

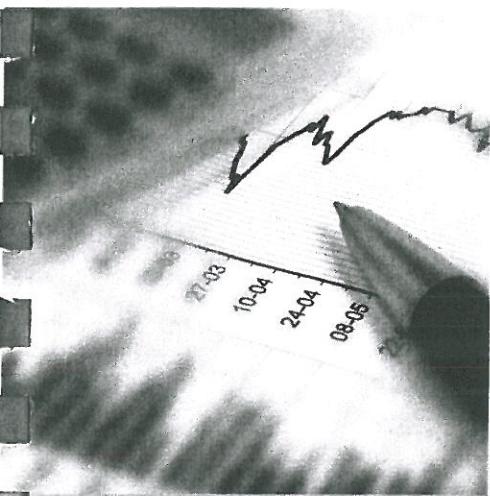
**MERCER**



MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

05 November 2009

**Original**



**Financial Advisor for  
Employee Deferred  
Compensation Programs**

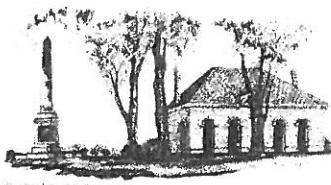
Hanover County, Virginia

Consulting. Outsourcing. Investments.

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## REQUEST FOR PROPOSALS TITLE PAGE

Hanover County, Virginia  
Purchasing Department

Proposal Title: **FINANCIAL ADVISOR FOR EMPLOYEE DEFERRED COMPENSATION PROGRAMS**

This is Hanover County's Request for Proposals No. 09-030511-2062JT, issued October 8, 2009. Direct requests for information to: Jim Totty, Deputy Purchasing Director; Phone: 804-365-6102; Fax: 804-365-6100; email: jtoty@co.hanover.va.us. Sealed proposals must be received and time stamped or signed in prior to November 5, 2009. Proposals received after the stated due date and time shall not be considered.

A Preproposal Conference will not be held for this procurement. All questions/requests for information shall be submitted in writing, addressed to: County of Hanover, Purchasing Department, ATTN: RFP No. 09-030511-2062JT, P. O. Box 470, Hanover, VA 23069-0470 and to be assured consideration, must be received prior to 4:30 PM, October 22, 2009. Questions may be submitted by fax to 804-365-6100, or email to jtoty@co.hanover.va.us. After reviewing any questions/requests submitted, the County will issue an addendum to respond to items it deems necessary. Changes to this Request for Proposals will be made only by written addendum issued by the County Purchasing Department.

Submit Proposals: **BY MAILTO:**

County of Hanover, Purchasing Dept., Room 205, P. O. Box 470, Hanover, VA 23069-0470

**BY HAND DELIVERY OR EXPRESS CARRIER TO:**

County of Hanover, Purchasing Dept., Room 205, 7497 County Complex Road, Hanover, VA 23069

Offerors shall ascertain prior to submitting a response that all Addenda issued have been received and shall acknowledge receipt and inclusion of all Addenda here:

Addendum No. 1 Date: 10/28/2009

**Information the Offeror deems Proprietary is to be included in the proposal in the separate section of the proposal identified on the line below. See Submission Requirements in this RFP for additional information.**

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All proposed exceptions to this Request for Proposals, and any proposed changes to the contract documents or terms and conditions, are to be included in the proposal response in the separate section of the response identified on the line below. See Submission Requirements in this RFP for additional information.

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In compliance with this Request for Proposals and all the conditions imposed therein, the undersigned offers and agrees to furnish the goods/services in accordance with the attached proposal or as mutually agreed upon by subsequent negotiations. By my signature below, I certify that I am authorized to bind the Offeror in any and all negotiations and/or contractual matters relating to this Request for Proposals. Sign in ink and type or print requested information.

