

THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM
Administering

THE OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN
and
THE OKLAHOMA STATE EMPLOYEES DEFERRED SAVINGS INCENTIVE PLAN

REQUEST FOR PROPOSALS
#515-12-076

SOONERSAVE STABLE VALUE FUND INVESTMENT SERVICES

The Board of Trustees of the Oklahoma Public Employees Retirement System (“OPERS”), which is charged with the administration of the Oklahoma State Employees Deferred Compensation Plan (“DCP”) and the Oklahoma State Employees Deferred Savings Incentive Plan (“SIP”), jointly referred to as “SoonerSave,” is considering the selection of a Stable Value Fund provider for the SoonerSave funds. This investment management service is an investment option for SoonerSave participants. This RFP provides information on the System and establishes the specifications and requirements for submitting a proposal. The term “Vendor” as used in this Request for Proposals (RFP) shall mean the company submitting proposals for consideration.

OPERS reserves the right to reject any or all proposals submitted. There is no express or implied obligation for OPERS to reimburse Vendors for any expenses incurred in preparing proposals in response to this RFP. In the event that none of the proposals are satisfactory to OPERS, no selection will be made. Proposals submitted in response to the RFP become the property of OPERS and are subject to public inspection. OPERS reserves the right to modify the RFP contents and requirements at any time prior to the submission deadline.

This Request for Proposals is comprised of ten (10) sections, two (3) exhibits and thirty-six (36) pages total, as follows:

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This RFP can be found on the OPERS website at www.opers.ok.gov. If you are unable to download this document from the website, you can also obtain an electronic copy of this RFP through e-mail. Send your request to: jharjo@opers.ok.gov. Include the name of the RFP and the proposal number in your request. All responses to this RFP must be submitted in accordance with the instructions contained in the RFP. Electronic responses to this RFP will not be considered.

Regardless of the manner in which the RFP document is received by the Vendor, the contents of the RFP may not be altered in any way. The Vendor's Affidavit and all questions must be identically reproduced in the submitted proposal. Any alterations to the contents of the RFP document will be grounds for dismissal from consideration or termination of a resulting contract. By submitting an RFP, it is agreed by the Vendor that any misleading or false information given may be grounds for dismissal from consideration, or termination of any resulting contract, whenever, and however discovered.

I. PROPOSAL COVER SHEET
(must be signed, notarized and returned)

Proposal Number	Agency Requisition Number	Proposal Deadline
515-12-076 (SoonerSave Stable Value Investment Manager Services)	515-12-076	must be received by October 18, 2011

Vendor Identification:

Name of Firm:	_____
Address:	_____
City/State/Zip Code:	_____
Telephone Number:	_____
Facsimile Number:	_____

VENDOR'S AFFIDAVIT

STATE OF _____)
) SS:
 COUNTY OF _____)

_____ (Print Name), of lawful age, being first duly sworn, on oath says that:

- (S)he is the duly authorized agent of _____, the Vendor submitting this proposal which is attached to this statement for the purpose of certifying the facts pertaining to the existence of collusion among Vendors and between Vendors and state officials or employees, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the letting of any contract pursuant to the proposal to which this statement is attached;
- (S)he is fully aware of the facts and circumstances surrounding the making and submitting of this proposal and has been personally and directly involved in the proceedings leading to the submission of such proposals; and
- Neither the Vendor nor anyone subject to the Vendor's direction or control has been a party: a) to any collusion among Vendors in restraint of freedom of competition by agreement to propose a fixed price or to refrain from submitting a proposal; b) to any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other term of such prospective contract; nor, c) in any discussions between Vendors and any state official concerning exchange of money or any other thing of value for special consideration in the award of this prospective contract; d) to paying, giving or donating or agreeing to pay, give or donate to any officer or employee of the State of Oklahoma, any money or other thing of value, either directly or indirectly, in procuring this prospective contract.
- The information contained in this proposal is true, correct and accurate as presented.

Name/Title

Subscribed and sworn to before me this _____ day of _____, 20 ____.

Notary Public (seal)

My commission expires: _____

REQUEST FOR PROPOSALS
SoonerSave STABLE VALUE
INVESTMENT MANAGER SERVICES

II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL

(PLEASE READ CAREFULLY)

- A. Proposals must be received by the deadline only at the following address:

Oklahoma Public Employees Retirement System
SoonerSave Stable Value Investment Manager Services Proposal
Attn: Jason Harjo
5801 North Broadway Extension, Suite 400
Oklahoma City, Oklahoma 73118

- B. The deadline for receipt of complete proposals is 4:30 p.m. CST, on Wednesday, October 18, 2011. Proposals submitted to the incorrect address or location or received after this date will be rejected and will not be considered.
- C. The Original Proposal must contain the Proposal Cover Sheet, fully completed, signed and notarized. The Vendor shall submit an original proposal marked as such, four (4) copies of the original, and two (2) electronic versions of the complete response on CDs in PDF format. The CDs must be clearly marked with the Vendor's name and proposal number.

The original proposal, the proposal cover sheet, four (4) copies and the CDs must be submitted together in one completely sealed package, box, or envelope. It must be clearly marked "SoonerSave Stable Value Proposal" on the outside face of the package containing the proposal in order that the receiving agent can identify it without opening the package.

- D. Proposals may be either mailed or hand-delivered. If the proposal is sent by mail or express delivery service, the responding Vendor shall be responsible for actual delivery of the proposal to the proper address before the deadline. All timely proposals become the property of OPERS.
- E. All proposals, once opened, are considered to be a public record and shall be available for viewing and reproduction by any person.
- F. In submitting this proposal, the Vendor must agree to an audit which provides that books, records, documents, accounting procedures, practices or any other items of the service provider relevant to the proposal are subject to examination by the System and the Oklahoma State Auditor and Inspector.
- G. In an effort to clarify any issues in this RFP, OPERS will respond only to questions that are presented through e-mail. Questions should be submitted to Jason Harjo at jharjo@opers.ok.gov. All questions and answers will be consolidated into a single Q&A document.

All questions must be received by 5:00 p.m. CST on Friday, September 16, 2011. The Q&A document will be posted on the OPERS web site at www.opers.ok.gov on or after Friday, September 30, 2011. This will be the only distribution method for the Q&A document.

