

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 PROPOSAL

#515-12-077

SOONERSAVE RECORDKEEPING 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 Recordkeeper for the SoonerSave funds. This is an investment management related service which is an integral part of providing investment options to SoonerSave participants.

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 (2) exhibits, and forty-four (44) 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
515-12-077 (SoonerSave Recordkeeping Services)	515-12-077	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:

1. (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;
2. (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
3. 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.
4. 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 PROPOSAL
SoonerSave Recordkeeping 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 Recordkeeping Services
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.**, Central Time, on Tuesday, **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, 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 "OPERS SoonerSave Recordkeeping Services 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 commercial 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. Proposals should be prepared simply and economically, providing a straightforward, concise description of the offer, and all other required information. Proposals in ring binders are preferred. Unnecessary and elaborate brochures or other extraneous visual presentations are neither necessary nor desired. Each page of the proposal should be consecutively numbered with the exception of examples of participant materials requested in this RFP.
- F. All proposals, once opened, are considered to be public record and shall be available for viewing and reproduction by any person.
- G. 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.

- H. In an effort to clarify any issues in this RFP, the System 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 the System by **4:30 p.m.** Central Time on **Friday, September 16, 2011**. The Q&A document will be posted on the OPERS website (www.opers.ok.gov) on or after Friday, September 30, 2011. This will be the only distribution method for the Q&A document.
- I. 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.
- J. All costs of preparation and presentation associated with your 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 the System.
- K. The selection of investment managers and investment consultants 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 services required in this RFP are a necessary part of investment management and the ability to deliver investment options to SoonerSave participants. The Board of Trustees of OPERS 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.
- L. The Board reserves the right to award all, part, or none of this contract. The Board reserves the right to award contracts to more than one service provider if deemed appropriate and desirable.
- M. 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.
- N. Submission of a proposal in response to this RFP evidences the Vendor's acceptance of the terms and conditions contained within the RFP.
- O. The System 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 the System.

P. 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. Administer the plans in accordance with federal law and OPERS Administrative Rules.
3. Agree that any resulting investment management related contract and services will be subject to and interpreted by Oklahoma law.
4. Agree that this RFP and the Vendor's response will be incorporated by reference to any resulting investment management related agreement.
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.

Q. Administrative Reporting: Vendor shall demonstrate it's ability to comply with the following **minimum** reporting requirements to OPERS. Vendor must be able to provide daily valuation of investment options offered by SoonerSave. Vendor will have the ability to provide separate monthly, quarterly and annual reports for the DCP and SIP to OPERS. The information included in the reports may be amended from time to time in writing as mutually agreed between the parties. Activity for all investment options and a self-directed mutual fund brokerage option offered in SoonerSave shall be reported. The monthly reports must be available no later than the 10th working day of the month subsequent to the reporting date. Summary reports described below must be available in Microsoft Excel format.

1. A summary activity report for each plan shall include the following information for each reporting period:
 - a. Beginning balance.
 - b. The total dollar amount for each type of transaction. Types of transactions include but are not limited to: employer contributions and employee deferrals, interest/earnings, gains/losses, distributions, transfers within the plan, transfers out of the plan, and transfers into the plan.
 - c. Total administrative fees charged.
 - d. Total credit and/or debit adjustments accompanied with an explanation of all adjustments.
 - e. Ending balance.
 - f. Name, social security number and dollar amount of distribution.
2. A summary investment report for each plan shall include the following information for each investment option:
 - a. Beginning of the month balance of dollar and share amounts of each investment option (which should be the ending balance of the prior month).
 - b. Current month total of dollar amount for each type of transaction during the month.

