	2.3%	2.6%	3.2%
2q 2014	2.3%	3.3%	2.7%	2.9%
3q 2014	2.8%	3.0%	3.8%	3.2%
4q 2014	2.9%	1.6%	3.5%	3.0%
1q 2015	2.0%	3.6%	2.6%	3.4%
2q 2015	4.0%	4.1%	3.8%	3.8%
3q 2015	2.9%	3.3%	3.6%	3.7%
4q 2015	3.2%	3.8%	5.1%	3.3%
Trailing Year	12.7%	15.6%	15.8%	14.7%
Trailing 2 Years (annualized)	11.6%	12.9%	14.2%	14.4%



Market Value History: Core Real Estate Portfolios

	AEW	Heitman	L&B	Total Core Real Estate Allocation
3q 2011	90,000,000	103,805,311	101,880,905	295,686,216
4q 2011	93,120,246	153,469,336	123,615,184	370,204,766
1q 2012	155,840,225	156,309,732	124,746,993	436,896,950
2q 2012	158,158,228	161,159,299	153,000,101	472,317,628
3q 2012	160,527,947	164,136,057	154,879,803	479,543,807
4q 2012	164,777,493	170,260,588	156,919,704	491,957,785
1q 2013	168,556,340	173,735,967	160,874,997	503,167,304
2q 2013	171,755,602	178,076,841	164,376,355	514,208,798
3q 2013	176,850,639	185,778,492	167,448,015	530,077,146
4q 2013	182,265,413	192,671,534	171,267,534	546,204,481
1q 2014	187,076,961	198,670,499	177,162,997	562,910,457
2q 2014	192,034,573	202,938,892	181,572,977	576,546,442
3q 2014	211,466,008	209,148,481	186,245,204	606,859,693
4q 2014	217,202,202	220,910,082	193,249,745	631,362,029
1Q 2015	222,919,382	226,216,090	200,132,898	649,268,370
2Q 2015	228,186,225	234,063,491	205,521,951	667,771,667
3Q 2015	239,901,108	241,296,083	213,297,215	694,494,406
4Q 2015	251,771,779	248,436,294	221,081,223	721,289,295



Market Value History: Non-Core Real Estate Portfolios

	Golden Driller	American Realty	Antheus	Dune	GreenOak	Landmark	Starwood	Total Non-Core Real Estate Allocation
3q 2014	940,000							940,000
4q 2014	1,341,974	6,358,900	10,750,005	11,662,556	12,221,254	3,323,561		45,658,250
1Q2015	6,726,614	13,750,236	18,812,505	17,310,090	12,398,914	2,336,002		71,334,361
2Q2015	13,242,860	14,249,432	21,500,005	23,292,365	17,293,761	2,875,739		92,454,162
3Q2015	26,742,860	14,751,826	21,500,000	25,890,872	16,427,624	2,357,992		107,671,174
4Q2015	26,742,549	15,367,500	26,875,000	31,962,173	20,537,053	13,155,244	4,721,156	139,360,675

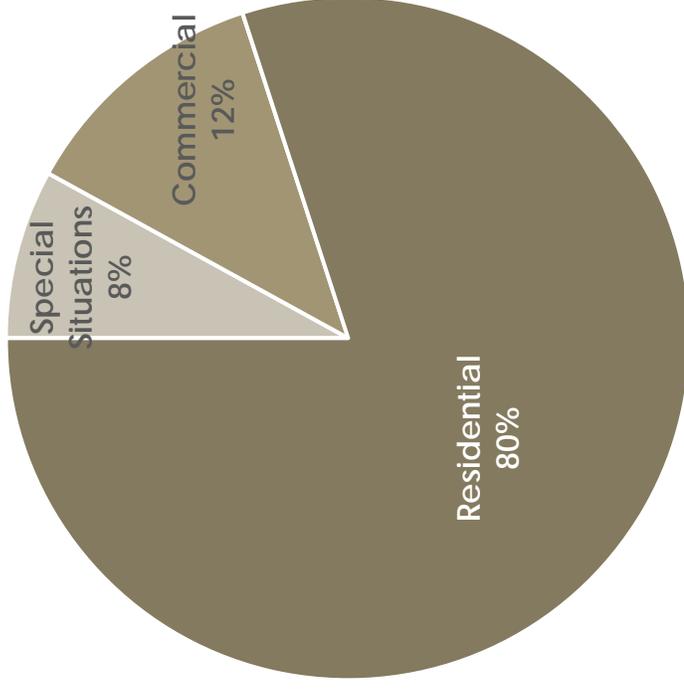


Other Non-Liquid Assets

Opportunistic Investments

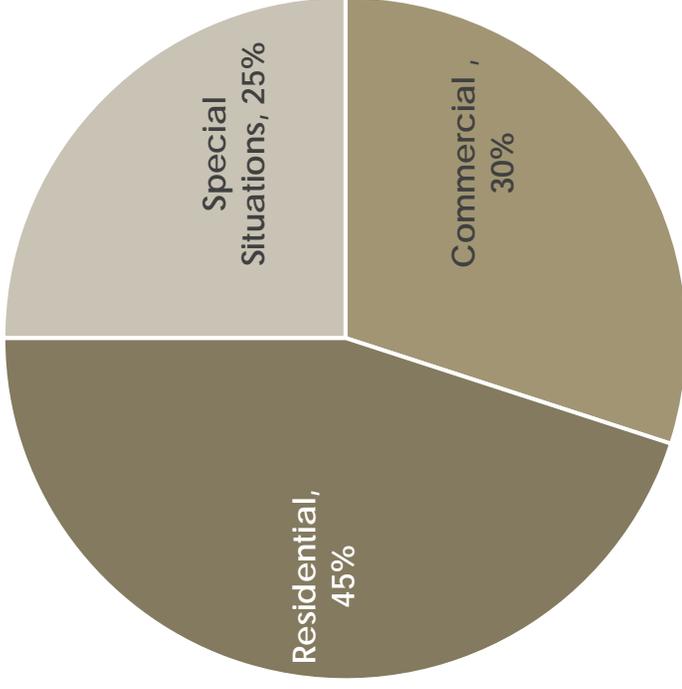
PIMCO Bravo Fund I

- Portfolio Data
 - Original Commitment: \$100 million
 - Capital Called: \$100 million
 - Percent of Capital Called: 100%
 - Market Value: \$30,564,951
 - Total Distributions: \$151,882,485
 - Net Since Inception IRR: **23.1%**
 - Multiple on Called Capital: 1.83x
 - Quarterly Return: -0.5%
- Important Dates
 - Final Close: 7/13/2011
 - Investment Period End Date: 1/13/2014
 - End of Fund Term (without extensions): 7/13/2016
 - End of Fund Term (fully extended): 7/13/2018



PIMCO Bravo II Fund

- Portfolio Data
 - Original Commitment: \$150 million
 - Capital Called: \$120 million
 - Percent of Capital Called: 80%
 - Market Value: \$134,122,094
 - Net Since Inception IRR: **14.0%**
 - Multiple on Called Capital: 1.15x
 - Quarterly Return: 3.7%
 - Geographic Exposure:
 - 63% United States
 - 37% Europe
- Important Dates
 - Investment Period End Date: 3/14/2017
 - End of Fund Term (without extensions): 3/14/2019
 - End of Fund Term (fully extended): 3/14/2022



Appendix

Index Definitions



Index Definition: NFI ODCE

- NCREIF FUND INDEX – OPEN END DIVERSIFIED CORE EQUITY (NFI-ODCE)** The NFI-ODCE is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of December 31, 1977. Supplemental data is also provided, such as equal-weight and net of fee returns, for informational purposes and additional analysis. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. The NFI-ODCE, like the NCREIF Property Index (NPI) and other stock and bond indices, is a capitalization-weighted index based on each fund's Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV), adjusted for Weighted Cash Flows (WCF) during the period. To the extent WCF are not available; which may be the case for older liquidated funds, BMV is used. Indices are typically capitalization-weighted, as they better represent the universe and the performance of the overall marketplace. Total Return of any capitalization-weighted index is, therefore, more influenced by the larger funds (based on Net Invested Capital) included in the Index.



Index Definition: NFI CEV

- ▶ NFI-CEV (Closed-End Value-Fund Index) is the latest performance benchmark for real estate portfolios. It was first released during the fourth quarter of 2014 in preliminary form which is subject to change. The benchmark tracks funds back to the 1999 vintage year. The current index is comprised of 38 closed end value added funds totaling \$22 billion in gross real estate. All funds included are still active as of current quarter end date. The current report contains current quarter and one year returns, internal rate of return summary and balance sheet information. Future reports will contain expanded data points. The index data is expected to be released roughly 65 days after each calendar quarter end. The index will be maintained in preliminary status for at least one year. For the year ended December 31, 2014, the index produced a total gross of fee return of 20.14%. 6.58% of the return was income while 12.93% was appreciation. Total leverage was 46.4% and occupancy was 86.8%.



