

INVESTMENT MANAGEMENT AGREEMENT

An Investment Management Agreement (Agreement) between the Board of Trustees of the Teachers' Retirement System of Oklahoma (Board) and XXXX (Manager) to manage a Domestic Small Cap Equity portfolio. The initial term of this Agreement shall be from XXXX through June 30, 2013. The term of this Agreement may be extended successive contract periods of one year each as provided in Section 7.2 of this Agreement.

I. RECITALS

1.1. Definitions

- a. "Account" means the account established hereunder with Manager on behalf of the Board for the Teachers' Retirement System of Oklahoma (TRS). The assets allocated to the Account include all interest, earnings, accruals and capital growth thereon, without limiting the Board's discretion to add or withdraw assets.
- b. "Authorized Person" means any person or entity, jointly or severally authorized in writing delivered to Manager, to act on behalf of the Board or TRS, with respect to any action required or permitted to be taken under this Agreement.
- c. "Manager" means, XXXX an investment manager selected and appointed by the Board to manage the assets of TRS in the Account.
- d. "Board" means the Teachers' Retirement System of Oklahoma Board of Trustees, a statutory public body created at 70 O.S. 1991, Section 17.101 et seq., as amended, to administer and manage a certain retirement plan of qualified employees of state-supported educational institutions.
- e. "Guidelines" means the Statement of Investment Policy, Objectives and Guidelines established and adopted by the Board, as may be amended from time to time.
- f. "Instructions" means written and manually signed instructions of any Authorized Person. Instructions shall also include Instructions Received By Any Other Means, including, but not limited to, oral instructions, or instructions received by computer, electronic instructions system or telecommunications terminals, such as telex, TWXS, facsimile transmission or bank wire, provided that the parties hereto shall have agreed in a manually signed writing to the firm, the means of transmission and the means of identification of such instructions.
- g. "Master Custodian" means the Board's designated custodian bank, at which the Board shall establish a Sub-account in Manager's name for transactions involving the assets allocated to Manager by the Board for investment and management.
- h. "Plan" means the TRS qualified governmental defined benefit and defined contribution plans, authorized under 70 O. S. 1991, Section 17.101 et seq.
- i. "Sub-account" means the account(s) which the Board shall establish with its Master Custodian in Manager's name for the deposit of the assets and the accounting of transactions related thereto, separately from the Board's other assets.
- j. "Transition Period" means a period of up to three (3) months following the termination date of this Agreement during which Manager continues to perform those services

required under this Agreement in order to complete any transactions pending on the termination date and to facilitate an orderly transition of investment management services.

- k. "TRS" means the Teachers' Retirement System of Oklahoma.
- 1.2. The Board hereby appoints Manager as a fiduciary authorized to invest and manage certain Plan assets of the Account, which the Board, in its sole discretion, may from time to time allocate to Manager. Manager has been duly selected and appointed by the Board, after competitive bidding. By execution of the Agreement, Manager accepts such appointment, assumes full responsibility for the investment and management of the Account and agrees to execute its duties according to the terms, conditions and standards set forth in this Agreement.
- 1.3. Manager acknowledges that it is a fiduciary with respect to the Plan, and asserts that it is registered and/or licensed pursuant to the rules and regulations of the Oklahoma Securities Commission and all applicable state and federal laws. Manager shall discharge its duties under this Agreement solely in the interest of the Plan with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- 1.4. By executing this Agreement, Manager represents that it is duly registered as an investment adviser under the Advisers Act, or is exempt from such registration, and agrees to notify the Board promptly of any change in this status. By executing this Agreement, Manager represents that it has the requisite legal capacity and authority to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by Manager and is the legal, valid and binding agreement of Manager, enforceable against Manager in accordance with its terms. Manager's execution of this Agreement and the performance of its obligations hereunder do not conflict with or violate any provisions of the governing documents of Manager or any obligations by which Manager is bound, whether arising by contract, operation of law or otherwise. Manager will deliver to the Board evidence of Manager's authority and compliance with its governing documents on the Board's request.
- 1.5. By executing this Agreement, the Board represents that it has the requisite legal capacity and authority to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Board and is the legal, valid and binding agreement of the Board and TRS, enforceable against the Board and TRS in accordance with its terms. The Board's execution of this Agreement and the performance of its obligations hereunder do not conflict with or violate any provisions of the governing documents of the Board or any obligations by which the Board is bound, whether arising by contract, operation of law or otherwise. The Board will deliver to Manager evidence of the Board's authority and compliance with its governing documents on Manager's request.

