



OKLAHOMA TEACHERS

RETIREMENT SYSTEM

BOARD OF TRUSTEES

REGULARLY SCHEDULED
MEETING

MARCH 26, 2014

MEETING MATERIALS

Table of Contents

Agenda.....	1-2
February 26, 2014 Regular Board Meeting Minutes	3-7
March 7, 2014 Regular Board Meeting Minutes	8-9
Investment Consultant Monthly Report	10-44
Manager Status Report	45
Employer Report	46
Human Resources Report	47
Finance Report	48-57
Client Services Report.....	58-63
General Counsel Report.....	64-65
Grant Matching Funds 2015.....	66

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, March 26, 2014 – 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 FOR:**
 - a. Regular Board Meeting Minutes from February 26, 2014
 - b. Special Board Meeting Minutes from March 7, 2014
- 3. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 4. PRESENTATION BY INVESTMENT MANAGERS**
 - a. Loomis, Sayles & Company
 - b. Lord Abbett & Co., LLC
- 5. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT** - *The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting*
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT COMMITTEE REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON COMMITTEE REPORTS:**
 - a. Governance Committee
 - b. Audit Committee
 - c. Executive Director Search Committee
- 8. DISCUSSION AND POSSIBLE ACTION ON AGENCY REPORTS:**
 - a. Investments and Employer Reporting
 - b. Human Resources
 - c. Finance
 - d. Client Services
 - i. Retirements and Disability Retirements
 - e. General Counsel
 - i. General Counsel Job Description
- 9. DISCUSSION AND POSSIBLE ACTION ON CONTRIBUTION RATE FOR GRANT MATCHING FUNDS FOR FY-2015**
- 10. DISCUSSION AND POSSIBLE ACTION ON CANCELLATION OF CONTRACT FOR LEGAL SERVICES WITH THE OFFICE OF THE ATTORNEY GENERAL DATED JULY 1, 2013**
- 11. DISCUSSION AND POSSIBLE ACTION TO RESOLVE INTO EXECUTIVE SESSION PURSUANT TO 25 O.S. § 307(B)(1) FOR THE PURPOSE OF CONFIDENTIAL COMMUNICATIONS BETWEEN THE TRUSTEES CONCERNING THE APPOINTMENT AND EMPLOYMENT AND OF THE INTERIM EXECUTIVE DIRECTOR**
 - a. Vote to convene into executive session
 - b. Vote to return to open session

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Regular Board Meeting
Wednesday, March 26, 2014 – 9:00 AM
TRS Administration Board Room
2500 N. Lincoln Blvd., 5th Floor, Oklahoma City, OK

AGENDA (continued)

- 12. DISCUSSION AND POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION**
- 13. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 14. NEW BUSINESS**
- 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 26, 2014
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 James Dickson, Chairman, at 9:02 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:

James Dickson, *Chair*

Bill Peacher, *Vice Chair*

Beth Kerr, *Secretary*

Vernon Florence

Roger Gaddis

Jill Geiger

Stewart Meyers, Jr.

Andrew Oster

Billie Stephenson

Gary Trennepohl*

Greg Winters*

TRUSTEES ABSENT:

Philip Lewis

TRS STAFF PRESENT:

Joe Ezzell, *Asst. Executive Director*

Dixie Moody, *Director of Client Services*

Riley Shaull, *Comptroller*

Kim Bold, *Director of Human Resources*

Debra Plog, *Manager of Employer Reporting*

Melissa Kempkes, *Business Analyst*

Susan Yingling, *Executive Assistant*

LEGAL COUNSEL PRESENT:

Julie Ezell, *Assistant Attorney General*

OTHERS PRESENT:

Norman Cooper, *OREA*

Jan Preslar, *OAG*

Edward Romero

Jonathan Romero

Gary Jones, *Oklahoma State Auditor*

Preston Doerflinger, *Trustee*

*Denotes late arrival or early departure.

ITEM 1 - ROLL CALL FOR QUORUM: Chairman Dickson called the Board meeting to order at 9:02 a.m. and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, and Chairman Dickson.

ITEM 2 – MEETING MINUTES: A motion was made by Mr. Florence with a second made by Mr. Meyers to approve the January 22, 2014 Board meeting minutes as presented. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, and Chairman Dickson.

ITEM 3 - OKLAHOMA PENSION COMMISSION REPORT: Investment Consultants to the Board, Greg Weaver and Douglas Anderson of Gregory W. Group, reviewed the report from the Oklahoma Pension Commission. Chairman Dickson reminded the Trustees that the Oklahoma Teachers Retirement System pays a fee to the Oklahoma Pension Commission, and encouraged the Trustees to familiarize themselves with the reports and the Oklahoma Pension Commission website. After lengthy discussion, no action was necessary.

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

ITEM 5 - INVESTMENT CONSULTANT QUARTERLY REPORT: Investment Consultants to the Board, Greg Weaver and Douglas Anderson of Gregory W. Group, gave their quarterly report to the Board. No action was necessary.

ITEM 6 - PRESENTATION BY INVESTMENT MANAGER(S): International Small Cap manager, Advisory Research Inc., gave their monthly report to the Board. No action was necessary.

A break was taken from 10:52 a.m. to 11:04 a.m.

International Small Cap manager, Epoch Investment Partners, gave their monthly report to the Board. No action was necessary.

Greg Winters arrived at 11:40 a.m.

ITEM 7- MANAGER STATUS SUMMARY REPORT – Investment Consultants to the Board, Greg Weaver and Douglas Anderson of Gregory W. Group, gave the Board their Manager Status Summary Report. No action was necessary.

ITEM 8 - INVESTMENT COMMITTEE REPORT: Bill Peacher, Chairman of the Investment Committee, gave the Board an overview of the February 25, 2014, Investment Committee Meeting. Mr. Peacher advised the Board that the Investment Committee had three recommendations for consideration.

A motion was made by Mr. Florence with a second made by Dr. Trennepohl to amend the language in the Investment Policy Statement to say, “Real Estate funds will invest in a manner consistent with guidelines set forth by the applicable subscription documents. In the event of a conflict between the aforementioned documents and the Investment Policy Statement, the subscription agreements, Limited Partnership Agreement and other related documents shall take precedent in the governance of the investments. Real estate investments will be categorized as Core, Value-Added or Opportunistic. The objectives of real estate investments are to: Provide diversification benefits to the overall portfolio; provide an inflation hedge; generate stable income; produce attractive risk-adjusted return; and preserve capital. Real estate exposure shall be acquired primarily through comingled fund vehicles, both open end and closed end, and, to a lesser extent, joint venture limited partnerships and separate accounts.

1. 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.
2. Core real estate funds will not concentrate greater than 15% of the total GAV of the investment fund in value-added properties.
3. Core real estate funds will not carry leverage in excess of 35% of the GAV of the investment fund. Value-Added and Opportunistic real estate funds will not carry leverage in excess of 65% of the GAV of the investment fund.”

The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A motion was made by Dr. Trennepohl with a second made by Mr. Florence to approve the Investment Policy Exception Request for Shapiro Capital Management to hold large capitalization equities up to 15% of their total portfolio for the period of 1/1/2014 – 12/31/2014. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A motion was made by Mr. Florence with a second made by Mr. Gaddis to approve the Investment Policy Exception Request for the Hoisington Investment Management Company to exempt them from the restriction of holding a maximum of 5% in cash or cash equivalents. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A break for lunch was taken from 12:05 p.m. – 12:15 p.m.

ITEM 9 - GOVERNANCE COMMITTEE REPORT: Gary Trennepohl, Chairman of the Governance Committee told the Board he had four items for their consideration. After a lengthy discussion, the following actions were taken:

A motion was made by Mr. Florence with a second made by Ms. Kerr to approve the Board Attendance Policy. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A motion was made by Mr. Florence with a second made by Ms. Kerr to approve the Oklahoma Teachers Retirement System Ethics Policy. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A motion was made by Mr. Florence with a second made by Mr. Peacher to approve the Oklahoma Teachers Retirement System Fraud Reporting Policy. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

A motion was made by Dr. Winters with a second made by Mr. Oster to approve the Oklahoma Teachers Retirement System Employee Recognition Policy. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson. Ms. Kerr was absent for the vote.

ITEM 10 - AUDIT COMMITTEE REPORT: Stewart Meyers, Chairman of the Audit Committee, told the Board there was no report from the Audit Committee. No action was necessary.

ITEM 11 - EXECUTIVE DIRECTOR SEARCH COMMITTEE REPORT: Julie Ezell, Legal Counsel to the Board, said the approval for the Request for Proposal process had been received the previous day. The approval allowed for the process to be handled in-house. Ms. Ezell advised the Board that the RFP would be posted on the OTRS website after the Board meeting and sent to the authorized vendors as required by the State. She said the RFP would be posted for thirty days.

Chairman Dickson directed the Board's attention to a letter he had received from the Oklahoma Retired Educators Association regarding the Executive Director search. He said he appreciated the letter and was crafting a response to send out on behalf of the Board regarding the progress the Executive Director Search Committee had made. After a brief discussion, no action was necessary.

ITEM 12 - INVESTMENTS & EMPLOYER REPORTING DIVISION REPORTS: Debra Plog, Manager of Employer Reporting, gave her report to the Board. After a brief discussion, no action was necessary.

Chairman Dickson asked that the Investment Division hold off on giving its report until after the Executive Session since some Board members had to leave. Secretary Preston Doerflinger arrived at 12:48 p.m. and replaced Ms. Geiger for voting purposes.

ITEM 17 -EXECUTIVE SESSION PURSUANT TO 25 O.S. § 307(B)(1) FOR THE PURPOSE OF CONFIDENTIAL COMMUNICATIONS BETWEEN THE TRUSTEES CONCERNING THE APPOINTMENT OF THE INTERIM EXECUTIVE DIRECTOR: A motion was made by Dr. Winters with a second made by Mr. Florence to resolve into Executive Session at 1:00 p.m.. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Doerflinger, Mr. Florence, Mr. Gaddis, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Trennepohl, Dr. Winters, and Chairman Dickson.

Dr. Trennepohl left at 1:56 p.m.

A motion was made by Dr. Winters with a second made by Ms. Stephenson to adjourn from Executive Session and return to Open Session at 1:58 p.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Doerflinger, Mr. Florence, Mr. Gaddis, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Winters, and Chairman Dickson.

Open Session reconvened at 1:58 p.m.

ITEM 18 – ITEMS DISCUSSED IN EXECUTIVE SESSION: A motion was made by Mr. Doerflinger with a second made by Mr. Gaddis to offer the interim position to the person discussed in Executive Session and to authorize Mr. Peacher, Mr. Meyers, and Mr. Dickson to negotiate the contract. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Doerflinger, Mr. Florence, Mr. Gaddis, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, Dr. Winters, and Chairman Dickson.

Dr. Winters and Mr. Doerflinger left at 2:00 p.m.

ITEM 12 - INVESTMENTS & EMPLOYER REPORTING DIVISION REPORTS (CONT.):

Chairman Dickson thanked Melissa Kempkes, Business Analyst for her patience and asked her to proceed with her report regarding the Investment Division. Ms. Kempkes delivered her report to the Board. No action was necessary.

ITEM 13 - CLIENT SERVICES REPORT: Dixie Moody, Director of Client Services, presented her report to the Board. After a brief discussion, a motion was made by Ms. Geiger with a second made by Mr. Oster to approve the client services report as presented. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, and Chairman Dickson.

ITEM 14 - FINANCE REPORT: Comptroller, Riley Shaull, presented the Financial Report to the Board. No action was necessary.

ITEM 15 - HUMAN RESOURCES REPORT: Kim Bold, Director of Human Resources, presented her report to the Board. After a brief discussion, no action was necessary.

ITEM 16 - ASSISTANT EXECUTIVE DIRECTOR REPORT: Assistant Executive Director, Joe Ezzell, gave his report to the Board. No action was necessary.

ITEM 19 - QUESTIONS AND COMMENTS FROM TRUSTEES: Mr. Oster said he had attended his Trustee Orientation and thanked the OTRS staff for their assistance and hard work.

ITEM 20 - NEW BUSINESS: There was no new business from the Board.

ITEM 21 – ADJOURNMENT: There being no further business, a motion was made by Mr. Florence with a second made by Ms. Geiger to adjourn the meeting. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Mr. Gaddis, Ms. Geiger, Ms. Kerr, Mr. Meyers, Mr. Oster, Mr. Peacher, Ms. Stephenson, and Chairman Dickson.

BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
James Dickson, Chairman

ATTEST:

BY: _____
Beth Kerr, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers’ Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on March 26, 2014.

BY: _____
Susan Yingling, Executive Assistant to the Executive Director

**SPECIAL MEETING MINUTES
MARCH 7, 2014
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The special meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Stewart Meyers, Chairman, at 10:00 A.M., in the Administration Board Room, 5th Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda were posted in accordance with 25 O.S. Section 311(A)(11).

TRUSTEES PRESENT:

Stewart Meyers, Jr., *Chair*
Beth Kerr, *Secretary*
Vernon Florence
Jill Geiger

Philip Lewis
Andrew Oster
Billie Stephenson
Gary Trennepohl

TRUSTEES ABSENT:

James Dickson
Roger Gaddis
Bill Peacher
Greg Winters

TRS STAFF PRESENT:

Susan Yingling, *Executive Assistant*

LEGAL COUNSEL PRESENT:

Julie Ezell, *Assistant Attorney General*

OTHERS PRESENT:

Jan Preslar, *OAG*

ITEM 1 – ROLL CALL FOR QUORUM: Chairman Meyers called the meeting to order at 10:00 a.m. and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Mr. Florence, Ms. Geiger, Ms. Kerr, Dr. Lewis, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Meyers.

ITEM 2 – EXECUTIVE SESSION CONCERNING THE APPOINTMENT, HIRING, AND EMPLOYMENT OF THE GENERAL COUNSEL: A motion was made by Dr. Trennepohl with a second made by Ms. Kerr to resolve into Executive Session at 10:02 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Ms. Geiger, Ms. Kerr, Dr. Lewis, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Meyers.

After lengthy discussion, no action was taken during Executive Session.

A motion was made by Mr. Oster with a second made by Ms. Stephenson to return to open session at 10:19 a.m. The motion carried by a unanimous voice vote. Trustees responding were as follows: Mr. Florence, Ms. Geiger, Ms. Kerr, Dr. Lewis, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Meyers.

Open session reconvened at 10:20 a.m.

ITEM 3 – ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION: A motion was made by Ms. Kerr with a second made by Ms. Stephenson to make an offer of employment for the General Counsel position to the person discussed in Executive Session at a salary of \$95,000.00. Ms. Geiger said it would be possible to extend the current contract with the Attorney General’s office instead of hiring a General Counsel. Ms. Kerr pointed out that the other retirement funds have their own General Counsels and do not have a contract with the Attorney General’s office. A roll call vote was taken. Trustees voting “aye” were as follows: Mr. Florence, Ms. Kerr, Dr. Lewis, Mr. Oster, Ms. Stephenson, Dr. Trennepohl, and Chairman Meyers. Trustees voting “no” were as follows: Ms. Geiger. The motion passed 7 – 1.

ITEM 4 – QUESTIONS AND COMMENTS FROM THE TRUSTEES: There were no questions or comments from the Trustees.

ITEM 5 –ADJOURNMENT: A motion was made by Ms. Geiger with a second made by Ms. Stephenson to adjourn the meeting. The meeting was adjourned at 10:22 a.m.

BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Stewart Meyers, Jr., Chairman

ATTEST:

BY: _____
Beth Kerr, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers’ Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on March 26, 2014.