- c. End of month balance of the dollar and share amounts of each option.
 - d. Deposits posted to each investment option during the period.
 - e. Distributions from each investment option during the period.
 - f. Interest/earnings credited to each account during the period.
 - g. Changes in the market value during the period for each option.
 - h. Vendor shall identify and provide explanation for all exceptions to monthly requirements listed above (i.e. beginning balance doesn't match previous month's ending balance).
3. Vendor will provide to the Board, timely reconciliation of monthly statements between investment manager and records maintained by the Vendor.
 4. Vendor will provide all income tax reporting for the Plan and participants to the Internal Revenue Service and applicable state and local municipalities, as required. Vendor shall provide an annual listing to OPERS containing the names, social security number and amounts for all 1099s issued for the Plans.
 5. Vendor will have the responsibility to refund deferrals in excess of IRS limits, as needed, to participants in accordance with IRC Section 457 limitations and issue appropriate tax documentation.
 6. Vendor will have the ability to download payroll data from the State to capture payroll deferrals and employer contributions. Vendor shall accept wire transfers at Vendor's expense, and provide timely confirmation to the Plan Administrator of amounts received and invested.
 7. If needed, the Vendor will provide a timetable and method of transfer of all data to convert to a new recordkeeper. Account balances must be reconciled to the current recordkeeper statements prior to transfer.
 8. Upon approval from OPERS, conduct an annual direct mail campaign for participants who do not have a beneficiary designation.
- R. Participant Reporting: The Vendor will provide a consolidated participant statement no less often than quarterly. Statements must be mailed no later than the 10th working day of the month following the quarter end. Statements shall report account activity for the DCP and SIP and meet the following minimum standards of information:
1. Beginning balance, additions, subtractions, ending balance.
 2. Dates and amount of all transactions.
 3. Net asset market value on statement date.
 4. Complete information on specific fund or type of investment option chosen and invested in, for each Plan.
 5. Historical performance information on all investment options available in SoonerSave.
 6. Any other items mutually agreed upon by the Vendor and Plan Administrator.
- S. Participant Services: The Vendor must be able to provide participants the ability to access account information and perform account transactions through the Internet and a toll-free telephone number. Services available through internet and telephone access shall include the following:

1. Account balance.
 2. Transaction history.
 3. Deferral amount changes.
 4. Investment allocation changes.
 5. Ability to transfer funds between investment options.
 6. Request and/or download plan literature and investment prospectus.
- T. Vendor must have previous experience in administering large IRC Section 457 Plans with participation of over 20,000 members per plan for at least three State and/or local governments.
- U. The Vendor shall have the ability to record keep the current SoonerSave investment lineup (see Section IX).
- V. Firms submitting a proposal (“the Vendor”) shall answer, to the best of its abilities, all questions pertaining to the product being bid in Section VIII.
- W. Vendors should have substantial experience performing services described in this RFP.

III. 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 4:30 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, 2011
Award business (date contingent on final negotiations)	January 19, 2011
Contract start date	July 1, 2012

IV. 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(H) 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.

V. 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.

VI. EVALUATION CRITERIA

A. Communication and investment education capabilities and services.

- B. Administration and record keeper capabilities and services.
- C. Organizational strength, reputation and experience.
- D. Fees and cost.

VII. BACKGROUND INFORMATION

A. Introduction

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 and the Oklahoma State Employees Savings Incentive Plans. 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 74 O.S. Sections 1701 et seq.

B. Board Composition

OPERS and SoonerSave are 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. OPERS is administered by an Executive Director. The Defined Contribution Division, supervised by the Plan Administrator, manages the day-to-day operations for SoonerSave. The Plan Administrator reports transactions and investment developments to the Board of Trustees at the regular meetings.

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 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.

Throughout this document the term “SoonerSave” is used when referring to both the Oklahoma State Employees Deferred Compensation Plan and the Oklahoma State Employees Deferred Savings Incentive Plan.

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 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.

In addition to OPERS personnel, each state agency appoints an employee to act as the SoonerSave Coordinator. Although not an OPERS employee, OPERS relies greatly upon the Coordinator to communicate with and encourage eligible employees to join the plan and to properly enroll participants and deduct the proper deferrals from each payroll.

G. Participation

Only employees of state agencies are eligible to participate in SoonerSave (no local governments). 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 24,500 currently making contributions to SoonerSave.

H. Plan Assets

As of 6/30/11 assets in the DCP totaled \$540,930,929 with total accounts (active and retired/terminated) of 35,220. As of 6/30/11 assets in the SIP totaled \$143,521,207 with total accounts of 35,366. The unaudited 6/30/11 financial statements for SoonerSave and a schedule of investments are included in Exhibit A.

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 managed by Great-West Life

SoonerSave investment options are selected by OPERS in accordance with the SoonerSave Investment Policy included with this RFP (Exhibit B). 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.