My signature certifies that this firm or individual has no business or personal relationships with any other companies or persons that could be considered as a conflict of interest or potential conflict of interest to the County of Hanover, and that there are no principals, officers, agents, employees, or representatives of this firm that have any business or personal relationships with any other companies or person that could be considered as a conflict of interest or a potential conflict of interest to the County of Hanover, pertaining to any and all work or services to be performed as a result of this request and any resulting contract with the County of Hanover.

***INCLUDE PAGES 1 AND 2 OF THIS RFP AS THE FIRST 2 PAGES OF YOUR PROPOSAL RESPONSE***  
**THIS PROPOSAL RESPONSE IS SUBMITTED BY:**

Full Legal Name of Offeror: Mercer

Mailing Address:

100 North Tryon Street, Ste. 3400

Remittance Address (If Different):

Charlotte, NC 28202

Phone: (704) 805-7425

Fax: (704) 805-7410

Email Address: julie.alford@mercer.com

Contact Person: Julie Alford

Typed/Printed Name: Julie W. Alford  
(Person Signing Proposal)

Signature: Julie W. Alford

(Person signing must be authorized to bind  
the Offeror in contractual matters)

Date: 11/03/2009

**INDICATE THE TYPE OF BUSINESS:**

Individual Trading in Own Name

Partnership

Individual Trading Under Trade Name  
(Individual and Trade Name must be listed above  
as "legal name")

Corporation

CORPORATE SEAL:

**1**

## **Introduction**

Mercer is pleased to respond to Hanover County, Virginia Request for Proposals No. 09-030511-2062JT, issued October 8, 2009, for a Financial Advisor for Employee Deferred Compensation Programs. Mercer is uniquely qualified to assist the County in monitoring all aspects of public deferred compensation plans.

Mercer differentiates itself as a consulting partner through:

- **Efficient process:** Mercer's monitoring and consulting solutions are proven and efficient in the public sector market, reflecting a focus on the unique needs of governmental plans.
- **Breadth of expertise:** Mercer will bring to the County the variety of expertise needed to identify fiduciary and plan issues and provide consulting assistance to address those issues. With Mercer, the County will be the recipient of the efficiency that comes from partnering with an organization that is able to staff the project with experienced specialists.
- **Broad market place experience:** Mercer is recognized as a market leader in defined contribution plan design, monitoring and consulting. As such, our client base includes numerous public plans and our staff includes market-specific experts with significant experience in 403(b), 457(b) and 401(a) retirement plans.

## **Proprietary Information**

Mercer has provided proprietary information in the following sections of this RFP response – Appendix B: Proprietary Information.

## **Project Methodology**

A well-run defined contribution plan should include the following attributes:

- Well-defined delegation of responsibilities of decision-makers;
- Fiduciary training and awareness for all decision-makers;
- Investment policy statement with objectives and measurements including investment guidelines, restrictions, and performance standards for each investment option;
- Quality investment options across generally accepted asset classes;
- Clear investment goals and performance objectives for investment options;
- Procedures for periodic evaluation and review;
- Reasonable cost structure for operations and investment expenses; and,
- Education/communication with participants sufficient for them to make informed decisions relating to their retirement savings.

### ***Investment Committee Support***

Mercer can assist in the strategic development of your oversight Committee and help define roles and responsibilities as they relate to the fulfillment of your policy statement's objectives. The Committee will be provided with a manual to include sample by-laws, policies and procedures, and board resolutions. We will conduct an on-site educational seminar for Committee members to review roles and responsibilities and provide guidance on sound decision-making. We assist with facilitating your Committee meetings, as requested, with agenda preparation, meeting notes and deliverables. Legislative updates are provided as they become available with commensurate guidance on action points.

Mercer recently conducted a survey of plan sponsors regarding their committee structure in an effort to identify best practices. A copy of this survey is included in Appendix A.

### ***Investment Policy Statement Review***

Mercer's investment policy evaluation includes the review of your existing Investment Policy Statement (IPS) with recommendations for changes or enhancements. An annual review of the criteria and processes outlined by the IPS is also recommended.