BY: _____
Susan Yingling, Executive Assistant to the Executive Director

February 2014 - Market Performance Update

Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	4.3	19.0	13.0	21.5
NASDAQ (prc chg only)	5.0	36.3	15.7	25.6
S&P 500 cap weighted	4.6	25.4	14.4	23.0
S&P 500 equal weighted	5.4	29.2	15.4	29.0
S&P Mid Cap	4.9	26.6	14.1	27.0
S&P Small Cap	4.5	32.3	16.8	28.0
S&P REIT	5.0	6.6	9.9	29.5
Alerian MLP	-0.2	12.7	12.8	27.1
Russell 1000 Growth	5.2	29.1	15.1	24.0
Russell 1000 Value	4.3	23.4	14.1	23.2
Russell Mid Cap Growth	6.3	31.6	14.8	27.5
Russell Mid Cap Value	5.4	26.5	15.1	28.1
Russell 2000 Growth	4.8	37.1	16.0	28.1
Russell 2000 Value	4.6	26.2	12.8	25.1
Russell Top 200	4.2	25.1	14.4	22.0
Russell 1000	4.8	26.3	14.6	23.6
Russell Mid Cap	5.9	29.1	15.1	27.8
Russell 2500	5.1	30.0	14.9	27.6
Russell 2000	4.7	31.6	14.4	26.6
MSCI World Ex US	5.5	17.9	5.7	17.5
MSCI World Ex US Growth	5.4	16.1	5.7	16.8
MSCI World Ex US Value	5.5	19.7	5.7	18.2
MSCI EAFE	5.6	19.3	6.6	17.6
MSCI Emerging Markets	3.3	-6.0	-2.0	16.9

Uneasiness in the Ukraine boosted risk aversion among investors but failed to stop the S&P 500 equity index from closing at a record high. Despite February's strong showing by domestic stocks, the MSCI World outperformed the S&P 500 5.5% to 4.6%.

Domestic mid cap stocks outperformed small cap stocks and large cap stocks during the month. Year-to-date, small caps have outperformed large caps. Growth stocks outperformed value stocks during the month and for the year to date period. Developed market foreign equities extended their lead over emerging markets during the month.

30 and 10 year US Treasury yields ended February at 3.58% and 2.65% respectively. Long dated Treasuries narrowly outperformed the core market. Investor interest in long-term Treasury bonds increased as equity market volatility and international tensions grew. Short term interest rates stayed near zero as the Federal Reserve swore in a new Chairperson.

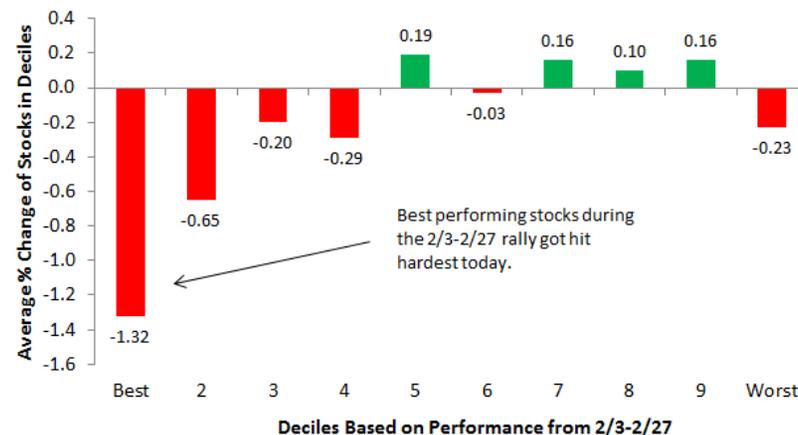
Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	0.1
BC Long Treasury	0.8	-4.9	8.1	5.7
BC US Agg	0.5	0.2	3.8	5.1

S&P 500 Trailing 12-Month P/E Ratio



Russell 3,000 Decile Performance Today Based on Performance from 2/3-2/27



Manager Profile - Loomis Sayles High Yield



Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$251,799,024
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	-\$136,828,974
Annual Management Fee:	0.50%
Location:	Boston, Massachusetts
Structure:	Wholly-owned by NATIXIS
Portfolio Management Team:	Dan Fuss Matt Eagan Elaine Stokes
Represented by:	Matthew Eagan John Cardinali

Notes:

Loomis manages their High Yield mandate with a value driven, opportunistic approach. The fund has a long term investment horizon, using allocations to out of benchmark securities in order to provide value and diversification. The fund seeks high current income plus the opportunity for capital appreciation to produce high total return.

This fund has provided strong returns since inception.

Founded:	1926
AUM:	\$199.8 billion
High Yield AUM:	\$13.5 billion

Return Profile	Since Inception	Last 5 Years		Last 3 Years		Last Year		Last Quarter		Last Month
Loomis Sayles	16.4	17.5		7.5		5.8		3.5		2.6
ML HY Master II	17.7	18.9		8.8		8.4		3.4		2.0

Risk Characteristics	Number of Issues		Credit Quality		Yield to Maturity		Modified Duration	Time to Maturity		Average Coupon
Loomis Sayles	294		BB		4.7%		4.3		7.2	5.4%
ML HY Master II	2238		B+		6.1%		-		6.6	7.4%

Manager Profile - Lord Abbett High Yield



Asset Class:	High Yield Fixed Income
Status:	In Compliance
Portfolio Size:	\$252,850,189
Inception Date:	2/1/2009
Initial Funding:	\$199,000,000
Subsequent Funding:	-\$146,093,476
Annual Management Fee:	0.38%
Location:	Jersey City, New Jersey
Structure:	Independent Firm
Portfolio Management Team:	Steven F. Rocco Christopher J. Towle
Represented by:	Steven F. Rocco Thomas J. McDonald III David A. Robbins

Notes:

Lord Abbett uses a highly disciplined investment process. The goal of this Fund is current income and long-term growth of capital through investing in higher yielding, non-investment grade corporate debt securities. This Fund aims to provide high income through the identification of favored industries and portfolio positioning based on the anticipated economic environment.

The fund has provided exceptional returns since inception.

Founded:	1929
AUM:	\$139.3 billion
High Yield AUM:	\$7.1 billion

Return Profile	Since Inception	Last 5 Years	Last 3 Years	Last Year	Last Quarter	Last Month
Lord Abbett	17.3	18.2	10.1	10.2	3.7	2.1
ML HY Master II	17.7	18.93	8.8	8.4	3.4	2.0

Risk Characteristics	Number of Issues	Credit Quality	Yield to Maturity	Modified Duration	Time to Maturity	Average Coupon
Lord Abbett	494	B+	6.4%	5.3	6.9	7.4%
ML HY Master II	2238	B+	6.1%	-	6.6	7.4%

Monthly Asset Allocation Review



Asset Class	Total Market Value	Current Percentage	New Target Percentage	Difference	Notes
All Cap/Large Cap	2,835,467,232	21.1%	17.0%	4.1%	Excess allocation bound for Private Equity and Real Estate
Mid Cap	1,953,103,401	14.6%	13.0%	1.6%	
Small Cap	1,401,345,481	10.4%	10.0%	0.4%	
Total Domestic Equity	6,189,916,114	46.1%	40.0%	6.1%	
Large Cap International Equity	1,504,760,430	11.2%	11.5%	-0.3%	
Small Cap International Equity	849,805,086	6.3%	6.0%	0.3%	
Total International Equity	2,354,565,516	17.6%	17.5%	0.1%	
Core Fixed Income	2,040,177,847	15.2%	17.5%	-2.3%	
High Yield Bonds	757,913,224	5.7%	6.0%	-0.3%	Two searches underway
MLPs	1,011,363,582	7.5%	7.0%	0.5%	
Private Equity	305,078,214	2.3%	5.0%	-2.7%	
Real Estate	562,910,457	4.2%	7.0%	-2.8%	
Opportunistic Assets	175,232,225	1.3%	0.0%	1.3%	
Total Non-Core Assets	2,812,497,702	21.0%	25.0%	-4.0%	
Cash	16,024,760	0.1%	0.0%	0.1%	
Composite	13,413,246,708	100.0%	100.0%	0.0%	

Total Fund + Class Composite Summary

As of February 28, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Total Fund (Gross of Fees)	13,413,246,708	12/1/1991	22.3	9.9	8.4	18.7	12.1	20.8	15.9	4.1	3.7
Total Fund (Net of Fees)				9.5	8.0	18.3	11.6	20.4	15.5	4.0	3.7
<i>Allocation Index</i>				9.5	7.3	18.0	10.5	16.3	13.1	3.2	3.3
<i>Actuarial Assumption</i>				8.0	8.0	8.0	8.0	8.0	6.6	1.9	0.6
Total Domestic Equity	6,189,916,114 S&P 500 46.1%	4/1/1990	23.9	11.1	8.7	25.4	15.2	31.9	21.0	4.4	5.0
				9.7	7.2	23.0	14.4	25.4	17.4	3.5	4.6
Total All Cap Equity	880,432,061 Russell 3000 6.6%	9/1/2006	7.5	7.3	-	22.7	13.3	27.0	16.4	2.6	4.8
				7.6	-	23.9	14.6	26.7	18.8	4.1	4.7
Total Large Cap Active Equity	1,053,767,208 S&P 500 7.9%	1/1/1995	19.2	10.6	7.5	23.3	17.2	31.3	19.6	4.1	4.8
				9.6	7.2	23.0	14.4	25.4	17.4	3.5	4.6
Total Mid Cap Equity	1,953,103,401 Russell Mid Cap 14.6%	11/1/1998	15.3	10.7	11.0	28.9	16.1	34.7	23.8	6.0	5.8
				10.0	10.1	27.8	15.1	29.1	21.2	6.9	5.9
Total Small Cap Equity	1,401,345,481 Russell 2000 10.4%	2/1/1998	16.1	9.8	9.2	26.8	13.2	37.2	23.2	3.8	4.2
				7.9	8.7	26.6	14.4	31.6	22.0	3.8	4.7
Total International Equity	2,354,565,516 MSCI ACWI ex-US 17.6%	2/1/1998	16.1	9.5	7.7	18.3	7.8	21.1	19.2	2.2	4.9
				-	7.6	17.8	4.5	12.7	15.8	1.2	5.1
Core Fixed Income (ex- High Yield)	2,040,177,847 Barclays Aggregate 15.2%	4/1/1990	23.9	7.3	6.3	8.5	6.8	1.4	4.2	2.8	1.2
				-	4.6	5.1	3.8	0.2	2.5	1.4	0.5
Master Limited Partnerships	1,011,363,582 Alerian MLP Index 7.5%	2/28/2011	3.0	20.6	-	-	20.4	27.5	15.6	9.2	3.6
				13.6	-	-	12.8	12.7	4.9	2.1	-0.2
High Yield Bonds	757,913,224 ML High Yield II 5.7%	2/1/2009	5.1	16.3	-	17.1	8.9	7.8	8.6	3.5	2.2
				17.8	-	18.9	8.8	8.4	8.8	3.3	2.0
Core Real Estate	562,910,457 NCREIF 4.2%	4/1/2011	2.9	-	-	-	-	-	-	-	-
				-	-	-	-	-	-	-	-
Cash	16,024,760 91 Day T-bill 0.1%	4/1/1990	23.9	-	-	-	-	-	-	-	-
				-	1.7	0.1	0.1	0.1	0.0	0.0	0.0

Equity Portfolios Summary

As of February 28, 2014

	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month	
All Cap / Large Cap Domestic												
Hotchkis & Wiley Large Cap	548,827,887	4/1/1990	23.9	11.2	7.2	29.5	16.6	34.1	19.1	4.3	5.8	
Russell 1000 Value	4.1%			10.2	7.2	23.2	14.1	23.4	15.1	3.2	4.3	
Sawgrass	504,939,321	7/1/2006	7.7	8.8	-	22.1	17.4	28.4	20.3	3.9	3.7	
Russell 1000 Growth	3.8%			9.2	-	24.0	15.1	29.1	22.0	5.1	5.2	
ARI All Cap	436,853,050	9/1/2006	7.5	6.4	-	22.8	13.2	24.4	14.5	2.0	4.4	
Russell 3000 Value	3.3%			7.6	-	23.9	14.6	26.7	18.8	4.1	4.7	
EPOCH All Cap	443,579,010	9/1/2006	7.5	8.2	-	22.7	13.3	29.6	18.3	3.2	5.1	
Russell 3000 Value	3.3%			7.6	-	23.9	14.6	26.7	18.8	4.1	4.7	
Passive Domestic Equity												
NT Cap Weighted Passive	448,747,949	4/1/2012	1.9	18.6	-	-	-	25.0	17.1	3.3	4.6	
S&P 500 Cap Weighted	3.3%			18.2	7.2	23.0	14.4	25.4	17.4	3.5	4.6	
SSGA Eq Weighted Passive	452,520,014	4/1/2012	1.9	22.4	-	-	-	28.9	19.7	5.2	5.4	
S&P 500 Equal Weighted	3.4%			-	9.6	29.0	15.4	29.2	-	5.3	5.4	
Mid Cap Domestic Equity												
Frontier Capital	510,579,434	6/1/2002	11.8	11.1	11.6	24.5	15.3	32.6	26.5	8.5	7.0	
Russell Mid Cap Growth	3.8%			9.9	9.7	27.5	14.8	31.6	23.0	7.3	6.3	
Wellington Management	455,345,264	9/1/1998	15.5	11.1	10.0	28.0	11.5	39.4	27.2	4.9	5.4	
Russell Mid Cap Growth	3.4%			9.3	9.7	27.5	14.8	31.6	23.0	7.3	6.3	
AJO Partners	499,829,931	8/1/1998	15.6	11.3	10.5	27.6	17.1	32.1	22.0	4.4	4.3	
Russell MidCap	3.7%			9.6	10.1	27.8	15.1	29.1	21.2	6.9	5.9	
Hotchkis & Wiley Mid Cap	487,348,773	8/1/2002	11.6	14.9	11.6	37.4	20.3	35.0	20.0	6.0	6.6	
Russell MidCap Value	3.6%			12.0	10.1	28.1	15.1	26.5	19.1	6.5	5.4	
Small Cap Domestic Equity												
Shapiro Capital Management	646,175,847	2/1/1998	16.1	11.1	12.6	31.8	16.6	42.6	27.0	6.7	4.6	
Russell 2000	4.8%			-	8.7	26.6	14.4	31.6	22.0	3.8	4.7	
Geneva Capital	195,312,086	6/1/2013	0.7	22.7	-	-	-	-	22.5	-0.4	0.9	
Russell 2000 Growth	1.5%			24.9	-	-	-	-	25.7	5.1	4.8	
Wasatch Advisors	182,656,849	6/1/2013	0.7	13.1	-	-	-	-	15.8	0.9	4.5	
Russell 2000 Growth	1.4%			24.9	-	-	-	-	25.7	5.1	4.8	
Cove Street Capital	107,193,717	6/1/2013	0.7	18.3	-	-	-	-	20.1	0.5	5.4	
Russell 2000 Value	0.8%			17.8	-	-	-	-	18.2	2.4	4.6	
Frontier Capital	157,638,433	6/1/2013	0.7	17.9	-	-	-	-	22.4	4.7	5.4	
Russell 2000 Value	1.2%			17.8	-	-	-	-	18.2	2.4	4.6	
Neumeier Poma	112,368,549	6/1/2013	0.7	21.6	-	-	-	-	20.8	1.8	4.6	
Russell 2000 Value	0.8%			17.8	-	-	-	-	18.2	2.4	4.6	
International Large Cap Equity												
Causeway Capital	544,162,988	5/1/2003	10.8	11.3	8.0	20.7	8.6	19.7	18.9	1.8	5.4	
MSCI ACWI Ex US	4.1%			10.3	7.2	17.3	4.0	12.3	15.6	1.1	5.0	
International Transition Account	50,774,793	-	-	-	-	-	-	-	-	-	-	
MSCI ACWI Ex US	0.4%			-	-	-	-	-	-	-	-	
Northern Trust Passive	430,438,679	9/1/2013	0.5	7.6	-	-	-	-	-	2.8	5.6	
MSCI EAFE	3.2%			15.0	6.7	17.6	6.6	19.3	1.3	2.8	5.6	
Thornburg	478,985,273	12/1/2005	8.2	7.1	-	16.5	3.7	11.0	12.0	-1.5	3.9	
MSCI ACWI Ex US	3.6%			5.4	7.2	17.3	4.0	12.3	15.6	1.1	5.0	
International Small Cap Equity												
ARI Small Cap International	211,589,366	12/1/2011	2.2	22.0	-	-	-	21.9	21.9	4.6	5.4	
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5	
Epoch Small Cap International	219,722,586	12/1/2011	2.2	23.3	-	-	-	32.0	29.8	8.0	7.6	
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5	
Wasatch Small Cap International	202,411,828	12/1/2011	2.2	27.5	-	-	-	20.9	17.3	2.1	4.3	
MSCI EAFE Small Cap	1.5%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5	
Wellington Small Cap International	216,081,306	12/1/2011	2.2	28.6	-	-	-	32.7	26.5	4.7	4.5	
MSCI EAFE Small Cap	1.6%			22.6	9.1	23.4	9.6	26.3	27.1	6.3	5.5	