OPERS has worked with the current SoonerSave service provider to continue the education of participants. The current level of communication and education services include a full time Education Coordinator who conducts group and individual meetings statewide on a wide range of topics. In addition, the service provider maintains a custom website for SoonerSave members that offer online education topics, planning tools, updated investment performance information, online enrollment, modification of deferral functionality, full transaction views of investment accounts, and e-news updates. SoonerSave members may call a custom 24/7 voice response toll free number with client service staff available 12 hours per business day.

SoonerSave enrollment is performed by Agency Coordinators who are located in state offices throughout Oklahoma. The service provider has developed custom communication materials for enrollment and education purposes. The service provider in concert with the SoonerSave staff conducts annual education meetings for these coordinators.

K. New Enrollments and Changes

To enroll in SoonerSave, participants must complete an enrollment form and send it to the OPERS administrative offices. The form is a combined form for the SIP and DCP. Enrollment forms are available through the employee's agency SoonerSave coordinator, SoonerSave website, or the OPERS administrative offices. When the form is received in the OPERS' administrative offices, the participant's name, address, social security number, deferral amount, and investment allocation information are entered into the recordkeeper's database. OPERS generates a payroll authorization form and sends the form to the participant's agency coordinator. The form authorizes the agency to withhold the indicated amount from the employee's payroll for the DCP.

Deferral amount changes are made through the SoonerSave website or by calling the recordkeeper's client service center. OPERS downloads deferral change information from the recordkeeper's database on a weekly basis. Based upon this information, OPERS generates a payroll authorization form and sends the form to the participant's agency coordinator. The form authorizes the agency to withhold the indicated amount from the employee's payroll for the DCP.

Address changes must be in writing and are accepted through the OPERS offices. OPERS enters address information in the recordkeeper's database.

L. Employee Deferrals and Employer Contributions

Payroll is processed in approximately 200 agencies through a central payroll system at the Office of State Finance. Although State employees are paid on a monthly or bi-weekly basis, payroll data is processed weekly through the Office of State Finance. Each week, OPERS downloads DCP employee deferral data from the Office of State Finance. The data contains the deferral amount and participant name and social security number. The information is compared to OPERS database and discrepancies between the Office of State Finance and OPERS data are resolved.

An electronic file containing the employee deferral data for the processed payrolls is uploaded to the recordkeeper's database on a weekly basis. Funds for the deferrals are wire transferred to the recordkeeper's account and are received by the recordkeeper the same day the information is uploaded into their database. Deferrals are posted on the same business day that funds are received by the recordkeeper. The total employee deferrals to the DCP for the year ended 6/30/2011 were \$33,068,415.

Contribution data for the SIP is processed concurrently with the DCP data and uploaded in the recordkeeper's database with the DCP data. Funds for the SIP contribution are wire transferred to the recordkeeper's account and are received by the recordkeeper the same day the information is uploaded into their database. SIP contributions are posted on the same business day that funds are received by the recordkeeper. The total employer contributions to the SIP for the year ended 6/30/2011 were \$7,285,018.

M. Distributions

OPERS authorizes all distributions from SoonerSave. Upon termination of employment with the State, OPERS sends a distribution packet to participants containing information about their distribution options. Participants complete distribution forms indicating a distribution start date and, if necessary, the method (monthly, quarterly, annual, etc.) of distribution for both plans, in accordance with the Internal Revenue Service Regulations. Participants send the forms to the OPERS administrative offices. The month prior to the distribution commencement, OPERS authorizes the distributions from the DCP and/or the SIP by sending the participant's completed form to the recordkeeper.

In addition, the DCP contains a hardship provision that allows for a distribution from the account while the participant is still working for the State. There is no hardship provision in the SIP. Hardship distributions are reviewed by OPERS staff and if approved written notice is provided to the recordkeeper authorizing distribution. Hardship distributions are processed by the recordkeeper within five business days of receipt of the request.

N. Recordkeeping and Participant Services

OPERS allows participants to have considerable flexibility with their SoonerSave accounts. The minimum deferral amount is \$25.00 for monthly payrolls or \$11.54 for bi-weekly payrolls. Participants are allowed to increase or decrease their deferral amount no sooner than 30 days from their previous change. Deferrals may be invested into any number of investment products that are offered. There is no minimal amount required to be deferred into a single investment

option and there are no restrictions on the number of investment products participants may select.

