

# **THE OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM**

## **REQUEST FOR PROPOSAL**

**#515-25-100**

### **U.S. EQUITY SMALL CAP GROWTH INVESTMENT MANAGEMENT SERVICES**

The Board of Trustees of the Oklahoma Public Employees Retirement System (“OPERS” or “System”) is soliciting proposals from investment management firms to provide U.S. equity small cap growth investment-related advisory services on a contractual basis. The System administers two defined benefit plans, the Oklahoma Public Employees Retirement System (“OPERS”) and the Uniform Retirement System for Justices and Judges (“URSJJ”). The purpose of this Request for Proposal (RFP) is to provide information about OPERS and establish the specifications and requirements for submitting a proposal. The term “Vendor” as used in this RFP shall mean the company, firm or individual 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 RFP is comprised of twelve (12) sections, and seventeen (17) pages total, as follows:

<b>Section</b>	<b>Page #</b>
I. Proposal Cover Sheet (to be returned with Proposal)	3
II. Mandatory Requirements for Submitting a Proposal	4
III. Background Information	6
IV. Scope of Assignment	7
V. Preferred Criteria and Qualifications of the Investment Management Firm	7
VI. Timeline	7
VII. Communications with OPERS	8
VIII. General Terms and Conditions	8
IX. Questionnaire	10
X. Special Section for Proposals Using Commingled Funds	14
XI. Fee Quote	15
Exhibit A Fixed Asset-Based Fee Quote Format	16

An electronic copy of this RFP can be found at the OPERS website at [www.opers.ok.gov](http://www.opers.ok.gov). If you are unable to download the document, you can also obtain an electronic copy of this RFP through e-mail. Send your request to Lindsie Lundy at [LLundy@opers.ok.gov](mailto:LLundy@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.

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

rejection from consideration or termination of a resulting contract. By submitting a proposal, it is agreed by the Vendor that any misleading or false information given may be grounds for rejection from consideration, or termination of any resulting contract whenever and however discovered.

**I. PROPOSAL COVER SHEET**

(must be signed, notarized and submitted with the original proposal)

Proposal Number	Agency Requisition Number	Proposal Deadline
# 515-25-100 (Investment Management Services)	25-100	must be received by 4:30 pm CDT <b>May 30, 2025</b>

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: \_\_\_\_\_

## II. MANDATORY REQUIREMENTS FOR SUBMITTING A PROPOSAL

- A. Proposals must be submitted digitally via email and received by the deadline only at the following address:

<https://files.opers.ok.gov/filedrop/US-Equity-Small-Cap-Growth-Mandate-RFP>

- B. The deadline for receipt of proposals is **4:30 p.m.** Central Daylight Time, on **May 30, 2025**. Proposals submitted to the incorrect email address or received after this date and time will be rejected and will not be considered.
- C. The Original Proposal must contain the Proposal Cover Sheet, fully completed, signed and notarized. Instructions on how to access the secure Dropbox folder along with instructions for uploading proposals can be found at <https://files.opers.ok.gov/filedrop/US-Equity-Small-Cap-Growth-Mandate-RFP>. **All submission should be in “.pdf” or “.doc/.docx” file format. Do not Zip or otherwise compress the files submitted. The submissions should not include links to other documents outside of the files submitted.**
- D. All timely proposals become the property of OPERS.
- E. All proposals, once opened, are considered to be 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 Vendor relevant to the proposal or the services provided there under, are subject to examination by the System, the Oklahoma State Auditor and Inspector, and the State Purchasing Director.
- 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 Lindsie Lundy at [LLundy@opers.ok.gov](mailto:LLundy@opers.ok.gov). All questions and answers will be consolidated into a single Q&A document and posted to the site [www.opers.ok.gov/us-equity-small-cap-growth-mandate-rfp](http://www.opers.ok.gov/us-equity-small-cap-growth-mandate-rfp).
- All questions must be received by **5:00 p.m.** Central Daylight Time on **May 9, 2025**. The Q&A document will be posted on the OPERS website above on or after **May 16, 2025**. 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 that 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 responding 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 management services for the state retirement systems is specifically exempt from the competitive bidding procedures established by Oklahoma Statutes (see 74 O.S. Section 85.7). 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. OPERS reserves