Fixed Income Portfolios Summary

As of February 28, 2014

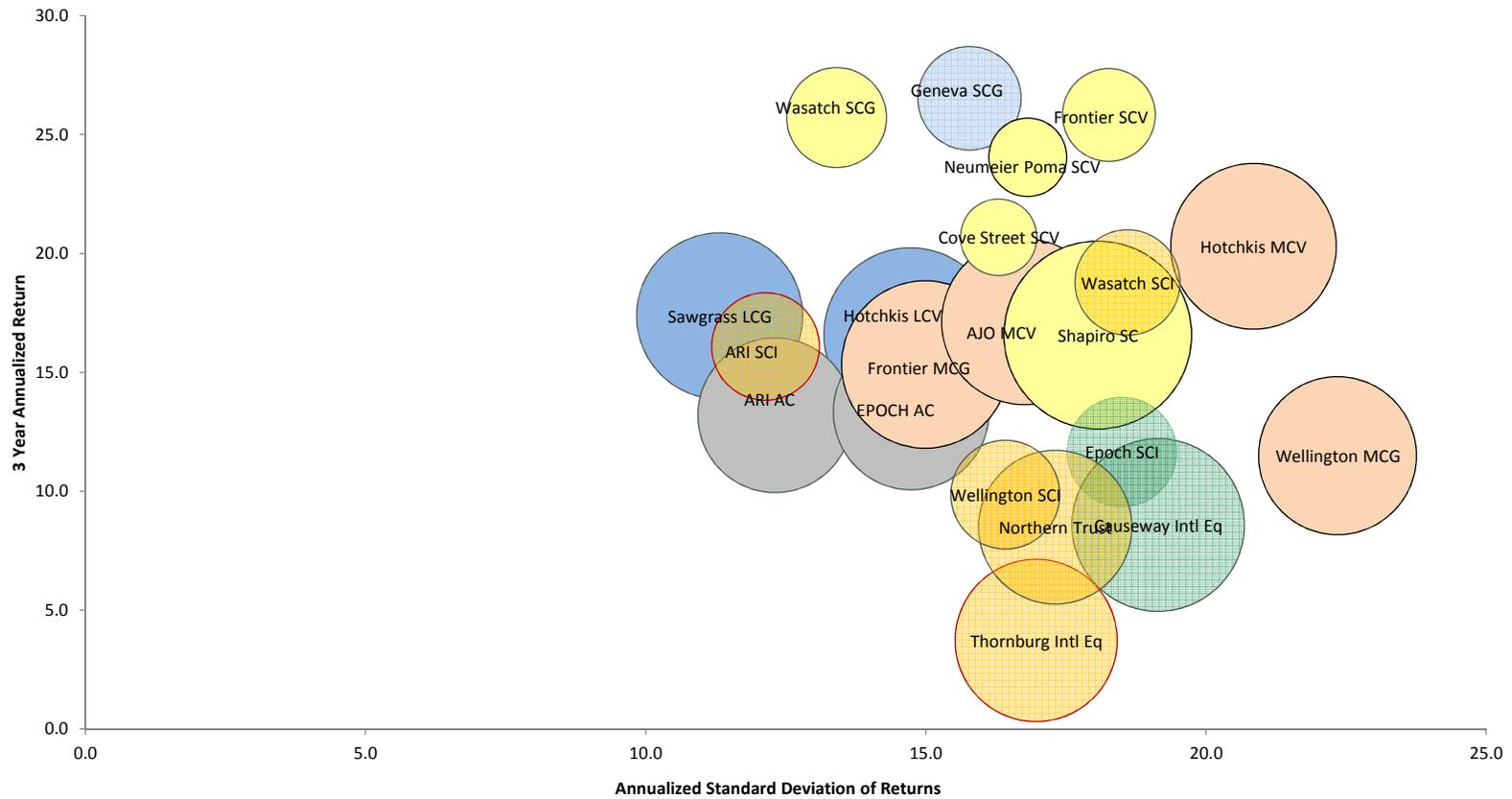
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month	
Core Fixed Income												
Loomis Sayles	593,593,301	8/1/1999	14.6	7.2	7.5	11.1	7.0	2.5	5.6	2.8	1.7	
<i>Barclays Aggregate</i>	4.4%			5.7	4.6	5.1	3.8	0.2	2.5	1.4	0.5	
Lord Abbett	587,149,372	11/1/2004	9.3	6.2	-	8.7	5.8	1.2	3.7	2.1	1.0	
<i>Barclays Aggregate</i>	4.4%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5	
Mackay Shields	594,034,069	11/1/2004	9.3	6.5	-	8.7	6.5	2.7	4.4	2.4	0.9	
<i>Barclays Aggregate</i>	4.4%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5	
Active Duration Fixed Income												
Hoisington	265,401,104	11/1/2004	9.3	7.4	-	6.0	10.5	-6.3	0.7	5.8	1.0	
<i>Barclays Aggregate</i>	2.0%			4.6	-	5.1	3.8	0.2	2.5	1.4	0.5	
High Yield Fixed Income												
Loomis Sayles High Yield	251,799,024	2/1/2009	5.1	16.4	-	17.5	7.5	5.8	8.2	3.5	2.6	
<i>Merrill Lynch High Yield II</i>	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0	
Lord Abbett High Yield	252,850,189	2/1/2009	5.1	17.3	-	18.2	10.1	10.2	9.8	3.7	2.1	
<i>Merrill Lynch High Yield II</i>	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0	
Mackay Shields High Yield	253,264,011	2/1/2009	5.1	15.2	-	15.7	9.0	7.3	7.8	3.1	1.8	
<i>Merrill Lynch High Yield II</i>	1.9%			17.7	-	18.9	8.8	8.4	8.8	3.4	2.0	

Non-Traditional Portfolios Summary

As of February 28, 2014

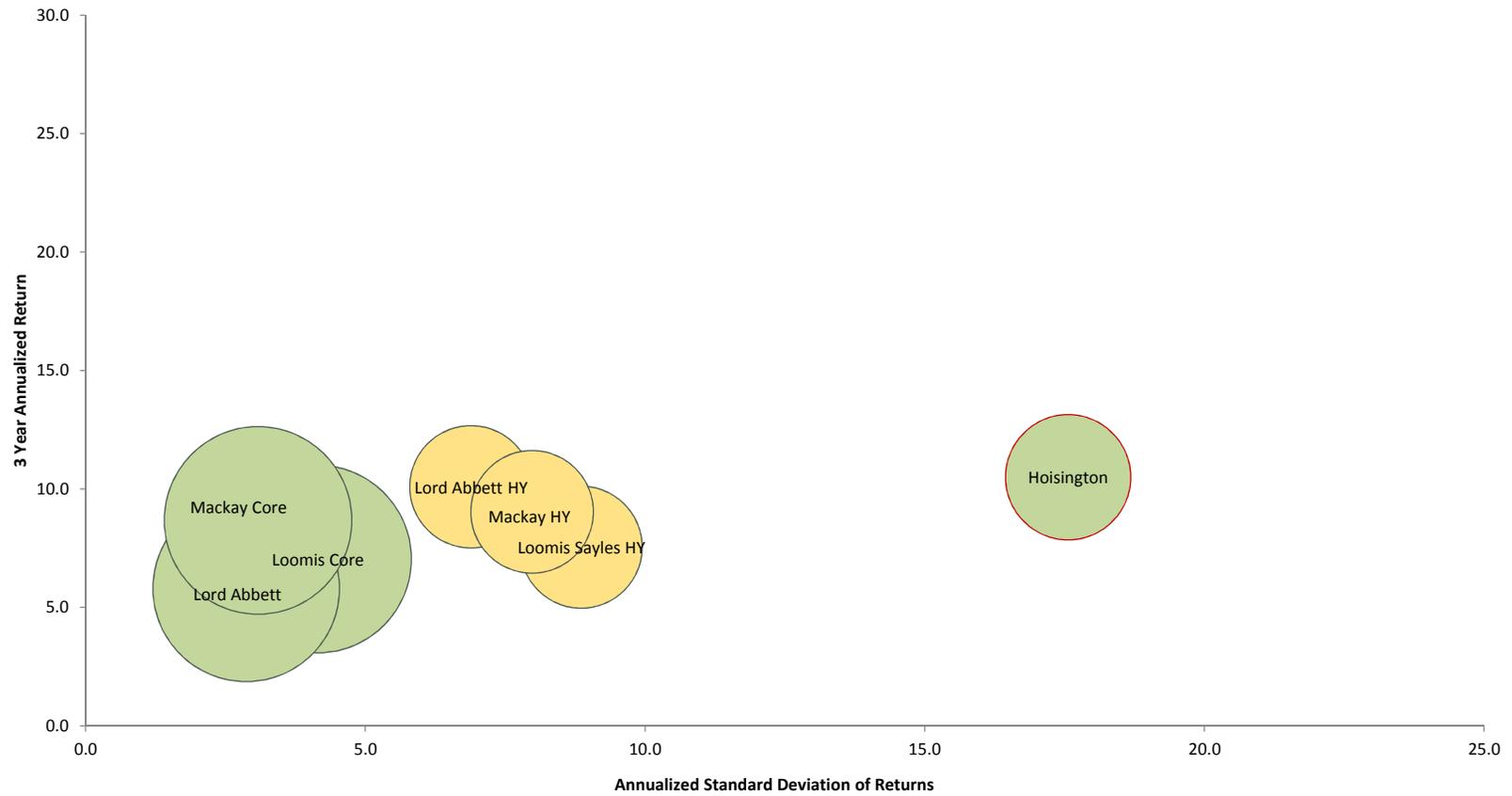
	Market Value	Inception Date	Time Since Inception (Years)	Since Inception	10 Years	5 Years	3 Years	1 Year	Fiscal YTD	Last Quarter	Last Month
Master Limited Partnerships											
Chickasaw Capital MLP	344,122,757	2/28/2011	3.0	29.0	-	-	29.0	37.5	24.0	12.3	4.8
<i>Alerian MLP Index</i>	2.6%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
Cushing MLP Management	337,393,172	2/28/2011	3.0	21.6	-	-	21.6	32.9	19.4	10.4	4.2
<i>Alerian MLP Index</i>	2.5%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
FAMCO MLP	329,847,654	2/28/2011	3.0	14.5	-	-	14.6	17.5	7.3	5.3	1.9
<i>Alerian MLP Index</i>	2.5%			13.6	-	-	12.8	12.7	4.9	2.1	-0.2
Private Equity											
Legacy Private Equity Portfolio	68,793,572	10/1/2008	5.4	-	-	-	-	-	-	-	-
Franklin Park Private Equity	236,284,642	4/1/2010	3.9	-	-	-	-	-	-	-	-
	2.3%										
Real Estate											
AEW Real Estate	187,076,961	5/1/2011	2.8	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.4%			-	-	-	-	-	-	-	-
Heitman Real Estate	198,670,499	5/1/2011	2.8	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.5%			-	-	-	-	-	-	-	-
L&B Real Estate	177,162,997	4/1/2011	2.9	-	-	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	1.3%			-	-	-	-	-	-	-	-
Opportunistic Fixed Income											
PIMCO BRAVO	158,236,314	3/31/2011	2.9	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	1.2%			-	-	-	-	-	-	-	-
PIMCO BRAVO II	16,995,911	3/31/2013	0.9	-	-	-	-	-	-	-	-
<i>Barclays Aggregate</i>	0.1%			-	-	-	-	-	-	-	-

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.



OKLAHOMA TEACHERS RETIREMENT SYSTEM

real estate portfolio
executive summary report
fourth quarter, 2013

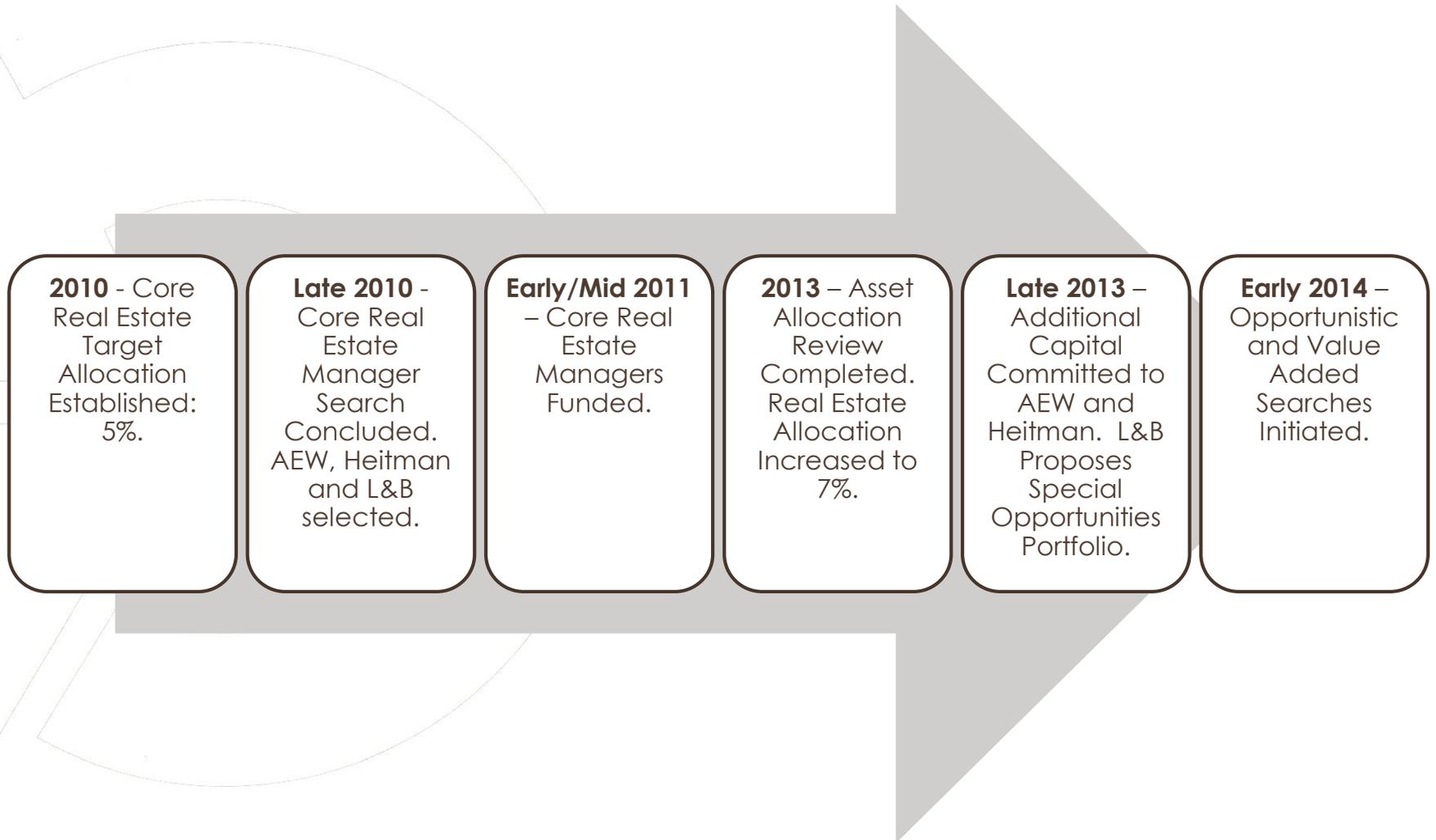


Real Estate Portfolio Overview

- ▶ The OTRS real estate portfolio was initially funded during April/May of 2011. Three managers were selected after an extensive search process. All three were 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.
- ▶ 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. The inception date of the index is the first quarter of 1978.
- ▶ AEW and Heitman were recently given additional capital commitments. The commitments are expected to be drawn beginning the second quarter of 2013.
- ▶ 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 value added and opportunistic funds. A search is underway to potentially select several funds in each category. Furthermore, a special purpose fund is being created and managed by L&B to accomplish the same goals.



Real Estate Portfolio Timeline



2010 - Core Real Estate Target Allocation Established: 5%.