MEMORANDUM

TO: OTRS Board of Trustees

FROM: Tom Spencer, Executive Director and Kirk Stebbins, Chief Investment Officer

DATE: March 4, 2016

RE: Summary of Investment Policy Statement Draft Amendments in Section II

The staff is trying to follow a specific process for the Trustees to consider amendments to the Investment Policy Statement (IPS). The basic approach is to do this section by section. At each meeting the staff will provide a “discussion draft” of a section that will be considered at the next meeting. The discussion draft from the prior meeting the month before will be presented for discussion and possible adoption. Any trustee can move to amend or change the draft when that section is up for adoption.

At the January board meeting, staff provided the Trustees with a discussion draft with Amendments to Section I of the IPS. At the February meeting Section I was up for adoption with an additional amendment that wasn’t in the original discussion draft. That additional amendment clarified the description of the various investment risks that are present and always need to be considered. Section I was adopted as amended.

Also at the February meeting the Trustees were provided with a discussion draft of Section II of the IPS. This draft will be up for adoption at the March meeting. Here is a summary of those proposed amendments.

Page 5 – All of the current Section II “Statement of Goals and Objectives” is being moved to a later Section of the IPS.

Page 6 – This section used to be Section III. The title of new Section II refers to the “Duties” and “Responsibilities” of various groups and individuals related to the TRS investment program.

Page 6 & 7 – The amendments to Section II (A) all apply to the duties and responsibilities of the Board of Trustees. These amendments make clear that the full Board has the final say on investment issues, and that the Investment Committee is the appropriate committee to make most recommendations on investment decisions and policy issues. Several specific duties and decisions are further set out in this paragraph.

Page 7 & 8 – The amendments to Section II(B) set out the duties and responsibilities of the Staff. These duties include research, providing data, coordinating searches for providers, monitoring investment performance, carrying out decisions of the Board and ensuring liquidity to meet TRS’ obligations.

Page 8 – Specific reporting requirements of the staff are moved to Section VI of the IPS.

Page 9 & 10 – The amendments to Section II(C) set out the duties and responsibilities of the Investment Consultant. These include being a fiduciary to TRS, providing investment report and material so the Board can fulfill its duties, helping the Board to develop investment policy, monitoring compliance with

policy, calculating investment performance, assisting with investment service provider searches, reviewing performance and changes with investment managers, performing due diligence on the performance of managers and to research and bring new investment ideas to the Board.

Page 10 - Specific reporting requirements of the consultant are moved to Section VI of the IPS.

Page 12 & 13 – The amendments to Section II(D) set out the duties and responsibilities of investment managers. These include acting as a fiduciary to TRS, providing reports and other information to the Board, following TRS investment policy and guidelines, selecting investments prudently, working with consultant and custodian on accounting and performance, following policy regarding the voting of shareholder proxies and always seeking best execution on securities trades.

Page 13 - Specific reporting requirements of the managers are moved to Section VI of the IPS.

Page 15 – The amendments to Section II(E) set out the duties and responsibilities of the custodian bank. These include acting as a fiduciary to TRS, providing reports and information to the Board and staff, notifying managers of corporate action affecting shares, safekeeping securities, collecting interest and dividends, recording investment transactions, working with the staff and consultant on accurate reporting, managing TRS’ directed brokerage program, monitoring compliance with the Investment Policy Statement, and providing the staff with reports and assistance to ensure compliance with requirements of GASB, the IRS, the SEC and FINRA, and monitoring and reporting on securities litigation action.

Page 16 – The amendments to Section II(F) set out the duties and responsibilities of the securities lending agent. (Currently the securities lending agent is the custodian bank.) These duties include acting as a fiduciary, providing pertinent reports and information, handling terms and conditions of securities loans, monitoring the market value and the need for adequate collateral, directing investment of cash collateral according to policy, notifying the Board of regulatory changes, and notifying the staff of breaches of loan conditions.

Page 17 – The amendments to Section II(G) set out the duties and responsibilities of the transition manager. Transition managers can be helpful when moving assets from one or more managers to others. The duties in this paragraph include acting as a fiduciary, providing a pre-trade analysis, a written plan of execution, post-trade analysis with detailed costs compared to estimates, and the duty to seek best execution.

Please let us know if you have any comments or questions.

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

INVESTMENT POLICY STATEMENT

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

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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, 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.”

B. Statement of Purpose

A primary purpose of this investment policy statement is to guide fiduciaries, including 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.

II. STATEMENT OF ROLES, DUTIES AND RESPONSIBILITIES

Comment [KS1]: Moved intact to Section IV

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.~~
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.

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

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

6. Annually conduct a formal review of the performance of Investment Consultant(s), normally to be performed in the month of April.
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 Staff~~ 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.
- 1-2. ~~Serve~~ as the primary liaison between the Board of Trustees and the Investment Consultant(s), Investment Managers, Custodian, Securities Lending Agent and Transition Manager(s).
- 2-3. ~~Implement~~ Board decisions regarding asset allocation, investment structure, portfolio rebalancing procedures and retention of Investment Consultant(s), Investment Managers, Custodian and Securities Lending Agent.
- 3-4. ~~Coordinate the search, selection, and evaluation and retention decisions of processes for~~ Investment Consultant(s), Investment Managers, Custodian and Securities Lending Agent on behalf of the Board of Trustees.
- 4-5. ~~Monitor and review the performance of~~ the total fund, asset class composites, and Investment Managers, 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 ~~T~~transition ~~M~~anager(s) in collaboration with the ~~I~~nvestment ~~C~~onsultant(s) as directed by the Board.~~

~~8-9. Conduct due diligence in collaboration with the ~~I~~nvestment ~~C~~onsultant(s) when ~~I~~nvestment ~~M~~anagers 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, r~~Research, ~~analyze~~ and review ~~new innovative~~ investment ideas and ~~managers concepts~~ in collaboration with the ~~I~~nvestment ~~C~~onsultant(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~~ ~~I~~nvestment ~~M~~anagers ~~and to~~ determine if any issues need to be addressed by the ~~Staff Investment Committee~~ or the Board of Trustees.~~

~~INVESTMENT STAFF REPORTING REQUIREMENTS~~

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

~~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.~~
- ~~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 Investment Consultant(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.~~

~~5. Provide assistance in investment performance calculation, evaluation, and analysis.~~

~~6. Provide assistance in~~ Investment Manager searches and selection.

~~7. Provide assistance in~~ Custodian, Securities Lending Agent, Transition Manager and Commission Recapture Agent 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 ~~I~~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 ~~I~~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 ~~I~~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 ~~I~~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 ~~I~~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~~

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

~~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.~~

~~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.~~

~~e. 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.~~

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

~~d. Evaluation of strategies success/disappointments.~~

~~e. Current asset allocation strategy and underlying rationale.~~

- ~~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.~~
- ~~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. Managing Manage~~ the Fund's assets in accordance with the policy guidelines and objectives expressed herein.
- ~~3.4. Prudently selecting~~ investments based on thorough evaluation of all risks applicable to stated mandate.
- ~~4.5. Working~~ with the ~~C~~ustodian and the ~~I~~nvestment ~~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 act 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.~~

~~c. 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.~~
- ~~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. Accept daily instructions from designated staff.~~
- ~~4. Notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.~~
- ~~5. Safekeeping of securities.~~
- ~~6. Timely collection of interest and dividends.~~
- ~~7. Daily cash sweep of idle principal and income cash balances.~~
- ~~8. Process and maintain records of all investment manager transactions.~~
- ~~9. Collection of proceeds from maturing securities.~~
- ~~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~~ Perform regular reconciliations of holdings and transactions with the System's retained custody and investment managers on at least a monthly basis² 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-ofreport 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 filing fileof 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 functionsretained by the System 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.

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

~~2-3.~~ Arrange terms and conditions of securities loans.

~~3-4.~~ 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.

~~4-5.~~ 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.

~~5-6.~~ Notify the Board of any changes to the investment guidelines in the Securities and Exchange Commission's rule 2A7 for consideration by the Board.

~~6-7.~~ 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 ~~T~~ransition ~~M~~anagers shall manage the transition of assets from one or more ~~I~~investment ~~M~~anagers or asset categories to one or more other ~~I~~investment ~~M~~anagers or asset categories. Transition ~~M~~anagers 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.

DRAFT

Teachers' Retirement System of Oklahoma

Succession Policy

Introduction

One of the most important functions of the Board is the hiring and oversight of the Executive Director. In order to ensure that this function is carried out effectively, the Board believes that a formal succession policy is required.

The specific objective of this policy is to provide the Board with clear guidance as to the process of choosing a new Executive Director.

Roles and Responsibilities

The Board Chair and Vice Chair will coordinate the succession planning process.

General Guidelines

In order to protect the Board and the System from sudden loss of Executive Director services, the Executive Director shall mentor at least one other member of OTRS senior management to become familiar with Board and Executive Director issues and processes. The Executive Director shall indicate to the Board Chair each year who that person is and note if any change occurs.

In the event of a vacancy in the position of the Executive Director, the Board may employ a search firm to perform a national search for candidates to succeed the Executive Director. The Board may interview a minimum of three candidates recommended by the search firm as well as any other candidates the Board as a whole agrees to consider. All candidates considered by the Board must meet the qualification as described in the position description for the position of Executive Director on file with TRS.

In the event of a vacancy in the position of Executive Director, the Board may select a staff member to serve as the Acting Executive Director responsible for carrying out the Executive Director's duties under the governance policies until such time as the Board selects a new Executive Director and that person assumes the position on a full time basis. The senior staff member identified by the Executive Director annually to the Board Chair under the first paragraph above may be considered for this interim appointment. However, the Board is not bound to select that individual.

