

MERCER



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Ms. Lynn Wenguer
Pension Administrator
City of Fort Lauderdale Police & Fire Retirement System
888 S. Andrews Ave. #202
Fort Lauderdale, FL 33316

May 28, 2010

Dear Ms. Wenguer:

Mercer Investment Consulting, Inc. (Mercer) is delighted to have the opportunity to submit our proposal to provide investment advisory services to the City of Fort Lauderdale Police & Firefighters' Retirement System Pension Board ("the Board"). Mercer's mission is to help clients identify an appropriate risk tolerance framework and to optimize and monitor their investment return within that framework. To achieve this mission we work collaboratively with clients, establishing an interactive and creative approach that underlies all our consulting relationships. This approach includes:

Focusing on Client Needs – Our clients are best served by qualified and experienced consultants who are able to develop innovative solutions, while balancing tried-and-true approaches to determine an appropriate solution for an organization's unique needs and objectives. Thus, we recommend practical, proven, as well as innovative solutions, as appropriate.

Demonstrated Value Added – We believe that value added by a consultant can be best evaluated in two ways: quantitatively, by reference to the performance of the managers we have rated highly and the absolute and relative performance results achieved by our clients, and qualitatively, by reference to our clients' satisfaction with our work. Mercer tracks the performance of our highly rated managers, using a transparent methodology described in detail in the attached *Value Added Through Mercer Manager Research*. Based on this methodology, our average value added since inception across 71 product categories per annum has been 1.1% (as of December 31, 2009).

An Emphasis on Problem Solving – Our business is to provide advice, not to develop and sell off-the-shelf products. We treat our specialized services and systems, as a means to develop solutions to specific problems – not as commodities sold to clients. By focusing first on the client's goals and objectives, we are better positioned to tailor an approach that best meets our clients' needs.

Quality Assurance – We seek to ensure the quality and accuracy of our consulting advice and services through a formal system of professional standards. All work that Mercer performs for clients is peer reviewed by a second senior consultant to help ensure its accuracy and appropriateness.

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Timeliness – We are keenly aware that efficient management of any project means making information available on a timely basis. We are committed to the punctual delivery of our services and draw on a wealth of internal resources to accomplish this.

Proactive Consulting – Our consultants take a proactive approach to service, anticipating problems and identifying opportunities for resolution. Our most experienced professionals, well-versed in the complex and changing aspects of the benefits environment, work with clients to help build an effective process for managing their programs. Our consultants are continually educated in their consulting disciplines, as well as on issues outside their specialty.

Our consulting strengths and areas of expertise are drawn from our:

Resources – Since 1972 we have grown to become one of the largest investment consulting organizations in the world by focusing on each individual client within each market. Clients benefit from our ongoing investment in research staff and analytical tools, which focus on asset allocation, performance evaluation and risk management. We bring extensive consulting experience to sponsors of DB and DC plans.

Research Capabilities – We devote 10-15% of our annual revenue to technology and investment research on asset managers and the capital markets to make critical recommendations to our clients. Over 80 full-time manager research professionals analyze investment managers in their respective markets to pinpoint the strategies that we believe have the potential to offer our clients superior risk-adjusted performance.

Focus on Fiduciary Obligations – We understand that the fiduciary environment has changed drastically over the last few years. By virtue of being a registered investment advisor, Mercer is a fiduciary with respect to the investment advice we provide, which Mercer will acknowledge in writing.

We appreciate the Board's consideration and would be happy to meet with you to review our capabilities in greater detail.

Sincerely,

A handwritten signature in black ink, reading "Jeffrey C. Boucek". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent.

Jeffrey C. Boucek
Partner