Late 2010 - Core Real Estate Manager Search Concluded. AEW, Heitman and L&B selected.

Early/Mid 2011 - Core Real Estate Managers Funded.

2013 - Asset Allocation Review Completed. Real Estate Allocation Increased to 7%.

Late 2013 - Additional Capital Committed to AEW and Heitman. L&B Proposes Special Opportunities Portfolio.

Early 2014 - Opportunistic and Value Added Searches Initiated.

Allocation of Real Estate Portfolio – Net Exposure

As of December 31, 2013

Total Market Value: **\$562,737,994**
This represented **4.3%** of the total fund.

L&B
31.5%

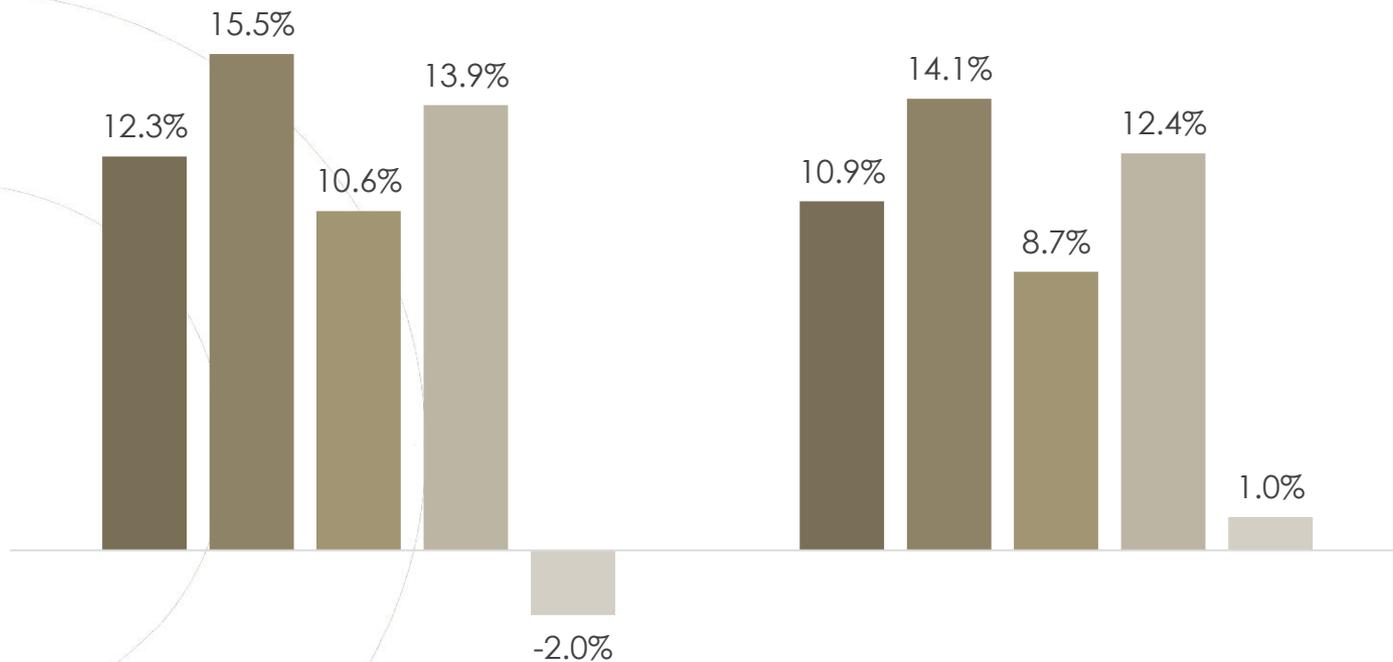
AEW
33.2%

Heitman
35.3%



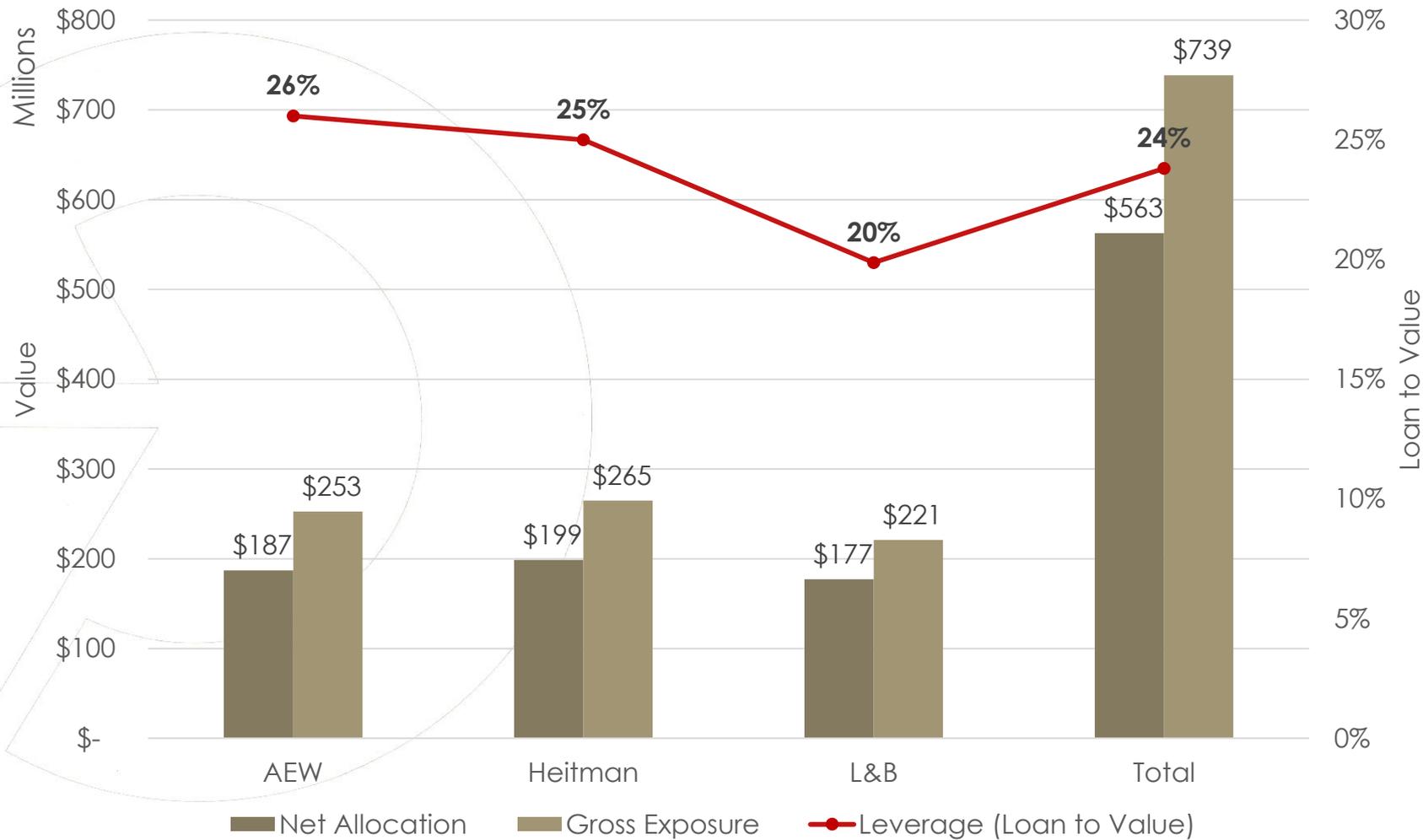
Performance Comparison

Periods Ended December 31, 2013



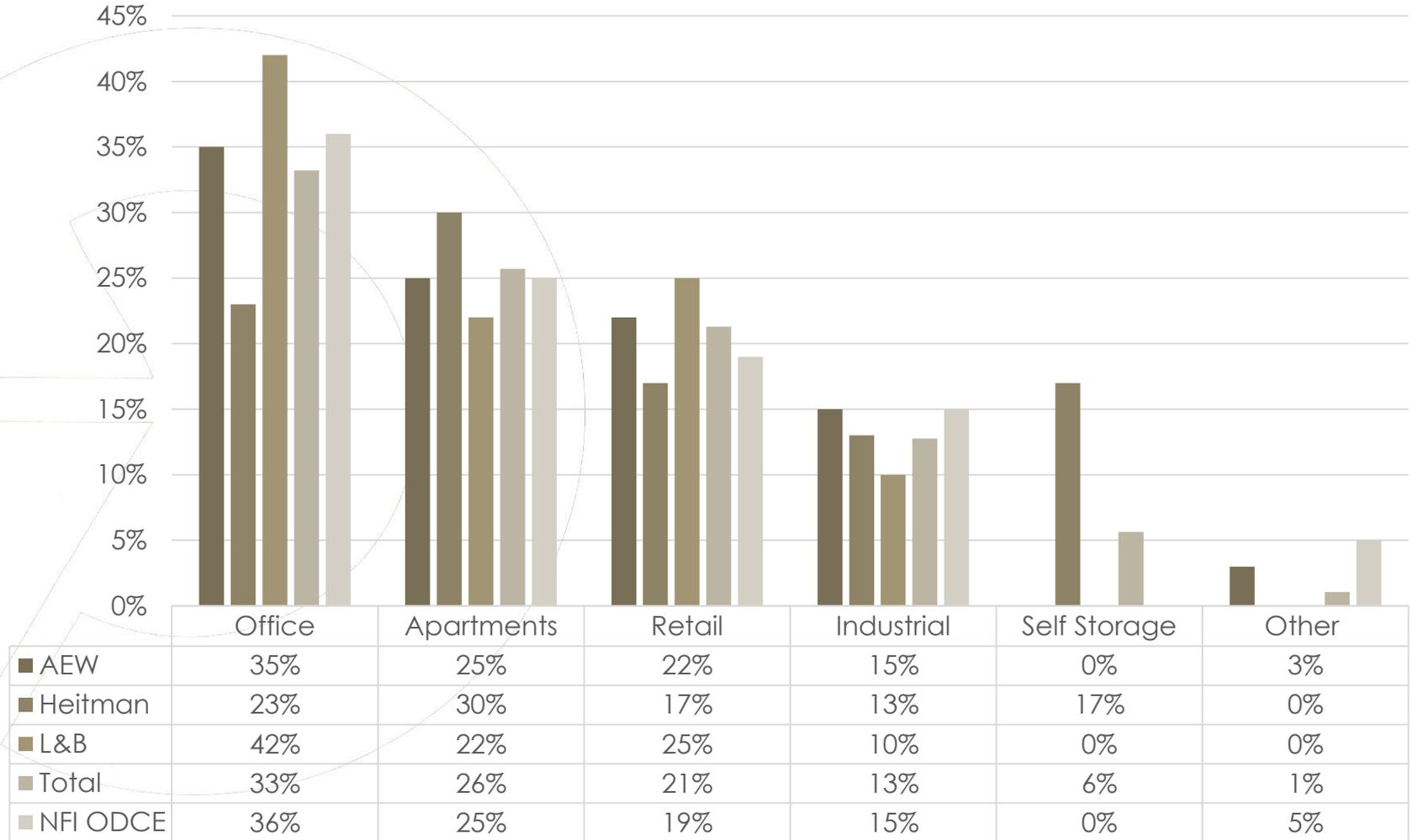
	Trailing Year	Trailing 2 Years
■ AEW	12.3%	10.9%
■ Heitman	15.5%	14.1%
■ L&B	10.6%	8.7%
■ NFI-ODCE	13.9%	12.4%
■ BC Aggregate	-2.0%	1.0%

Allocation of Real Estate Portfolio – Net vs. Gross Exposure As of December 31, 2013



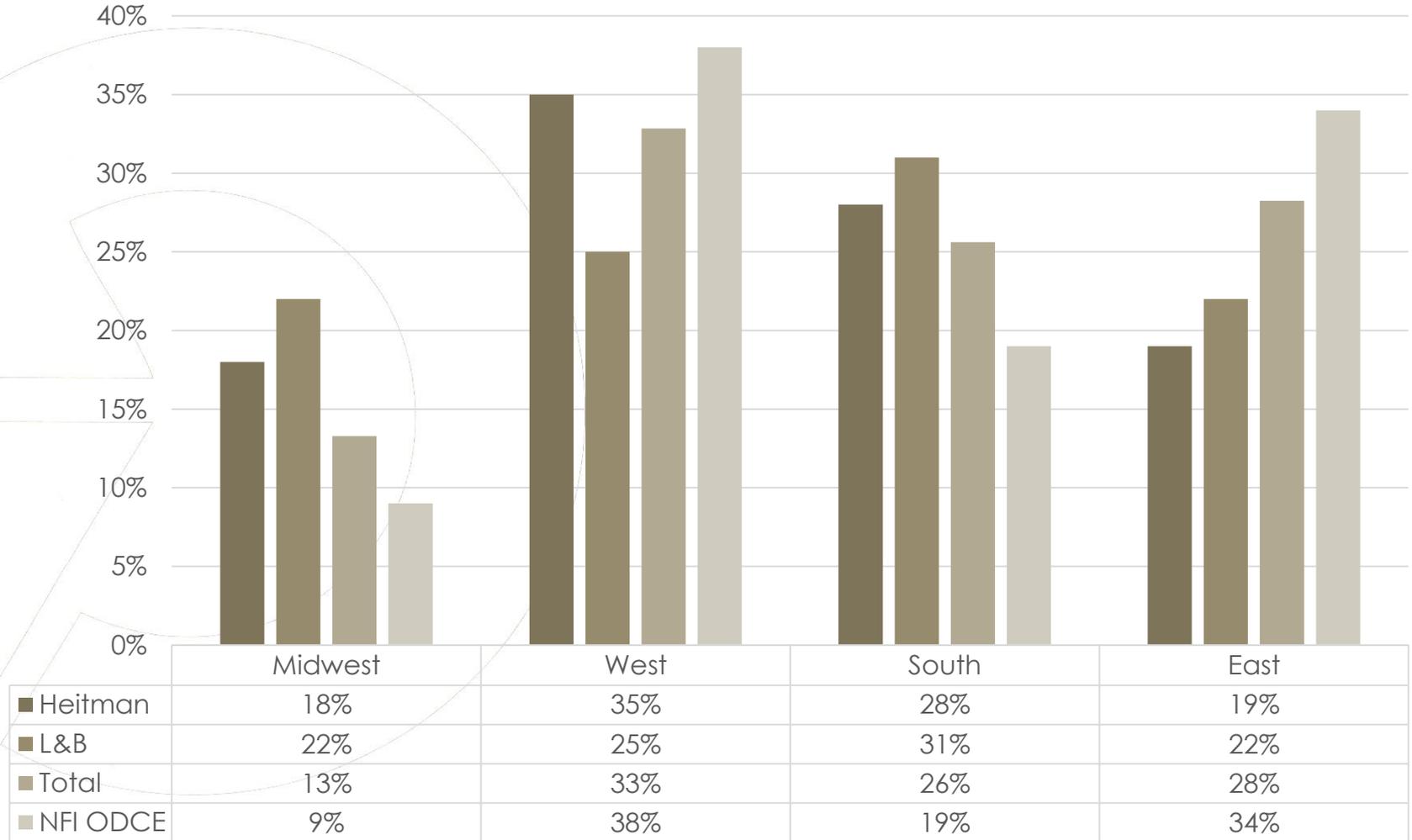
Property Type Diversification – Net Exposure

As of December 31, 2013



Geographic Diversification – Net Exposure

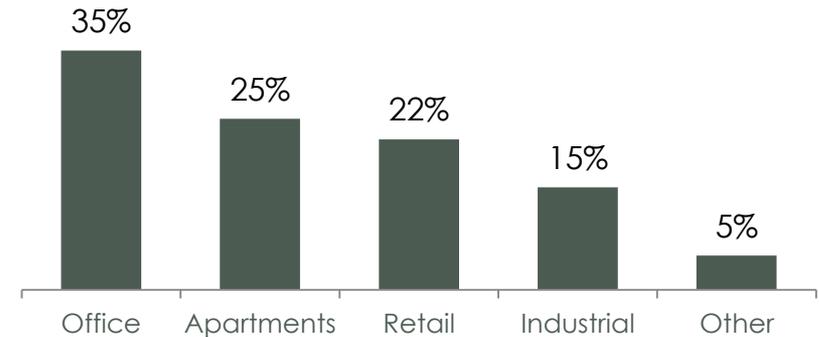
As of December 31, 2013



AEW Capital Management – Core Real Estate

Location: Boston, Massachusetts
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$165.5 million
Fund Name: AEW Core Property Trust
Fund Type: Open Ended Private REIT
Fund Size (Net): \$2.8 billion
Fund Size (Gross): \$4.5 million
Number of Investments: 41
Firm AUM: \$50 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.