- H. It is the responsibility of the Vendor to ensure compliance with all requirements and deadlines. Proposals which are not in compliance with the RFP requirements may be rejected. All proposals will be reviewed to determine if they satisfy the mandatory criteria in this RFP. Proposals not satisfying the mandatory criteria will be rejected.
- I. All costs of preparation and presentation associated with a response to this RFP will be the responsibility of the Vendor. Vendors may be asked to make a presentation before the Board if selected as a finalist. None of the costs associated with this presentation will be reimbursed by OPERS.
- J. The selection of investment managers for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes (see Title 74 Oklahoma Statutes §85.7). The Board of Trustees of OPERS and URSJJ reserves the right to request additional information from any Vendor and to accept or reject any proposal without specifying the reason for its actions. The Board reserves the right to request additional proposals. Further, the Board specifically reserves the right to renegotiate for lower fees at any time with any Vendor.
- K. The Board reserves the right to award all, part, or none of this contract.
- L. The Vendor shall be bound by the information and representations contained in any proposal submitted. Said proposal is deemed to be a binding offer on the part of the Vendor.
- M. Submission of a proposal in response to this RFP evidences the Vendor's acceptance of the terms and conditions contained within the RFP.
- N. OPERS prohibits the payment of a finder's fee in any form. The Vendor must certify that no finder's fee or finder's commission has been paid or shall be paid to any individual or organization from the establishment of this investment relationship with OPERS.
- O. All Vendors must:
 - 1. Acknowledge and agree to be a fiduciary to the plan pursuant to Section 909.2 of Title 74 of the Oklahoma Statutes.
 - 2. Agree that any resulting investment management contract and services will be subject to and interpreted by Oklahoma law.
 - 3. Agree that this RFP and the Vendor's response will be incorporated by reference to any resulting investment management agreement.
 - 4. Agree to submit reports as requested by the System's Board or staff in a timely manner, including, on a quarterly basis, a Statement of Compliance signed by the portfolio manager and a principal of the firm.
 - 5. **Answer, to the best of its abilities, all questions in this RFP in a succinct manner and in the order presented. Do not add appendices to the end this document unless specifically asked to do so.** Assume the term "current" herein refers to June 30, 2011 unless otherwise noted.
 - 6. Fully disclose any proposed subcontracting of any of the required services.

7. Vendor product is required to be managed on the OPERS recordkeeper platform (currently Great-West). A separate RFP for recordkeeping services is being issued concurrent with this RFP.

III. BACKGROUND INFORMATION

A. Legal Authorization

The Board of Trustees of the Oklahoma Public Employees Retirement System (OPERS) is charged with the responsibility of administering two defined contribution plans – the Oklahoma State Employees Deferred Compensation Plan and the Oklahoma State Employees Savings Incentive Plan. The two Plans work together to provide State employees' tax-deferred savings designed to supplement their retirement income. The statutory provisions generally related to SoonerSave are set forth in Sections 1701 et seq., of Title 74 of the Oklahoma Statutes.

B. Board Composition

OPERS is administered by a Board of Trustees composed of 13 members including a member of the Corporation Commission, the Administrator of the Office of Personnel Management, the State Insurance Commissioner, the Director of State Finance, a member of the State Tax Commission, three members appointed by the Governor, one member appointed by the Supreme Court, two members appointed by the Speaker of the House of Representatives, and two members appointed by the President Pro Tempore of the State Senate.

C. Support Services

OPERS has an authorized staff of 63 employees. The Executive Director is the chief administrative officer of OPERS.

D. Plan Administration

The Oklahoma State Employees Deferred Compensation Plan (DCP) was created by law in 1979 and meets the requirements of Internal Revenue Code Section 457 as a non-qualified deferred compensation plan of a state government.

In 1997, the Oklahoma State Employees Deferred Savings Incentive Plan (SIP), a qualified defined contribution plan, was created by law. The SIP is a money purchase plan in accordance with Section 401(a) of the Internal Revenue Code and was created as the Plan to receive the State contribution of \$25.00 per month for deferred compensation participants who are currently deferring. The SIP allows only employer contributions.

An important feature of the SIP is the ability to accept rollovers from qualified retirement plans. State employees have the opportunity to transfer retirement savings from a previous employer's qualified plan or the individual's IRA into the SIP.

E. Coordination between the Deferred Compensation and Deferred Savings Incentive Plans

The DCP is a voluntary supplemental retirement plan available to State of Oklahoma agency employees. As a voluntary plan, employees elect to participate by completing an enrollment form indicating a deferral amount and investment selection. The minimum deferral amount is \$25.00 per month for monthly payrolls and \$11.54 for bi-weekly payrolls. Deferrals begin the month after the month a properly completed enrollment form is received in the OPERS administrative offices.

To receive a contribution from the State into the SIP, a participant must have completed one month's participation in the DCP. When processing the deferral data for the deferred compensation plan, an OPERS computer program determines the eligibility for the SIP contribution.

The investment options for the plans are identical with the exception of the TD Ameritrade self-directed mutual fund brokerage option available in the DCP only. Participants receive one consolidated quarterly statement containing detailed information on both SoonerSave plans.

F. Additional Administrative Procedures

OPERS administers the DCP and SIP through the Defined Contribution Division of the agency. The Defined Contribution Division currently consists of the Plan Administrator and three support personnel. However, the Division coordinates with all OPERS divisions for support services for SoonerSave.

G. Participation

Only employees of state agencies are eligible to participate in SoonerSave (local governments are not eligible). Approximately 35,500 eligible employees are geographically dispersed throughout the State of Oklahoma. Although the Plan classifies the participants as employees of the State of Oklahoma, participants are actually employed by numerous state agencies. As of 06/30/11 there were 35,220 total accounts (active and retired/terminated).

H. Plan Assets

As of 6/30/11 assets in the DCP Stable Value Fund totaled \$219,373,674. As of 6/30/11 assets in the SIP Stable Value Fund totaled \$65,105,040. The 6/30/11 financial statements for SoonerSave and a schedule of investments are included in Exhibit B, *SoonerSave Financial Statements & Schedule of Investments*.

I. Investment Products

SoonerSave is currently administered in an un-bundled arrangement with Great-West Retirement Services providing the recordkeeping for all investment options. Participants are offered 19 mutual funds managed by various fund families and a Stable Value Fund currently managed by Great-West. A list of these investment options is shown in Exhibit B, *SoonerSave Schedule of Investment Options*.

SoonerSave investment options are selected by the OPERS Board of Trustees in accordance with the SoonerSave Investment Policy. OPERS utilizes a third party independent investment consultant to assist in investment product searches.

J. Plan Communication and Education

Plan communication includes the strategy, development, and distribution of information to current and potential SoonerSave participants. The Board's objective is broad-based participation. Long-term enrollment goals include ensuring that all eligible employees have knowledge about SoonerSave and are provided the education tools in order to encourage and maximize their participation.

IV. CRITERIA AND QUALIFICATIONS OF THE INVESTMENT MANAGEMENT FIRM

- A. Vendors should have substantial experience managing assets in classes described in this RFP. The following criteria will apply and exceptions will not be granted:
1. The proposed investment management firm must have assets under management (firm-wide) of at least \$1 billion as of June 30, 2011.
 2. The proposed U.S. stable value investment team must have been responsible for at least \$1 billion in stable value assets as of June 30, 2011.
 3. The senior investment professionals in charge of the proposed stable value product must have at least ten years of institutional portfolio management experience within the stable value industry.
- B. The fee quotes set forth in the response to the RFP will be a significant factor in determining semi-finalists for further consideration.
- C. Investment Guidelines

The “SoonerSave Investment Policy and Guidelines” are included as Exhibit 3 at the end of this RFP.

V. TIMELINE

The following timeline is an estimate and may be adjusted at OPERS discretion any time during this selection process.

Distribution of RFP	August 19, 2011
Deadline for questions submitted in writing via e-mail (no later than 5:00 p.m. CST)	September 16, 2011
Date for answers to questions	September 30, 2011
Proposals due (no later than 4:30 p.m. CST)	October 18, 2011
Finalist presentation (if necessary)	January 19, 2012
Award business (date contingent on final negotiations)	January 19, 2012
Contract start date	July 1, 2012

VI. COMMUNICATIONS WITH OPERS

In an effort to clarify any issues in this RFP, OPERS will respond only to questions that are presented as described in Section II(G) above. Telephone questions will not be accepted.