Participants can access SoonerSave account information such as their investment balance, and the last contribution and deferral date, or perform transactions such as changing their investment mix, transferring money from one investment to another and request related plan literature, 24 hours a day through the recordkeeper's toll-free voice response unit (VRU) system, or through the Internet. When a participant enrollment form is processed by the recordkeeper, a personal identification number (PIN) is generated to use with the VRU and website. The PIN and instructions on how to use the VRU and website are mailed to the participant. When using the VRU, participants can option out of the VRU and speak to a representative between 8:00 a.m. and 9:00 p.m. Central Time, Monday through Friday.

The recordkeeper provides a quarterly consolidated statement to all participants within 10 business days after the end of a quarter. Included with the statement is a quarterly performance report that compares the investment returns of the SoonerSave investment options to appropriate market indices over specified time periods. A statement newsletter is also included that provides plan information and investment education.

Fees in the amount of \$2.00 in the DCP and \$1.00 in the SIP are deducted from participant accounts on a quarterly basis. Fees fund recordkeeping, communication/ investment education and other administrative expenses. Since SoonerSave uses publicly traded mutual funds, there are additional investment management fees as reflected in the fund's internal expense charges and disclosed to participants in the mutual fund prospectus. The recordkeeper receives additional revenue from 12b-1 and recordkeeping re-allowances that are rebated to the recordkeeper to offset the overall costs.

TD Ameritrade mutual fund brokerage option participants (DCP only) pay an additional \$15.00 per quarter.

VIII. QUESTIONNAIRE

The Vendor's proposal must include a written response to each question or statement. The response should reflect the Vendor's understanding of the stated requirements, the procedure used to ensure the requirements will be met and the Vendor's qualifications and experience in providing the required services.

ORGANIZATION

1. Provide the name, title, address, e-mail address, telephone and fax number of the individual responsible for responding to this request.
2. Provide a brief overview of your company and history of your organization including an organizational chart of your retirement plan operations. Describe any parent/subsidiary/affiliate relationships. Are you currently participating in any alliances or joint marketing efforts? If so, describe in detail.
3. Indicate how many years your company has been active in the defined contribution business, i.e., 457, 401(a), etc. (Indicate the period of time for each service, if different, such as investment management for X years, recordkeeping for Y years, trustee services for Z years).
4. Indicate the total value of assets in all defined contribution plans for which you provide recordkeeping services. What is the total number of participants in all defined contribution plans for which you provide recordkeeping services?
5. How many defined contribution plans do you currently administer in the following categories:

# OF PLAN PARTICIPANTS	# OF PLANS UNDER MANAGEMENT
Under 100	
100-499	
500-999	
1,000-4,999	
Over 5,000	
Total Plans Under Management	

6. Provide a breakdown of the number of clients you service by plan type as a percentage of your total business:

TYPE OF PLAN	# OF PLANS UNDER MANAGEMENT
Profit Sharing	
401(k)	
Money Purchase	
Thrift Savings	
Combination	
403(b)	
457*	

In addition, provide three references for clients who employ your firm on the services that you are bidding. Preference should be given to other 457 plans of similar size to SoonerSave.

CLIENT SERVICE

7. List the team members that would directly deal with SoonerSave: (a)during the transition and (b)on an ongoing basis. Include a bio for the key members of your proposed team.
8. For each of the last five years, show the number of accounts gained and the number lost, and the respective values for each. In addition, list all clients who have left your firm (recordkeeping

services) and the reason for departure over the last five years. What is your average client duration for recordkeeping services?

9. Describe your procedures for monitoring client satisfaction and participant satisfaction. What are the areas that you believe your firm needs to improve in?
10. What are your service/timing standards? Do you guarantee service performance? If so, describe.

