

MINUTES
OCTOBER 28, 2009 MEETING
BOARD OF TRUSTEES
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

This regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by James Smith, Chairman, at 9:00 A.M., in the Administration Board Room, 5th Floor, Oliver Hodge Education 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:

James Smith, <i>Chairman</i>	
Michael Simpson, <i>Vice-Chairman</i>	
Dick Neptune, <i>Secretary</i>	
Sherrie Barnes*	
Cathy Conway*	
Odilia Dank*	
	Bruce DeMuth*
	Richard Gorman
	Galeard Roper
	Billie Stephenson

TRUSTEES ABSENT:

Michael Clingman
Sandy Garrett

TRS STAFF PRESENT:

James R. Wilbanks, *Executive Secretary*
Joe Ezzell, *Assistant Executive Secretary**
Edward Romero, *Secretary-Treasurer**
Sharron R. Coffman, *Director of Client Services*
Kim Bold, *Director of Human Resources*
Josh Richardson, *Internal Auditor*
Nick Pointer, *Investment Associate**
Karen Yost, *Assistant to the Executive Secretary and Board of Trustees*

ACTUARIAL CONSULTANT PRESENT: Gabriel, Roeder, Smith & Company

Chris Conradi
Mark Randall

LEGAL COUNSEL PRESENT:

Regina Switzer, *Assistant Attorney General*

INVESTMENT CONSULTANT PRESENT: gregory.w.group

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

OTHERS PRESENT:

Norman Cooper, *Oklahoma Retired Educators Association*
Jerry H. Johnson, *Oklahoma Education Association*
Wayne Maxwell, *P.O.E.*
Bryan Smith, *e-Capitol News*

**Denotes either late arrival or early departure.*

1. BOARD POLL FOR QUORUM

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

2. MINUTES of the September 23, 2009, Board Meeting APPROVED

A motion was made by Mr. Neptune with a second made by Mr. Gorman to approve the minutes as presented. The motion carried by a unanimous voice vote. (*Ms. Barnes arrived after this vote.*)

3. PRESENTATION BY INVESTMENT MANAGERS:

3.A. Presentation by Investment Manager(s): Pacific Investment Management Company (PIMCO) and Lord Abbett were present and made their respective presentations to the Board.

Breaks were taken from 10:02 to 10:08 a.m. and from 10:50 to 11:00 a.m.

4. INVESTMENT REPORTS AND RECOMMENDATIONS:

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

4.B.C. Manager Status Summary: Organizational Changes at Chase Investment Counsel: Following discussion, a motion was made by Ms. Conway with a second made by Mr. Simpson to place Chase Investment Counsel on "Notice" due to performance and personnel issues to be reviewed by January 2010, with monthly updates. The motion carried by a unanimous vote of the Board.

4.D. Request by Loomis Sayles to Utilize Futures: After consideration, a motion was made by Mr. Roper with a second made by Mr. DeMuth to approve the request of Loomis Sayles to utilize futures in the TRS portfolio in accordance with the investment policy. The motion carried by a unanimous vote of the Board.

4.E. Comparison of RFP Respondents for Interview: Greg Weaver and Doug Anderson reported to the Board and handed out material comparing the three private equity managers that would be interviewed later in the meeting.

4.F. Renewal of Manager Contracts: A motion was made by Ms. Conway with a second made by Mr. Simpson to renew the contracts with Shapiro Capital Management Company and Thornburg Investment Management. The motion carried by a unanimous vote of the Board.

11. ACTUARIAL REPORT: Christian Conradi and Mark Randall with Gabriel, Roeder, Smith & Company, actuary to the Retirement System, made their report to the Board concerning the 2% COLA assumption and its affect on the System's unfunded liabilities.. After considerable discussion, a motion was made by Ms. Barnes with a second made by Ms. Stephenson to change the COLA assumption back to 1%. The motion failed by Ms. Barnes; Ms. Dank; Mr. Gorman; Mr. Roper; Ms. Stephenson and Chairman Smith responding yes and Ms. Conway; Mr. DeMuth; Mr. Neptune; and Mr. Simpson responding no. (*A minimum of seven (7) yes votes are necessary for any motion to carry.*)

A break was taken from 2:08 to 2:20
(*Ms. Dank and Mr. DeMuth left for the day.*)

5. INTERVIEWS FOR PRIVATE EQUITY MANAGER: Three firms, Cliffwater, LLC, Franklin Park, and Grove Street Advisors, LLC, were present and made their respective presentations to the Board of Trustees for the purpose of becoming the manager of the System's private equity portfolio. After the interview process and considerable discussion, a

motion was made by Mr. Roper with a second made by Mr. Neptune to hire Franklin Park as the manager of the TRS private equity portfolio. The motion carried by a unanimous vote of the Board.

6. INVESTMENT CONSULTANT SERVICES REQUEST FOR PROPOSAL (RFP):

A motion was made by Ms. Stephenson with a second made by Ms. Conway to release the RFP for investment consultant services for the Oklahoma Teachers Retirement System. The motion carried by a unanimous voice vote of the Board.

7. AUDIT COMMITTEE REPORT: Galeard Roper, Chairman of the Audit Committee, made his report to the Board and recommended approval. A motion was made by Mr. Simpson with a second made by Mr. Gorman for approval. The motion carried by a unanimous voice vote.

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

9. RETENTION AGREEMENT WITH NIX PATTERSON: After discussion a motion was made by Ms. Conway with a second made by Ms. Barnes for approval. The motion carried by Ms. Barnes; Ms. Conway; Mr. Gorman; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith responding yes. (*Mr. Neptune was temporarily out of the room.*)

10. EXECUTIVE SECRETARY REPORT:

10.A.B.: Client Status update; Other Items for discussion: Dr. Wilbanks gave his report to the Board. Dr. Wilbanks stated he would be glad to answer any questions the Board may have. A motion was made by Ms. Conway with a second made by Mr. Gorman for approval. The motion carried by a unanimous vote.

12. QUESTIONS AND COMMENTS FROM TRUSTEES:

There were no further questions or comments from the Board.

13. NEW BUSINESS:

There was no new business before the Board.

14. ADJOURNMENT:

There being no further business before the Board, a motion was made by Mr. Simpson with a second made by Ms. Conway for adjournment. The meeting was adjourned at 4:35 p.m. Trustees present at adjournment were as follows: Ms. Barnes; Ms. Conway; Mr. Gorman; Mr. Neptune; Mr. Roper; Mr. Simpson; Ms. Stephenson; and Chairman Smith.

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

WEDNESDAY – November 18, 2009

Investment Committee Meeting will be at 3:00 p.m. on Tuesday, November 17, 2009

Board Meeting begins November 18, 2009 at 9:00 a.m.

BOARD OF TRUSTEES, TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

BY: _____
Chairman, James E. Smith

ATTEST:

BY: _____
Dick Neptune, Secretary

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers' Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on November 18, 2009.

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