Also, to ensure minimal disruption whenever a member of senior management leaves, the Executive Director will promote a culture throughout the organization of hiring, mentoring and developing personnel so that another individual is capable of assuming that manager's functions until a replacement is found.

Policy Review

The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate. [Option 1] As part of the policy review, the Board may schedule an Executive Session with the Executive Director for the purpose of discussing the Succession Planning Policy and any questions that trustees may have concerning succession planning in general. [Option 2 if Open Meeting Act would not permit this] As part of the policy review, the Chairman may form a committee composed of the Board Chairman and the chairs of the Audit, Investment and Governance Committee to discuss the Succession Planning Policy and any questions that the committee or other trustees may have concerning succession planning in general.

MEMORANDUM

TO: OTRS Board of Trustees

FROM: Tom Spencer, Executive Director and Julie Ezell, General Counsel

DATE: March 18, 2016

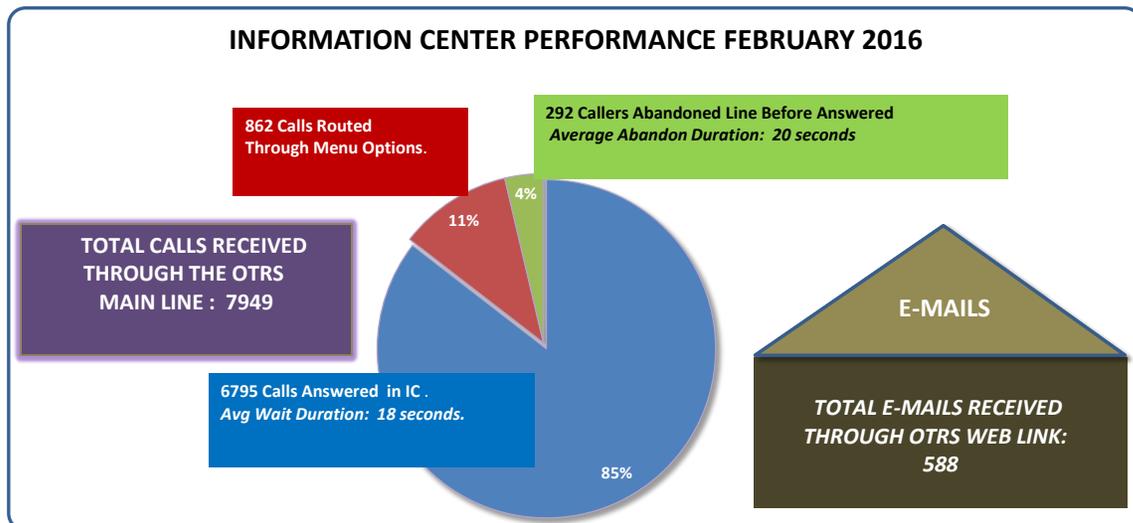
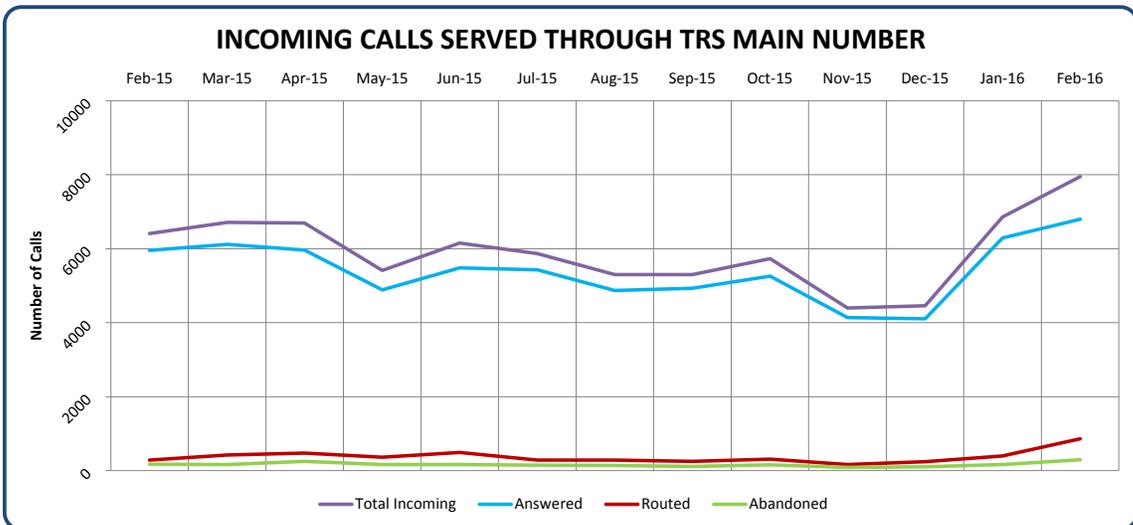
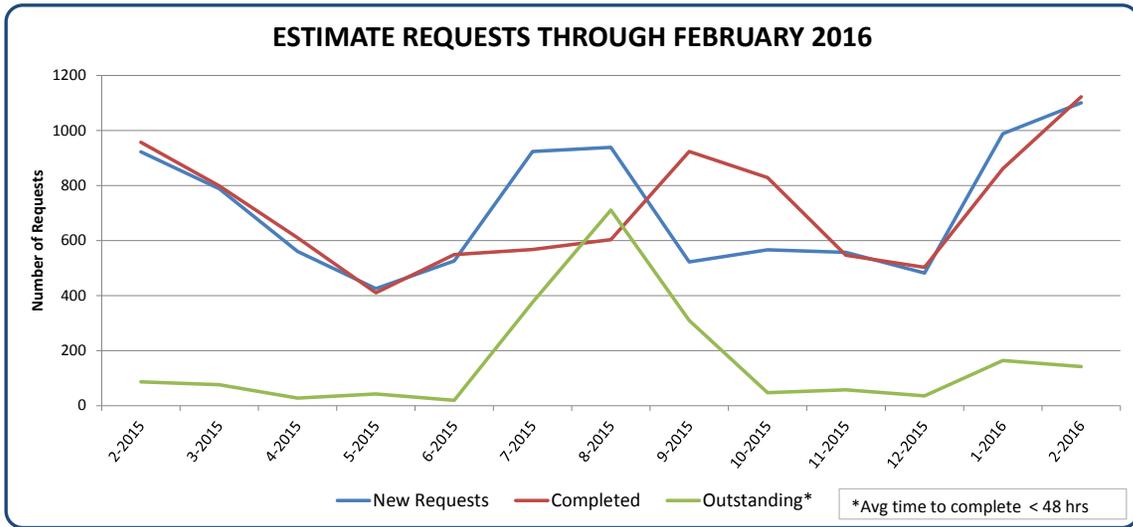
RE: Federal & Grant Matching Contribution Rate

Every year the Board of Trustees of the Teachers' Retirement System must review and possibly adjust the "Federal & Grant Matching" contribution rate. Under title 70 Oklahoma Statutes § 17-108 the Board must establish the rate by April 1 and the rate is effective for the next fiscal year beginning July 1. Each local school district, state college or any other state agency whose employees are members of the Teachers Retirement System must pay the contribution rate when salaries are paid by federal funds or externally sponsored agreements such as grants, contracts, and cooperative agreements. Under federal guidelines, in order for pension contributions to be eligible for payment with federal funds, the rates established must be "actuarially" based. In the FY 2015 Actuarial Valuation prepared by the actuarial firm for the Board, and adopted by the Board, the Actuarial Determined Employer Contribution (ADEC) is 17.2%. Most employers pay a 9.5% contribution rate leaving 7.7% as the remaining contributions that are paid by the State through earmarked taxes and other revenue. Therefore, the positions funded with federal money need to equal this same contribution rate of 7.7%. For the year beginning July 1, 2016 we recommend that the Board of Trustees vote to establish the Federal & Grant Matching rate of 7.7% of the employee's compensation.

This is a change from past years. In the past, staff attempted to do its own forecasting to come up with a contribution rate to approximate the amount of earmarked taxes and other revenue. Since the Board changed its amortization schedule to match its "funding period" the ADEC already includes an amount forecasted by the Board's actuary. TRS can now establish the federal and grant matching rate using an actuarial calculation which is in compliance with federal guidelines.

The employer's contribution rate remains at 9.5% for common education, Career Tech, two-year colleges, and state agencies that have TRS clients. The employer contribution rate for comprehensive universities and the state's four-year regional universities also remains at 8.55%. Lastly, the employee contribution has also not changed and is 7% of total compensation.