RECORDKEEPING/ADMINISTRATION

11. Describe the valuation methods offered by your system. Describe the method of maintaining plan sponsor history and participant history on the system.
12. What methods of data transmission to and from OPERS would be available?
13. Describe how your system processes transfers/exchanges (including frequency limitations). Are confirmations sent?
14. Describe your process and methods of reallocation (percent and/or dollar).
15. Can your recordkeeping system track multiple money sources in the DCP and SIP?
16. What checks and balances do you have in place to ensure transactional integrity?
17. What other administrative services do you provide?
18. Describe the hardware platform and software system you use to record keep and administer defined contribution plans. Describe the level of experience of the technical staff assigned to the computer systems discussed here.
19. What system enhancements do you have planned over the next three years for your recordkeeping system?
20. Describe your documented disaster recovery plan. How often do you test your recovery system? Also describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach. Where are your off-site backup facilities located?

PLAN COMMUNICATION AND INVESTMENT EDUCATION

OPERS is responsible for communicating the benefits of SoonerSave to all eligible employees. OPERS must approve the philosophy and approach used by the selected Vendor. All publishing rights for material developed by the Vendor for SoonerSave are retained by OPERS. All materials (letters, brochures, posters, etc.) must be approved by OPERS prior to distribution to employees and employers.

OPERS has worked with a prior and the current Vendor to develop a logo and customized look for SoonerSave. A portion of the current fee charged to participants helps cover the costs of communication/investment education efforts and printing of forms. Vendors will be required to

develop a customized communication and investment education campaign using the current look for the Plan.

21. Provide a concise written narrative describing the philosophy and approach that will be used to communicate SoonerSave. The response should address the challenges and proposed solutions to communicating to a geographically dispersed population. Include in your response samples of literature, forms, video presentation, etc. that will be used to communicate SoonerSave to eligible employees.
22. What is your experience in providing communication services to Section 457 plans. Provide detail on plan size and complexity for which you provide such services.

Due to the growth of SoonerSave over the previous few years, OPERS considers education of employees in regard to investment and distribution decisions to be a vital component of a communications strategy.

23. Describe the approach that will be used to provide investment education to employees and the procedure that will be followed to monitor this service to ensure education only, and not investment advice, is provided. The approach should include the Vendor's method to reach participants in group settings, and if the Vendor's company provides, one-on-one settings.
24. Provide detail of the methods that would be used to provide investment education (e.g., software programs, videos, group presentations). Include detail as to how you have used these in the past and the effectiveness of each approach.

DEFERRALS AND CONTRIBUTIONS

25. Provide detail of the accounting and recordkeeping procedure that will be used to credit employee deferrals and employer contributions to participant accounts. Describe your ability to post incoming amounts to participant accounts on the same business day the amounts are received.
26. Provide detail on Vendor's ability to receive contribution and deferral data over the Internet, or other electronic media and the security to protect said data.
27. As a qualified plan, the SIP allows rollover from other qualified retirement plans as allowed by the IRS. Provide detail on your company's ability to accept and record keep rollover amounts in the SIP.

ENROLLMENTS

28. Employees must follow the procedure in Subsection K of Section VII to join SoonerSave or change their deferral amount. Vendor shall respond affirmatively as to your company's ability to comply with the current procedure.
29. OPERS is interested in offering on-line enrollment, but does not have the authority to release non-participant employee data to outside parties to pre-populate indicative data in an enrollment

database. Describe any alternative approach your firm has in offering on-line enrollment without having non-participant employee data.

30. SoonerSave has approximately 24,500 participants currently making deferrals out of a universe of 36,000 eligible employees. Describe your approach to increasing the active participation rate in SoonerSave. Give details on how your company would encourage non-savers to enroll in SoonerSave.

DISTRIBUTIONS

OPERS authorizes all distributions from SoonerSave. The distribution options include lump sum, partial lump sum, and periodic payouts on an annual, semi-annual, quarterly or monthly schedule. Participants also have the option to rollover their account to a qualified plan as allowed by the IRS. All distributions are subject to Internal Revenue Regulations. The DCP contains a hardship provision as allowed by IRC Section 457. Decisions regarding release of funds under the hardship provision are made by OPERS. Complete the following table on processing distributions:

Distribution Type	Ability to process per OPERS instructions (yes/no)	Days to issue payment upon receipt of authorized request
Periodic Payment (monthly, annual, quarterly, semi-annual, annual)		
Full distribution (lump sum)		
Hardship Distribution		

31. Describe how a periodic payment will be deducted from participant accounts. Identify if OPERS will be able to designate the order in which investment options will be depleted, if participants will be allowed to designate the payout be made from their account balance in a specific investment option or if the payout will be made as a proportionate amount from each investment option that has an existing balance.