OPERS policy prohibits direct contact between prospective service providers and OPERS Board members, consultants, or staff during this RFP process. This does not include communication with any of OPERS’ incumbent service providers for normal business not related to this selection process. From the date of release of this RFP until a Vendor is selected and a contract is executed and approved, all contacts and communications regarding this RFP are restricted to the Q&A process. Exceptions include communications with OPERS staff identified in this section and designated participants in attendance only during negotiations, presentations, and contract award and execution. Violation of these conditions may result in rejection of a Vendor’s proposal.

All Vendors who have submitted a proposal will be notified of the Board's decision in writing after the final selection has been made. This notice of final selection may be the only communication between the System and the Vendors. Telephone or other inquiries concerning this proposal after the proposal deadline are discouraged.

VII. GENERAL TERMS AND CONDITIONS

A. Applicable Laws and Courts

This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Oklahoma, and any litigation with respect thereto shall be brought in the District Court of Oklahoma County, Oklahoma. The Vendor shall comply with all applicable federal, state and local laws, rules and regulations.

B. Ethics in Public Contracting

By submitting their bids or proposals, Vendors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Vendor, supplier, manufacturer or subcontractor in connection with their bid/proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring this contract.

C. Qualifications of Vendors

OPERS may make such reasonable investigations as deemed proper and necessary to determine the ability of the Vendor to perform the services/furnish the goods, and the Vendor shall furnish to OPERS all such information and data for this purpose as may be requested. OPERS reserves the right to make a site visit at the offices of the Vendor prior to award to satisfy questions regarding the Vendor's capabilities. OPERS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Vendor show that the Vendor is not properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

D. Business Continuity

The Vendor must indicate any recent or anticipated changes in its corporate structure such as mergers, acquisitions, new venture capital, stock issue, etc. If requested by OPERS, the Vendor agrees to present to OPERS a business continuation plan for the services provided in this contract.

E. Assignment of Contract

The contract shall not be assignable by the Vendor in whole or in part without the written consent of OPERS.

F. Period of Contract

It is anticipated that the initial contract shall be for a one-year period beginning on July 1, 2012 through June 30, 2013. Thereafter, the contract may be renewed by the Board annually, at the Board's discretion, for four (4) additional one year contract periods. The Board of Trustees reserves the right to terminate the contract upon 30 days notice, with or without cause.

G. Ownership of Data and Work Product

There is a presumption that all work product generated for OPERS under this contract, as well as all data compiled by the Vendor while performing this contract, shall become the sole property of OPERS. OPERS must be given reasonable access to all such work product or data compiled by the Vendor in the performance of this contract.

H. Limitation of Liability, Hold Harmless Clauses & Indemnity

The State of Oklahoma and its agencies are constitutionally barred from limiting the liability of a private Vendor. Agencies are similarly prohibited from holding a private entity harmless from liability or providing indemnity to a private entity. The contract between the successful Vendor and OPERS will not have any such terms.

- I. The Vendor must agree and the contract shall provide that the fee for investment management services is the same or lower than fees the Vendor charges to other clients of similar funds and accounts. In the event the Vendor agrees to charge any other client a lower fee for management of similar funds or accounts, the Vendor will reduce its fee to the Board to the same extent. It is Vendor's responsibility to notify the Board of the existence of any fee agreements which are lower than the fees agreed upon. The Board shall reserve the right to ask for periodic fee review reports. The Board shall be entitled to a retroactive fee reduction in the event the Vendor fails to promptly notify the Board of any lower fee agreements.

VIII. QUESTIONNAIRE

A. Organization

1. List your firm's name, address, and year founded, as well as the name, title, telephone, email address and facsimile numbers for the individual(s) responsible for new business contacts.
2. If applicable, describe the parent company's/affiliate's main lines of business. Provide NRSRO ratings (and any changes over the past four years) if available.
3. Discuss the financial condition of your firm based on the most recently audited financial statements and annual report.
4. Has your firm undergone any restructuring or had any major organizational changes during the past five years? Do you anticipate any ownership or organizational changes during the next two years? If so, explain.
5. Describe your succession plans for the management of the firm and the continuity of leadership within the investment product teams.
6. Over the past five years, has your organization, affiliates, parent company, officers or principals been involved in litigation, legal proceedings, or SEC investigations related to your firm's investment activities? If so, provide a brief explanation including the current status and/or the resolution of this action.
7. Provide an organizational chart for your firm, and specifically for your stable value management division.

8. Describe the compensation/incentive structure for both analysts and portfolio managers within your firm.
9. For each of the last fiscal five years, provide the following information regarding the firm's stable value investment professionals (*i.e.*, those individuals involved in portfolio management and/or research):

Year Ending June 30	Key Investment Professionals Joined	Key Investment Professionals Left	Total Stable Value Investment Professionals
2011			
2010			
2009			
2008			
2007			

10. Designate the team members who would be responsible for OPERS' portfolio. How much time do these individuals allocate among portfolio management, research, client servicing, traveling and administrative duties? Discuss these individuals' account responsibilities, specifically the number of accounts managed, location and dollar value of assets under management.
11. What is the current and expected account load of your portfolio managers and how are accounts assigned to each portfolio manager at your firm?

B. Stable Value Product

1. When did your firm begin managing dedicated stable value mandates? Briefly describe your experience and commitment to the stable value market. List all of your firm's stable value products and indicate which one you are proposing for this assignment.
2. Provide the total amount of assets under management within your firm's stable value-oriented mandates and also segregate (if applicable) the stable value product that your firm is proposing using the format below.

Assets	Public	Corporate	Foundation/ Endowment	Taft- Hartley	High Net Worth	Foreign	Other
Total Stable Value							
Proposed Stable Value Product							

3. Provide the approximate client turnover in the firm-wide stable value mandates using the format below.

11. Detail the portfolio construction process. Be sure to discuss duration/yield curve decisions, diversification, liquidity, and the overall maturity structure in your answer.
12. How do you maintain duration discipline?
13. Discuss wrapper diversification and wrap fee pricing. What competitive advantage does your firm possess that will result in the most favorable wrap pricing?
14. How flexible are you in tailoring guidelines to client preference?
15. Discuss research and the dynamic between idea generation and implementation.
16. List the main sources of your expected alpha and the expected contribution of each source to excess return. What is a reasonable alpha expectation versus your preferred benchmark? What is your expected tracking error versus this benchmark?
17. Provide summary portfolio characteristics of your stable value composite on 6/30/2011, 6/30/2010, 6/30/2009, and 6/30/2008 in tabular form. Please include the appropriate benchmark characteristics for comparison.

Summary Characteristics

	Proposed Product	Benchmark (specify)
MV/BV		
Duration		
Yield on Assets		
Gross Crediting Rate		
Ave. Credit Rating		
Ave. Wrap Fee		
Number of Holdings		
Annual Turnover		

18. Describe your risk management process, including key individuals and tools used.
19. Describe the role cash plays in management of your proposed portfolio and the types of cash equivalents you use.
20. What enhancements have you made to your investment process and resources available for portfolio construction and risk management over the past few years?
21. How do you distinguish your investment style and strategy from others in your peer group?
22. What evidence is there that your strategy will be successful in the future?
23. What are the strengths and weaknesses of your strategy?
24. What market conditions would favor and not favor your strategy?
25. Provide annualized returns of 1, 3, 5, and 10 years as of 6/30/2011 for your proposed product. For the same annualized periods, provide the appropriate tracking error and describe the sources of tracking error.