CLIENT SERVICES PERFORMANCE METRICS THROUGH FEBRUARY 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

March 1, 2016

	Count	Benefit Total	Average Benefit	Average Years of Service	Average Age
New Retirements					
Disability	6	\$5,646.53	\$941.09	13.99	57.00
Normal	60	\$79,383.66	\$1,323.06	18.09	63.82
Total	66	\$85,030.19	\$1,288.34	17.72	63.20
Terminated Annuities					
	139	(\$193,245.00)	1390.26	25.14	82.91

NORMAL RETIREMENTS			3/1/2016		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0013604	24	62	3/1/2016	106381	\$3,020.75
Q0240525	25	65	3/1/2016	106255	\$2,443.31
Q0102646	18	70	3/1/2016	106374	\$257.53
Q0183836	19	60	3/1/2016	105847	\$1,115.63
Q0348752	6	65	3/1/2016	106460	\$419.30
Q0277179	11	64	3/1/2016	106424	\$1,428.06
Q0309719	7	65	3/1/2016	106273	\$149.67
Q0201986	21	62	3/1/2016	106253	\$1,300.80
Q0291108	8	62	3/1/2016	106349	\$237.84
Q0090179	23	57	3/1/2016	106130	\$2,264.60
Q0298235	8	59	3/1/2016	106350	\$243.20
Q0066186	27	62	3/1/2016	106320	\$1,932.21
Q0146203	10	62	3/1/2016	106431	\$566.61
Q0304355	7	63	3/1/2016	106309	\$596.82
Q0050988	33	62	3/1/2016	106351	\$2,193.05
Q0034268	18	62	3/1/2016	106046	\$937.72
Q0160598	18	63	3/1/2016	106409	\$1,276.42
Q0182614	24	62	3/1/2016	106390	\$1,674.54
Q0201748	28	65	3/1/2016	106339	\$1,401.50
Q0107428	10	61	3/1/2016	106321	\$328.07
Q0105093	8	63	3/1/2016	106461	\$136.90
Q0145407	14	61	3/1/2016	106444	\$952.36
Q0019592	22	69	3/1/2016	106487	\$1,637.15
Q0037798	17	63	3/1/2016	106382	\$2,385.15
Q0160785	13	67	3/1/2016	106443	\$726.50
Q0049994	20	63	3/1/2016	106335	\$999.13
Q0288021	10	70	3/1/2016	106337	\$360.75
Q0164065	29	65	3/1/2016	106399	\$3,254.20
Q0026544	11	63	3/1/2016	106408	\$734.41
Q0182356	12	63	3/1/2016	106449	\$1,776.85
Q0313755	6	65	3/1/2016	106311	\$222.78
Q0165462	14	62	3/1/2016	106329	\$1,304.96
Q0256210	15	71	3/1/2016	106380	\$845.45
Q0007273	7	68	3/1/2016	106343	\$1,799.27
Q0200878	15	66	3/1/2016	106353	\$1,162.15
Q0012175	23	67	3/1/2016	106352	\$681.45
Q0126305	27	58	3/1/2016	106389	\$1,407.01
Q0291054	9	73	3/1/2016	106387	\$249.88
Q0158978	27	71	3/1/2016	106386	\$1,206.26
Q0052215	26	54	3/1/2016	106388	\$2,202.88
Q0255461	23	62	3/1/2016	106280	\$1,189.79
Q0224171	16	64	3/1/2016	106415	\$1,817.11
Q0184243	15	62	3/1/2016	106348	\$321.41
Q0067780	11	65	3/1/2016	106396	\$281.27
Q0042552	20	75	3/1/2016	106323	\$1,424.24
Q0006974	17	61	3/1/2016	106371	\$409.57
Q0139372	32	73	3/1/2016	106283	\$2,821.42
Q0048972	42	64	3/1/2016	106224	\$2,890.48

Q0164640	16	60	3/1/2016	106448	\$919.33
Q0164599	30	62	3/1/2016	106440	\$2,273.86
Q0163545	29	61	3/1/2016	106422	\$2,060.28
Q0163994	15	66	3/1/2016	106685	\$477.78
Q0231125	9	66	3/1/2016	106395	\$1,559.12
Q0067440	22	65	3/1/2016	106368	\$1,400.08
Q0297879	8	67	3/1/2016	106325	\$601.48
Q0030683	33	61	3/1/2016	106370	\$2,142.66
Q0275238	11	66	3/1/2016	106394	\$1,566.78
Q0148914	27	55	3/1/2016	106347	\$1,982.09
Q0164294	21	60	3/1/2016	106310	\$3,158.52
Q0050688	28	59	3/1/2016	106342	\$2,253.27
Averages	18.09	63.82			
			Totals	60	\$1,323.06
					\$79,383.66

DISABILITY RETIREMENTS			3/1/2016		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0188423	11	52	3/1/2016	D106702	\$762.54
Q0261371	12	61	3/1/2016	D106701	\$488.09
Q0129782	21	58	3/1/2016	D106705	\$1,688.05
Q0205239	10	59	3/1/2016	D106704	\$913.72
Q0065783	14	59	3/1/2016	D106703	\$959.85
Q0238146	16	53	3/1/2016	D106700	\$834.28
Averages	13.99	57.00			
			Totals	6	\$941.09
					\$5,646.53

TERMINATIONS

From 2/1/2016 to 2/29/2016

Termination Type	Years Of Service	Age	Death Date	Termination Date	Retirement Number	Benefit
Deceased	38	104	1/24/2016	2/1/2016	013293	\$1,678.69
Deceased	25	102	1/20/2016	2/1/2016	014173	\$1,006.78
Deceased	19	96	1/13/2016	2/1/2016	018503	\$781.02
Deceased	31	99	1/15/2016	2/1/2016	018788	\$1,495.25
Deceased	38	98	1/5/2016	2/1/2016	019057	\$1,829.85
Deceased	16	98	1/25/2016	2/1/2016	019212	\$465.05
Deceased	10	95	1/10/2016	2/1/2016	019321	\$327.35
Deceased	20	94	1/18/2016	2/1/2016	019410	\$603.37
Deceased	41	97	1/5/2016	2/1/2016	019602	\$1,997.37
Deceased	30	100	1/29/2016	2/1/2016	019737	\$1,460.20
Deceased	23	97	1/26/2016	2/1/2016	020200	\$1,090.32
Deceased	15	93	1/12/2016	2/1/2016	020483	\$510.78
Deceased	37	83	1/24/2016	2/1/2016	020565	\$750.58
Deceased	40	98	1/8/2016	2/1/2016	021493	\$1,940.97
Deceased	20	95	1/3/2016	2/1/2016	021625	\$398.09
Deceased	27	93	1/6/2016	2/1/2016	021657	\$833.34
Deceased	11	98	1/9/2016	2/1/2016	022040	\$259.83
Deceased	25	95	1/6/2016	2/1/2016	022151	\$1,324.63
Deceased	22	95	1/13/2016	2/1/2016	022157	\$1,169.56
Deceased	27	94	1/21/2016	2/1/2016	022321	\$1,254.13
Deceased	21	97	1/8/2016	2/1/2016	022941	\$662.69
Deceased	40	93	1/9/2016	2/1/2016	024265	\$2,481.97
Deceased	18	92	1/4/2016	2/1/2016	025017	\$725.67
Deceased	39	92	1/16/2016	2/1/2016	025314	\$1,885.85
Deceased	32	87	1/11/2016	2/1/2016	025531	\$1,997.52
Deceased	25	93	1/1/2016	2/1/2016	025723	\$1,355.03
Deceased	28	87	1/23/2016	2/1/2016	025850	\$1,472.21
Deceased	20	91	1/29/2016	2/1/2016	025907	\$638.31
Deceased	17	92	1/3/2016	2/1/2016	026250	\$864.79
Deceased	43	82	1/25/2016	2/1/2016	026378	\$1,212.47
Deceased	41	83	1/23/2016	2/1/2016	026383	\$2,092.30
Deceased	27	90	1/21/2016	2/1/2016	026956	\$1,014.74
Deceased	19	83	1/10/2016	2/1/2016	027089	\$397.99
Deceased	38	93	1/11/2016	2/1/2016	027238	\$2,220.97
Deceased	16	93	1/10/2016	2/1/2016	027375	\$567.26
Deceased	13	91	1/29/2016	2/1/2016	027397	\$556.37
Deceased	16	95	1/5/2016	2/1/2016	027732	\$415.33
Deceased	20	90	1/16/2016	2/1/2016	027930	\$1,069.48
Deceased	26	89	1/4/2016	2/1/2016	028061	\$1,626.17
Deceased	32	95	1/5/2016	2/1/2016	028064	\$1,090.28
Deceased	14	89	1/8/2016	2/1/2016	028154	\$160.26
Deceased	33	85	1/27/2016	2/1/2016	028273	\$2,175.70
Deceased	23	89	1/5/2016	2/1/2016	028309	\$1,177.50
Deceased	13	91	1/9/2016	2/1/2016	028454	\$315.05
Deceased	16	98	1/26/2016	2/1/2016	028534	\$1,283.63
Deceased	40	95	1/10/2016	2/1/2016	028590	\$3,210.15
Deceased	28	87	1/10/2016	2/1/2016	028688	\$1,864.61
Deceased	35	84	1/26/2016	2/1/2016	028787	\$2,822.51
Deceased	24	86	1/8/2016	2/1/2016	029005	\$1,518.13
Deceased	27	87	1/24/2016	2/1/2016	029205	\$983.90