II. RELATIONSHIP BETWEEN THE BOARD AND MANAGER

- 2.1. The Board has negotiated and entered into this Agreement with Manager for itself and on behalf of the individuals who are the members covered by the Plan. Manager is an independent contractor who has entered into this Agreement as an investment manager for the assets of the Account and is not, nor is intended to be, an employee of the Board in the performance of this Agreement.
- 2.2. Nothing in this Agreement is intended to be construed, or be deemed to create any rights or remedies in any third party, including but not limited to a member of the Plan or another investment manager.
- 2.3. The Board shall instruct its Master Custodian to: (a) establish a separate custody Sub-account on its books and records in Manager's name and (b) maintain the Sub-account in a manner that enables

the Master Custodian to account for the assets in the Account and any transactions thereto, separately from the Board's other assets. It is expressly understood and agreed that ownership of the assets in the Account shall remain with the Plan at all times and under all circumstances.

III. MANAGER'S DUTIES AND RESPONSIBILITIES

- 3.1 Manager shall provide investment management services and other similar services in accordance with this Agreement. In that respect, all right, title and interest in and to the assets shall at all times be vested in the Plan. All assets held in the Account hereunder shall be kept with the same care as Manager exercises in respect of its own assets.
- 3.2 As a fiduciary, Manager shall have the discretion to manage, invest and reinvest the assets in the Account according to the terms of this Agreement and the Guidelines of the Board.
- 3.3 Manager agrees and is authorized as follows:
 - a. Manager is authorized to invest the assets of the Account in XXXX assets, subject to the written Guidelines of the Board and pursuant to the Constitution and the statutes of the State of Oklahoma. Manager agrees to receive and hold all such assets that are invested pursuant to all the terms and conditions herein set forth for the exclusive benefit of the beneficiaries of the Plan and shall not divert any such assets for any other purpose. Such assets include any income or earnings thereon which Manager shall be directed to reinvest.
 - b. Manager is authorized to buy, sell, exchange, convey, transfer or otherwise trade any xxxx asset, or any other asset held in the Account to the extent permitted and authorized by this Agreement and the Guidelines of the Board.
 - c. Manager is authorized to execute in the Plan's name such ownership and other certificates or documents as may be required or necessary to carry out the duties and responsibilities established under this Agreement.
 - d. Manager will forward daily its confirmation respecting each transaction to the Master Custodian and the Plan, giving the appropriate information, which resulted in the transaction.
 - e. All payments received by Manager of dividends, interest, sales and/or redemptions shall be forwarded immediately to the Master Custodian. Manager shall not hold cash at any time.
 - f. All transactions will be consummated by payment to, or delivery by, the Board or Master Custodian, of all cash and/or securities due to or from the Account.
- 3.4 Manager shall be responsible for the proper diversification of the assets under its discretion, provided, however, such responsibility is subject to and limited by the Instructions to it issued by the Board. It is understood that the Board is responsible for the overall diversification of the assets of the Plan, and any statutory limitations thereon.
- 3.5 Manager shall be responsible for voting all proxies solicited by or with respect to the issuers of securities in which assets of the Plan in the Account may be invested, according to the Proxy

Voting guidelines of the Board. Manager shall issue a report to the Board at least once per year detailing these proxy votes.