26. Provide three references for the largest public fund clients who employ your firm to manage stable value mandates. Include a contact name, phone number, and the market value of the assets your firm manages for each reference at inception and currently.
27. Provide the name, contact name, and phone number of three past stable value clients that terminated your firm during the last three years, the reason for termination and the dollars managed at the termination date.
28. Describe the active management component of your stable value fund, including the manager selection process if not in house.
29. Describe any restrictions you have on competing funds including equity wash rules.

C. Additional Information

1. Is your firm an SEC registered advisor or is it exempt from registration? If applicable, submit a copy of your most recent Form ADV, Parts I and II.
2. On average, how many days after month-end does it take for the firm to reconcile positions with client's custodian? When you find pricing differences, what is your procedure for reconciliation?
3. Does the firm carry errors and omissions insurance? If so, what is the level of coverage?
4. Does the firm carry fiduciary liability insurance? Is so, what is the level of coverage?
5. Describe the client-directed termination provisions of the proposed mandate.

D. Trading/Compliance

1. Please describe the firm's policies regarding the use of soft dollars and directed commissions. For 2010, what percent of the firm's total operating expenses were covered through the receipt of products and services acquired through soft dollar arrangements?
2. How many brokers were used during calendar year 2010? How many of these were soft dollar relationships?
3. What is the maximum amount of time that it will take for a new account to be fully invested?
4. Describe how your firm obtains and pays for outside research reports. Please list the primary sources of research upon which your firm relies.
5. Please describe your back office (compliance and trading) procedures in detail. What trading platform do you use? Do you have a separate individual or group of professionals responsible for compliance and guideline adherence?
6. Describe the process for monitoring guidelines.
7. Please briefly describe your reporting practices to clients. How often will you meet with a client each year? Who will be the primary contact on the account? What is his/her role in managing the assets?

8. What internal performance and portfolio pricing service(s) do you use?
9. Please provide a sample monthly and quarterly account statement.

E. Vehicle

1. Is your proposed product available in both separate account and commingled fund formats? What is the minimum size for a separate account and/or commingled fund?
2. Specify the proposed vehicle (separate account, commingled fund, collective trust fund etc). If the proposal consists of a fund, detail the liquidity constraints/funds availability.
3. If the proposal consists of a fund, within the fee quote detail all fees and expenses that will be charged to the fund or the System including, but not limited to, management fees, administrative fees, transaction fees, fees for legal services, audit, accounting, tax filing and custody.
4. If the proposal consists of a fund, state the percentage of the fund the combined five largest clients comprised as of June 30, 2011, 2010, 2009, and 2008.

IX. FEE QUOTE

The fee quotes set forth in the response to the RFP will be a significant factor in determining the successful Vendor. In responding to this RFP you are required to quote your fees according to the terms as specified in the following format. The format is a fixed asset-based fee quote. No language may be altered and you acknowledge that you understand our fee calculation methodology by submitting your bid. You are encouraged to have your legal counsel approve our terms prior to submitting your RFP. By submitting a proposal you are agreeing to accept our prescribed fee calculation methodology. The only terms that may be altered are those left blank; specifically, dollar amounts, basis points and percentages.

1. Provide relevant fee schedules using the format on Exhibit "A" at the end of this RFP for each product in your proposal.
2. At the present time the System is looking at a target amount of approximately \$285 million in the OPERS portfolio based upon assets as of June 30, 2011. The level of assets may vary based on prevailing market conditions.
3. If the Vendor is offering any discount on the management fees quoted based on the retention of other investment services already provided to OPERS or the URSJJ, please list the discount separately on Exhibit "A."
4. Concurrent to this RFP, OPERS has issued an RFP for recordkeeping services. OPERS will consider a "bundled" fee proposal for stable value investment management and recordkeeping services. The proposed fee offset should be reflected in the Exhibit "A" Fee Quote section. Stand-alone stable value providers should indicate if a recordkeeping fee offset is available (for separate accounts and commingled funds).

X. SUMMARY

Fill out the follow proposal summaries

Summary 1

Firm Name	Product Name	Proposed Vehicle (i.e. separate account, commingled fund, collective trust fund)	Current MV/BV	Duration	Number of Wrap Providers	Total Fee Proposal (in basis points)	Availability of Funds

Summary 2

	Bps per year
Investment Management Fee	
Wrap Fee	
Trust and Custody Fee	
Sub Advisor Fee (if applicable)	
Total Fee	

EXHIBIT A

FIXED ASSET-BASED FEE QUOTE FORMAT

COMPENSATION RATES

- A. (INVESTMENT MANAGER) shall submit invoices for services to the System providing such information acceptable to the System.
- B. Following the end of each calendar quarter, (INVESTMENT MANAGER) shall deduct the investment management fee (and recordkeeping offset if applicable) from the gross crediting rate.
- C. The total annual fees for the services provided under this Agreement are set forth in this Exhibit "A".

- 1. Investment Management fees for the combined DCP and SIP portfolios as applicable:

___ basis points (.___ of 1%) on the first	\$ _____
___ basis points (.___ of 1%) on the next	\$ _____
___ basis points (.___ of 1%) on the next	\$ _____
___ basis points (.___ of 1%) on the next	\$ _____
___ basis points (.___ of 1%) amounts over	\$ _____

For RFP bidding process additional breakpoints may be inserted above if necessary. Please list all fees and expenses applicable to each fund as asked for in Section IX. List any applicable discounts(i.e. recordkeeping offset) as well.

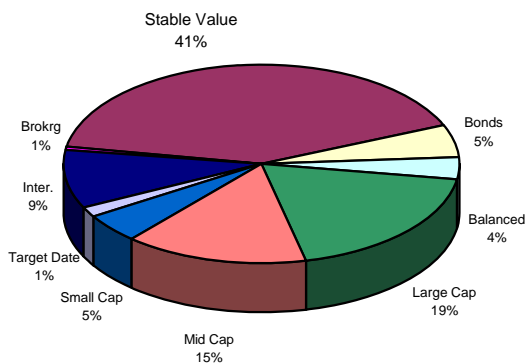
- 2. Concurrent to this RFP, OPERS has issued an RFP for recordkeeping services. OPERS will consider a "bundled" fee proposal for stable value investment management and recordkeeping services. The recordkeeper will be responsible for responding to the separate RFP for recordkeeping services. Stand-alone stable value providers should indicate if a recordkeeping fee offset is available (for separate accounts and commingled funds).
- D. It is understood and agreed that (INVESTMENT MANAGER) may not bill or charge, over and above the compensatory rate above mentioned, for the services provided pursuant to this Agreement.

