

August 18, 2008

**SOLICITATION FOR PROPOSALS
International Equity Manager**

You are invited to submit proposals in accordance with the requirements of this solicitation, contained herein, to provide **International Equity** management services to the Oklahoma Firefighters' Pension and Retirement System (the System). The Oklahoma Firefighters Pension and Retirement System is conducting a search for an International Equity manager. For this mandate we are seeking an actively managed, international core/relative value strategy to complement an existing core/growth-oriented strategy. The preferred benchmark is the MSCI All Country World ex-US Index.

Respondents to this proposal are required to comply with the bid procedures as set forth in this solicitation pursuant to the Competitive Bid Standards attached hereto as Appendix A. Failure to comply with the bid procedures may render the bid invalid. Proposals should be submitted to Finley & Cook at the address listed below:

Mail to:

Oklahoma Firefighters' Pension and Retirement System
c/o Finley & Cook
P.O. Drawer 1447
Shawnee, OK 74802-1447

Overnight to:

Oklahoma Firefighters' Pension and Retirement System
c/o Finley & Cook
601 North Broadway
Shawnee, OK 74801

This solicitation does not commit the System or the State of Oklahoma to award a contract, or contracts, to pay any costs incurred in the preparation of a proposal, or to procure or contract for goods or services. The System reserves the right to accept or reject any or all proposals received as a result of this solicitation, to negotiate with all qualified respondents, to cancel in part or in its entirety this proposal if it is in the best interest of the System to do so, or to award all, part or none of this contract or contracts. The contract or contracts will be awarded by the Oklahoma Firefighters' Pension and Retirement Board (the State Board) from a list of qualified respondents.

The System will not hold a pre-bid conference. The System will respond to questions that are presented in writing. These questions will be consolidated into a single Q & A document, which will be distributed upon written request. Potential respondents do not have to submit questions to receive the completed Q & A sheet. Questions are due on the date specified on Appendix C, and may be faxed to 405-522-4643. The Q & A sheet will be returned on or about the date specified in Appendix C. Responses received after this date and time will not be considered. Three ring binders are discouraged. **In addition, please transmit an electronic version of the response to this solicitation to Asset Consulting Group at OKFireIntlEqSearch08@acgnet.com.** Failure to transmit an electronic version of the response to this solicitation will cause the response to not be considered in the awarding of a contract or contracts. The System hopes to have an engagement date prior to January 1, 2009. A timeline is discussed in Appendix C. The timeline set forth in Appendix C is subject to change at the sole option of the State Board. **An electronic version of the questionnaire may be requested by e-mail at crankin@oklaosf.state.ok.us.**

SECTION I - INTRODUCTION AND BACKGROUND

- A. **Legal Authorization** The System was created to hold and manage the Oklahoma Firefighters' Pension and Retirement Fund and to provide retirement and pension benefits for the eligible firefighters of the State of Oklahoma. The System's statutory investment authority is set forth in 11 O. S. Section 49-100.9.
- B. **State Board** The System is administered by the State Board. The State Board is comprised of thirteen (13) members including the five (5) members of the Oklahoma State Firefighters' Association Board of Trustees, the President of the Professional Firefighters of Oklahoma or designee, the President of the Oklahoma State Retired Firefighters' Association or designee, the State Insurance Commissioner or designee, the Director of State Finance or designee, one member (1) appointed by the Speaker of the House of Representatives, one (1) member appointed by the President Pro Tempore of the Senate, and two (2) members appointed by the President of the Oklahoma Municipal League. **The members of the State Board shall not be contacted directly by respondents. (See Paragraph 9 of the Competitive Bid Standards in Appendix A)**
- C. **Administrative Support** The System has a staff of ten (10) persons supervised by an Executive Director. The Executive Director and the Assistant Director manage the day-to-day financial operations of the System. The Executive Director reports transactions and investment developments to the Investment Committee of the State Board as directed by the State Board. The Executive Director is Robert Jones, and the Assistant Executive Director is Herb Bradshaw.

The current master custodian is State Street Bank and Trust Company, Boston, Massachusetts. The investment consultant is Asset Consulting Group, St. Louis, Missouri.

- D. **Actuarial Condition** The System's actuary is Buck Consultants, Dallas, Texas. The July 1, 2007 actuarial valuation reported the actuarial value of assets at \$1.717 billion and actuarial accrued liability of \$2.785 billion. Actuarial assets as a percent of actuarial accrued liabilities are calculated at 61.6%.
- E. **Investments** The System is charged with the duty of administering the investment of approximately \$1.7 billion, which represents the total pension funds of all the eligible firefighters in the State of Oklahoma. The System currently uses only external fund managers. The current asset allocation target is 30% domestic large cap equity, 10% long/short equity, 12.5% domestic small cap equity, 12.5% international equity, 20% domestic fixed income, 7.5% low volatility hedge funds, and 7.5% real estate.