- 3.6 Where Manager places orders for the execution of portfolio transactions for the Account, Manager shall direct brokerage in the manner and amount directed by the Board, only for the benefit of the Plan, as reflected in the Guidelines, subject to the principles of best execution: Soft dollar usage for the benefit of the Manager is strictly prohibited. Manager may place all other orders to such reputable, qualified and financially sound dealers and brokers as Manager in good faith judgment may choose. All portfolio transactions shall be made in the best interest of the Plan, and shall be consistent with the principles of best execution. Unless authorized in writing by the Board, Manager shall not act as its own broker at any time. Manager shall issue a report to the Board at least quarterly detailing the brokerage and commissions from the Account.
- 3.7 Upon Instructions from any Authorized Person, Manager shall make such distributions and transfers of funds held in the Account as may be directed from time to time.
- 3.8 Manager agrees upon request and at a time mutually agreed upon, to make available to the representatives of the Board any and all records pertaining to the duties and responsibilities under this Agreement.
- 3.9 Manager shall prepare a monthly report showing information concerning the Account including, but not limited to, the assets and liabilities of the Account, a written inventory of the investments and transactions, including the book, par and market values, the performance of the Account and reconciliation report. The report shall be provided in a form and manner, and include such additional information, as may be reasonably required by the Board or the Plan. It is the responsibility of Manager to reconcile with the Master Custodian any and all discrepancies in the reports.
- 3.10 Manager shall meet with the Board at least annually to present its reports on the performance of the Account. In addition, at the Board's request and at mutually agreed upon times, Manager shall meet with the Board as requested to discuss any action with respect to the Account, including a review of performance or to discuss present and future investment strategy. Manager shall be available to answer questions by the Board, its consultant or Plan staff from time to time as needed, without additional charge.
- 3.11 The Board considers it an essential fiduciary duty of the Manager to immediately provide the Board and Plan staff by telephone, fax or overnight mail, and in written reports, a complete and candid disclosure of bankruptcies or other corporate actions that could result in near or total loss to the Plan.
- 3.12 Manager agrees to provide timely notice to the Board of any payment or exchange of money or any other thing of value, directly or indirectly, to any third party in procuring or maintaining this contract.

IV. THE BOARD'S DUTIES AND RESPONSIBILITIES

- 4.1 The Board agrees to pay Manager compensation pursuant to the provisions of Exhibit "A", attached hereto and made a part of this Agreement.
- 4.2 The Board shall, from time to time, provide Instructions, which indicate the person or persons authorized to direct Manager with respect to the assets held in the Account and any actions identified in this Agreement. Manager may conclusively rely upon any Instructions of such Authorized Person, which Manager reasonably believes to be genuine, correct and to be signed, sent or made by an Authorized Person, until Instructions revoking the authority of such person are received.

V. DISPUTE RESOLUTION

- 5.1 The Board and Manager agree that their authorized representatives will timely meet and negotiate in good faith to resolve any problems or disputes that may arise in performance of the terms and provisions of this Agreement.

VI. INDEMNIFICATION

- 6.1 Manager shall indemnify, defend and hold harmless the Board, its officers, its fiduciaries other than Manager and its employees and agents, from and against any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including, but not limited to, reasonable attorney fees and court costs), judgments, fines and penalties, of any nature whatsoever (together "Claims", individually "a Claim"), to the extent attributable to any bad faith, negligence, willful misconduct, improper or unethical practice, infringement of intellectual property rights, breach of fiduciary duty, breach of trust, breach of confidentiality, breach of contract or violation of any material legal duty or requirement by Manager acting in connection with this Agreement, provided that Manager shall not be liable for Claims to the extent that a Claim results from the gross negligence or willful misconduct of the Board, TRS, the Plan, or their respective employees and representatives. This indemnification shall survive any termination of this Agreement.
- 6.2 Notwithstanding any other provisions of this Agreement, neither the Board nor Manager shall be held liable for any Claims to the Account arising from causes beyond the control and without the fault of such party. Provided that, in every case, the failure to perform must be beyond the control and without the fault or negligence of such party.
- 6.3 Without limiting the indemnification obligations provided in this Agreement, for the duration of the Agreement, Manager shall provide and maintain, at its own expense, errors and omissions insurance policies, and shall provide evidence of such to the Board.

VII. TERM AND TERMINATION

- 7.1 The term of this Agreement shall be for a one-year contract period commencing xxxx. The term of this Agreement may be extended for successive contract years as provided in Section 7.2 of this Agreement.
- 7.2 This Agreement may be renewed by the Board for succeeding terms of one year each, upon written notice given, pursuant to Section 8.2, at least 30 days prior to the anniversary date, of the Board's intent to renew.
- 7.3 Either party may terminate this Agreement with or without cause, upon giving 30-day notice pursuant to Section 8.2, at any time. In no event shall the termination of this Agreement pursuant to the Section be deemed a waiver of either party's right to make a claim for damages resulting from any default, which occurred prior to the termination date.
- 7.4 Upon any termination of the Agreement by either party, to the extent directed by the Board, Manager shall continue to serve as investment manager, pursuant to the same terms and conditions, for the duration of the Transition Period, as determined and directed by the Board. Manager shall cooperate with the Board in good faith to affect a smooth and orderly transfer of such services, assets and all applicable records.

- 7.5 Nothing in this Agreement shall be construed to limit either party's remedies at law or in equity in the event of a material breach of this Agreement.
- 7.6 Following termination of this Agreement, the Board shall continue to have access to Manager's records of services provided under this Agreement for five (5) years from the date of provision of the services to which the records refer.