EXHIBIT B

**OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN
STATEMENT OF PLAN NET ASSETS
(unaudited)**

	JUNE 30	
	<u>2011</u>	<u>2010</u>
CASH	\$ 1,613,882	\$ 1,268,460
Contributions receivable		368,506
INVESTMENTS:		
Stable Value Funds	219,373,674	208,426,662
Mutual Funds		
Bond funds	28,376,400	23,169,440
Balanced funds	19,700,851	16,395,001
Large-Cap Equity Funds	102,400,398	78,905,665
Mid Cap equity funds	79,959,946	58,020,449
Small Cap equity funds	26,432,487	21,489,711
International equity funds	50,556,985	42,815,460
Target Date Funds	8,905,198	4,805,811
Self-Directed Brokerage	3,143,819	2,969,664
	<u>319,476,084</u>	<u>248,571,201</u>
Metropolitan Life Insurance Company annuity contracts	<u>474,289</u>	<u>474,289</u>
Total Investments	<u>539,317,047</u>	<u>457,472,152</u>
Total assets	\$ 540,930,929	\$ 459,109,118
Other Liabilities	<u>1,613,882</u>	<u>1,268,460</u>
Net Assets Available for Benefits	<u>\$ 539,317,047</u>	<u>\$ 457,840,658</u>

Portfolio 06/30/2011



Portfolio 06/30/2010

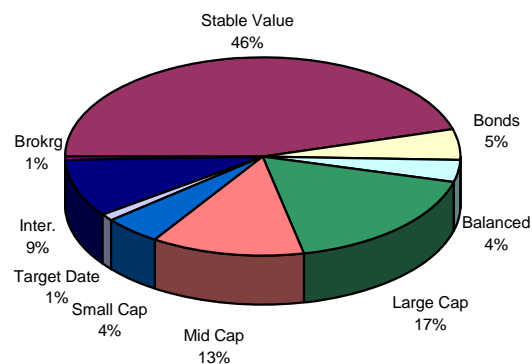


EXHIBIT B

OKLAHOMA STATE EMPLOYEES DEFERRED COMPENSATION PLAN
STATEMENT OF CHANGES IN PLAN NET ASSETS
(unaudited)

	<u>2011</u>	<u>2010</u>
ADDITIONS:		
Contributions:		
Participants	\$ 33,068,415	\$ 35,133,504
Plan to Plan transfers in	61,637	358,234
	<u>33,130,052</u>	<u>35,491,738</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	66,865,341	30,553,071
Interest and dividends	14,069,831	11,237,057
	<u>80,935,172</u>	<u>41,790,128</u>
Total investment income (loss)		
	<u>80,935,172</u>	<u>41,790,128</u>
Total increase	114,065,224	77,281,866
DEDUCTIONS:		
Benefits paid to participants	32,297,950	22,907,572
Administrative fees	293,885	298,558
	<u>32,591,835</u>	<u>23,206,130</u>
Total deductions		
	<u>32,591,835</u>	<u>23,206,130</u>
Net increase	81,473,388	54,075,736
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of period	<u>457,843,659</u>	<u>403,767,922</u>
End of period	<u>\$ 539,317,047</u>	<u>\$ 457,843,658</u>

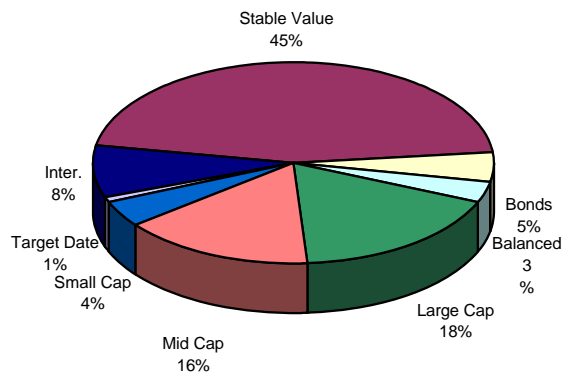
	<u>6/30/2011</u>	<u>6/30/2010</u>
Active Participants	24,493	25,288
Retired or Inactive Participants	10,727	9,846
Total Participants	<u>35,220</u>	<u>35,134</u>

EXHIBIT B

**OKLAHOMA STATE EMPLOYEES SAVINGS INCENTIVE PLAN
STATEMENT OF PLAN NET ASSETS
(unaudited)**

	JUNE 30	
	<u>2011</u>	<u>2010</u>
CASH	\$ 630,191	\$ 567,828
Contributions receivable		86,888
INVESTMENTS:		
Stable Value Funds	65,105,040	60,703,379
Mutual Funds		
Bond funds	6,554,965	5,601,157
Balanced funds	4,998,467	4,063,798
Large-Cap Equity Funds	25,073,204	18,652,301
Mid Cap equity funds	22,241,248	15,885,864
Small Cap equity funds	5,762,504	4,754,817
International equity funds	11,831,054	9,512,117
Target Date Funds	<u>1,324,534</u>	<u>693,398</u>
	<u>77,785,976</u>	<u>59,163,452</u>
Total Investments	<u>142,891,016</u>	<u>119,866,831</u>
Total assets	\$ 143,521,207	\$ 120,521,547
Other Liabilities	<u>628,079</u>	<u>565,716</u>
Net Assets Available for Benefits	<u>\$ 142,893,128</u>	<u>\$ 119,955,831</u>

Portfolio 06/30/2011



Portfolio 06/30/2010

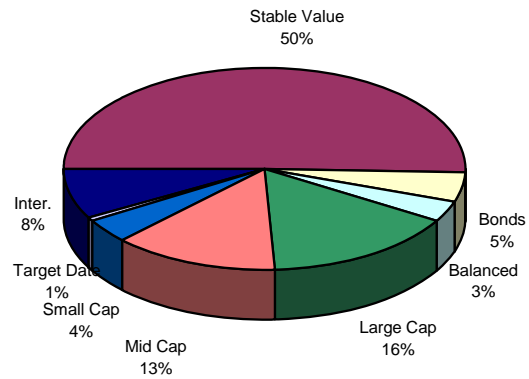


EXHIBIT B

OKLAHOMA STATE EMPLOYEES DEFERRED SAVINGS INCENTIVE PLAN
STATEMENT OF CHANGES IN PLAN NET ASSETS
(unaudited)

	<u>2011</u>	<u>2010</u>
ADDITIONS:		
Contributions:		
Participants	\$ 7,285,018	\$ 7,595,365
Plan to Plan transfers in	<u>3,013,067</u>	<u>1,536,325</u>
Total contributions	10,298,085	9,131,690
Investment income:		
Net appreciation (depreciation) in fair value of investments	16,641,355	7,138,780
Interest and dividends	<u>3,726,805</u>	<u>3,116,846</u>
Total investment income (loss)	<u>20,368,160</u>	<u>10,255,626</u>
Total increase	30,666,245	19,387,316
DEDUCTIONS:		
Benefits paid to participants	7,588,148	5,655,896
Administrative fees	<u>140,800</u>	<u>142,542</u>
Total deductions	<u>7,728,948</u>	<u>5,798,438</u>
Net increase	22,937,297	13,588,878
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of period	<u>119,955,831</u>	<u>106,366,953</u>
End of period	<u><u>\$ 142,893,128</u></u>	<u><u>\$ 119,955,831</u></u>

	<u>6/30/2011</u>	<u>6/30/2010</u>
Active Participants	24,493	25,288
Retired or Inactive Participants	<u>10,873</u>	<u>9,910</u>
Total Participants	35,366	35,198