SECTION II - QUALIFICATIONS OF THE BIDDER

- A. It is desirable, but not a minimum requirement, that the investment firm have in excess of \$500 million invested in the proposed strategy.
- B. It is desirable, but not a minimum requirement that the strategy proposed has at least a 3 year track record.

SECTION III - DUTIES AND RESTRICTIONS ON THE MANAGER

- A. The selected Manager will provide, at a minimum, the following services:
1. Quarterly reports for the most recent quarter. Reports will be furnished in quantity sufficient for the needs of the State Board and staff. Portfolio performance will be shown both gross and net of the investment manager fees.
 2. The investment manager will attend two regularly scheduled monthly meetings of the State Board a year. The selected investment manager will be notified of the dates they are to attend.

3. The investment manager will report directly to the State Board and the Executive Director of the System. However, the investment manager will also be responsible for maintaining direct communication with the System's staff, investment consultant, and master custodian.

SECTION IV - PERIOD OF CONTRACT

The contract or contracts to be awarded are anticipated to be for a period beginning January 1, 2009. The contract or contracts will further provide for four additional annual renewals upon mutual agreement between the System and the investment management firm. The State Board and the investment manager reserve the right to terminate the contract or contracts upon 30 days notice, with or without cause.

SECTION V - SUMMARY

- A. The amount to be allocated to the selected manager is expected to be approximately \$120,000,000.
- B. Please complete and submit the attached questionnaire (Appendix B).
- C. Please submit a sample copy of your contract if you are proposing a separate account and copies of all of your offering material if you are proposing a commingled fund. (i.e., prospectus, private placement memorandum, Operating Agreement, etc.)
- D. Any firm selected to make a formal presentation to the State Board should have the person lead the presentation that will be the primary investment manager contact to the System. Responsible persons who will be assigned to the System's account are encouraged to attend the presentation.
- E. The State Board reserves the right to request additional information from any respondent and to accept or reject any or all bids without specifying the reasons for its actions. The State Board reserves the right to request additional bids. The selection of investment managers for state retirement systems is specifically exempt from the Oklahoma Competitive Bidding Act. Further, the State Board specifically reserves the right to negotiate for lower fees at any time with any respondent.
- F. The State Board also reserves the right to award all, part or none of this contract or contracts. The State Board may elect to select more than one investment manager and to divide the duties set forth herein between the selected investment managers. The State Board has the discretion and may select an investment manager(s) for any other authorized asset allocation or investment category, as the State Board deems necessary.
- G. This solicitation and the response to this solicitation by the successful firm or firms will become a part of the investment manager contract or contracts with the System.
- H. Please submit three (3) copies of your response to the accounting firm of Finley & Cook, at the return address listed on page one (1) of this solicitation. In addition, please submit one (1) copy of all materials to our investment consultant, Asset Consulting Group, Inc. Materials should be submitted via e-mail to Asset Consulting Group at OKFireIntlEqSearch08@acgnet.com.

Appendix A

Competitive Bid Standards

Contractual services with pension fund custodians, investment managers, investment consultants, and other professions that are exempt from competitive bidding procedures of the Oklahoma Central Purchasing Act shall be chosen by a solicitation of proposals on a competitive bid basis pursuant to the following standards:

1. The Board of Trustees shall approve all solicitations of proposals issued by the Oklahoma Firefighters' Pension and Retirement System (the System).
2. Respondents to a proposal shall comply with the bid procedures set forth in the solicitation of proposals and these standards.
3. The Executive Director is responsible for developing a list of qualified bidders for each approved proposal including those bidders who have registered with the Central Purchasing Division of the Oklahoma Department of Central Services.
4. Proposals will be mailed by and returned to the System's independent certified public accountant that will verify to the Board of Trustees whether the solicitation is in compliance with these standards.
5. A solicitation does not commit the Board of Trustees to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for the articles of goods or services.
6. The Board of Trustees reserves the right to accept or reject any or all proposals received as a result of a solicitation, to negotiate with any and all qualified bidders, to select any qualified bidder to provide additional or ancillary services to the Board of Trustees, or to cancel in part or in its entirety a solicitation if it is in the best interest of the System to do so.
7. The Board of Trustees shall award contracts to the lowest and best bidder at a specified time and place, which shall be open to the public pursuant to the provisions of the Oklahoma Open Meeting Act.
8. Proposals shall be evaluated by the Executive Director and any other person or organization, including but not limited to the Investment Committee or Rules Committee of the Board of Trustees, as determined by the Chairmen of the Board of Trustees. The Executive Director and other persons or organizations shall present the evaluations and recommendations to the Board of Trustees.
9.
 - a. During the process leading to an award of any contract by the System, no member of the Board of Trustees or its staff shall knowingly communicate concerning any matter relating to the contract or selection process with any party financially interested in the contract or an officer or employee of that party, unless the communication is (1) part of the process expressly described in the request for proposal or other solicitation invitation, or (2) part of a noticed board meeting, or (3) as provided in subsection c. of this section. Any bidder who knowingly participates in a communication that is prohibited by this subsection shall be disqualified from the contract award.
 - b. During the evaluation of any solicitation of proposal, no party who is financially interested in a proposal, or an officer of that party, may knowingly communicate with any Board Member concerning any matter relating to the transaction or its evaluation, unless the financially interested party discloses the content of the communication in a writing addressed and submitted to the Executive Director and the Board of Trustees prior to the Board's action on the prospective proposal. This subsection shall not apply to communications that are part of a noticed board meeting, or as provided in subsection c of this section.
 - (1) The writing shall disclose the date and location of the communication, and the substance of the matters discussed. The Board of Trustees shall prescribe other procedures concerning this disclosure.
 - (2) Any Board Member who participates in a communication subject to this subsection shall also have the obligation to disclose the communication to the Executive Director and the Board of Trustees, prior to the

Board's action on the proposal. The Board of Trustees shall prescribe procedures for this disclosure, including procedures to apply to Board Members who fail to disclose communications as required by this subsection.

- (3) Consistent with its fiduciary duties, the Board of Trustees shall determine the appropriate remedy for any knowing failure of a financially interested party to comply this subsection including, but not limited to, outright rejection of the prospective proposal, reduction in fee received, or any other sanction.
- (4) The communications disclosed under this subsection shall be made public, either at the open meeting of the Board of Trustees in which the proposal is considered, or if in closed executive session, upon public disclosure of any closed executive session votes concerning the proposal.

c. The procedures and prohibitions prescribed by this section shall not apply to:

- (1) Communications that are incidental, exclusively social, and do not involve the System or its business, or the Board of Trustees or staff member's role as a System official.
- (2) Communications that do not involve the System or its business and are within the scope of the Board or staff member's private business or public office wholly unrelated to the System.

10. Proposals will be evaluated using the following criteria listed in order of importance.

- a. Bidder's demonstrated understanding of the problems and the needs of the solicitation as outlined in the proposal as well as the perceptiveness to address areas not specifically identified.
- b. Soundness of the bidder's approach to the problems and needs presented by the proposal including methodology for achieving specific tasks and objectives.
- c. Experience and capacity of bidder including recent, related experience, qualification of personnel and bidder's ability to commit capable staff to support the project requested by the proposal.
- d. Cost effectiveness and reasonableness of bidder's fees.

Appendix B

International Equity Manager Questionnaire

Company Name: _____
Address: _____
Strategy Name: _____
Contact: _____
Telephone: _____
Fax: _____
Email Address: _____

International - RFP
Attachments.xls

Please answer all the questions below. IN ADDITION - PLEASE COMPLETE EACH TAB IN THE ATTACHED SPREADSHEET.

Organization Information

1. Please provide a brief history of your organization. Please include the month and year the organization was founded, how long the organization has been in business under its present name and current ownership structure (% privately owned, % publicly owned, limited partnership, etc.). Please provide a recent detailed firm/organizational chart.
2. Describe any changes in the structure of the firm over the past five years.
 - a. Are there any structural changes contemplated?
 - b. Briefly outline your business plans including succession plans.
 - c. Identify specific owners who own more than 15% of your firm.
3. Is your firm considered a minority or woman-owned business? If yes, please explain.
4. How many offices does your firm have where investment decisions are made? Where is the firm's main office located? Where is the team located for this strategy?
5. Is the firm registered with any regulatory agency, such as the SEC, CFTC, or any state agencies?
 - a. Provide a copy of the most recent disclosure statement (e.g. ADV parts 1 and 2) required by any regulatory agency (or agencies) with which the firm is registered, such as the SEC, CFTC, or state agencies (if you have not previously sent a copy of your ADV to ACG in the past 12 months).
 - b. Provide a summary of any regulatory issue, investigation, sanction, or similar matter the firm had during the last five years.
 - c. State whether, during the last five years, any regulatory agency has conducted an audit or review of the firm.
 - d. If such an audit or review was conducted, discuss any significant findings by the regulator.