Deceased	28	82	1/5/2016	2/1/2016	029358	\$1,386.96
Deceased	14	84	1/19/2016	2/1/2016	029406	\$164.54
Deceased	30	79	1/23/2016	2/1/2016	029676	\$1,591.01
Deceased	18	84	1/19/2016	2/1/2016	029705	\$573.81
Deceased	17	82	1/13/2016	2/1/2016	030341	\$578.88
Deceased	23	84	1/9/2016	2/1/2016	030823	\$1,115.59
Deceased	18	89	1/25/2016	2/1/2016	031175	\$887.20
Deceased	45	90	1/11/2016	2/1/2016	031387	\$3,537.95
Deceased	20	88	1/14/2016	2/1/2016	031562	\$1,008.92
Deceased	33	88	1/21/2016	2/1/2016	032020	\$2,131.17
Deceased	34	82	1/24/2016	2/1/2016	032749	\$1,798.35
Deceased	29	82	1/3/2016	2/1/2016	033294	\$1,515.01
Deceased	20	91	1/14/2016	2/1/2016	033371	\$445.00
Deceased	26	86	1/16/2016	2/1/2016	034873	\$730.91
Deceased	30	77	1/24/2016	2/1/2016	034957	\$2,129.89
Deceased	21	89	1/7/2016	2/1/2016	035303	\$360.04
Deceased	26	91	1/31/2016	2/1/2016	035452	\$1,214.44
Deceased	11	91	2/1/2016	2/1/2016	035604	\$592.01
Deceased	26	87	1/5/2016	2/1/2016	035918	\$1,722.44
Deceased	24	79	1/10/2016	2/1/2016	036444	\$1,236.43
Deceased	20	87	1/11/2016	2/1/2016	036553	\$1,195.20
Deceased	42	86	1/26/2016	2/1/2016	037609	\$2,791.96
Deceased	22	80	1/12/2016	2/1/2016	037889	\$1,230.80
Deceased	22	80	1/2/2016	2/1/2016	037932	\$1,385.47
Deceased	19	83	1/3/2016	2/1/2016	038098	\$1,240.12
Deceased	33	84	1/24/2016	2/1/2016	038194	\$2,079.64
Deceased	23	87	1/14/2016	2/1/2016	038220	\$1,769.99
Deceased	23	87	1/9/2016	2/1/2016	039086	\$1,744.97
Deceased	38	80	1/2/2016	2/1/2016	039316	\$2,503.07
Deceased	25	81	1/24/2016	2/1/2016	039619	\$962.27
Deceased	25	83	1/15/2016	2/1/2016	039740	\$1,130.00
Deceased	10	90	1/7/2016	2/1/2016	040070	\$261.11
Deceased	22	79	1/3/2016	2/1/2016	040198	\$1,415.70
Deceased	35	83	1/8/2016	2/1/2016	040384	\$2,726.10
Deceased	13	78	1/10/2016	2/1/2016	041595	\$437.36
Deceased	14	77	1/14/2016	2/1/2016	041984	\$324.19
Deceased	31	80	1/15/2016	2/1/2016	042195	\$2,066.10
Deceased	36	80	1/30/2016	2/1/2016	042889	\$2,800.63
Deceased	30	72	1/27/2016	2/1/2016	043677	\$2,220.74
Deceased	17	87	1/13/2016	2/1/2016	043999	\$981.83
Deceased	30	70	1/16/2016	2/1/2016	044387	\$2,216.67
Deceased	25	74	1/20/2016	2/1/2016	044785	\$1,935.32
Deceased	12	85	1/19/2016	2/1/2016	045182	\$685.09
Deceased	30	71	1/8/2016	2/1/2016	045770	\$2,181.09
Deceased	25	75	1/6/2016	2/1/2016	046528	\$1,467.97
Deceased	37	82	2/8/2016	2/1/2016	046626	\$1,390.85
Deceased	13	85	1/19/2016	2/1/2016	046750	\$589.02
Deceased	38	77	1/17/2016	2/1/2016	047716	\$2,919.11
Deceased	27	71	1/24/2016	2/1/2016	047719	\$1,885.71
Deceased	32	80	1/11/2016	2/1/2016	047756	\$2,153.78
Deceased	26	80	1/7/2016	2/1/2016	047801	\$1,620.28
Deceased	17	80	1/15/2016	2/1/2016	048366	\$1,209.66
Deceased	32	76	1/22/2016	2/1/2016	048415	\$2,034.62
Deceased	13	80	1/14/2016	2/1/2016	048533	\$1,024.52

Deceased	30	74	1/25/2016	2/1/2016	049060	\$2,265.13
Deceased	13	81	1/22/2016	2/1/2016	049970	\$240.34
Deceased	30	78	1/13/2016	2/1/2016	050351	\$1,915.36
Deceased	27	80	1/22/2016	2/1/2016	051284	\$1,835.94
Deceased	38	78	1/27/2016	2/1/2016	052191	\$1,484.30
Deceased	20	78	1/6/2016	2/1/2016	054337	\$1,528.04
Deceased	27	67	1/13/2016	2/1/2016	055423	\$1,941.79
Deceased	31	71	1/18/2016	2/1/2016	058192	\$1,770.97
Deceased	21	78	1/23/2016	2/1/2016	058305	\$1,464.99
Deceased	11	85	1/30/2016	2/1/2016	059116	\$317.18
Deceased	22	72	1/9/2016	2/1/2016	059828	\$809.59
Deceased	11	77	1/29/2016	2/1/2016	060401	\$582.62
Deceased	32	72	1/1/2016	2/1/2016	063957	\$2,189.31
Deceased	21	72	1/21/2016	2/1/2016	064755	\$495.98
Deceased	25	74	1/29/2016	2/1/2016	064938	\$1,660.57
Deceased	21	69	1/23/2016	2/1/2016	067731	\$1,445.85
Deceased	14	72	1/1/2016	2/1/2016	067771	\$468.90
Deceased	27	62	1/19/2016	2/1/2016	068458	\$2,325.92
Deceased	23	70	1/14/2016	2/1/2016	069072	\$824.57
Deceased	24	72	1/27/2016	2/1/2016	069325	\$758.36
Deceased	21	71	1/23/2016	2/1/2016	071967	\$1,646.63
Deceased	19	71	1/9/2016	2/1/2016	075506	\$1,026.97
Deceased	27	61	1/20/2016	2/1/2016	078416	\$1,546.48
Deceased	21	66	1/24/2016	2/1/2016	078706	\$1,463.69
Deceased	33	72	1/27/2016	2/1/2016	093894	\$1,315.12
Deceased	27	71	1/18/2016	2/1/2016	094771	\$1,711.82
Deceased	34	65	1/6/2016	2/1/2016	095154	\$2,922.13
Deceased	30	62	1/18/2016	2/1/2016	097170	\$2,202.41
Deceased	28	58	1/7/2016	2/1/2016	098325	\$2,105.85
Deceased	27	67	1/23/2016	2/1/2016	099223	\$2,288.50
Deceased	29	67	1/30/2016	2/1/2016	100049	\$2,457.55
Deceased	25	67	1/22/2016	2/1/2016	104687	\$2,331.38
Deceased	26	66	1/25/2016	2/1/2016	D02091	\$1,706.99
Deceased	15	62	1/4/2016	2/1/2016	D02526	\$889.78
Deceased	15	59	1/25/2016	2/1/2016	D096100	\$966.96
Averages	25.14	82.91				
				Totals	139	\$1,390.26
						\$193,245.46



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

HR STATUS REPORT
3/23/2016

HR STATUS REPORT

• **New Hires (February 2016):**

Employee: 324153
Title: Executive Assistant
Salary: \$47,000
Effective: 2/8/2016

• **Resignations/Terminations/Retirements (February 2016):**

n/a

• **Promotions (February 2016):**

n/a

EMPLOYEE RECOGNITION LUNCHEON

- An Employee Recognition Luncheon was held 3/9/2016.

MISCELLANEOUS PAYMENTS

• **Employee of the Quarter**

Employee: 147588
Title: Retirement Planning Consultant
Payment: \$250
Effective: 3/31/2016