EXHIBIT B

SoonerSave
Schedule of Investment Balances and Accounts
as of June 30, 2011

Fund	457		401a	
	Balance	Accounts	Balance	Accounts
Stable Value	\$ 219,373,674	22,539	\$ 65,105,040	22,344
American Century Income & Growth Fund	\$ 28,013,247	6,264	\$ 6,193,863	5,326
American Century Vista - Adv	\$ 25,271,748	7,538	\$ 10,531,530	7,474
American Funds EuroPacific A	\$ 20,406,108	5,202	\$ 4,078,096	4,431
Artisan Mid Cap Value Fund	\$ 26,904,665	6,265	\$ 5,883,413	5,238
BlackRock S & P 500 Stock Fund	\$ 16,977,054	4,262	\$ 3,773,644	3,719
BlackRock Small Cap Growth Equity Instl	\$ 1,626,256	429	\$ 160,715	289
Columbia Acorn Fund - Z	\$ 27,776,533	5,638	\$ 5,826,305	4,689
Perkins Small Cap Value Fund J	\$ 24,806,231	5,362	\$ 5,601,788	4,415
T. Rowe Price Balanced Fund	\$ 19,700,851	5,084	\$ 4,998,467	4,343
T. Rowe Price Blue Chip Growth Fund	\$ 50,785,556	9,743	\$ 13,811,425	8,611
T. Rowe Price Emerging Markets Stock	\$ 30,150,878	6,440	\$ 7,752,958	5,499
T. Rowe Price High Yield	\$ 14,712,302	5,437	\$ 3,772,775	4,477
T. Rowe Price Spectrum Income	\$ 13,664,097	3,837	\$ 2,782,190	2,942
T. Rowe Price Total Equity Market Index	\$ 6,624,541	2,280	\$ 1,294,273	1,935
TD AMERITRADE SDB Money Market Fund	\$ 1,015,661	84	\$ n/a	n/a
TD AMERITRADE SDB Securities Balance	\$ 2,128,158	66	\$ n/a	n/a
Vanguard Target Retirement 2010 Fund	\$ 2,229,334	232	\$ 133,347	177
Vanguard Target Retirement 2020 Fund	\$ 3,053,242	563	\$ 417,704	466
Vanguard Target Retirement 2030 Fund	\$ 1,920,341	744	\$ 401,236	663
Vanguard Target Retirement 2040 Fund	\$ 1,229,725	582	\$ 246,006	527
Vanguard Target Retirement 2050 Fund	\$ 472,557	335	\$ 126,241	303
	\$ 538,842,759	98,926	\$ 142,891,016	87,868

EXHIBIT C

**SOONERSAVE
INVESTMENT POLICIES AND GUIDELINES**

Effective February 18, 2010

SOONERSAVE

INVESTMENT POLICIES AND GUIDELINES

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SOONERSAVE

INVESTMENT POLICIES AND GUIDELINES

I. INTRODUCTION

SoonerSave is a department of the Oklahoma Public Employees Retirement System and is comprised of two retirement savings plans – the Oklahoma State Employees Deferred Compensation Plan (OSEDCP) and the Oklahoma State Employees Deferred Savings Incentive Plan (SIP). OSEDCP is a tax-deferred savings plan that allows employees to contribute a portion of their salary into the Plan. Taxes on salary deferrals and earnings are deferred until the money is withdrawn. Additional incentive to participate is provided by the State, which contributes \$25.00 per month to the SIP for active participation of the OSEDCP.

The Board of Trustees of the Oklahoma Public Employees Retirement System (OPERS) has fiduciary responsibility to provide investment and administrative services to the Plan's participants. This document outlines the philosophies behind the structure and delivery of the investment options offered to participants and the process for maintaining the menu of participant offerings.

II. OBJECTIVES

- A. To provide participants with a prudent menu of investment options to diversify their investment portfolios in order to efficiently achieve reasonable financial goals for retirement.
- B. To provide education to participants to help them build portfolios that maximize the probability of achieving their investment goals.
- C. To administer the Plans in an efficient manner, such that participants are able to monitor their individual portfolios and make suitable adjustments in a timely manner.
- D. To provide competitive investment options in major asset classes at a reasonable cost.
- E. To establish criteria and procedures for the ongoing evaluation of the investments offered, which are consistent with prudent investment management and participants' needs for diverse investment options.
- F. To establish procedures for the selection, evaluation, review, and elimination of fund options and the Board's expectations regarding each fund option.

III. ADMINISTRATION

As of January 1, 2001, SoonerSave is administered in a primarily “unbundled” arrangement with one vendor providing recordkeeping, communications, and education. Investment services may be provided by the vendor or by other investment firms.

IV. INVESTMENT OPTIONS

Responsibility for the number, types, and status of individual investment options rests with the OPERS Board of Trustees. In general, the Board will seek to provide a sufficient number of investment options to provide participants the ability to construct diversified portfolios consistent with their individual investment objectives. The Board will seek to avoid offering extraneous and redundant investment options. The selection and elimination of investment options will be guided by the following philosophies and principles:

- A. The menu of core investment options will be sufficient to provide each participant with the ability to construct a diversified portfolio consistent with a reasonable investment goal. (See *Appendix 1* for a classification of the current offerings.) The menu will include at least one offering in each of the following asset categories:
 - Cash Equivalents
 - Fixed Income
 - Balanced
 - Domestic Large Cap Equity
 - Domestic Small and Mid Cap Equity
 - International Equity
- B. Except for the cash equivalents asset category, the Plans are currently structured such that all core investment options shall be publicly traded mutual funds. Within certain categories, the Board will seek to provide, as appropriate, both domestic and international investment options and, within the most efficient markets, both active and passive (indexed) options.
- C. Each investment option should represent a distinct class of assets; however, within the domestic equity categories, the offerings may represent style subsets (value, growth, blend, large, and small) of the broad market. To the extent practicable, the Board will avoid offering investment options whose investment style and portfolio focus overlaps.
- D. The investment options may include funds that offer pre-determined asset allocations consistent with their respective investment goals or time horizons. This would include “target date” funds that offer investments over a diversified range of asset classes based on a future date, and which may automatically rebalance to become more conservative as the target date approaches.

Participants may request to have additional investment options added to the SoonerSave investment line-up. The request must be made in writing to the Plan Administrator and specify

the investment name, the rationale for inclusion and any supporting documents such as prospectus or performance data. The Plan Administrator will forward the request to the OPERS Board of Trustees for consideration during the performance review of the investments.

E. Cash Equivalents Asset Class Investment Options

1. Stable Value Fund

a. Account Structure

This core investment option will be offered in the form of a separate account with the vendor as investment manager and custodian. Assets in the account are not commingled with the assets of any other entity. The vendor has the authority to buy and sell any U.S. government and Agency securities in this separate account in accordance with this policy that it judges to be in the best long-term interest of the separate account and the participants that utilize the account. The vendor will manage the assets in the account with the same care and prudence that it would exercise with its own assets and to act as a fiduciary with respect to the management of the assets invested by the Plan in the separate account. The portfolio will be prudently diversified by the Vendor to protect against sector and security specific risks.

b. Investment Objectives

Within the parameters as stated below, the objectives of the account are to:

- (a) Earn a high rate of return consistent with the types of investments allowed;
- (b) Provide sufficient liquidity to provide for participant redemptions;
- (c) Provide returns with relatively low variability.

c. Benchmark Index

The market value performance of the Stable Value Account will be compared to the market value performance of five-year Treasury notes, on a constant maturity basis. Yield levels are expected to exceed that of the two-year Constant Maturity Treasury.