The IPS provides a roadmap for on-going fund monitoring. The process that begins with this IPS helps meet ERISA requirements and offers guidelines for selecting and monitoring investment options. Although the County's plans are not subject to ERISA, ERISA requirements are generally used as best practices to guide fiduciary actions. A viable investment policy statement should include and delineate:

- delegation of responsibilities of decision-makers;
- investment goals and performance objectives;
- investment structure, including supporting analysis;
- investment guidelines, restrictions and performance standards for each investment option; and,
- procedures for periodic evaluation and review.

We will evaluate your current IPS for its connectivity with our investment monitoring process and suggest any changes to help ensure they are coordinated.

### ***Investment Analysis***

Our investment philosophy for defined contribution plans is to select, monitor, and maintain competitive investment options across generally accepted asset classes sufficiently different in risk and return characteristics.

Research of potential investment offerings is conducted through our proprietary Mercer Investment Consulting (MIC) investment performance data and research information, analytical tools, and third-party data (as appropriate). MIC conducts in-depth review, analysis, and evaluation of investment products and managers worldwide. With a database of over 2,000 mutual funds, our clients are provided with access to enhanced manager search reports via the MIC Manager Search Process and profiles and additional capital markets outlooks and reviews.

The MIC Manager Search Process combines both quantitative and qualitative phases in an effort to identify appropriate options to consider (typically 3-4 finalists). The process is dynamic in nature and involves a unique blend of the combined knowledge of over 250 investment consultants and 40 full-time manager researchers worldwide.

Representatives from each of these groups make up the Manager Rating Committee. The Manager Rating Committee has the ultimate responsibility of deciding which managers and strategies are placed on the MIC Manager Research Qualified Lists. The Research Qualified Lists are defined by asset class and manager style and represent MIC's best thinking on which managers have the highest probability of future success. The lists are proprietary and dynamic in nature and represent the starting point in matching high potential manager candidates with the unique needs of clients.

This process enables us to provide valuable insight into the potential future performance of a fund manager rather than simply relying on past quantitative data. Through the presentation of our Fund Search Report, we will work with Hanover County to further identify the "best fit" option for your plan.

### ***Expense Audit***

The goal of the expense audit is to identify Hanover County plans' current cost structure and ascertain its appropriateness. Mercer would work with your vendor to identify all current plan expenses to include administrative fees, investment management fees, revenue sharing, and investment performance. An executive summary would be delivered summarizing our observations and recommendations, including market commentary on defined contribution plan cost structure alternatives and their prevalence in the public deferred compensation plan market.

## ***Investment Monitoring***

Quarterly investment analysis is delivered through a proprietary report system which is driven by our internal partners at Mercer Investment Consulting (MIC). Mercer's investment analysis process includes a comprehensive quantitative and qualitative review of your investment options. Our on-going review process is customized to meet your needs and the objectives outlined in your Investment Policy Statement.

Our quantitative reports include benchmarking fund performance versus an appropriate peer group and index, expense ratios relative to peer group, standard deviation relative to peer group, and a returns-based style analysis. We summarize the key measurements in a Report Card, an easy-to-read format clearly identifying those options that are meeting the criteria and those that are not.

We supplement this review process by providing a summary of our in-depth research into your fund's investment managers, when available, and access third-party data from sources, such as Morningstar®, to provide a complete analysis of each fund. Our reports also include a quarter-by-quarter analysis, by fund, to identify plan level asset allocation changes.

With our assistance, many of our clients do implement a Watch List process to assist in their decision to make fund changes based on their IPS metrics. We do not dictate Watch List criteria to our clients, but can customize our reporting to support and document Hanover County's criteria. We are happy to consult with Hanover County's Committee as to the creation of such criteria. Typical criteria include:

- Performance above median versus an appropriate peer group over the past 3 and/or 5-year time periods;
- Expense ratios below median versus an appropriate peer group;
- Style consistency with original objectives/intent of menu position;
- Acceptable level of risk (i.e. standard deviation) versus an appropriate peer group; and,
- Acceptable investment manager tenure.