- e. Provide a copy of any deficiency letter or similar letter or report regarding such a regulatory audit or review.
 - f. Describe what actions were taken by your firm to correct any deficiencies.
 - g. Provide a description of any material litigation involving the firm or any of its principals during the last ten years, including the nature of the litigation, the parties, the court, cause number, and the current status.
6. Is your firm or any subsidiary, affiliate or related entity of your firm the subject of an investigation being conducted by the Securities and Exchange Commission, or any State Attorney General?
 7. Has the firm adopted a formal compliance policy and/or a code of ethics for employees? If yes, please provide a copy of such policies (if you have not previously sent a copy to ACG in the past 12 months).

Operations

8. What is the size and extent of your operations department? Please note if it is in-house or out-sourced.
9. Please describe your procedures as it relates to reconciliation of portfolio transactions, holdings, cash levels, third-party performance calculations, and bank statements. Please note the frequency of and the systems in place to complete such reconciliations.

Personnel Information

10. Please provide a strategy/team organizational chart.
11. Describe your training procedures for Portfolio Managers, Traders, and Research Analysts. What sort of ongoing education programs do you encourage?
12. How are Portfolio Managers and Analysts compensated? What steps are taken to ensure retention of individuals?
13. Do team members have personal assets invested in the strategy? Please elaborate and indicate the type of vehicle.

Strategy Information

14. Briefly describe your investment philosophy. How has it changed over the past five years?
15. Please describe your stock selection process; at a minimum, outline the universe of securities from which selections are made, how the universe is narrowed, the criteria used for inclusion, how many securities are followed closely, who is involved in each step and who makes the final decision. How has it changed over the past five years?
16. Describe how much security research is generated internally vs. research obtained from outside the firm. What external sources do you use for research?
17. Describe your portfolio construction parameters, including sector/industry, region/country, market cap and position size. Include constraints on minimum/maximum percentage allocations (or over- or under-weightings versus the most appropriate index).

- (b) Who makes these policies?
- (c) How is the policy implemented?
- (d) How is the portfolio manager supervised?

18. Describe any optimization or risk control techniques used in the portfolio construction and portfolio monitoring process. Specifically, please identify the frequency that risk reports are created, the systems used to manage risk, and whether scenario analysis or stress testing is done on the portfolios.
19. Describe your sell decision process, including any automatic sell disciplines.
20. Discuss your trading process; what aspects do you feel are unique? Address any liquidity issues associated with this strategy.
21. Is there a dedicated Trader associated with this strategy? Do any of the Portfolio Managers or Analysts have trading responsibilities? Do any of the Traders have portfolio management or analyst responsibilities?
22. Describe your firm's brokerage direction policy. Does your firm have any broker/dealer affiliation? If so, how are trades allocated to this broker/dealer? Does your firm perform any soft dollar trades?
23. What unique features of your investment approach do you feel add the most value?
24. What is your targeted performance goal for this strategy? What time frame is built into your investment philosophy?
25. Approximately how long would it take your firm to fully invest a cash portfolio of \$50 million?
26. Describe the investment environments in which your strategy can be expected to: Outperform the benchmark and style peers; underperform the benchmark and style peers.
27. Is there a size (number of clients or asset level) at which the firm might find it difficult to pursue its current investment strategy? Please address when the strategy will close and how this will be determined.
28. Please provide a representative client list, your three largest accounts in this strategy, and at least three client references.
29. What special investment procedures do you have in place for tax-sensitive clients?
30. What level of tax efficiency has this strategy achieved? Over what time frame?
31. Does your firm manage or act as a sub-adviser for any mutual funds? Is this strategy sub-advised by an external manager?

Hedging Information

32. Do you use derivative financial instruments in the portfolio? If so, which ones and how are they used?
33. Do you ever hold short positions in the portfolio? If so, describe how they are used in the portfolio.
34. Do you hedge currency?

Performance Information

35. Please include all performance disclosures/composite descriptions.
36. Has the composite or another similar vehicle (mutual fund or commingled fund) been audited by a public accounting firm?
37. Does your composite contain back-tested or simulated returns? If yes, please explain.
38. Is the firm GIPS compliant? Please explain if the firm is not GIPS compliant.
39. Do you utilize any internal or third-party performance attribution software/system? If yes, please provide a list of the systems used and their purposes and an example of an attribution analysis your firm completed for the most recent quarter end.

Appendix C

Timeline for Receipt of Proposals

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| 1. State Board approves solicitation for proposals | August 14, 2008 |
| 2. Solicitation for proposals posted | August 18, 2008 |
| 3. Questions submitted by potential respondents | September 5, 2008 |
| 4. Q&A sheet posted | September 12, 2008 |
| 5. Responses received | September 26, 2008 |
| 6. Finalists selected by State Board | November 20, 2008 |
| 7. Selection by State Board | December 18, 2008 |