Property Type Diversification



	AEW	NFI ODCE
2013 Income Return	6.16%	5.24%
2013 Appreciation Return	5.79%	8.35%
Current Occupancy	91%	%
OTRS Ownership of Fund	6.6%	-

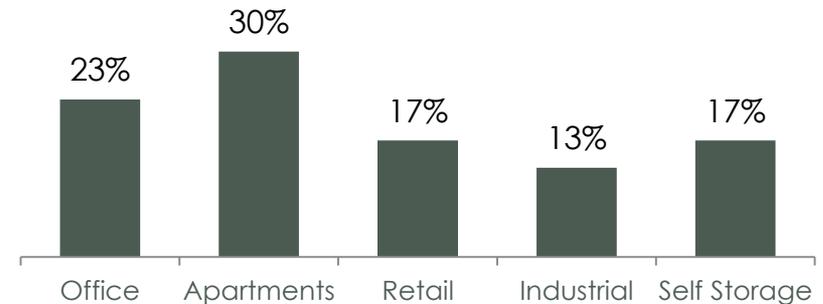


Heitman Capital Management – Core Real Estate

Location: Chicago, Illinois
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$157.4 million
Fund Name: Heitman Capital Management
Fund Type: Open Ended Partnership
Fund Size (Net): \$3.4 billion
Fund Size (Gross): \$4.5 million
Number of Investments: 74
Firm AUM: \$29 billion
Fund Inception Date: First Quarter, 2007
Fund Manager: David Perisho

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.

Property Type Diversification

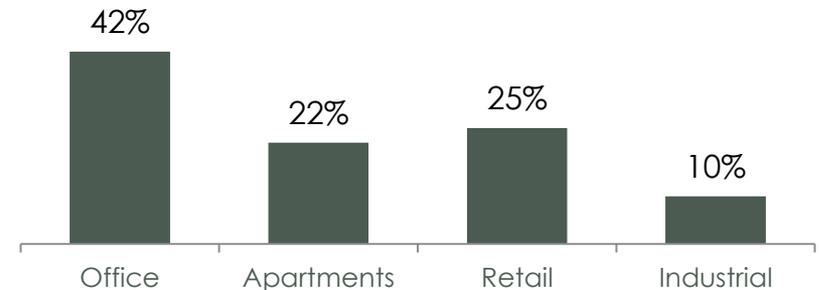


	Heitman	NFI ODCE
2013 Income Return	5.68%	5.24%
2013 Appreciation Return	9.42%	8.35%
Current Occupancy	94%	%
OTRS Ownership of Fund	5.8%	-

L&B Realty Advisers – Core Real Estate

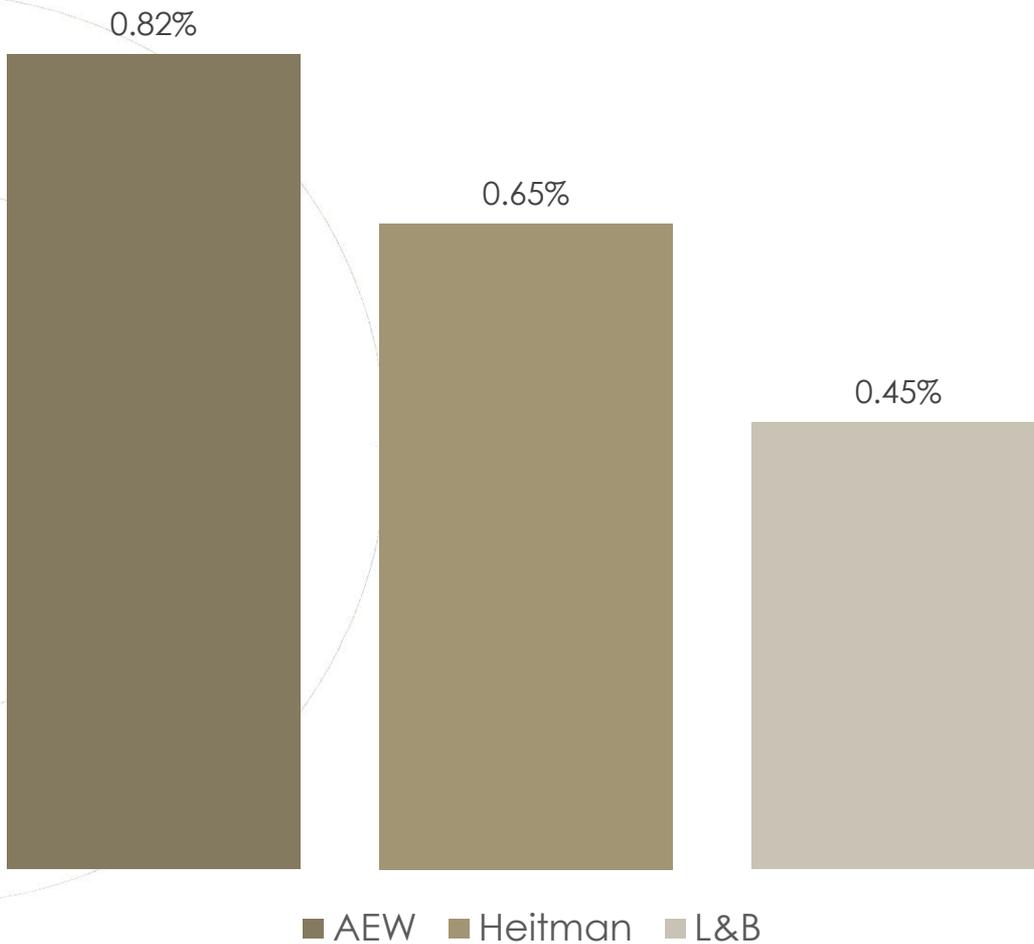
Location: Dallas, Texas
OTRS Initial Commitment: \$150 million
OTRS Total Commitment: \$150 million
Fund Name: L&B Core Income Partners, L.P.
Fund Type: Open Ended Partnership
Fund Size (Net): \$389 million
Fund Size (Gross): \$486 million
Number of Investments: 9
Firm AUM: \$6.1 billion
Inception Date: Second Quarter, 2011
Fund Manager: Mark Gerigk and Christopher 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.

Property Type Diversification



	L&B	NFI ODCE
2013 Income Return	5.26%	5.24%
2013 Appreciation Return	5.11%	8.35%
Current Occupancy	93%	%
OTRS Ownership of Fund	46%	-

Management Fee Comparison



Performance History

Core Real Estate Portfolios

	AEW	Heitman	L&B	NFI-ODCE
2q 2011	3.7%	5.4%	0.6%	4.6%
3q2011	5.1%	2.7%	1.7%	3.5%
4q2011	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%
Trailing Year	12.3%	15.5%	10.6%	13.9%
Trailing 2 Years (annualized)	10.9%	14.1%	8.7%	12.4%



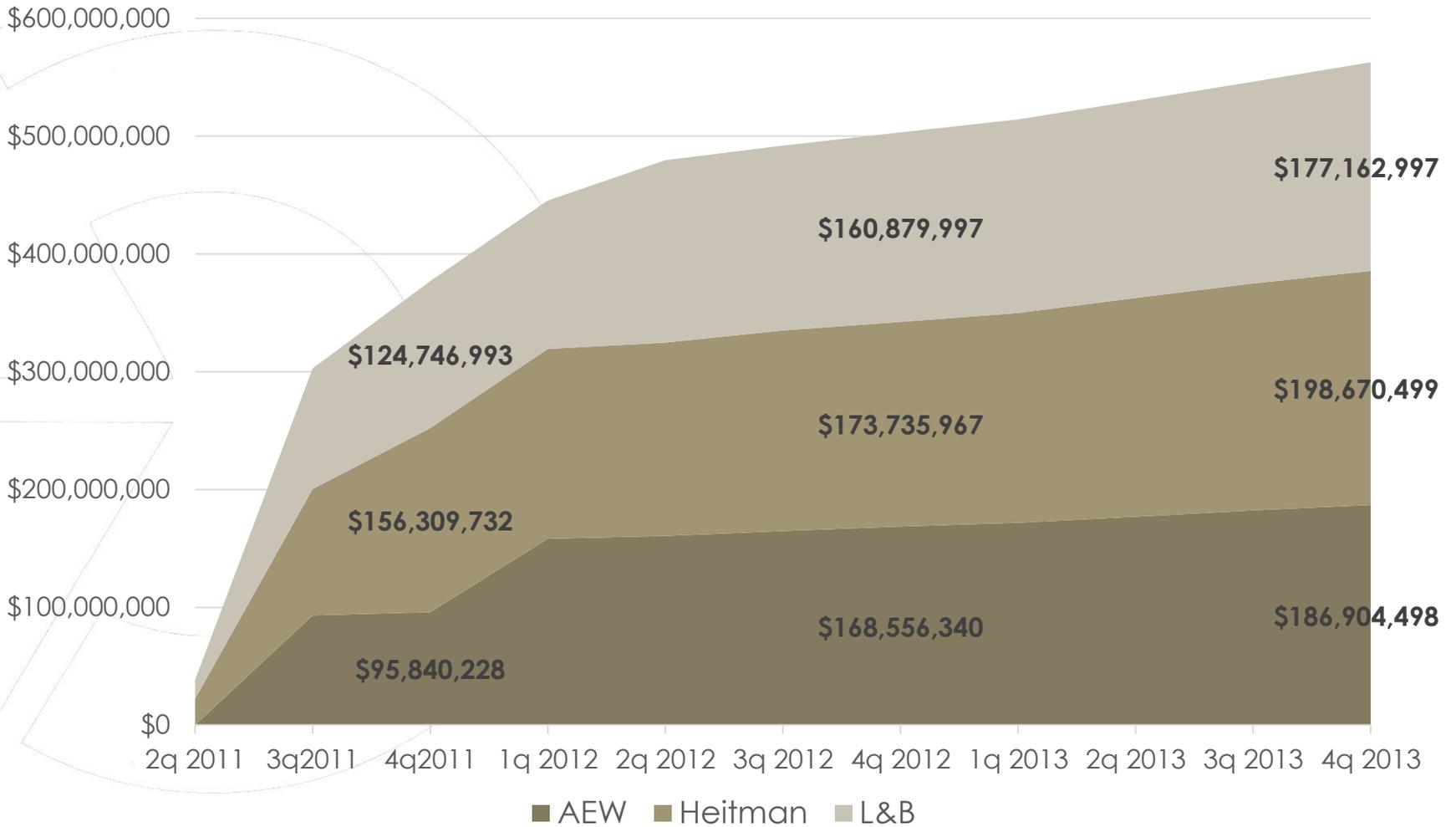
Market Value History

Core Real Estate Portfolios

	AEW	Heitman	L&B	Total
2q 2011	0	22,274,283	16,029,339	38,303,622
3q2011	93,120,247	107,274,647	102,362,456	302,757,350
4q2011	95,840,228	156,309,732	124,746,993	376,896,953
1q 2012	158,158,228	161,159,299	126,045,930	445,363,457
2q 2012	160,527,947	164,136,057	154,879,803	479,543,807
3q 2012	164,777,493	170,260,588	156,919,704	491,957,785
4q 2012	168,556,340	173,735,967	160,879,997	503,172,304
1q 2013	171,755,602	178,076,841	164,376,355	514,208,798
2q 2013	176,850,639	185,778,492	167,448,015	530,077,146
3q 2013	182,265,413	192,671,534	171,267,534	546,204,481
4q 2013	186,904,498	198,670,499	177,162,997	562,737,994



Allocation History – Quarterly Observations





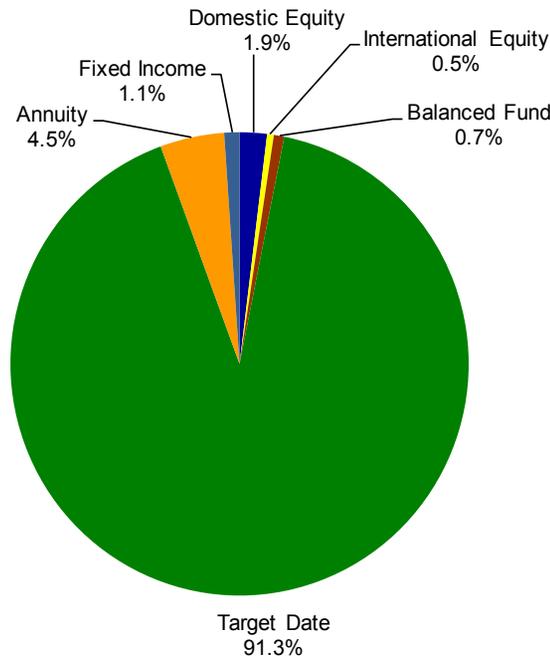
OKLAHOMA TEACHERS RETIREMENT SYSTEM

**403(b) executive summary report
fourth quarter, 2013**



403(B) PLAN
PERIODS ENDED DECEMBER 31, 2013

The Oklahoma Teachers' Retirement System 403(b) Plan ended the fourth quarter with a total market value of **\$208,037,319, up from \$207,661,914 at the beginning of the year.** The Plan was allocated¹ 91.3% to target date funds, 4.5% to an annuity fund, 1.1% to fixed income, 1.9% in domestic equity funds, 0.5% to international equity, and 0.7% to a balanced fund. The Plan's current allocation is depicted below:



Source: ING

¹Plan's allocation may not equal 100.0% due to rounding.

403(B) PLAN REVIEW

PERIODS ENDED DECEMBER 31, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Fixed Plus III	-		-		-		-		\$9,410,170 4.5%
Loomis Sayles Inv Gr Bond	1.5%	7	1.0%	6	5.8%	5	10.9%	3	\$2,229,517 1.1%
<i>Barclay's Cap Agg</i>	0.0%		-2.4%		3.3%		4.4%		
ING MFS	6.2%	31	18.7%	31	10.3%	31	11.7%	76	\$1,524,548 0.7%
<i>S&P 500/BC Agg (60/40)</i>	6.3%		18.6%		11.0%		12.5%		
ING Russell Large Cap Index	10.9%	18	31.7%	53	15.8%	30	16.5%	60	\$288,239 0.1%
<i>Russell 1000</i>	10.2%		33.1%		16.3%		18.6%		
American Funds Growth Fund	9.4%	75	33.8%	49	15.4%	42	18.3%	57	\$1,712,968 0.8%
<i>Russell 1000 Growth</i>	8.2%		43.3%		16.8%		22.6%		
ING Large Cap Value	9.3%	54	30.7%	60	15.6%	30	15.6%	59	\$254,509 0.1%
<i>Russell 1000 Value</i>	10.0%		32.5%		16.1%		16.7%		
ING Invesco Growth & Income	8.8%	68	33.9%	28	14.5%	53	15.9%	52	\$632,922 0.3%
<i>Russell 1000 Value</i>	10.0%		32.5%		16.1%		16.7%		
ING FMR Diversified	10.2%	11	36.0%	41	11.6%	85	19.9%	65	\$385,563 0.2%
<i>Russell Mid Cap Growth</i>	8.4%		34.8%		15.9%		22.4%		
ING JPMorgan Small Cap Core	9.9%	29	39.0%	34	17.6%	20	21.3%	30	\$725,064 0.3%
<i>Russell 2000</i>	8.7%		38.8%		15.7%		20.1%		
American Funds Euro Pacific	7.6%	14	20.2%	46	7.4%	40	13.5%	22	\$988,733 0.5%
<i>MSCI EAFE</i>	5.7%		22.8%		8.2%		12.4%		
ING Index Solution Funds									\$189,885,086 91.3%
Total Market Value excluding ING Index Funds									\$18,152,233
Total Market Value including ING Index Funds									\$208,037,319

All performance shown net of fees.

Sources: Morningstar, ING.

Data believed to be accurate, but cannot be guaranteed.