• **Severance Payments:**

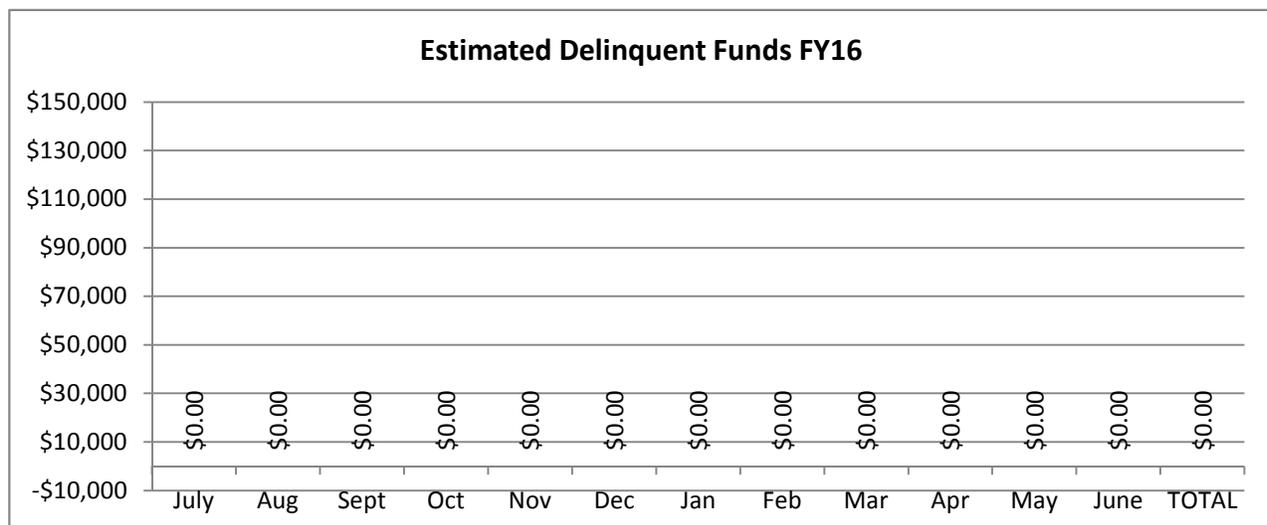
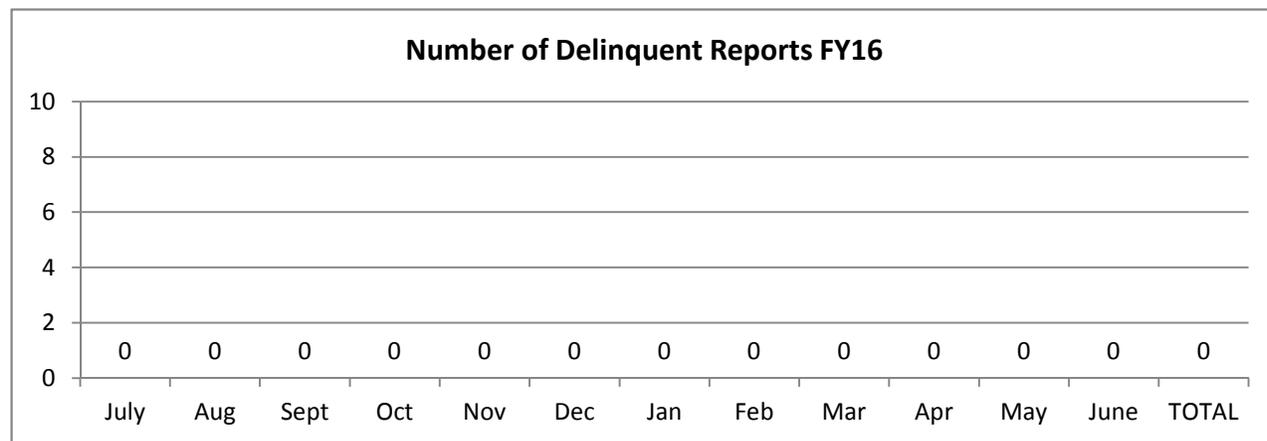
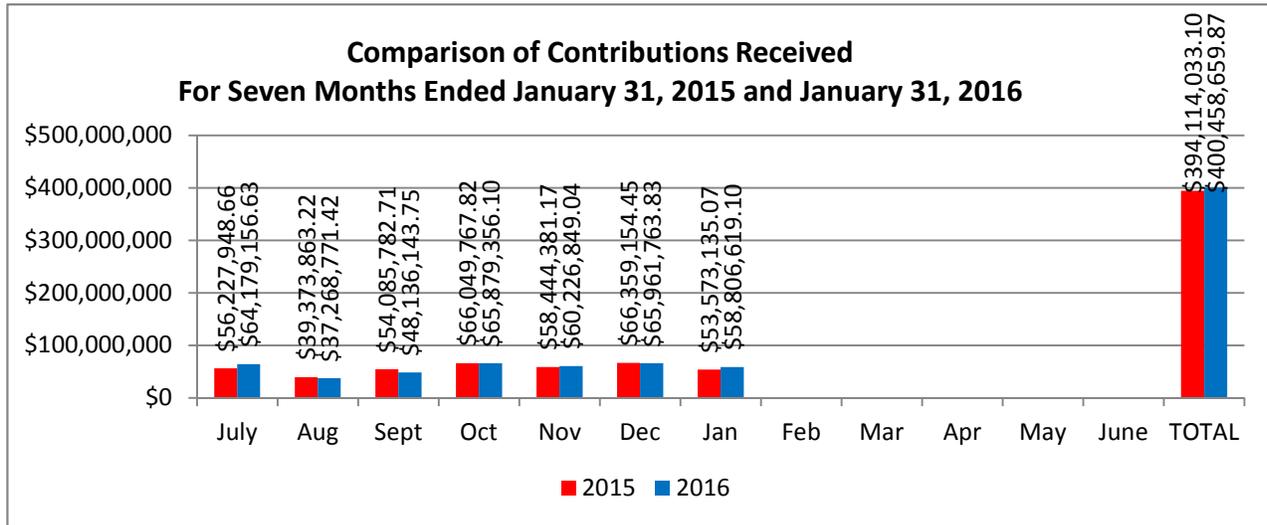
n/a

NEW HIRES, RESIGNATIONS, RETIREMENTS OR OTHER CHANGES PENDING

- Several changes are pending in Client Services as a result of one employee retiring.

Employer Reporting

Analysis of Employee and Employer Contributions Received





**BALANCE SHEET
FEBRUARY 29, 2016**

<u>CURRENT ASSETS:</u>	
Cash Not Available For Investment	\$5,222,967.38
Equities (At Market Value)	9,517,586,555.98
Fixed Income (At Market Value)	2,856,926,891.47
Short-Term Investment Account	420,217,737.76
Due From/(To) Broker	(129,717,566.92)
Accounts Receivable Installment Payments	1,271,016.06
Accrued Income	<u>51,654,994.85</u>
Total Current Assets	12,723,162,596.58
<u>CAPITAL ASSETS:</u>	
Office Furniture and Equipment	3,924,987.00
Accumulated Depreciation	(275,838.00)
TOTAL ASSETS	<u>\$12,726,811,745.58</u>
<u>CURRENT LIABILITIES:</u>	
Teachers' Savings Fund	\$4,711,232,894.46
Retirement Benefit Fund	9,338,765,560.76
Interest Fund	(1,406,009,842.32)
Expense Fund	38,232,096.56
Suspense Fund	<u>40,475,755.80</u>
Total Current Liabilities	12,722,696,465.26
TRs Capital Investment	<u>4,115,280.32</u>
TOTAL LIABILITIES AND CAPITAL INVESTMENT	<u>\$12,726,811,745.58</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE EIGHT MONTHS ENDED FEBRUARY 29

	<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	173,221,781.96	174,426,512.47	-0.69%
Employer Contributions	254,892,880.44	253,102,878.69	0.71%
State Credits	11,276,363.32	25,019,015.00	-54.93%
Reimbursed Administrative	3,073.35	14,189.05	-78.34%
Matching Funds from Schools	16,085,836.35	15,573,481.56	3.29%
Lottery Revenue	1,710,407.30	2,062,444.00	-17.07%
Cigarette Sales Tax Revenue	1,139,971.22	1,097,370.37	3.88%
Dedicated Revenue	200,459,003.85	210,962,483.73	-4.98%
Total Retirement Receipts	658,789,317.79	682,258,374.87	-3.44%
Interest Income (Fixed Income and Short-Term)	154,124,763.26	84,766,019.02	81.82%
Dividend Income	125,954,683.81	134,759,527.73	-6.53%
Net Realized Gain/(Loss)	184,854,903.94	580,108,211.50	-68.13%
Net Unrealized Gain/(Loss)	(1,875,803,573.48)	(332,191,100.85)	-464.68%
Investment Operations Income:			
Class Action Lawsuit Proceeds	0.00	108.64	-100.00%
Other Income	0.00	95,652.80	-100.00%
Securities Lending Income	4,859,380.15	7,569,813.77	-35.81%
Total Investment Income	(1,406,009,842.32)	475,108,232.61	-395.93%
TOTAL RECEIPTS	(747,220,524.53)	1,157,366,607.48	-164.56%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	809,372,245.98	775,874,789.98	4.32%
Insurance Premiums Paid for Retirees	20,441,106.00	20,303,815.00	0.68%
Death Benefits	10,679,053.77	9,821,059.30	8.74%
Withdrawals of Accounts	26,276,523.02	22,500,763.64	16.78%
Total Benefit Payments	866,768,928.77	828,500,427.92	4.62%
Administrative Expense:			
General Operations	3,510,869.18	3,380,234.38	3.86%
Investment Expense	33,764,671.14	36,364,487.71	-7.15%
Total Administrative Expenses	37,275,540.32	39,744,722.09	-6.21%
TOTAL DISBURSEMENTS	904,044,469.09	868,245,150.01	4.12%
NET INCREASE/(NET DECREASE)	(1,651,264,993.62)	289,121,457.47	-671.13%
Balance of Cash and Investments, February 29	\$12,723,162,596.58	\$14,490,791,016.90	



SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2015 and Fiscal Year 2016
8 Months Ended February 29, 2016