d. Credit Quality and Diversification Guidelines

The portfolio will be comprised of obligations of the United States government and agencies thereof. The portfolio will be prudently diversified by the Vendor to protect against sector and security specific risks. No one individual security, excluding U.S. Treasuries, will comprise more than five percent of the portfolio at market value.

e. Types of Investments

Subject to the Quality and Diversification Guidelines, the Vendor may invest the assets of the Stable Value Account in any or all of the following:

- (1) United States Treasury securities including Treasury bills, notes, bonds, and strips;
- (2) United States agency or Government Sponsored Entity (GSE) securities, including debt guaranteed under the FDIC's Debt Guarantee Program or similar debt guarantee program backed by the U.S. Government as approved by OPERS.
- (3) Mortgage-backed securities issued by GNMA, FNMA, FHLMC, FHLB, VA Vendee, or other U.S. Government agencies as approved by OPERS;
- (4) Collateralized mortgage obligations (CMOs) secured by GNMA, FNMA, FHLMC, FHLB, VA Vendee, or other U.S. Government agencies as approved by OPERS.
- (5) Repurchase agreements fully collateralized by the U.S. Government, U.S. Agency, or GSE securities. .
- (6) U.S. money market mutual funds which are subject to ERISA rule 2a-7 or have comparable quality, diversification, and liquidity restrictions.

f. Short-Term Investments

All money received by the vendor for deposit to the Stable Value Account will be invested the same day it is received. Whenever possible, these monies will be invested in the type of investments indicated above. However, if the monies are received at a time of the day which makes this impractical, then the monies will be invested in fully collateralized repurchase agreements or an interest-bearing account at a commercial bank. All money deposited into these banks must be 100 percent guaranteed by the FDIC. The following business day the money will then be invested according to the above guidelines.

g. Prohibited Transactions

IOs, POs, residuals, inverse floater, and other like mortgage instruments are not permitted. In all situations, any interest earned on money received for deposit into the separate account will be credited to the separate account and not to the Vendor.

h. Duration of Investments

The portfolio's average duration will have a normal range of two to five years.

i. Rates

The vendor is responsible for setting the rate to be credited to participant accounts. This credited rate to participants may be different from the rate earned on the total assets in the account.

j. Reporting

(1) On a quarterly basis, the vendor will provide a statement to the Board

showing the market value of each security, the sector diversification within the portfolio, and the duration, quality and yield of the portfolio.

This statement will also compare the market value of the portfolio to the amount that would be required to satisfy the withdrawal of all participant accounts. The vendor will also report on any loans made by the General Account to the Stable Value Account.

(2) On a quarterly basis, the vendor will provide to the Board a book value statement showing the book value of the total portfolio and describing the methodology and assumptions used to reset the crediting rate of the Stable Value Account. On a quarterly basis the Vendor will provide a statement of compliance with this Statement of Investment Policy for the period covered by the report signed by the portfolio manager and a principal of the firm.

(3) On an annual basis, a senior representative of the vendor will be expected

to meet with the Board and provide a verbal and written review of investment decisions. Their underlying rationale and expected future

implication will also be provided. The timing and amounts of

contributions and withdrawals will be included. The current and all past crediting rates will be shown in comparison to current and past two year constant maturity treasury yields as maintained by the Federal Reserve.

k. Trading Authority

Within the Investment Guidelines as stated above in this document, the Vendor has the authority to buy and sell any securities in this separate account that it judges to be in the best long-term interests of the separate account and the participants that utilize the account.

l. Competing Funds

Upon approval by the Board, there may be restrictions placed on transfers in and out of the Stable Value Fund from competing funds. For purposes of the Stable Value Fund, a “competing fund” is defined as any investment option in the asset class designated as “cash equivalents” as set forth in Appendix 1 of these Guidelines.

m. Changes to Investment Guidelines

The Guidelines (including duration) for investment of assets of the Stable Value Account may be modified at any time provided that such change is consistent with the purposes and objectives of the Stable Value Option as set forth herein and that no such change shall be made without prior notification to Vendor.

F. Self-Directed Brokerage Investment Option

1. The Board has no responsibility to review the mutual funds available and offered to participants in this option or to determine the appropriate investment choices for participants selecting this option. The Board further has no responsibility to determine if the selection of the self-directed brokerage option is appropriate for any particular participant.
2. The self-directed brokerage option is designed for knowledgeable investors, and any participant selecting this option will be required to sign an election form containing at least the following:
 - (a) That the participant understands and accepts any and all risks associated with this selection;
 - (b) That the participant understands and accepts that none of the mutual funds available in the self-directed brokerage option have been reviewed for suitability by the Board;

- (c) That the participant is solely responsible for determining the suitability or appropriateness of any selected mutual fund; and
 - (d) That the participant agrees to hold the Plan and the Board harmless against any claims, damages, or other causes of actions which may arise as a result of any negative consequences resulting from use of the self-directed brokerage option.
3. This option may be offered, at the Board's discretion, to participants in the Deferred Compensation Plan and/or the Deferred Savings Incentive Plan in the form of a self-directed brokerage investment for the selection of additional mutual funds. This investment option is not considered to be one of the core investment options selected by the Board.
 4. The minimum investment in this option is \$1,000 per investment. Participants must also maintain at least \$2,500 in assets invested in the core investment options for each SoonerSave Plan in which they also participate in this option.
 5. Participants selecting this option will be assessed an additional quarterly fee.

V. INVESTMENT OPTION STATUS & PROCEDURES

The OPERS Board of Trustees will designate the status of each investment option offered. Offerings that are to be eliminated because of performance or suitability as determined by the Board will be assigned a "Closed" status. A replacement option may be an existing option or a new option selected by the Board. Participant deferrals and/or contributions directed to "Closed" options shall be re-directed to the selected replacement option or to the default option as determined by the Board. Participant balances in "Closed" options will be allowed to continue up until the time that it is administratively feasible to redirect them to the selected replacement option or to the default option as determined by the Board. Consequently, each offering will have a status of either:

- **Open** – Eligible for new investments, or
- **Closed** – Not eligible for new investments; soon to be eliminated and/or replaced by the Board.

VI. SELECTION OF INVESTMENT OPTIONS

In the event that new or replacement options are desired, the OPERS Board of Trustees will establish general criteria. The System's investment consultant will work with the System's staff to develop other specific search parameters. In selecting a new or replacement option, the Board will normally rely upon the following:

- A. Above average historical performance over a reasonable time frame.
- B. Stability and excellence of the investment professionals (manager tenure) and the organization providing the investment service.
- C. Reasonable costs including the expense ratio and sales fees.
- D. Recommendation of the System's investment consultant.

Mutual fund options are selected from the universe of publicly traded funds through a comprehensive search process normally conducted by the System's investment consultant. Generally, the Board will first review the suitable offerings from the vendor's alliance family of funds. Absent a competitive offering from the vendor's list of alliance funds, the Board will select from qualified non-alliance funds. Once the initial screening has occurred, options are further analyzed based on criteria that includes, but is not limited to: short and long term performance as compared to peer group average and benchmarks, risk/return measurements, and industry ratings (such as Morningstar).