403(B) PLAN REVIEW
PERIODS ENDED DECEMBER 31, 2013

	Last Quarter	% Rank	Last Year	% Rank	Three Years	% Rank	Five Years	% Rank	Market Value % of Plan
ING Index Solution Income	3.1%	38	7.8%	38	6.3%	37	-	-	\$113,766,852
<i>Morningstar Lifetime Moderate 2000</i>	-1.9%		5.6%		8.5%		5.1%		59.9%
ING Index Solution 2015	3.6%	60	9.7%	60	6.8%	56	-	-	\$42,722,764
<i>Morningstar Lifetime Moderate 2015</i>	-1.4%		8.6%		10.8%		5.5%		22.5%
ING Index Solution 2025	5.6%	37	17.0%	37	9.2%	35	-	-	\$24,204,486
<i>Morningstar Lifetime Moderate 2025</i>	-0.7%		12.7%		13.0%		5.4%		12.7%
ING Index Solution 2035	6.9%	26	22.0%	37	10.8%	29	-	-	\$7,904,696
<i>Morningstar Lifetime Moderate 2035</i>	-0.1%		16.4%		14.4%		5.3%		4.2%
ING Index Solution 2045	7.6%	15	24.1%	31	11.3%	29	-	-	\$1,225,452
<i>Morningstar Lifetime Moderate 2045</i>	-0.1%		17.1%		14.4%		5.2%		0.6%
ING Index Solution 2055	7.6%	31	24.2%	39	-	-	-	-	\$60,836
<i>Morningstar Lifetime Moderate 2055</i>	-0.3%		16.9%		14.2%		5.1%		0.0%
Total Market Value									\$189,885,086

All performance shown net of fees.
Sources: Morningstar, ING.
Data believed to be accurate, but cannot be guaranteed.

Loomis Sayles Investment Grade Bond	LIGRX	Fixed Income
--	--------------	---------------------

The **Loomis Sayles Investment Grade Bond Fund** seeks high total investment return through a combination of current income and capital appreciation. The fund employs a value driven, opportunistic approach that focuses on a long term investment horizon. The fund uses out of benchmark securities to provide value and diversification. The fund will invest at least 80% of its net assets in investment-grade fixed-income securities. It may invest up to 10% of assets in below investment-grade fixed-income securities, and may invest any portion of its assets in securities of Canadian issuers, up to 20% of assets in securities of other foreign issuers, including emerging markets securities.

ING MFS Total Return	IMSRX	Balanced Fund
-----------------------------	--------------	----------------------

The **ING MFS Total Return Fund** seeks above-average income consistent with the prudent employment of capital, a secondary objective is the reasonable opportunity for growth of capital and income. The fund mainly invests in equity securities and debt instruments. It seeks to invest between 40% and 75% of assets in equity securities and at least 25% of its assets in fixed-income senior securities. The fund may invest up to 25% of assets in foreign securities, including up to 10% in emerging-market securities.

ING Russell Large Cap Index	IRLCX	Large Cap Blend
------------------------------------	--------------	------------------------

The **ING Russell Large Cap Index Fund** seeks investment results that correspond to the total return of the Russell Top 200 Index. The fund normally invests at least 80% of its net assets (plus borrowings for investment purposes) in equity securities of companies, which are at the time of purchase, included in the index; convertible securities that are convertible into stocks included in the index; other derivatives whose economic returns are, by design, closely equivalent to the returns of the index or its components; and exchange-traded funds.

American Funds Growth Fund **RGAEX** **Large Cap Growth**

The **American Funds Growth Fund** seeks capital growth. The fund's multiple manager structure allows ten portfolio managers to each manage a portion of the aggregate portfolio. The portfolio managers select stocks individually. The portfolio invests in companies that are expected to produce long-term growth, but only when they are reasonably priced. The fund may invest up to 25% of its assets in securities of issuers domiciled outside the United States.

ING Large Cap Value **IPVSX** **Large Cap Value**

The **ING Pioneer Fund** seeks capital appreciation. The fund normally invests at least 80% of total assets in equity securities of mid-size companies. It may invest up to 25% of its total assets in equity and debt securities of non-U.S. issuers. The fund may invest in other investment companies, including exchange-traded funds.

ING Invesco Growth & Income **IVGSX** **Large Cap Value**

The **ING Invesco Fund** seeks long-term growth of capital and income. The fund invests primarily in income-producing equity securities, including common stocks and convertible securities; although investments are also made in non-convertible preferred stocks and debt securities rated "investment grade". It may invest up to 25% of total assets in securities of foreign issuers. The fund may purchase and sell certain derivative instruments for various purposes.

ING FMR Diversified

IFDSX

Mid Cap Growth

The **ING FMR Diversified Fund** seeks long-term growth of capital. The fund invests up to 80% of assets in securities of companies with medium market capitalization. The sub-adviser generally defines medium market capitalization companies as those whose market capitalization is similar to the market capitalization of companies in the Russell Midcap Index or the Standard and Poor's MidCap 400 Index. The fund normally invests its assets in common stocks and may invest up to 25% of assets in securities of foreign issuers, including emerging markets securities, in addition to securities of domestic issuers.

ING JPMorgan

IJSSX

Small Cap Blend

The **ING JPMorgan Small Cap Core Equity Fund** seeks capital growth over the long term. The fund invests at least 80% of assets in equity securities of small-capitalization companies. The sub-adviser defines small-capitalization companies as companies with a market capitalization equal to those within a universe of Russell 2000 Index stocks at the time of purchase. It may also invest up to 20% of total assets in foreign securities. The fund may also invest up to 20% of total assets in convertible securities which generally pay interest or dividends and which can be converted into common or preferred stock.

American Funds EuroPacific Growth

REREX

International

The **American Funds EuroPacific Growth Fund's** investment objective is to provide long-term growth of capital. The fund invests in companies based chiefly in Europe and the Pacific Basin, ranging from small firms to large corporations. The fund invests primarily in common stocks (may also invest in preferred stocks), convertibles, American Depositary Receipts, European Depositary Receipts, bonds and cash. The holdings are primarily outside the U.S. except a nominal portion that may be held in U.S. dollars. Normally, at least 80% of assets must be invested in securities of issuers domiciled in Europe or the Pacific Basin.

ING Index Solution Income	ISKSX	Income
---------------------------	-------	--------

The **ING Solution Income Portfolio** seeks to provide a combination of total return and stability of principal consistent with an asset allocation targeted to retirement. The ING Solution Income Portfolio is designed for people who plan to begin living their retirement goals now. It is a conservative ING Solution Portfolio.

ING Index Solution 2015	ISASX	Target Date
-------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2015 Portfolio is designed for people who plan to begin living their retirement goals in the years 2011 to 2020. It is a moderately conservative ING Index Solution Portfolio.

ING Index Solution 2025	ISDSX	Target Date
-------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2025 Portfolio is designed for people who plan to begin living their retirement goals in the years 2021 to 2030. It is a moderate ING Index Solution Portfolio.

ING Index Solution 2035	ISESX	Target Date
-------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2035 Portfolio is designed for people who plan to begin living their retirement goals in the years 2031 to 2040. It is a moderately aggressive ING Index Solution Portfolio.

ING Index Solution 2045	ISJSX	Target Date
-------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2045 Portfolio is designed for people who plan to begin living their retirement goals in the years 2041 to 2050. It is an aggressive ING Index Solution Portfolio.

ING Index Solution 2055	IISSX	Target Date
-------------------------	-------	-------------

These portfolios invest in passively managed investment options that track different market indices around the world. The underlying investment portfolios are applied to each ING Index Solution Portfolio based on each target date allocation. The ING Index Solution 2055 Portfolio is designed for people who plan to begin living their retirement goals during or after the year 2051. It is the most aggressive ING Index Solution Portfolio.

401(K) AND PROFIT SHARING PLAN – MANAGER EXPENSE REVIEW

PERIOD ENDED DECEMBER 31, 2013

Manager	Mandate	Expense Ratio	Category Average
Fixed Income			
ING Fixed Plus Account III	Annuity	n/a	n/a
Loomis Sayles Investment Grade Bond	Fixed Income	0.62%	0.89%
Balanced			
ING MFS Total Return	Balanced	0.94%	1.30%
Domestic Equity			
ING Russell Large Cap Index	Large Cap Blend	0.62%	0.55%
American Fund Growth Fund	Large Cap Growth	0.85%	1.24%
ING Large Cap Value	Large Cap Value	0.96%	1.18%
ING Invesco Growth & Income	Large Cap Value	0.90%	1.18%
ING FMR Diversified Mid Cap	Mid Cap Growth	0.89%	1.35%
ING JPMorgan Small Cap Core Equity	Small Cap Blend	1.13%	1.42%
International Equity			
American Funds EuroPacific Growth	International Equity	0.68%	1.41%
Asset Allocation			
ING Index Solution Income	Asset Allocation	0.80%	-
ING Index Solution 2015	Target Date	0.80%	-
ING Index Solution 2025	Target Date	0.80%	-
ING Index Solution 2035	Target Date	0.80%	-
ING Index Solution 2045	Target Date	0.80%	-
ING Index Solution 2055	Target Date	0.80%	-

Source: Morningstar

fourth quarter, 2013

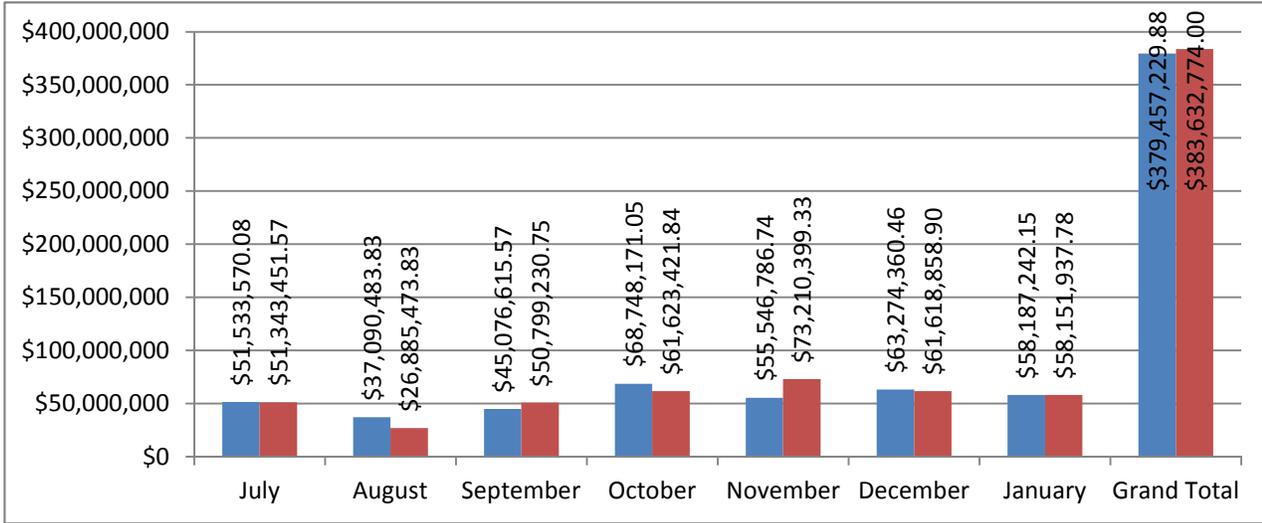
March Manager Status Report

Material Status										
Manager	Mandate	Strategy	AUM	% of Portfolio	Current Status	Reason for Status Change	Status Change Effective Date	Date of Last Review	Date of Next Review	Expectations
Thornburg Investment Management	International Equity	All Cap	478,979,543	3.57%	On Alert	Performance Issues	November 2013	November 2013	June 2014	Improvement in performance compared to peers and benchmark.

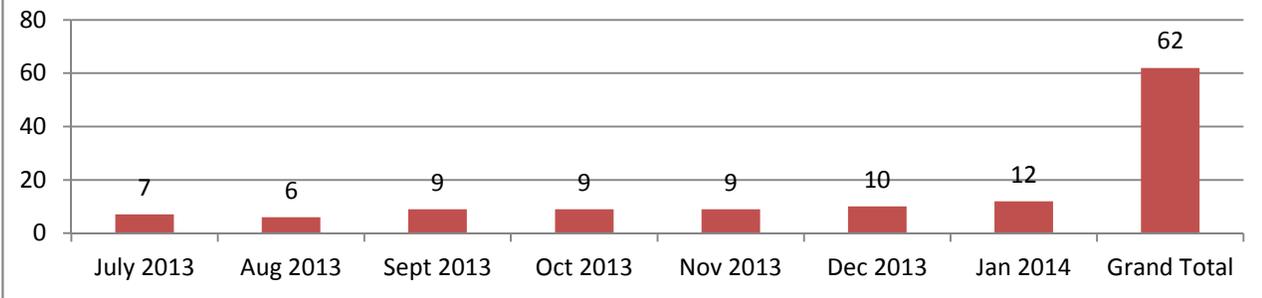
All other managers currently rated In Compliance

Employer Reporting Analysis of Employee and Employer Contributions Received

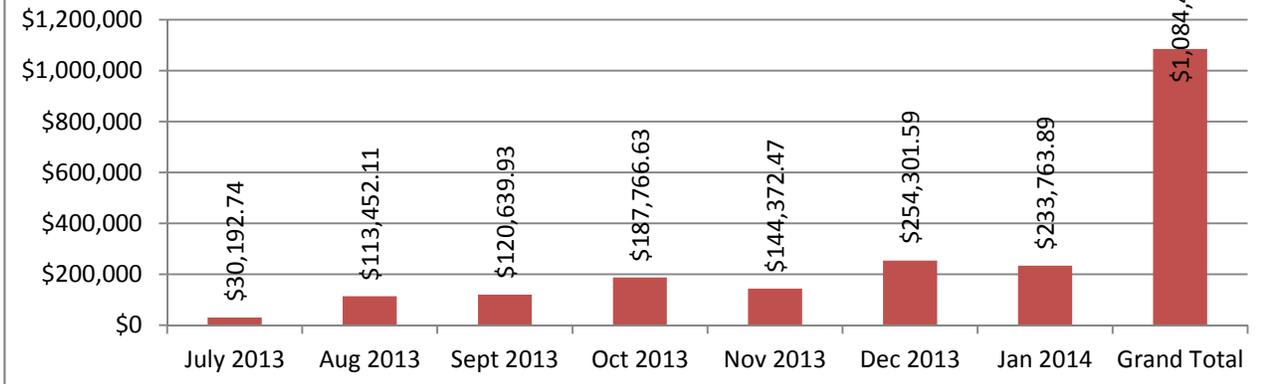
Comparison of Contributions Received for the Seven Months Ended January 31, 2013 and 2014



Estimated Number of Missing Reports FY 2014



Estimated Outstanding Funds FY 2014





**BALANCE SHEET
FEBRUARY 28, 2014**

CURRENT ASSETS:

Cash Not Available For Investment	\$6,703,992.63
Equities (At Market Value)	10,348,647,583.85
Fixed Income (At Market Value)	2,754,441,292.63
Short-Term Investment Account	382,306,177.80
Due From/(To) Broker	(118,136,391.43)
Accounts Receivable Installment Payments	1,358,144.49
Prepaid Retirement Benefits	73,145,794.14
Accrued Income	<u>45,988,045.23</u>

Total Current Assets

13,494,454,639.34

CAPITAL ASSETS:

Office Furniture and Equipment	3,286,050.30
Accumulated Depreciation	<u>(1,105,815.70)</u>

TOTAL ASSETS

\$13,496,634,873.94

CURRENT LIABILITIES:

Teachers' Savings Fund	\$4,215,864,847.69
Retirement Benefit Fund	7,356,628,914.74
Interest Fund	1,855,916,049.39
Expense Fund	31,968,927.37
Suspense Fund	<u>33,616,623.89</u>

Total Current Liabilities

13,493,995,363.08

TRS Capital Investment

2,639,510.86

TOTAL LIABILITIES AND CAPITAL INVESTMENT

\$13,496,634,873.94

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FOR THE EIGHT MONTHS ENDED FEBRUARY 28

