

Employees Retirement System of the City of St. Louis
Request for Proposal and Qualifications for
Small or Small/Mid Cap Value Investment Management Services

The Board of Trustees of the Employees Retirement System of the City of St. Louis requests proposals from qualified investment managers to provide investment management services to the Board, on behalf of the Plan, which has a combined market value of approximately \$580 million.

The Board employs a multiple manager approach to investment of the Plan's assets. **The Board seeks a domestic small or small/mid cap value equity manager to manage a portfolio to be benchmarked against the Russell 2000 Value or Russell 2500 Value, respectively.** The initial portfolio assignment is **estimated to initially be approximately \$40 million**, but could change.

In order to qualify for consideration, your firm's product **must** meet the following criteria. **IF ALL CRITERIA ARE NOT MET, DO NOT SUBMIT A RESPONSE.**

Requirements:

- Proposed product must be domestic small or small/mid cap value, not core, or growth.
- Separate accounts, commingled funds, and mutual funds will be considered.
- The firm must have an institutional capability and the ability to manage a \$40 million mandate.
- The firm must have a minimum "live" track record of five (5) years managing small or small/mid cap value equities as of June 30, 2010.
- The firm must have a minimum of \$400 million in assets under management in the proposed product as of June 30, 2010.
- Performance data submitted must be CFA Institute GIPS compliant and/or audited as of June 30, 2010.
- Performance for the proposed small or small/mid cap value equity product must have exceeded the performance of the Russell 2000 Value (small cap value mandates) or the Russell 2500 Value (small/mid cap value mandates) over the last three (3) and five (5) years annualized, by at least 1% for the periods ending June 30, 2010.
- Fees for proposed product should not exceed 100 basis points for a mandate size of \$40 million. Please submit your best and final fee proposal with the RFP response.
- Investment manager must be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940.
- Investment manager must agree to abide by the Missouri Fiduciary Standards 105.687-105.690 (see attached).

All RFP responses are due by 4:00 p.m., Central Time, on August 20, 2010. Two fully completed responses as well as a CD with the response must be forwarded to:

Jessica N. Portis, CFA
Summit Strategies Group
8182 Maryland Avenue, 6th Floor
Clayton, MO 63105

Please note that faxed and/or e-mailed responses as well as responses received after the due date will **not** be considered.

Missouri Revised Statutes

Chapter 105

Public Officers and Employees--Miscellaneous Provisions

Section 105.687

August 28, 2009

Definitions.

105.687. As used in sections 105.687 to 105.689, the following terms mean:

- (1) "Equity interests", limited partnership interests and other interests in which the liability of the investor is limited to the amount of the investment, but does not include general partnership interests or other interests involving general liability of the investor;
- (2) "Invest" or "investment", utilization of money in the expectation of future returns in the form of income or capital gain;
- (3) "Investment fiduciary", a person who either exercises any discretionary authority or control in the investment of a public employee retirement system's assets or who renders for a fee advice for a public employment retirement system;
- (4) "Small business", an independently owned and operated business as defined in Title 15 U.S.C. Section 632A and as described by Title 13 CFR Part 121*;
- (5) "Small business investment company", an incorporated body or a limited partnership under Section 301 of Title III of the Small Business Investment Act of 1958, 15 U.S.C. 681;
- (6) "System", a public employee retirement system established by the state or any political subdivision of the state;
- (7) "Venture capital firm", a corporation, partnership, proprietorship, or other entity, the principal businesses of which is the making of investments in small businesses, either directly or indirectly by investing in entities the principal business of which is the making of investments in small businesses.

(L. 1987 S.B. 20 § 1)

*Original rolls contain "21", an apparent typographical error.

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Missouri Revised Statutes

Chapter 105 **Public Officers and Employees--Miscellaneous Provisions** **Section 105.688**

August 28, 2009

Investment fiduciaries, duties.

105.688. The assets of a system may be invested, reinvested and managed by an investment fiduciary subject to the terms, conditions and limitations provided in sections 105.687 to 105.689. An investment fiduciary shall discharge his or her duties in the interest of the participants in the system and their beneficiaries and shall:

- (1) Act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims;
- (2) Act with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered;
- (3) Make investments for the purposes of providing benefits to participants and participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the system;
- (4) Give appropriate consideration to those facts and circumstances that the investment fiduciary knows or should know are relevant to the particular investment or investment course of action involved, including the role of the investment or investment course of action plays in that portion of the system's investments for which the investment fiduciary has responsibility. For purposes of this subdivision, "appropriate consideration" shall include, but is not necessarily limited to a determination by the investment fiduciary that a particular investment or investment course of action is reasonably designed, as part of the investments of the system, to further the purposes of the system, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment or investment course of action:
 - (a) The diversification of the investments of the system;
 - (b) The liquidity and current return of the investments of the system relative to the anticipated cash flow requirements of the system; and
 - (c) The projected return of the investments of the system relative to the funding objectives of the system;
- (5) Give appropriate consideration to investments which would enhance the general welfare of this state and its citizens if those investments offer the safety and rate of return comparable to other investments available to the investment fiduciary at the time the investment decision is made.

(L. 1987 S.B. 20 § 2)

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Chapter 105 Public Officers and Employees--Miscellaneous Provisions Section 105.689

August 28, 2009

Investment fiduciary may make investments in certain countries.

105.689. Nothing in sections 105.687 to 105.689 shall prevent any investment fiduciary from making investments in any company which does business in any country with which the United States maintains diplomatic relations.

(L. 1987 S.B. 20 § 3, A.L. 1992 S.B. 499, et al.)

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Chapter 105 Public Officers and Employees--Miscellaneous Provisions Section 105.690

August 28, 2009

Selection of fiduciaries, preference to Missouri firms.

105.690. When selection is made of a venture capital firm, a consultant or a fiduciary, preference must be given to a Missouri based company.

(L. 1987 S.B. 20 § 4)

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