MONTHLY ADMINISTRATIVE REPORTING

OPERS issues monthly financial statements for the DCP and SIP. Therefore, accurate and timely reporting is essential. The Vendor will be required to provide separate financial reporting for each plan. Provide a sample of your monthly Plan level administrative reporting.

32. Describe your recordkeeping systems flexibility and company’s approach to providing customized reports, which are not normally part of the monthly plan reporting.
33. Describe your ability to record keep employer contributions, employee pre-tax deferrals, employee pre- and post-tax contributions, and rollover contributions.

PARTICIPANT SERVICES

34. Provide detail as to the process that will be used to produce participant statements. Include information regarding the procedure for reconciling or verifying account information prior to

producing statements, proposed timeframe for distributing statements, and a sample participant statement format. Are interim statements available from your recordkeeping system?

35. Explain your automated telephone system features in detail. Include information regarding the following:
 - a. The number of participants currently able to access the system.
 - b. The specific features of the system as well as the information and transactions that is available to participants. How are transactions processed? How are transactions documented? Are confirmations sent? Are there any transactions that cannot be processed through the voice response system?
 - c. Information regarding the system's security features. Describe how data is secured within your system (i.e. PIN, audit trail, confirmations).
 - d. The percentage of time it is off-line and not available to participants.
 - e. The system's capacity. What are the standard hours of operation? Does it include a help information menu? How often is the data on the VRU updated?
 - f. Information on flexibility in regard to customized messaging on the VRU.
 - g. Information on optioning out of the system to talk with a representative.
 - h. Future improvements or enhancements that are anticipated to this system over the next three years.

36. Provide details on your internet access to account information:
 - a. Describe the account services and transaction capabilities available through your participant website.
 - b. How are website transactions processed and documented?
 - c. Are there any transactions that cannot be processed through your website?
 - d. Describe how data is secured within your system (i.e. PIN, audit trail, confirmations).
 - e. Describe the level of customization available for clients using your internet services.
 - f. What are the standard hours of account access and transactional availability?
 - g. If a participant elects to move from the website to a call center service representative, describe the interface between the website and the service representative.
 - h. How often is the data on the website updated? How does the website interface with the recordkeeping system?
 - i. Is participant investment information downloadable into individual software programs like Quicken or Money?

37. Identify your call center toll-free service center standards. Include for each of the past two calendar-year quarters, statistics related to actual performance on: number of calls; average length of calls; average response time; percentage of calls requiring follow up; call abort rate; percentage of incoming calls handled via VRU; and, percentage of incoming calls handled via internet website.

38. What training is provided to toll-free service center reps before they are allowed to handle incoming calls? Do your service center reps handle just one plan or numerous plans?

39. Do you monitor and/or record calls to your call centers? If so, would SoonerSave participant calls be available for review by appropriate OPERS staff?

40. Describe any technology and advancements the Vendor has in place or is developing that will enhance the services provided to participants or OPERS. Do you provide or have plans to provide web-services for data delivery to clients?

TRANSITION PROCEDURES

41. Describe in detail the steps that would be taken to ensure a smooth transition from the current recordkeeper. Include in your response the time frame required and the length of any proposed blackout period.
42. Provide a detailed description and history of similar plan conversions performed and references for which services were provided. List all state 457 plans that you have as current clients and which of these were transitioned to your firm over the past five years.
43. In the event of the termination of the contract, describe the Vendor's capabilities in providing information to a new Vendor, including time frames and additional fees that may be assessed.

REGULATORY SERVICES

44. Describe the type of legal support included in your proposal and any fees that apply.
45. What steps has your company taken to be in compliance with the Department of Labor's 408(b)(2) regulation (the provider fee disclosure)? Provide any sample documents that your company has developed regarding the regulation.
46. How do you keep Plan Sponsors informed and updated on any regulatory and legislative changes?
47. How will you ensure that our plan remains in compliance?
48. How do you ensure that your recordkeeping system is in compliance with all regulations?
49. Describe any pending litigation, within the past five years, relating to the services that your firm is proposing.
50. Are internal controls of your recordkeeping system audited by an independent accounting firm on an annual or more frequent basis? If so, provide a copy of the most recent audit report.