	<u>Year to Date</u> (FY 2014)	<u>Year to Date</u> (FY 2013)	<u>% Change</u>
Balance of Cash and Investments Net Position, Beginning of Year	\$11,817,761,245.40	\$10,120,620,220.15	
<u>RECEIPTS:</u>			
Members' Deposits	170,259,586.38	165,970,537.16	2.58%
Employer Contributions	247,458,113.47	243,200,471.39	1.75%
State Credits	24,992,473.00	28,066,037.50	-10.95%
Reimbursed Administrative	0.00	333,246.05	-100.00%
Matching Funds from Schools	16,185,147.42	16,227,996.31	-0.26%
Lottery Revenue	2,116,350.00	2,156,877.75	-1.88%
Cigarette Sales Tax Revenue	1,085,080.90	1,153,940.68	-5.97%
Dedicated Revenue	198,866,320.95	202,938,653.94	-2.01%
Total Retirement Receipts	660,963,072.12	660,047,760.78	0.14%
Interest Income (Fixed Income and Short-Term)	84,080,969.28	89,839,910.04	-6.41%
Dividend Income	146,292,864.65	125,847,704.37	16.25%
Net Realized Gain/(Loss)	648,621,970.78	281,531,905.13	130.39%
Net Unrealized Gain/(Loss)	971,403,912.77	804,198,378.17	20.79%
Investment Operations Income:			
Class Action Lawsuit Proceeds	315,948.40	16,919.72	1767.34%
Other Income	(729.63)	8,929.13	-108.17%
Securities Lending Income	5,201,113.14	6,391,115.74	-18.62%
Total Investment Income	1,855,916,049.39	1,307,834,862.30	41.91%
TOTAL RECEIPTS	2,516,879,121.51	1,967,882,623.08	27.90%
<u>DISBURSEMENTS:</u>			
Retirement Benefits	741,766,100.85	706,604,828.36	4.98%
Insurance Premiums Paid for Retirees	20,158,706.00	19,902,268.00	1.29%
Death Benefits	10,488,247.59	10,470,135.03	0.17%
Withdrawals of Accounts	20,433,151.31	21,265,272.00	-3.91%
Total Benefit Payments	792,846,205.75	758,242,503.39	4.56%
Administrative Expense:			
General Operations	3,413,980.05	3,429,409.70	-0.45%
Investment Expense	32,306,975.29	26,457,086.17	22.11%
Total Administrative Expenses	35,720,955.34	29,886,495.87	19.52%
TOTAL DISBURSEMENTS	828,567,161.09	788,128,999.26	5.13%
NET INCREASE/(NET DECREASE)	1,688,311,960.42	1,179,753,623.82	43.11%
Balance of Cash and Investments, February 28	<u>\$13,506,073,205.82</u>	<u>\$11,300,373,843.97</u>	



SCHEDULE I
Comparison of Actual Expenditures Fiscal Year 2013 and Fiscal Year 2014
8 Month Year to Date Comparison

Object of Expenditure	FY-2013 YTD Actual Expenditures 2/28/2013	FY-2014 YTD Actual Expenditures 2/28/2014	Increase (Decrease) Amount	Increase (Decrease) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,285,794	1,239,637	(46,157)	-3.6%
Taxes, Benefits, and Other Expenses	640,047	584,374	(55,673)	-8.7%
Subtotal Personal Services	1,925,841	1,824,011	(101,830)	-5.3%
Professional Services				
Investment Manager Expenses	17,352,477	22,515,938	5,163,461	29.8%
Investment Consultant Expenses	468,000	468,000	0	0.0%
Investment Custodian Expenses	40,503	52,468	11,965	29.5%
Pension Commission Expenses	32,478	34,445	1,967	6.1%
Subtotal Investment Expenses	17,893,458	23,070,851	5,177,393	28.9%
Legal Services - Special Projects	270	2,006	1,736	643.0%
Legal Services - Attorney General	36,044	51,407	15,363	42.6%
Administrative Hearings	0	0	0	0.0%
Auditing Services	58,977	105,002	46,025	78.0%
Actuarial Services	81,191	76,305	(4,886)	-6.0%
Medical Hearings	6,000	4,800	(1,200)	-20.0%
Management Consultant	71,700	39,835	(31,865)	-44.4%
Marketing Consultant	21,426	15,694	(5,732)	-26.8%
Miscellaneous Services	20,050	10,954	(9,096)	-45.4%
Subtotal Professional Services	295,658	306,003	10,345	3.5%
Total Professional Services	18,189,116	23,376,854	5,187,738	28.5%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	24,952	20,916	(4,036)	-16.2%
Employee Training	18,225	10,875	(7,350)	-40.3%
Employee Travel Expenses	24,410	22,018	(2,392)	-9.8%
Subtotal Travel and Per Diem Expenses	67,587	53,809	(13,778)	-20.4%
Administrative Expenses				
Postage	72,454	94,748	22,294	30.8%
Telecommunications Services	20,564	17,841	(2,723)	-13.2%
Printing and Binding Contracts	25,528	41,565	16,037	62.8%
Informational Services	27,632	26,626	(1,006)	-3.6%
Rent and Maintenance	120,980	150,907	29,927	24.7%
Office Supplies	16,348	10,889	(5,459)	-33.4%
Buildings and Other Structures Construction and Renovation	0	0	0	0.0%
Miscellaneous Administrative Expenses	18,271	18,107	(164)	-0.9%
Subtotal Administrative Expenses	301,777	360,683	58,906	19.5%
Data Processing Expenses				
Professional Services	488,228	580,105	91,877	18.8%
Rent and Maintenance	10,693	3,277	(7,416)	-69.4%
Office Supplies	3,175	7,212	4,037	127.1%
Equipment -Telecommunications	4,306	0	(4,306)	-100.0%
Subtotal Data Processing Expenses	506,402	590,594	84,192	16.6%
Total Expenses	20,990,723	26,205,951	5,215,228	24.8%
Total Investment Expenses Only	17,893,458	23,070,851	5,177,393	28.9%
Total Data Processing Expenses Only	506,402	590,594	84,192	16.6%
Total except Investment & Data Processing Expenses	2,590,863	2,544,506	(46,357)	-1.8%



**SCHEDULE II
Comparison of FY2014 Budget to Actual Expenses
8 Months ended February 28, 2014 Year to Date Comparison**

Object of Expenditure	8 Month FY-2014 YTD Budget	8 Month FY-2014 YTD Actual	Over (Under) Amount	Over (Under) Percentage
Personal Services				
Salary and Longevity Pay Expenses	1,375,952	1,239,637	(136,315)	-9.9%
Taxes, Benefits, and Other Expenses	755,736	584,374	(171,362)	-22.7%
Subtotal Personal Services	2,131,688	1,824,011	(307,677)	-14.4%
Professional Services				
Investment Manager Expenses	26,666,664	22,515,938	(4,150,726)	-15.6%
Investment Consultant Expenses	468,000	468,000	0	0.0%
Investment Custodian Expenses	50,000	52,468	2,468	4.9%
Pension Commission Expenses	40,000	34,445	(5,555)	-13.9%
Subtotal Investment Expenses	27,224,664	23,070,851	(4,153,813)	-15.3%
Legal Services - Special Projects	33,336	2,006	(31,330)	-94.0%
Legal Services - Attorney General	36,664	51,407	14,743	40.2%
Administrative Hearings	664		(664)	-100.0%
Auditing Services	163,336	105,002	(58,334)	-35.7%
Actuarial Services	100,000	76,305	(23,695)	-23.7%
Medical Hearings	6,664	4,800	(1,864)	-28.0%
Management Consultant	46,664	39,835	(6,829)	-14.6%
Marketing Consultant	33,336	15,694	(17,642)	-52.9%
Miscellaneous Services	40,168	10,954	(29,214)	-72.7%
Subtotal Professional Services	460,832	306,003	(154,829)	-33.6%
Total Professional Services	27,685,496	23,376,854	(4,308,642)	-15.6%
Travel and Per Diem Expenses				
Non-Employee Travel Expenses	34,400	20,916	(13,484)	-39.2%
Employee Training	26,200	10,875	(15,325)	-58.5%
Employee Travel Expenses	65,848	22,018	(43,830)	-66.6%
Subtotal Travel and Per Diem Expenses	126,448	53,809	(72,639)	-57.4%
Administrative Expenses				
Postage	170,000	94,748	(75,252)	-44.3%
Telecommunications Services	26,664	17,841	(8,823)	-33.1%
Printing and Binding Contracts	60,000	41,565	(18,435)	-30.7%
Informational Services	30,000	26,626	(3,374)	-11.2%
Rent and Maintenance	168,600	150,907	(17,693)	-10.5%
Office Supplies	24,264	10,889	(13,375)	-55.1%
Buildings and Other Structures Construction and Renovation	6,664	0	(6,664)	-100.0%
Miscellaneous Administrative Expenses	27,264	18,107	(9,157)	-33.6%
Subtotal Administrative Expenses	513,456	360,683	(152,773)	-29.8%
Data Processing Expenses				
Professional Services	1,036,664	580,105	(456,559)	-44.0%
Rent and Maintenance	2,664	3,277	613	23.0%
Office Supplies	14,992	7,212	(7,780)	-51.9%
Equipment -Telecommunications	60,512	0	(60,512)	-100.0%
Subtotal Data Processing Expenses	1,114,832	590,594	(524,238)	-47.0%
Total Expenses	31,571,920	26,205,951	(5,365,969)	-17.0%
Total Investment Expenses Only	27,224,664	23,070,851	(4,153,813)	-15.3%
Total Data Processing Expenses Only	1,114,832	590,594	(524,238)	-47.0%
Total except Investment and Data Processing Expenses	3,232,424	2,544,506	(687,918)	-21.3%

Miscellaneous Professional Services Expenses

	Budget	Expenses	Expenses
	<u>2014</u>	<u>2014</u>	<u>2013</u>
Background Checks	250.00	38.00	95.00
Retirement Process Consultant	10,000.00	0.00	0.00
Document Destruction	2,500.00	1,488.52	1,080.00
Office of Personnel Management	2,500.00	0.00	0.00
Security	10,000.00	4,326.00	4,509.77
Business Service Center	35,000.00	2,443.59	13,387.62
Computer Professional Services	0.00	2,150.00	977.99
Sign Language Interpreter	0.00	507.52	0.00
	<u><u>\$60,250.00</u></u>	<u><u>\$10,953.63</u></u>	<u><u>\$20,050.38</u></u>

Miscellaneous Administrative Expenses Expenses

	Budget	Expenses	Expenses
	<u>2014</u>	<u>2014</u>	<u>2013</u>
Bank Service Charges	10,000.00	5,805.75	4,978.84
ERP Systems -PeopleSoft	5,200.00	2,124.00	1,927.81
Licenses, Permits, Certificates and Other Rights	3,000.00	1,630.50	1,599.88
Membership in Organizations	11,700.00	5,975.00	6,805.00
Premium Surety and Other Required Bonds	2,000.00	2,571.33	2,695.07
Advertising	0.00	0.00	0.00
Moving Expenses General	0.00	0.00	264.00
Property and Liability Insurance	8,000.00	0.00	0.00
	<u>\$39,900.00</u>	<u>\$18,106.58</u>	<u>\$18,270.60</u>

Miscellaneous Data Processing Administrative Expenses

	Budget	Expenses	Expenses
	<u>2014</u>	<u>2014</u>	<u>2013</u>
Membership in Organizations	1,000.00	0.00	0.00
	<u>\$1,000.00</u>	<u>\$0.00</u>	<u>\$0.00</u>



**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
FEBRUARY 28, 2014**

Expenses of Board

Trustee	Meetings, February board travel	\$ 131.20
Trustee	Meetings, February board travel	264.76
Trustee	Meetings, February board travel	255.44
Trustee	Meetings, February investment and board travel	145.60
Trustee	Meetings, February investment and board travel	128.96
		925.96

Travel of Employees

General Counsel	NAPPA conference, Washington DC	1,464.80
Business Analyst	Pension conference, Washington DC	719.94
		2,184.74

Communications

Ala Carte Courier Services	Courier service	237.30
AT&T	Wireless, OneNet Charges	774.64
Berwyn Group	Death records check	725.00
Cox Communications	Cable charges	43.40
JP Morgan Bank	Analysis charges	607.03
Office of Management and Enterprise Services	Telecommunications, Transaction Fees	3,187.77
Office of Management and Enterprise Services	CPO registration - S. Blasko	500.00
OU Printing Services	Advisor printing	10,000.00
OPUBCO	Employment advertisement	813.52
		16,888.66



**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
FEBRUARY 28, 2014**

Contingency, Maintenance, Insurance, Rent, Etc.

Amazon	Kitchen supplies	\$	354.10
First Aid Express	First aid supplies		83.10
Assistant Comptroller	Refreshments February 2014 board meeting		33.99
OCI	Office chair		298.99
Office of Management and Enterprise Services	Office space		13,195.27
Standley	Copier lease		4,656.14
Staples	Office supplies		295.61
Summit	Maintenance, letter opener		111.25
Texadelphia	Board meeting catering		332.50
Vista.Com	Voice recording maintenance		445.00
GFOA	Webinar registration - R. Shaul		85.00
GFOA	Webinar registration - S. Blasko		85.00
Comptroller	Reimburse CAFR printing		27.90
Comptroller	Reimburse postage		6.49
State Treasurer	Stop payment charge		15.00
Walker Stamp	Notary - Executive Assistant		92.50
			<hr/>
			20,117.84

Investment Expenditures

Bloomberg	Investment terminal		6,000.00
Global Trading Analytics	Investment trade analysis first and second quarters		9,000.00
Gregory W Group	February 2014 consulting fee		58,500.00
JP Morgan Chase Bank	Custodial bank fees		30,111.64
Loomis Sayles	Investment management fees second quarter		516,389.63
MacKay Shields	Investment management fees second quarter		580,492.30
Northern Trust	Investment management fees second quarter		48,585.35
			<hr/>
			1,249,078.92

Professional Services, Workers Comp Insurance

Attorney General	Legal services provided by Lane & Ezell		7,769.48
Dathan D Jay MD	February 2014 medical board		300.00
George R Jay MD	February 2014 medical board		300.00
GFOA	GFOA certificate		1,095.00
MY Consulting Inc	December 2013 ALICE development		66,900.00
Office of Management and Enterprise Services	Server support, disk storage & network support		4,826.88
Office of Management and Enterprise Services	Interagency mail/postage		9,399.78
Office of Management and Enterprise Services	Flexible benefit administration		110.41
State Auditor and Inspector	Pension Commission support		14,803.68
Stinnett & Associates	Audit special project		2,487.90
The Meadows	Document destruction		90.00
			<hr/>
			108,083.13