the right to request additional proposals. OPERS 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. The Board reserves the right to award contracts to more than one investment manager if deemed appropriate and desirable.
- 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 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 advisory relationship with OPERS.
- O.** All Vendors must:
  - 1. Acknowledge and agree to be a fiduciary to the System pursuant to 74 O.S. Section 909.2.
  - 2. Agree that any resulting investment management contract and services provided 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 of this document unless specifically asked to do so.** Please assume the term "current" herein refers to December 31, 2024, unless otherwise noted.
  - 6. Fully disclose any proposed subcontracting of any of the required services.
  - 7. In accordance with HB 3967, 2020 Legislative Session, and 74 O.S. Section 582, effective November 1, 2020, the State of Oklahoma shall not enter into a contract with any Company to acquire or dispose of good or services in excess of one-hundred thousand dollars (\$100,000.00), unless such Company submits a written certification that such Individual or Company is not currently engaged in a Boycott of Israel.

### III. BACKGROUND INFORMATION

#### A. Legal Authorization

The Board of Trustees of the Oklahoma Public Employees Retirement System (OPERS) and the Uniform Retirement System for Justices and Judges (URSJJ) is charged with the investment of approximately \$13 billion in combined defined benefit retirement funds for public employees as of January 31, 2025. The OPERS/URSJJ investment authorization (statutory provisions generally related to portfolio composition and the types of investments which the Systems could use) is set forth in 74 O.S. Sections 909.1 and 909.2.

#### B. Board Composition

OPERS is administered by a Board of Trustees composed of 14 members including a member of the Corporation Commission or the Commission's designee selected by the Corporation Commission, the Director of Human Capital Management of the Office of Management and Enterprise Services, the State Insurance Commissioner or the Commissioner's designee, the Director of the Office of Management and Enterprise Services or the Director's designee, a member of the Oklahoma Tax Commission selected by the Tax Commission, the State Treasurer or the Treasurer's designee, 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. Allocation of Assets

The asset allocation target mix for OPERS as of December 31, 2024 is as follows:

##### TARGET ASSET ALLOCATION FOR OPERS:

	TARGET
Large Cap Domestic Equities	34%
Small Cap Domestic Equities	6%
International Equities	28%
Fixed Income	32%
Cash Equivalents	0%

#### E. Investment Guidelines

A copy of the current "Statement of Policy" for OPERS is available on the OPERS website at <https://www.opers.ok.gov/>.

#### IV. SCOPE OF ASSIGNMENT

OPERS is seeking an investment manager to provide advisory services related to U.S. small cap growth equity exposure in which OPERS is invested. The mandate and asset value are as of January 31, 2025.

##### OPERS

Asset Class	Mandate	% of Policy	1/31/25 Market Value (\$)
U.S. Equity	Small Cap Growth	2.00%	241,491,622

#### V. CRITERIA AND QUALIFICATIONS OF THE INVESTMENT ADVISORY FIRM

- A.** Vendors should have substantial experience managing assets in the class 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 December 31, 2024.
  2. The proposed investment team must have been responsible for at least \$1 billion in U.S. small cap equity assets as of December 31, 2024.
  3. The senior investment professionals in charge of the proposed mandates must have at least ten years of institutional experience within U.S. small cap equity management space.
- B.** The fee quotes set forth in the response to the RFP will be a significant factor in determining semi-finalists for further consideration. In lieu of a traditional asset-based fee, OPERS is positively inclined to consider a performance fee from a manager proposing an actively managed separate account.

#### VI. TIMELINE

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

TASK	DATE
Distribution of RFP	April 18, 2025
Deadline for questions submitted in writing via e-mail (no later than 5:00 p.m. Central Daylight Time)	May 9, 2025
Date for answers to questions	May 16, 2025
Proposals due (no later than <b>4:30 p.m.</b> Central Daylight Time)	May 30, 2025
Finalist presentations (if necessary)	TBD
Award business (subject to negotiations)	TBD

Estimated contract start date	TBD
-------------------------------	-----

## **VII. COMMUNICATION 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. Vendors are responsible for checking the website periodically for updates to the RFP. 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 OPERS investment consultant or appropriate OPERS staff 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 the OPERS staff member identified in Section II(G) and OPERS staff members who are designated to conduct negotiations, participate in presentations, and contract award and execution, while they are engaged in those activities. Violation of these conditions may result in rejection of a Vendor's proposal.