ADDITIONAL SERVICES

51. In the future, OPERS may consider adding a Roth 457. Describe your experience with plans that have added a Roth 457 and the challenges in terms of recordkeeping and communication to plan participants.

OPERS also offers its plan participants a self-directed mutual fund brokerage option that provides participants with access to publicly traded mutual funds outside those offered in SoonerSave. The current provider of this window is TD Ameritrade.

52. Does Vendor offer a mutual fund window to allow investment in any publicly traded mutual fund? Can your firm continue the existing relationship with TD Ameritrade without any

disruption in services to SoonerSave participants? If no, what company does your firm use for self-directed brokerage services?

In the future, OPERS may consider adding commingled trusts and separate accounts to the SoonerSave investment line-up.

53. Describe your firm's experience and ability in providing daily valuation and recordkeeping of commingled trusts and separate account investments.
54. Does your firm have the ability to unitize pools of separate account portfolios managed by selected investment managers? Does your firm have the ability to calculate the NAV of these funds on a daily, weekly, or monthly basis? Can the calculated NAV for each of these funds be made available to plan participants in a timely manner?
55. Describe the challenges a unitized portfolio presents in terms of recordkeeping and communication to plan participants.

COMPLIANCE AND ETHICS

56. What policies and procedures does your firm have in place for establishing and maintaining an ethical firm environment?
57. State whether your firm employs a compliance officer. If so, what are the duties of the compliance officer? Who does your compliance officer report to?
58. If applicable, provide your written policy on the processes to keep employees' trading of securities independent from the processes for trading securities for clientele.
59. Detail how your firm ensures that a client's investment policies and guidelines are monitored. What systems does your firm have in place to monitor compliance?
60. Detail how your firm discourages excessive trading policies as it relates to mutual funds. Has your firm been reviewed by any regulatory agency in the past few years? If so, what were the findings?

IX. INVESTMENT OPTIONS

No investment options are being solicited in this RFP. The Stable Value Fund option will be selected under a separate RFP. Investment option changes are not anticipated as a result of the award of this contract.

SoonerSave currently offers the following investment options to their plan participants:

FUND	TICKER	Re-allowance to Recordkeeper
Fixed		
SoonerSave Stable Value Fund (Stable Value)	N/A	
Bond		
T. Rowe Price High Yield	PRHYX	.15%
T. Rowe Price Spectrum Income	RPSIX	.15%
Balanced		
T. Rowe Price Balanced Fund	RPBAX	.15%
US Large Cap		
American Century Income & Growth Fund	BIGRX	.25%
Blackrock S&P 500 Stock Fund	WFSPX	.05%
T. Rowe Price Blue Chip Growth Fund	TRBCX	.15%
T. Rowe Price Total Equity Market Index	POMIX	.15%
US Mid Cap		
American Century Vista – Adv	TWVAX	.50%
Columbia Acorn Fund – Z	ACRNX	.25%
Artisan Mid Cap Value Fund	ARTQX	.35%
US Small Cap		
Perkins Small Cap Value Fund	JSCVX	.25%
Blackrock Small Cap Growth Equity Instl.	PSGIX	.25%
International		
American Funds EuroPacific A	AEPGX	.30%
T. Rowe Price Emerging Markets Stock	PRMSX	.15%
Brokerage		
TD Ameritrade Money Market Fund	N/A	.0%
TD Ameritrade Securities	N/A	.0%
Vanguard		
5 Target Date Funds		.0%

X. FEE PROPOSAL

Detail and disclose all fees that will be associated with providing the services in which the Vendor is bidding on under this contract. Fees must be expressed as a per participant, per quarter charge. Additional consideration may be given to those Vendors who propose a flat dollar per participant, per quarter fee. Your fee proposal should include information on the following issues (if applicable): realloances you will receive from investment firms managing SoonerSave investments; start-up/conversion costs and the termination costs; for how long will you guarantee specific expenses; factors you consider in determining future increases/decreases and when they are to occur; how expenses are adjusted if a sizeable number of participants are added or removed from the plan; and, if you offer an investment alliance relationship, identify any “offset” to expenses.