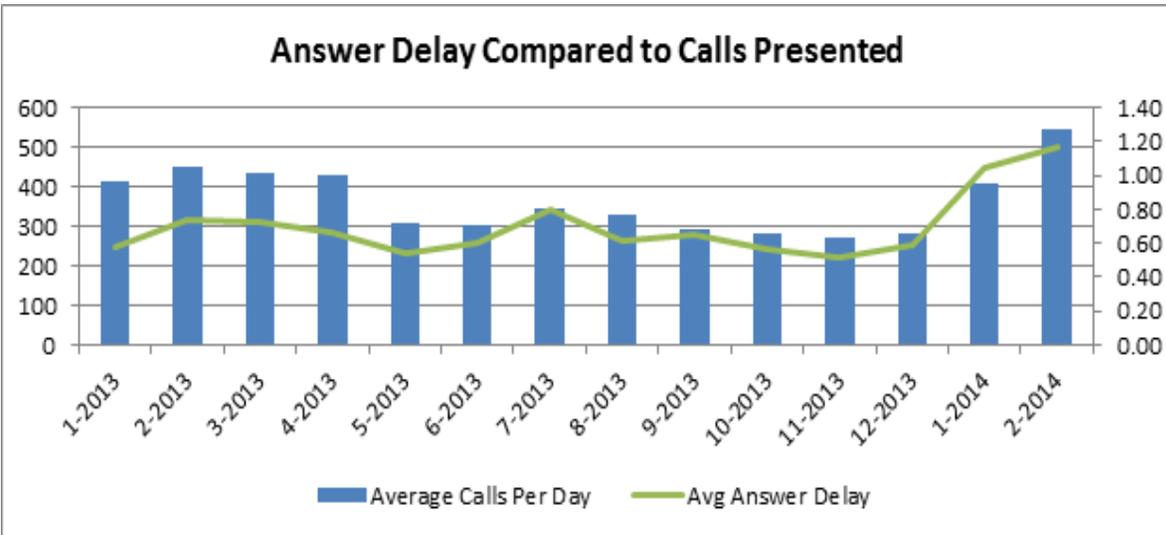
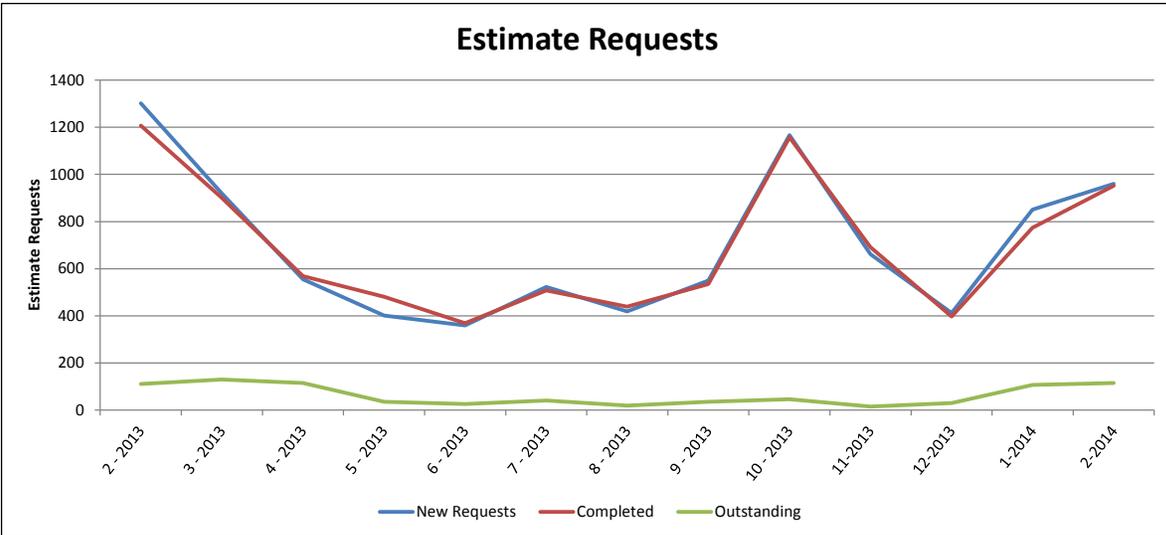


**RECEIPTS AND CLAIMS FOR AUTHORIZED EXPENDITURES
FEBRUARY 28, 2014**

Salaries and Fringe Benefits

Salaries	Administrative department	\$ 15,583.34
Salaries	Finance/Accounting department	19,559.67
Salaries	Client Services department	72,325.62
Salaries	Investment department	10,539.67
Salaries	Information Technology department	6,291.67
Salaries	Back pay for reclassification of FLSA	22,342.39
Longevity Payroll		2,650.00
Annual Leave Payout		3,177.28
Excess Benefit Allowance		3,452.91
FICA/MQFE	Social Security and Medicare	11,825.77
Oklahoma State Deferred Savings Incentive Plan	Savings incentive plan and administrative fee	777.49
Oklahoma Group Insurance	Employee health, dental life	27,497.89
Teachers' Retirement System of Oklahoma	Employees retirement contributions	27,923.46
Unemployment compensation	Unemployment for Agency payroll	1,542.59
		<hr/>
		225,489.75
Grand Total		<hr/> <hr/>
		\$ 1,622,769.00

CLIENT SERVICES PERFORMANCE METRICS THROUGH FEBRUARY 2014





OKLAHOMA TEACHERS RETIREMENT SYSTEM

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

Monthly Retirement Status Report

From 3/1/2014 to 3/31/2014

	Count	Benefit Total
New Retirements		
Disability	3	\$4,133.94
Normal	69	\$86,558.32
Total	72	<u>\$90,692.26</u>
Terminated Retirements	14	<u>(\$19,138.39)</u>
Net Change	58	<u>\$71,553.87</u>

NORMAL RETIREMENTS			From 3/1/2014 to 3/31/2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0008884	29	58	3/1/2014	099743	\$2,731.29
Q0145575	27	61	3/1/2014	099746	\$791.07
Q0163525	19	59	3/1/2014	099368	\$1,045.14
Q0285038	8	65	3/1/2014	099775	\$550.38
Q0225695	28	65	3/1/2014	099473	\$1,004.65
Q0244672	7	67	3/1/2014	099898	\$398.10
Q0145321	27	61	3/1/2014	099826	\$2,018.44
Q0071201	29	53	3/1/2014	099829	\$2,121.31
Q0022447	20	61	3/1/2014	100018	\$1,235.76
Q0214366	10	62	3/1/2014	099786	\$689.07
Q0023051	20	68	3/1/2014	099808	\$2,760.07
Q0089049	23	57	3/1/2014	099749	\$1,969.65
Q0282604	7	65	3/1/2014	099813	\$434.73
Q0202364	15	62	3/1/2014	099765	\$2,071.53
Q0199345	12	66	3/1/2014	099770	\$318.97
Q0048104	11	62	3/1/2014	099778	\$170.93
Q0103714	18	60	3/1/2014	099815	\$1,002.71
Q0233797	35	60	3/1/2014	099713	\$2,635.10
Q0023235	23	58	3/1/2014	099821	\$2,491.64
Q0031018	6	63	3/1/2014	099790	\$342.49
Q0107983	31	58	3/1/2014	099819	\$3,105.61
Q0237866	6	63	3/1/2014	099822	\$208.37
Q0293619	5	63	3/1/2014	099781	\$152.36
Q0069681	24	56	3/1/2014	099764	\$1,706.05
Q0099968	10	79	3/1/2014	099853	\$677.07
Q0087211	18	61	3/1/2014	099489	\$308.71
Q0200077	10	69	3/1/2014	099806	\$248.80
Q0282603	8	71	3/1/2014	099777	\$560.16
Q0022444	16	61	3/1/2014	099811	\$2,175.52
Q0182163	33	62	3/1/2014	099832	\$3,459.40
Q0202715	18	62	3/1/2014	099835	\$1,501.80
Q0182130	15	62	3/1/2014	099772	\$620.43
Q0006568	25	56	3/1/2014	099840	\$3,292.77
Q0025236	19	63	3/1/2014	099820	\$2,349.22
Q0164767	19	61	3/1/2014	099771	\$1,778.47
Q0201788	17	62	3/1/2014	099858	\$517.28
Q0257771	13	63	3/1/2014	099773	\$887.46
Q0298282	6	62	3/1/2014	099859	\$261.62
Q0019206	6	63	3/1/2014	099895	\$355.70
Q0121668	30	52	3/1/2014	099834	\$1,929.04

Q0302388	5	56	3/1/2014	099848	\$230.67
Q0050199	27	57	3/1/2014	099797	\$1,093.93
Q0048197	22	63	3/1/2014	099825	\$840.71
Q0086483	23	61	3/1/2014	099766	\$2,316.10
Q0160594	19	61	3/1/2014	100007	\$1,020.33
Q0067394	10	62	3/1/2014	099753	\$301.19
Q0254716	25	59	3/1/2014	099827	\$1,559.02
Q0142316	11	65	3/1/2014	099481	\$558.49
Q0162498	14	63	3/1/2014	099798	\$735.20
Q0183967	13	60	3/1/2014	099482	\$532.41
Q0224281	12	60	3/1/2014	099750	\$701.52
Q0044217	14	70	3/1/2014	099800	\$967.07
Q0196199	15	77	3/1/2014	099836	\$521.21
Q0022978	36	68	3/1/2014	099792	\$3,204.86
Q0222491	13	64	3/1/2014	099768	\$912.69
Q0255990	6	62	3/1/2014	099837	\$320.11
Q0103886	30	65	3/1/2014	099769	\$1,847.79
Q0109199	28	56	3/1/2014	099844	\$2,256.87
Q0146158	21	60	3/1/2014	099802	\$1,650.94
Q0251392	21	65	3/1/2014	099782	\$1,116.12
Q0253168	12	64	3/1/2014	099846	\$1,518.00
Q0293454	7	64	3/1/2014	100008	\$126.08
Q0023639	15	62	3/1/2014	100009	\$696.73
Q0183430	20	60	3/1/2014	099733	\$1,124.54
Q0053178	30	54	3/1/2014	100010	\$3,679.09
Q0181617	14	62	3/1/2014	100011	\$1,077.11
Q0182596	10	62	3/1/2014	099755	\$461.53
Q0143850	15	62	3/1/2014	099852	\$1,458.95
Q0008377	12	62	3/1/2014	099732	\$850.19

69

\$86,558.32

DISABILITY RETIREMENTS			From 3/1/2014 to 3/31/2014		
Client Number	Years Of Service	Age	Estimate Ret. Date	Retirement Number	Benefit
Q0182321	17	60	3/1/2014	D100006	\$673.58
Q0050193	15	54	3/1/2014	D100005	\$915.66
Q0011327	23	52	3/1/2014	D096740	\$2,544.70
				3	\$4,133.94

TERMINATIONS**From 3/1/2014 to 3/31/2014**

Termination Type	Retirement Number	Death Date	Age	Termination Date	Benefit
Deceased	019824	2/2/2014	93	3/1/2014	\$728.38
Deceased	021030	2/9/2014	91	3/1/2014	\$622.22
Deceased	022240	2/7/2014	85	3/1/2014	\$1,603.19
Deceased	031364	2/19/2014	79	3/1/2014	\$1,068.30
Deceased	033614	2/28/2014	86	3/1/2014	\$487.02
Deceased	034626	2/25/2014	85	3/1/2014	\$291.02
Deceased	037718	2/9/2014	73	3/1/2014	\$2,256.99
Deceased	039324	2/24/2014	75	3/1/2014	\$1,066.27
Deceased	040998	2/28/2014	96	3/1/2014	\$961.62
Deceased	043878	2/19/2014	79	3/1/2014	\$1,694.12
Deceased	052485	2/20/2014	76	3/1/2014	\$2,268.17
Deceased	056826	2/18/2014	63	3/1/2014	\$2,022.64
Deceased	061668	2/19/2014	75	3/1/2014	\$3,339.22
Deceased	D02473	2/22/2014	71	3/1/2014	\$729.23
	14				\$19,138.39

REPORT OF LEGAL COUNSEL

Teachers' Retirement System of Oklahoma March 2014

LITIGATION

Currently, there is no pending litigation. All securities litigation cases wherein OTRS held Lead Plaintiff or co-lead plaintiff status, pursuant to the Private Securities Litigation Reform Act (PSLRA), have concluded or settled. An advisory and monitoring report has been received from securities counsel and is being reviewed.

ADMINISTRATIVE

A grievance is scheduled for Administrative Hearing on April 16, 2014 at 2:00p.m. The OTRS will be represented by Assistant Attorney General Marissa Lane.

GENERAL COUNSEL
Oklahoma Teachers Retirement System
Unclassified Position

DEFINITION

Appointed by the Board of Trustees, and working under the direction of the Board of Trustees and Executive Director, providing legal advice and representation to the Oklahoma Teachers Retirement System and the Board of Trustees.

DESCRIPTION OF DUTIES

- Has primary responsibility to insure legal and regulatory compliance of agency operations.
- Attends all Board of Trustee and Committee meetings and provides legal counsel to Board of Trustees and Committees.
- Represents the agency in all legal matters arising in all Oklahoma tribunals.
- Provides legal guidance to OTRS employees on matters arising in connection with the execution of their duties.
- Coordinates and oversees work of specialized counsel in matters of tax and securities litigation.
- Participates as member of the administrative staff in the development of agency policy, procedures and regulations. Primary responsibility of drafting of legislation and administrative rules affecting the agency.
- Consults on the development of policy related to the agency and state government operations.
- Consults with administrators and supervisors on personnel and administrative problems providing legal guidance as is appropriate; discusses program and policy changes having state-wide impact.
- Other duties as assigned by the Chairman of the Board and the Board of Trustees.

KNOWLEDGE AND SKILLS

Knowledge of federal and state laws and regulations relating to public administration, public pension systems, state government, employment law; comprehensive knowledge of the principles, methods and practices of the various programs being administered; comprehensive knowledge of the organization, development and administration of the programs managed. Skill in establishing and maintaining effective relationships with state officials, employees, applicants and the public; in oral and written communications of all types; and in interpreting, analyzing and resolving highly complex administrative and legal issues.

EDUCATION AND EXPERIENCE

Completion of the curriculum requirements and awarding of a Juris Doctorate degree, admission to the Oklahoma Bar, and minimum of five (5) years of law practice required.

SELECTIVE QUALIFICATIONS

Prior legal experience is required in with or more of the following entities: state government, public pension, public trust, or similar type entity. Strong background in employment law and previous managerial experience is preferred.

SPECIAL REQUIREMENT

Applicants must be willing and able to fulfill all job-related travel normally associated with this classification.

RECOMMENDATION ON CONTRIBUTION RATE FOR GRANT MATCHING FUNDS

Projection of State Contributions as Percentage of Pay

Fiscal Year	Total Salaries	State Salaries	Federal Salaries	State Contribution	% of State Contribution to Salaries	Historical Matching Rate
2003	3,103,427,529	2,818,077,789	285,349,740	128,879,976	4.57%	5.00%
2004	3,030,749,000	2,740,918,889	289,830,111	143,100,533	5.22%	4.50%
2005	3,175,161,612	2,862,993,123	312,168,489	163,919,337	5.73%	4.50%
2006	3,354,876,252	3,032,993,092	321,883,160	202,200,425	6.67%	5.00%
2007	3,598,926,888	3,293,181,417	305,745,471	243,501,987	7.39%	7.00%
2008	3,751,436,376	3,447,508,419	303,927,957	266,761,597	7.74%	7.00%
2009	3,807,914,178	3,505,884,565	302,029,613	257,019,830	7.33%	7.50%
2010	3,854,772,123	3,502,120,230	352,651,893	227,926,247	6.51%	7.50%
2011	3,773,283,867	3,417,456,252	355,827,615	251,322,410	7.35%	6.50%
2012	3,924,800,000	3,593,529,257	331,270,743	281,806,711	7.84%	7.00%
2013	3,933,056,084	3,605,838,836	327,217,248	300,509,886	8.33%	8.25%
2014	4,070,713,047	3,732,043,195	338,669,852	311,027,732	8.33%	8.25%

Proposed matching rate for FY 2015 based on assumed increase in total salaries

3.5%	4,070,713,047	3,732,043,195	338,669,852	306,010,550	8.20%
2.5%	4,031,382,486	3,695,984,806	335,397,680	306,010,550	8.28%
1.5%	3,992,051,925	3,659,926,418	332,125,507	306,010,550	8.36%
0.0%	3,933,056,084	3,605,838,836	327,217,248	306,010,550	8.49%

Highlighted areas are estimates-State Contributions for FY 2014 are based on revenue estimates presented to the State Equalization Board. Salaries are projected to increase as reflected above.

70 O.S. § 17-108 to read as follows:

A. Each local school district, or state college or university, or State Board of Education or State Board of Vocational and Technical Education, or other state agencies whose employees are members of the Teachers' Retirement System **shall match on a pro rata basis**, in accordance with subsection B of this section, the **contributions of members whose salaries are paid by federal funds or externally sponsored agreements such as grants, contracts and cooperative agreements**. These funds shall be remitted to the Teachers' Retirement System of Oklahoma and deposited in Retirement Benefit Fund.

B. On an annual basis, **the Board of Trustees shall set the contribution rate** to be paid by contributing employers as provided in subsection A of this section. The contribution rate shall be determined using cost principles established by federal regulations and shall be consistent with policies, regulations and procedures that apply uniformly to both federally assisted and other activities, and be accorded consistent treatment through application of generally accepted accounting principles. The Board shall approve the contribution rate for each fiscal year ending June 30, no later than April 1 of the previous fiscal year.

IT IS RECOMMENDED THE BOARD OF TRUSTEES SET THE MATCHING CONTRIBUTION RATE FOR THE YEAR BEGINNING JULY 1, 2014, AT 8.25%.

Respectfully submitted,


 Riley Shaull
 Comptroller
 March 26, 2014

Respectfully submitted,


 Julie M. Ezell
 General Counsel
 March 26, 2014