VII. PERFORMANCE REVIEWS

The OPERS Board of Trustees will periodically (at least annually) review and evaluate the success of SoonerSave's progress toward its objectives in the areas of Plan administration, communications, education, and investment performance. The investment performance review will include comparisons against the appropriate benchmark indices and peer groups over relevant time frames. The focus of the review will be to ensure that the Board is offering investment options with competitive (average or above) performance within each category over reasonable measurement periods, typically encompassing a market cycle (3 to 10 years). The Board will also review the risks taken to achieve the results and the option's investment style relative to its mandate, in addition to the stability of the personnel responsible for investment results. If the investment options are mutual funds, the Board may rely on the investment consultant's recommendations along with ratings produced by mutual fund evaluation services such as Morningstar to evaluate long-term risk-adjusted performance relative to peers. For performance benchmarks on current offerings [see *Appendix I*].

The Board has developed the following policies with respect to reviewing any Fund associated with SoonerSave.

- A. Funds rated "Above Average" by the fund evaluation process will be retained for the following year.
- B. Funds rated "Below Average" by the fund evaluation process will be placed on a "watch list". While on the "watch list" additional information will be obtained from the fund manager regarding the performance of the fund on a more frequent (quarterly) basis.

- C. Funds that were on the “watch list” that recover to the “Above Average” category in the subsequent fund evaluation will be reinstated and removed from the “watch list”.
- D. Funds that are rated “Below Average” after 2 consecutive years may be placed in the “Closed” status and replacement fund(s) will be chosen by the Board pursuant to Section V and VI of this policy.
- E. Additionally, failure by a fund to comply with these policy objectives and guidelines will be cause for the Board to reexamine that fund’s continuing appropriateness for the SoonerSave program. The Board retains the right to waive any of the above policies if it deems that such waiver is in the best interest of SoonerSave and/or its participants.

VIII. PROXY VOTING POLICY

A. Overview

The Board believes that mutual fund proxies are important assets of SoonerSave. OPERS recognizes that certain proposals, if implemented, may have a substantial impact on SoonerSave participant shareholders. As such, OPERS is obligated to exercise its shareholder rights by voting proxies solely in the interests of the Plan participants. This policy sets forth general guidelines on key areas of corporate governance. The OPERS Board directs the staff to use the Proxy Policy as a guide in voting mutual fund proxies.

B. Purpose

The purpose of the OPERS Proxy Policy is to (1) articulate the Program’s position on important areas in corporate governance, (2) provide guidance and direction to staff to vote on individual proxy issues on behalf of the Plan, and (3) establish roles and responsibilities for the maintenance of proxy policy and the administration of proxy voting.

C. Objective

The objective of this policy is to enhance the long-term value of the participants’ investments by encouraging management to act in the shareholders’ best interest, and to protect shareholder rights. A further objective is to promote corporate accountability, transparency and responsibility as essential elements of corporate governance designed to increase long-term shareholder value.

D. Roles and Responsibilities

1. Board of Trustees - The Board of Trustees has the responsibility for approving the Proxy Policy as well as reviewing the Proxy Policy on a regular basis to determine if modifications are necessary.

2. Staff - The OPERS Staff monitors compliance with the Policy as set forth in this document. It evaluates proposals for modifications as needed, makes recommendations for consideration by the Board, and periodically receives reports of votes cast.
3. Executive Director - The Executive Director is responsible for working with the Board of Trustees to establish the overall policy. The Executive Director is responsible for establishing appropriate proxy voting procedures to support and implement the Policy and coordinating such procedures to support and implement the Policy.

The Executive Director is responsible for voting proxy ballots in a timely manner according to OPERS established Policy, and administering and maintaining records of proxy votes. The Executive Director votes proxies in accordance with voting instructions created from OPERS' Proxy Voting Policy.

Lastly, the Executive Director is responsible for reviewing research and to vote recommendations on each mutual fund proxy vote cast in fulfilling the fiduciary duty of the OPERS Board of Trustees to cast proxy votes in the interests of shareholders and therefore, its participants.

E. Process

1. Case-by-Case - The Executive Director will work with a proxy advisory service to research proxy issues. The Executive Director will consult with the SoonerSave Administrator and Chief Investment Officer on each proxy issue or vote, to get their respective recommendations. The Executive Director may cast a vote after consultation with these staff members, if it is consistent with the recommendation of the proxy advisory service. If after consultation with the staff members, the Executive Director wants to vote contrary to the recommendation of the proxy advisory service, the matter shall be taken to the Board of Trustees at its next meeting. If the vote must be cast prior to the next Board meeting, the Executive Director shall consult with the Chairman of the Board of Trustees. The Chairman will decide whether a special or emergency meeting of the Board needs to be called to address the issue. If the Chairman does not schedule a special or emergency meeting, the Executive Director may vote the proxy but shall report to the Board and explain why the recommendation of the proxy advisory service was not followed.
2. Missed Votes and Votes Inconsistent with Policy - Should OPERS miss a voting deadline due to an operational issue or unforeseen circumstance, the Board will be provided with a report of any missed votes within 30 days of occurrence, along with an analysis of the reason(s), and a discussion of the corrective action taken.

F. Reporting and Compliance

The following reports shall be provided on a periodic basis to the Board:

1. Case-By-Case Issues (As Needed) - Reports of case-by-case issues, OPERS voting position, and supporting rationale shall be provided at the next regularly scheduled Board meeting following the casting of such votes.
2. Missed Votes or Non-Conforming Votes (As Needed) - Reports of missed votes or non-conforming votes shall be provided at the next regularly scheduled Board meeting following the voting deadline or the casting of such votes.
3. Summary Report (Annually) - A report summarizing compliance with the proxy policy shall be provided annually to the Board.

H. General Guidelines

In general, OPERS will support measures to increase Board independence and to promote disclosure, including but not limited to fees and expenses, fund holdings, commissions paid to brokers, soft dollar services, and turnover of key personnel.

APPENDIX 1
SoonerSave Investment Options by Investment Category

<u>Asset Class</u>	<u>Sector</u>	<u>Benchmark</u>
Cash	Stable Value	2-year Constant Maturity Treasury Yield
Fixed Income	Multisector Bond	Barclays Capital U.S. Aggregate Bond Index
	High Yield Bond	Merrill Lynch High Yield Master II Index
Balanced	Balanced	50% S&P 500/40% Barclays Capital U.S. Aggregate Bond Index/10% MSCI EAFE
Large Cap US Equities	Large Cap Value	Russell 1000 Value Index
	S&P 500 Index	S&P 500 Index
	Large Cap Growth	Russell 1000 Growth Index
Mid Cap US Equities	Mid Cap Growth	Russell Mid Cap Growth Index
	Mid Cap Value	Russell Mid Cap Value Index
Total U.S. Market	Total U.S. Market Index	Wilshire 5000 Index
Small Cap US Equities	Small Cap Value	Russell 2000 Value Index
	Small Cap Growth	Russell 2000 Growth Index
Aggressive Growth	Mid and Small Cap Growth	Russell 2500 Growth Index
International Equities	International Stock	MSCI EAFE Index
	Emerging Markets	MSCI Emerging Markets Index
Target Date Funds	2010 Fund	Dow Jones Target 2010 Index
	2020 Fund	Dow Jones Target 2020 Index
	2030 Fund	Dow Jones Target 2030 Index
	2040 Fund	Dow Jones Target 2040 Index
	2050 Fund	Dow Jones Target 2050 Index