Vendors who have submitted a proposal will not necessarily be notified of the Board's decision after the final selection has been made. The announcement of the preferred Vendor, if any, may be the only form of communication between the System and the Vendors. Telephone or other inquiries concerning this proposal after the proposal deadline are discouraged.

## **VIII. 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. The Vendor agrees to present to OPERS a business continuation plan for the services provided in this contract in the event of a natural or other disaster.

**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 partial one-year period commencing after June 30, 2025. Thereafter, the contract may be renewed by the Board annually at the Board's discretion. 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.**

**J. Open Records Act**

OPERS is subject to the Oklahoma Open Records Act, 51 O.S. Section 24A.1 et al., and as such must release information contained in its records unless there is a specific exemption covering the information in the Act. Vendors understand that information they transmit to OPERS becomes a public record subject to the Act.

**K. Access to Records**

Vendors shall agree any pertinent State or Federal agency will have the right to examine and audit all records relevant to execution and performance of the contract. Vendors are required to retain records relative to the contract for the duration of the contract and for a period of seven (7) years following completion and/or termination of the contract. If an audit, litigation, or other action involving such records is started before the end of the seven-year period, the records are required to be maintained for two (2) years from the date that all issues arising out of the action are resolved, or until the end of the seven-year retention period, whichever is later.

**IX. QUESTIONNAIRE**

**A. Organization**

1. List your firm's name, address, and year founded, as well as the name, title, telephone, email address and fax numbers for the individual(s) responsible for new business contacts.
2. Describe the firm's ownership structure. Discuss the financial condition of your firm based on the most recently audited financial statements and annual report.
3. Provide an organizational chart for your firm and specifically for your U.S. small cap equity division or management team.
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 small cap equity team.
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 activities? If so, provide a brief explanation including the current status and/or the resolution of this action.
7. Has the firm experienced turnover at the senior management level in the last five years? If so, describe the situation including reason for departures/additions.
8. For each of the last five years, provide the following information regarding the firm's number of investment professionals. Provide the roles of these individuals as well.

Year Ending June 30	Investment Professional Additions	Investment Professional Departures	Total Investment Professionals
2024			
2023			
2022			

2021			
2020			

9. Designate the key investment team members (up to ten) who would be responsible for OPERS' mandate. How much time do these individuals allocate among portfolio management, research, client servicing, travel, and administrative duties?

Key Investment Professionals				
Name	Title/Current Responsibilities	Years With Firm	Years Managing Small Cap Equity Assets	% Time Devoted to Small Cap Equity Products

10. What is the current and expected account load of your portfolio managers and how are accounts assigned to each portfolio manager at your firm?
11. Describe the decision-making structure at the firm. Include the portfolio management, research, and trading functions.
12. Describe the compensation/incentive structure for the research analysts, portfolio managers, and executive staff.

## B. U.S. Equity Small Cap Growth Management

- When did your firm begin managing U.S. equity small cap growth mandates? List the types of products related to U.S. small cap growth mandates the firm manages and indicate which the firm is proposing.
- Detail the asset and client profile of the firm using the format below.

### a. FIRM – ASSET UNDER MANAGEMENT:

Assets (millions \$)	Public DB Plan	Corporate DB Plan	DC Plan	Endowments/ Foundations	Foreign/Other
Firm-wide					

**b. U.S. Equity Small Cap Growth- Assets Under Management:**

Assets (millions \$)	Public DB Plan	Corporate DB Plan	DC Plan	Endowments/ Foundations	Foreign/Other
U.S. Equity Small Cap Growth					

3. Provide the approximate client turnover for the U.S. equity small cap growth product using the format below.

	2024	2023	2022	2021
# of Clients Gained				
Assets (\$MM) Gained				
# of Clients Lost				
Assets (\$MM) Lost				

4. Describe the investment philosophy and strategy for your proposed U.S. equity small cap growth product. What is the theoretical basis for your investment philosophy?
5. Describe the portfolio construction process for the mandate. The description should include detail on the starting universe of securities, individual security selection (including the sell discipline); trading and portfolio turnover; and risk management.
6. What are the strengths and weaknesses of your investment strategy and the investment/portfolio construction process?
7. What benchmark is your proposed product evaluated against? Why do you think this is an appropriate benchmark?
8. What metrics, ratios, or models are central to the process? What qualitative considerations are central to the process?
9. Describe your risk management process, including key individuals and tools used.
10. How are guidelines monitored to ensure manager compliance?
11. Provide annualized returns since inception and for the 1, 2, 3, 4, 5, 7 and 10 years as of 12/31/2024 for your proposed product. For the same annualized periods, provide the appropriate tracking error and describe the sources of tracking error.
12. Provide historical benchmark-relative factor exposures (i.e. Barra or a similar measure) and sector deviation for the last four years at year-end using the template below.