The Board will not consider soft dollar arrangements. All rebates from other service providers must be disclosed and available to the Board directly or available to offset fees with the Board’s recordkeeper.

Summarize your Fee Proposal by completing the Table below:

	If also awarded the assignment of managing the Stable Value Investment Option*	Without the assignment of managing the Stable Value Investment Option
State your quarterly per participant charge <u>quoted in dollars</u> for recordkeeping, i.e. providing all services as specified in this RFP.		
State your quarterly charge required from Stable Value portfolio <u>quoted in basis points</u> for recordkeeping, i.e. providing all services as specified in this RFP.		
<i>*The Stable Value Investment Option services provider will be selected based on responses to a separate RFP that is anticipated to be available on the OPERS website shortly after 08/19/2011.</i>		

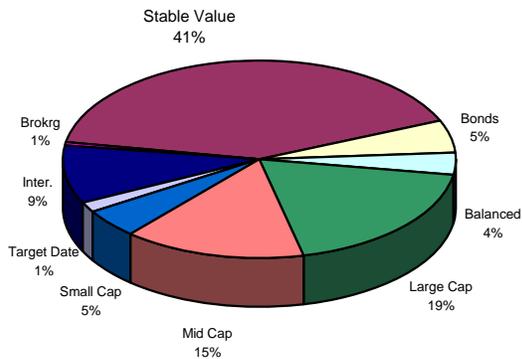
Explain in detail any other charges not reflected above. Also detail any assumptions you are making in your fee quote which might cause you to petition the Board for a fee increase.

Exhibit A

**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

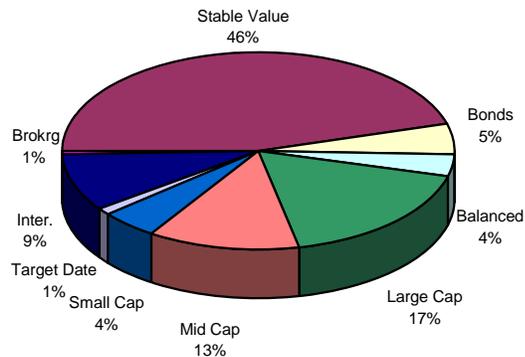


Exhibit A

**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>

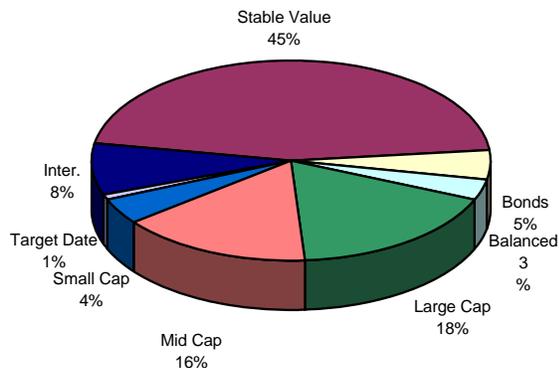
	<u>6/30/2011</u>	<u>6/30/2010</u>
Active Participants	24,493	25,288
Retired or Inactive Participants	10,727	9,846
Total Participants	<u>35,220</u>	<u>35,134</u>

Exhibit A

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

	<u>JUNE 30</u>	
	<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	1,324,534	693,398
	<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

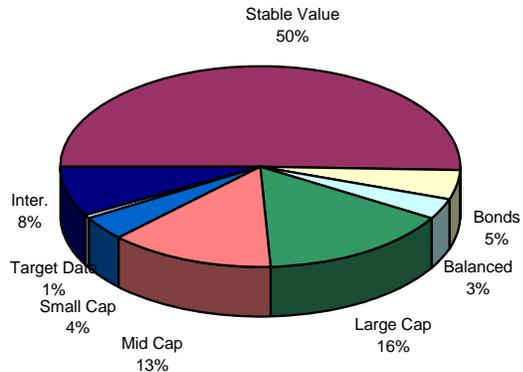


Exhibit A

**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 A

**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 B

SOONERSAVE

INVESTMENT POLICIES AND GUIDELINES

Effective February 18, 2010

SOONERSAVE

INVESTMENT POLICIES AND GUIDELINES

Table of Contents

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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 I* 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