Object of Expenditure	FY-2015 YTD Actual Expenditures 2/28/2015	FY-2016 YTD Actual Expenditures 2/29/2016	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,183,606	1,423,993	240,387	20.3%
Taxes, Benefits, and Other Expenses	600,204	701,108	100,904	16.8%
Subtotal Personal Services	1,783,810	2,125,101	341,291	19.1%
Professional Services				
Investment Manager Expenses	22,770,525	20,669,156	(2,101,369)	-9.2%
Investment Consultant Expenses	528,000	619,500	91,500	17.3%
Investment Custodian Expenses	0	12,777	12,777	0.0%
Pension Commission Expenses	15,016	4,987	(10,029)	-66.8%
Subtotal Investment Expenses	23,313,541	21,306,420	(2,007,121)	-8.6%
Legal Services - Special Projects	23,185	20,326	(2,859)	-12.3%
Legal Services - Attorney General	743	0	(743)	0.0%
Administrative Hearings	0	0	0	0.0%
Auditing Services	201,668	145,280	(56,388)	-28.0%
Actuarial Services	65,564	105,943	40,379	61.6%
Medical Hearings	6,300	6,269	(31)	-0.5%
Reimbursement for Executive Director Services	29,444	0	(29,444)	0.0%
Contract Lobbyist	0	3,750	3,750	0.0%
Marketing/Management Consultant	0	3,550	3,550	0.0%
Miscellaneous Services	59,327	10,920	(48,407)	-81.6%
Subtotal Professional Services	386,231	296,038	(90,193)	-23.4%
Total Professional Services	23,699,772	21,602,458	(2,097,314)	-8.8%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	15,477	19,437	3,960	25.6%
Employee Training	4,773	2,455	(2,318)	-48.6%
Employee Travel Expenses	13,035	12,062	(973)	-7.5%
Subtotal Travel and Per Diem Expenses	33,285	33,954	669	2.0%
Administrative Expenses				
Postage	141,027	148,111	7,084	5.0%
Telecommunications Services	16,012	9,522	(6,490)	-40.5%
Printing and Binding Contracts	27,463	41,715	14,252	51.9%
Informational Services	29,550	12,540	(17,010)	-57.6%
Rent and Maintenance	137,347	118,498	(18,849)	-13.7%
Membership in Organizations	0	8,430	8,430	0.0%
Office Supplies	17,161	19,510	2,349	13.7%
Buildings and Other Structures Construction and Renovation	0	0	0	0.0%
Miscellaneous Administrative Expenses	21,338	13,326	(8,012)	-37.5%
Subtotal Administrative Expenses	389,898	371,652	(18,246)	-4.7%
Data Processing Expenses				
Professional Services	505,186	346,110	(159,076)	-31.5%
Rent and Maintenance	1,765	2,782	1,017	57.6%
Office Supplies	0	0	0	0.0%
Equipment -Telecommunications	2,621	10,619	7,998	305.2%
Subtotal Data Processing Expenses	509,572	359,511	(150,061)	-29.4%
Total Expenses	26,416,337	24,492,676	(1,923,661)	-7.3%
Total Investment Expenses Only	23,313,541	21,306,420	(2,007,121)	-8.6%
Total Data Processing Expenses Only	509,572	359,511	(150,061)	-29.4%
Total except Investment & Data Processing Expenses	2,593,224	2,826,746	233,522	9%



SCHEDULE II
Comparison of FY2016 Budget to Actual Expenses
8 Months ended February 29, 2016 Year to Date Comparison

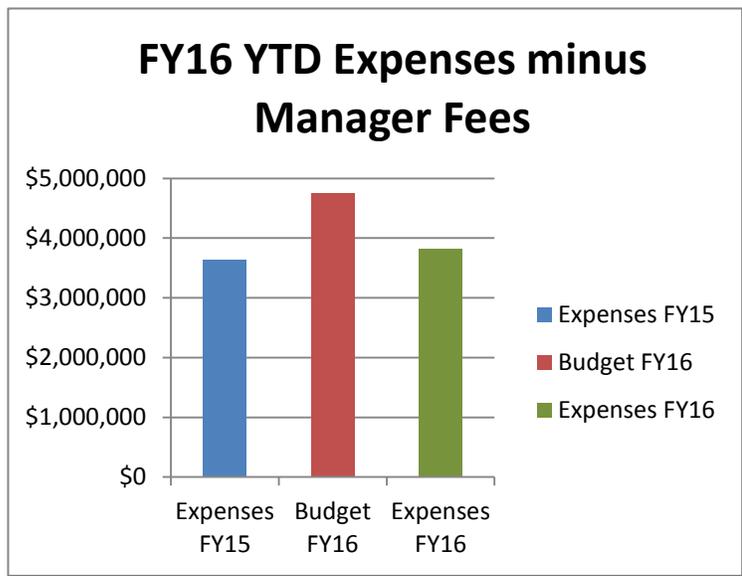
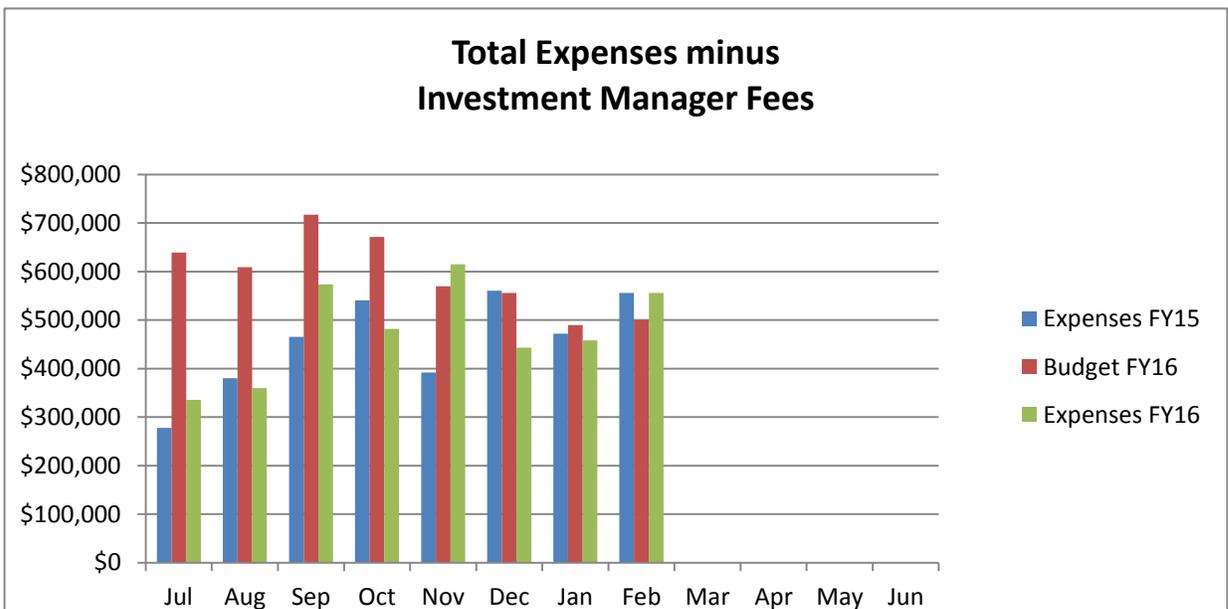
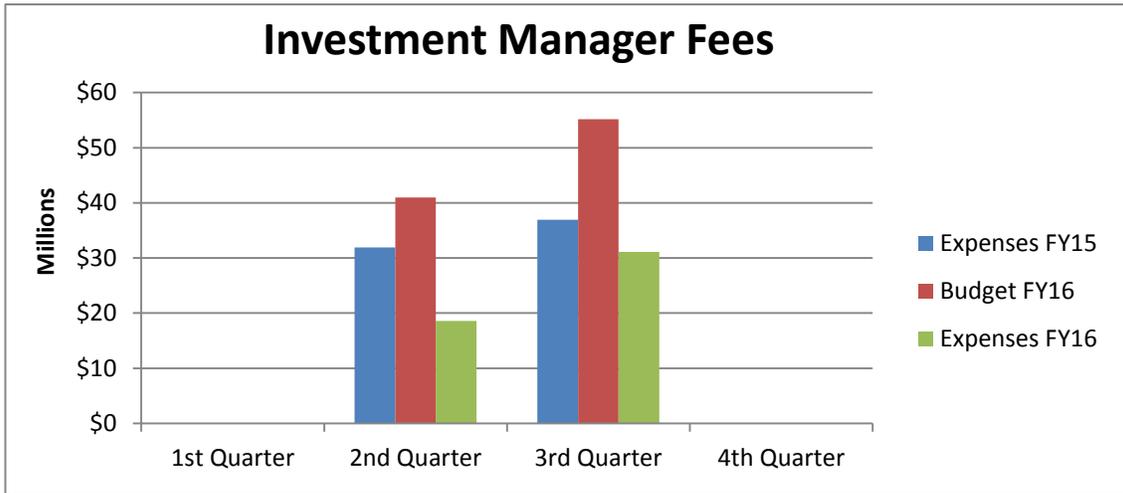
Object of Expenditure	8 Months FY-2016 YTD Budget	8 Months FY-2016 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,584,036	1,423,993	(160,043)	-10.1%
Taxes, Benefits, and Other Expenses	815,636	701,108	(114,528)	-14.0%
Subtotal Personal Services	2,399,672	2,125,101	(274,571)	-11.4%
Professional Services				
Investment Manager Expenses	27,585,984	20,669,156	(6,916,828)	-25.1%
Investment Consultant Expenses	723,000	619,500	(103,500)	-14.3%
Investment Custodian Expenses	26,250	12,777	(13,473)	-51.3%
Pension Commission Expenses	35,000	4,987	(30,013)	-85.8%
Subtotal Investment Expenses	28,370,234	21,306,420	(7,063,814)	-24.9%
Legal Services - Special Projects	16,664	20,326	3,662	22.0%
Legal Services - Attorney General	5,000	0	(5,000)	0.0%
Administrative Hearings	3,750	0	(3,750)	0.0%
Auditing Services	162,500	145,280	(17,220)	-10.6%
Actuarial Services	80,000	105,943	25,943	32.4%
Medical Hearings	10,268	6,269	(3,999)	-38.9%
CIO Executive Search	36,250	0	(36,250)	0.0%
Communications Firm	33,336	0	(33,336)	0.0%
Contract Lobbyist	25,001	3,750	(21,251)	-85.0%
Marketing/Management Consultant	0	3,550	3,550	0.0%
Miscellaneous Services	16,652	10,920	(5,732)	-34.4%
Subtotal Professional Services	389,421	296,038	(93,383)	-24.0%
Total Professional Services	28,759,655	21,602,458	(7,157,197)	-24.9%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	34,400	19,437	(14,963)	-43.5%
Employee Training	7,375	2,455	(4,920)	-66.7%
Employee Travel Expenses	61,573	12,062	(49,511)	-80.4%
Subtotal Travel and Per Diem Expenses	103,348	33,954	(69,394)	-67.1%
Administrative Expenses				
Postage	116,272	148,111	31,839	27.4%
Telecommunications Services	20,000	9,522	(10,478)	-52.4%
Printing and Binding Contracts	82,958	41,715	(41,243)	-49.7%
Informational Services	33,300	12,540	(20,760)	-62.3%
Rent and Maintenance	149,670	118,498	(31,172)	-20.8%
Membership in Organizations	8,605	8,430	(175)	-2.0%
Office Supplies	19,209	19,510	301	1.6%
Equipment	7,000	0	(7,000)	0.0%
Miscellaneous Administrative Expenses	27,785	13,326	(14,459)	-52.0%
Subtotal Administrative Expenses	464,799	371,652	(93,147)	-20.0%
Data Processing Expenses				
Professional Services	502,036	346,110	(155,926)	-31.1%
Rent and Maintenance	3,500	2,782	(718)	-20.5%
Office Supplies	4,164	0	(4,164)	0.0%
Equipment	102,500	10,619	(91,881)	-89.6%
Subtotal Data Processing Expenses	612,200	359,511	(252,689)	-41.3%
Total Expenses	32,339,674	24,492,677	(7,846,997)	-24.3%
Total Investment Expenses Only	28,370,234	21,306,420	(7,063,814)	-24.9%
Total Data Processing Expenses Only	612,200	359,511	(252,689)	-41.3%
Total except Investment and Data Processing Expenses	3,357,240	2,826,746	(530,494)	-15.8%