Factor Exposures	Proposed Product	Benchmark (Specify)
Momentum		
Volatility (Residual or Beta)		
Value (or components)		
Size		

Growth		
Liquidity		
Leverage		

13. Provide summary portfolio characteristics of your U.S. equity small cap growth composite as of 12/31/2024 (for the last four years) using the template below. Include the appropriate benchmark characteristics for comparison.

Summary Characteristics

	Proposed Product	Benchmark (Specify)
PE NTM		
PB		
EPS Growth LTM		
EPS Growth LT Forecast		
ROE		
Market Cap		
Dividend Yield		
Beta		
Number of Holdings (Ave)		
Annual Turnover (Ave)		

14. How do you distinguish your investment style and strategy from others in your peer group?
15. What evidence is there that your strategy will be successful in the future?
16. What market conditions would favor and not favor your strategy?
17. Describe any capacity constraints for your proposed product. Is there an AUM level that the firm would close the product?
18. Are these strategies available in both separate account and commingled fund formats? What is the minimum size for a separate account and/or commingled fund? Are you able to accommodate the current guidelines for the mandate (see Statement of Investment Policy at [www.OPERS.ok.gov](http://www.OPERS.ok.gov))?
19. Describe the role that derivatives (if any) have traditionally played in management of your proposed portfolio and your internal guidelines for using derivatives.
20. Describe the role cash plays in management of your proposed portfolio and the types of cash equivalents that you use.
21. 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?

### **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. What is the typical turn-around time for client reporting, expressed in days after period end?
3. Provide three references for similarly large public fund clients who employ your firm. Include a contact name, phone number, and the market value of the assets your firm advises for each reference at inception and currently.
4. Does the firm carry errors and omissions insurance? If so, what is the level of coverage?
5. Does the firm carry fiduciary liability insurance? If so, what is the level of coverage?

### **X. SPECIAL SECTION FOR PROPOSALS USING COMMINGLED FUNDS**

This section only applies to Vendors that are submitting a proposal for a product in the form of a commingled fund.

#### **A. Proxy Voting**

Does the commingled fund allow for clients to individually vote their pro-rata shares of the fund based on criteria specified by the client?

#### **B. Availability of Funds & Balances**

The Vendor must provide the applicable opening dates for each fund, and the deadlines applicable to the System for notifying the Vendor to sell or invest in shares of the applicable fund. The Vendor must provide applicable settlement dates for each fund and whether these dates vary if the funds are subject to securities lending. Vendor must provide and make available, end of month balances on each fund managed, within five (5) business days after each month end.

#### **C. Reports**

In addition to the standard holdings and transaction reports, the Vendor must provide access to a listing of the underlying securities in each fund, and the proportionate ownership the System has in such securities.

#### **D. General**

1. For each fund for which the Vendor is submitting a fee quote, identify 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. Submit copies of the official document or prospectus that describes the investment guidelines for the commingled fund being offered. Identify the custodian bank for the commingled fund. The amount of the fee or expense shall be expressed in terms of basis points if that is the manner in which the fees are assessed. If the fee or expense varies, the Vendor must identify the estimated dollar amount of the fee and/or expense on an annual basis, and convert that amount to basis points based on the expected size of the fund as well as the expected level of the System's investment in the amounts shown in Section XI below.

2. If the fund in the Vendor's proposal is a "fund of funds" identify the other funds that compose the fund in the proposal and identify any all fees and expenses in the underlying funds in the manner described above.
3. If the fees and expenses, other than management fees, are expected to change during the term of the contract, or any renewals or extensions thereof, please specify the expected changes and whether the fees and expenses will be capped for all or a portion of the contract.

