

MINUTES OF THE FEBRUARY 4, 2009 SPECIAL MEETING 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 Cathy Conway, Chairman, at 10:02 A.M., Wednesday, February 4, 2009, in the Administrative Conference Room of the Teachers' Retirement System, 5th Floor, Oliver Hodge Building, 2500 North Lincoln Boulevard, Oklahoma City, Oklahoma. The agenda/meeting notice was posted in accordance with 25 O.S. 2001 Section 311(9).

TRUSTEES PRESENT:

Cathy Conway, *Chairman* Bruce DeMuth Michael Simpson James Smith, *Vice-Chairman* Sandy Garrett* Dick Neptune, *Secretary* Darryl Hatcher Sherrie Barnes Matti Palluconi Michael Clingman Galeard Roper

TRUSTEES ABSENT:

Richard Gorman John Kirkpatrick

TRS STAFF PRESENT:

James R. Wilbanks,, *Executive Secretary* Edward Romero, *Secretary-Treasurer* Joe Ezzell, *Director, Internal Auditing* Marta Coombes, *Comptroller* Kim Bold, *Director of Human Resources* Karen Yost, *Assistant to the Executive Secretary and Board of Trustees*

LEGAL COUNSEL PRESENT:

David L. Kinney, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT: gregory.w.group

Gregory T. Weaver, *gregory.w.group* Douglas J. Anderson, *gregory.w.group*

OTHERS PRESENT:

Dwight Bruss, *State Department of Education* Tony Gelderman, *BLB&G (Securities Counsel)* Randy McLerran*, *State Department of Education*

*Denotes either late arrival or early departure.

1. BOARD POLL FOR QUORUM

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

2. SWEARING IN OF NEW BOARD MEMBER

Michael Clingman, Director of the Office of State Finance, was sworn in as the newest member of the Board of Trustees.

The Trustees welcomed Mr. Clingman to the Board.

3. MINUTES of the DECEMBER 17, 2008, BOARD MEETING APPROVED

A motion was made by Mr. DeMuth with a second made by Mr. Hatcher to approve the minutes of the December 17, 2008, meeting. The motion carried by Ms. Barnes; Mr. DeMuth; Mr. Hatcher; Mr. Neptune; Ms. Palluconi; Mr. Roper; Mr. Simpson; Mr. Smith; and Chairman Conway responding yes and Mr. Clingman declining. (*Ms. Garrett arrived after the vote.*)

4. INVESTMENT COMMITTEE ITEMS:

4.A. gregory.w.group REPORT: Market Performance, Asset Allocation Review, December 31st Performance Summary and Manager Status

4.A.1. Gregory Weaver and Douglas Anderson of gregory.w.group, investment consultant to the Board, gave the Board their monthly report.

4.A.2. Manager Status Summary and Possible Action:

4.A.2.c. A motion was made by Mr. Simpson with a second made by Ms. Garrett to place Aletheia on "On Notice" status for 90 days. The motion carried by a unanimous vote.

4.A.2.b. A motion was made by Mr. Simpson with a second made by Ms. Palluconi to place Aldus on "On Alert" status for 6 months due to personnel issues. The motion carried by a unanimous vote.

4.A.2.d. A motion was made by Mr. DeMuth with a second made by Ms. Palluconi to place Goldman Sachs "On Notice" status due to performance and personnel issues, for 90 days.

4.B. Update on Transition of Funds

An update was given to the Board on the transition of funds.

4.C. Funding of Aldus Equity Capital Calls

A motion was made by Mr. Neptune with a second made by Mr. Roper to allow staff to fund Aldus capital calls. The motion carried by a unanimous vote.

4.D. Change to Shapiro Fee Schedule

A motion was made by Mr. DeMuth with a second made by Mr. Roper to accept the fee schedule as presented. The motion carried by a unanimous vote.

4.E. Request for Exception to Guidelines by Capital Guardian regarding Emerging Markets

A motion was made by Mr. DeMuth with a second made by Mr. Smith to approve the request. The motion carried by a unanimous vote.

4.F. Renewal of Investment Consultant Contract

A motion was made by Mr. Neptune with a second by Mr. Simpson to renew this contract for one year and to issue an RFP for investment consulting services. The motion carried by a unanimous vote.

A break was taken from 11:20 to 11:35.

5. INTERNAL AUDIT REPORTS:

5.A. Processing of Client Retirement Benefits Under the Employees Service Incentive Plan (EESIP)

5.B. Client Accounting Department – Contributions A motion was made by Mr. DeMuth with a second made by Mr. Roper to approve the Internal

Audit reports.

The motion carried by a unanimous vote. A lunch break was taken from 12:15 to 12:32

6. LEGAL REPORT

There was no action necessary on this report.

7. EXECUTIVE SESSION FOR CONFIDENTIAL COMMUNICATIONS ON THE FOLLOWING:

7.A. Teachers' Retirement vs. Robert Bernstein, et. al.

7.B. A motion was made to enter into executive session by Ms. Garrett with a second made by Mr. Roper. The motion carried by a unanimous vote.

7.C. A motion was made to return to open session by Ms. Garrett with a second made by Mr. Roper. The motion carried by a unanimous vote.

8. Action from Executive Session

A motion was made by Mr. Roper with a second by Mr. DeMuth to settle the case and authorize the TRS Executive Secretary to use whatever means necessary in this action. The motion carried by a unanimous vote.

9. POSSIBLE EXECUTIVE SESSION FOR CONFIDENTIAL COMMUNICATION ON THE FOLLOWING:

9.A. To Seek Lead Plaintiff Status Against Medtronic, Inc.

9.B. A motion was made to enter into executive session by Mr. Roper with a second made by Mr. Simpson. (*Ms. Garrett left for the day prior to the vote.*) The motion carried by a unanimous vote.

9.C. A motion was made by Mr. Simpson with a second made by Mr. Smith to return to open session. The motion carried by a unanimous vote.

10. Action from Executive Session

A motion was made by Ms. Palluconi with a second made by Mr. Neptune to seek lead plaintiff status and to use BLB&G as outside legal counsel. The motion carried by a unanimous vote.

11. EXECUTIVE SECRETARY REPORT:

Dr. Wilbanks referred the Board to section 11 in their binders and made his report. A motion was made by Mr. Neptune with a second made by Mr. Roper to approve the Executive Secretary report.

1. QUESTIONS AND COMMENTS FROM TRUSTEES

2. NEW BUSINESS

3. ADJOURNMENT

There being no further business before the Board, the Chairman declared the meeting adjourned at 1:50 p.m. Trustees present at adjournment were as follows: Ms. Barnes; Mr. Clingman; Mr. DeMuth; Mr. Hatcher; Mr. Neptune; Ms. Palluconi; Mr. Roper; Mr. Simpson; Mr. Smith; and Chairman Conway.

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

WEDNESDAY – February 25, 2009

Investment Committee Meeting begins at **9:00 A.M.**
Board Meeting begins at **1:00 P.M.**

Oliver Hodge Education Building
Administrative Conference Room 2500
North Lincoln Boulevard, 5th Floor
Administration Conference Room
Oklahoma City, Oklahoma

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____ **Chairman,**
Cathy Conway

ATTEST:

BY: _____ **Dick Neptune,**
Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on February 25, 2009.

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