VIII. GENERAL PROVISIONS

8.1 Assignment

This Agreement or any of the rights, duties, or obligations of the parties hereunder, shall not be assigned by either party without the express written consent and approval of the other party.

8.2 Instructions and Notices

a. Any Instructions or notices required to be given pursuant to the terms and provisions of this Agreement shall be in writing, postage prepaid, and shall be sent by First Class Mail or by courier, or copier or facsimile and confirmed by First Class Mail, to the Board and/or the Plan or Manager at the addresses in subsection b., below. The notice shall be effective on the date indicated on the postmark or other indicated date of receipt.

b. Instructions/Notices:

The Board and/or Plan: **Teachers' Retirement System of Oklahoma**
2500 North Lincoln Boulevard
Suite 500
Oklahoma City, Oklahoma 73105-4500
Or
Post Office Box 53524
Oklahoma City, Oklahoma 73152-3524

Manager: XXXX

8.3 Material Changes

Manager shall notify the Board within 30 days of any of the following changes: (a) Manager becomes aware that any of the representations, warranties and covenants set forth herein or in its Bid Response cease to be materially true at any time during the term of this Agreement; (b) there is any material change in Manager personnel assigned to perform services under this Agreement; (c) there is any change in control of Manager, or (d) Manager becomes aware of any other material change in its business organization, including, but not limited to the filing of bankruptcy relief or other legal suits or actions.

8.4 Confidential Relationship

Information provided to TRS by Manager shall become a public record as provided for in the Oklahoma Public Records Act.

8.5 Entire Agreement

This Agreement, together with Exhibits, contains the entire Agreement between the Board and Manager relating to the rights granted and the obligations assumed by the parties. Any prior agreements, promises, negotiations, or representations, either oral or written, relating to the subject matter of this Agreement not expressly set forth in this Agreement are of no force or effect. The Bid Specification and Response by Manager and, where appropriate, the Guidelines of the Board are adopted and incorporated into this Agreement.

8.6 Amendment

This Agreement, or any part or Section of it, may be amended at any time during the term of the Agreement only by mutual written consent of the Board and Manager.

8.7 Governing Law and Venue

This Agreement and all Plan provisions shall be construed and enforced in accordance with the laws of the State of Oklahoma. Should either party initiate a lawsuit or other dispute resolution proceeding over any matter relating to or arising out of this Agreement, such lawsuit or other proceeding shall be filed in and conducted in Oklahoma County, State of Oklahoma.

8.8 Severability

The terms and provisions of this Agreement shall be deemed to be severable one from the other, and determination at law or in a court of equity that one term or provision is unenforceable shall not operate so as to void the enforcement of the remaining terms and provisions of this entire Agreement, or any one of them, in accordance with the intent and purpose of the parties hereto.

8.9 Fee Guarantee

Manager agrees that the fee herein for investment management services is the same or lower than fees Manager charges similar types of clients investing similar amounts of funds or assets and pursuing the same investment objectives or style as the Account. In the event Manager agrees to charge a Third-Party Client, a lower fee for management of similar funds or accounts, Manager will reduce its fee to the Board to the same extent. It is Manager's responsibility to notify the Board of the existence of any fee agreements, which are lower than the fees agreed upon herein. The Board reserves the right to ask for periodic fee review reports. The Board shall be entitled to a retroactive fee reduction in the event Manager fails to promptly notify the Board of any lower fee agreements.

This Agreement made and entered into this _____ day of _____, xxxx, by and between the Board of Trustees of the Teachers' Retirement System of Oklahoma and XXXX.

Exhibit A

Compensation Rates

- A. Manager shall submit invoices or services to the Board providing such information as acceptable to the Board.
- B. Payment shall be made by the Board within 60 days of receiving correct and accurate billing statements. All payments are made in arrears and no payments shall be made in advance.
- C. The total annual fee for the services provided under this Agreement are set forth in this Exhibit "A",
 - 1. Investment Management fees:

 - 2. The fees shall be calculated based upon the fair market value, exclusive of accrued income, of the assets managed at each calendar quarter's end date, as determined by the Master Custodian. Fees shall be pro-rated for services rendered for any partial quarters.

Services Not Included in Compensation Rates

It is understood and agreed that Manager may bill or charge, over and above the compensatory rate above mentioned, for only these services and at these rates:

NONE