#### **E. Securities Lending**

1. Describe the securities lending process of your commingled funds. Describe the investment vehicle used for collateral investment. Submit copies of any prospectus or other official document that describes the investment guidelines for the applicable cash collateral investment vehicle including the credit quality of the acceptable securities and asset allocation restrictions.
2. Is OPERS able to specify specific guidelines for the collateral account used in the Securities Lending program?
3. What is the split in securities lending for the product that you are proposing? State how securities lending income is to be paid to the System and whether it is paid as income to the fund or paid directly to the System. State what additional charges/fees might apply including, but not limited to, charges for collateral investment in your commingled funds.
4. State whether the System has the ability not to have its portion of assets in a fund subject to securities lending. Also state how, if at all, this would affect the management fees and other fees and expenses applicable to that fund. If the management fees are different for a "non-lending" fund, the Vendor should complete a separate quote for such a fund in the format of Exhibit "A".

### **XI. FEE QUOTE**

The fee quote 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 fee quote and applies to all assets administered by the System. 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.

Consider these points in your final fee estimate:

- Asset levels for the mandate may be found in Section IV.
- Where aggregation of asset levels is considered, the quoted fee should reflect the final aggregation of all assets.
- For commingled funds, all fees and expenses charged to the fund should be included in the final quote and expressed as one singular fee.

- If two different vehicles are quoted for the same mandate (i.e. Separate Account and Commingled Fund) list each distinctly on the Summary and in Exhibit A.
- **OPERS is favorably inclined to consider a performance fee from a manager proposing an actively managed separate account.** Any vendor only proposing a performance fee should submit a fee quote on a fixed asset-based method on Exhibit “A” noting “performance fee.” The performance fee can be presented in narrative form in Exhibit “A” Part C. (2). Vendors may submit both an asset-based fee and a performance-based fee.
- State any additional assumptions required for the quote.
- Detail the Proposal and Fee Quote Summary Table below.

### Summary of Proposal and Fee Quote

U.S. Equity Small Cap Growth Mandate	Proposed Vehicle (Separate Account or Commingled Fund)	If Commingled, participation in Securities Lending? Y or N	Proposed Securities Lending Split	Expected Excess Return (annualized)	Expected Tracking Error (annualized)	Annual Fee (in Basis Points) (State “Performance” if only proposing a performance 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 submit separate quarterly invoices to the Chief Financial Officer of the System for OPERS and/or URSJJ as applicable. The staff of the System will review and attempt to resolve any differences with (INVESTMENT MANAGER) within ten (10) working days of receipt of the invoice. The System will notify (INVESTMENT MANAGER) when the invoice has been approved.
  1. For commingled funds, the (INVESTMENT MANAGER) will be authorized to sell securities from the applicable Fund to make payment on the last working day of the month following the month in which the invoice is approved by the System. (INVESTMENT MANAGER) shall provide the System and its Custodian with a report containing adequate detail to determine the exact date(s) of sale, the number of units sold, the value per unit, and the total value of the units liquidated.
  2. For actively managed portfolios, the System will notify its Master Custodian and (INVESTMENT MANGER) to wire the approved fee amounts from the OPERS and/or URSJJ accounts to the



(INVESTMENT MANAGER) per their prior written instructions to make payment on the last working day of the month following the month in which the invoice is approved by the System. It will be the responsibility of (INVESTMENT MANAGER) to have adequate cash in the applicable cash account(s) equal to the invoice and approved fee amount to fund the wire(s) on the scheduled date.

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 OPERS portfolio:

Equity Small Cap Growth Mandate	Proposed Vehicle (Separate Account or Commingled Fund)	Annual Fee (in Basis Points) (State “Performance Fee” if only proposing a performance fee

2. If an investment management fee is proposed in the form of a performance fee, provide the fee structure in a narrative form. OPERS has historically used our internal methodology for calculating performance fees, which can be provided using the process under Section II Part G.

3. **Fees shall be calculated and billed quarterly in arrears by averaging the three month-end market values of an account as reported by the Master Custodian and applying twenty-five percent (25%) of the annual fee schedule. Month-end market values shall exclude accrued income. When assets are held for a partial quarter(s) as a result of an initial contribution to or a final withdrawal from an account, the quarter-end market value shall be:**

- a. decreased on a pro rata basis by any contribution to the account made during the calendar quarter, and
- b. increased on a pro rata basis by any withdrawal made from the account during the calendar quarter.

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.