Miscellaneous Professional Services Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Background Checks	\$ 40.00	\$ 38.00	\$ 95.00
Executive Director Search	-	-	43,008.65
Document Destruction	2,400.00	1,260.00	1,351.00
Other Professional, Science & Technology Svc. (Communications)	2,300.00	2,184.20	2,300.02
Security	6,000.00	-	4,258.79
Business Service Center	3,200.00	7,437.76	8,079.02
Administrative Management - General Management Consulting	2,550.00	-	-
Flexible Benefits Administration	162.00	-	-
Legal Subscription Service	-	-	235.00
	<u>\$16,652.00</u>	<u>\$10,919.96</u>	<u>\$59,327.48</u>

Miscellaneous Administrative Expenses

	Budget 2016	Expenses 2016	Expenses 2015
Advertising and Promotional Expenses	\$ 3,000.00	\$ 889.93	\$ 813.52
Informational Services	400.00	2,716.74	-
Bank Service Charges	7,500.00	4,529.95	4,483.89
ERP Systems - PeopleSoft	2,120.00	1,858.50	1,593.00
Licenses, Permits, Certificates and Other Rights	2,190.00	182.50	1,928.50
Membership in Organizations	-	-	8,140.00
Exhibitions, Shows, Special Events	2,000.00	-	-
Property and Liability Insurance	3,000.00	2,898.33	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>\$27,785.00</u>	<u>\$13,325.95</u>	<u>\$21,338.20</u>



**CLAIMS FOR AUTHORIZED EXPENDITURES
FEBRUARY 29, 2016**

Expenses of Board

Trustee	Trustee Meeting - February	\$ 135.00
Trustee	Investment Committee/Trustee Meeting - January	268.72
Trustee	Investment Committee/Trustee Meeting - Jan. & Febr.	352.53
Trustee	Investment Committee/Trustee Meeting - Jan. & Febr.	<u>371.60</u>
		1,127.85

Travel of Employees

Director of Client Services	Retirement presentation - Ada, OK	<u>91.80</u>
		91.80

Communications

Ala Carte Courier	Courier services	497.20
AT&T	Wireless, OneNet charges	387.16
Cox Communications	Cable charges	43.48
JP Morgan Chase Bank, NA	Account analysis bank fees: November & December	639.11
Office of Management and Enterprise Services	Telecommunications, transaction fees: January	1,458.03
Thomson West	Legal information services	253.00
University of Oklahoma	Printing fees	<u>22,935.00</u>
		26,212.98

Contingency, Maintenance, Insurance, Rent, Etc.

Assistant Comptroller	Postage reimbursement	6.74
Business & Legal Resources	Subscription service	479.00
Department of Libraries	Records storage - December	489.90
Executive Assistant	Reimbursement - meeting supplies - February	41.81
Extreme Beans Coffee	Kitchen supplies/equipment	928.40
Financial Accountant	Reimbursement - office supplies	4.32
General Counsel	Reimbursement - meeting supplies - January	18.73
Kamp's 1910 Café	February Board meeting	324.17
Office of Management and Enterprise Services	Fleet management - van rental for seminars	201.21
Office of Management and Enterprise Services	Office rent - December	13,195.27
Oklahoma Secretary of State	Apostille fee	20.00
Oklahoma State Bureau of Investigations	Background check	19.00
Precision Document Solutions	Printer maintenance	266.92
South Central Industries	Kitchen/meeting supplies	195.00
Staples	Office supplies	1,550.17
Summit Mailing Systems	Mail/data equipment maintenance	111.25
The Journal Record	Subscription service	2,699.00
The Walker Companies	Office supplies	<u>113.24</u>
		20,664.13

CLAIMS FOR AUTHORIZED EXPENDITURES

FEBRUARY 29, 2016

Investment Expenditures

Advisory Research	Investment management fees	\$ 787,132.47
AJO	Investment management fees	263,071.00
Bogdahn Consulting	January 2016 investment consultant fees	88,500.00
Chickasaw Capital Management	Investment management fees	451,389.38
Cove Street Capital	Investment management fees	182,091.00
Cushing MLP Asset Management LP	Investment management fees	303,578.27
Epoch Investment Partners, Inc.	Investment management fees	909,442.08
Frontier Capital Management	Investment management fees	1,059,555.48
Geneva Capital Management	Investment management fees	373,029.00
Hoisington Investment Management	Investment management fees	114,651.62
Hotchkis and Wiley Capital Management	Investment management fees	1,003,817.85
Loomis Sayles & Company	Investment management fees	518,424.42
Lord Abbett & Co.	Investment management fees	494,144.61
Mackay Shields	Investment management fees	601,666.17
Neumeier Poma Investment Counsel	Investment management fees	203,988.00
Shapiro Capital Management	Investment management fees	1,158,814.05
State Street Global Advisors	Index fund fees	21,197.50
Wasatch Advisors, Inc.	Investment management fees	895,598.33
Wellington Management Co.	Investment management fees	878,247.85
		10,308,339.08

Professional Services, Workers Comp Insurance

Gabriel Roeder Smith & Co.	Actuary fees: December, January & GASB 68	20,000.00
Dathan D. Jay, MD	Medical Board - February	300.00
George R. Jay, MD	Medical Board - February	300.00
ICE Miller	Legal fees - December	308.55
Majority Plus, LLC	Lobbyist service - January	3,750.00
MY Consulting Inc.	ALICE/Client server development - January	22,905.63
Office of Management and Enterprise Services	Interagency mail/postage/printing	66,904.67
Peyton Osborne, MD	Medical Board - February	300.00
RSM US LLP	Audit fees - 6/30/2015 financial statement audit	32,500.00
Stinnett & Associates LLC	Audit services - November & January	12,771.00
The Meadows	Document destruction	180.00
		160,219.85

Salaries and Fringe Benefits

Salaries	Administrative department	29,492.51
Salaries	Finance/Accounting department	33,099.33
Salaries	Client Services department	85,147.42
Salaries	Investment department	19,662.93
Longevity Payroll		3,276.00
Excess Benefit Allowance		4,543.63
FICA/MQFE	Social Security and Medicare	13,108.85
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	881.10
Oklahoma Group Insurance	Employee health, dental, and life	33,029.57
Teachers' Retirement System of Oklahoma	Employees' retirement contributions	36,771.28
		259,012.62

Grand Total

\$ 10,775,668.31