Provided are a sample investment monitoring report, (Appendix B: Proprietary Information), fund research report (Appendix B: Proprietary Information) and communication pieces for use with the Committee (Appendix A).

We would address enrollment/educational needs based on discussions with and expectations of the Hanover County Committee. As we identify the Committee's goals and objectives, Mercer will work directly with Lincoln, as your current service provider for the plans, to review current educational and communication materials. We will work together to develop an educational campaign and coordinate directly with the provider to implement the agreed-upon campaign. Throughout the year, Mercer will monitor the education campaign results, suggest enhancements, as needed, and work with Lincoln to ensure current topics of interest are made readily available to employees.

Prior to assisting with plan administrative services, a preliminary meeting would be held to discuss key issues and objectives for conducting a vendor search. Using our knowledge of vendor products, investments, services and capabilities, and your key priorities, we will query our proprietary vendor RFP database to identify an initial list of potential vendors that would be best positioned to meet your needs. Once a final list of three to five vendors is agreed upon, we then issue a formal Request for Proposal to request fees, investments, and service deliverables specific to your plans, capitalizing on our proprietary database of RFP responses to ensure consistent, unbiased information on each vendor is presented to you.

After receiving the vendor responses, our team will complete the evaluation process. A summary of the process becomes an integral part of your on-going due diligence validation. We conduct a thorough review of all proposals and provide you a written evaluation of each vendor including both qualitative factors from our vendor database and a quantitative analysis of their proposed fees and investments. This evaluation phase concludes with your selection of two to three finalists. We will facilitate finalist presentations for you and develop a customized evaluation matrix to assist in the final vendor selection process and document your decision-making.

Once you have selected a new vendor, Mercer will coordinate the conversion process for your plan. We will review the new vendor's plan documents and service agreement, help finalize the new investment menu/mapping strategy, review the employee communication process, and provide oversight to the conversion project with the vendor implementation specialist.

## **Project Methodology: Scope of Services**

### ***RFP Section 2.1.1 Qualifications to review and monitor investment options in deferred compensation and defined contribution plans***

The Mercer team is dedicated to being "Professional Problem Solvers" — not product salespeople. With a primary focus on employer-sponsored retirement savings plans, we are committed to keeping you in compliance, maintaining reasonable costs, and selecting competitive investment options. We provide advisory services to retirement plans designed to meet established goals and objectives. Our services involve a process for sound decision-making and evaluation of each aspect of a retirement plan.

Given the opportunity to work with Hanover County, we will strive to understand your organization, your management structure, your total benefits package, and your human resources and financial teams. Mercer's approach to the marketplace, as noted below, best positions our organization to provide exceptional deferred compensation plan advisory services to Hanover County.

- **National Presence.** Our offices across the nation have access to a wide range of investment options and recordkeeping services.

- **Procedural Due Diligence.** Our review and evaluation process seeks one goal: Sound decisions by plan sponsors. We help establish a formal decision-making process. We also assist you in documenting that process.
- **Negotiating Power.** We have relationships with leading investment, product and service providers through our affiliated broker-dealer and insurance agency. Our national presence can assist you in obtaining the best value, pricing, products, and services for your plan.
- **Consultant Qualifications.** Our dedicated, salaried advisors and their support staffs are devoted to employer-sponsored retirement plans. We provide a wide network of expertise and services to Mercer clients. Our team has years of retirement plan experience in operations, design, vendor searches, investment selection, and fiduciary processes.
- **Methodology for Expense Control.** The Department of Labor regulations require Plan Sponsors to determine that ERISA plan expenses are reasonable. Again, while the Hanover County plans are not subject to ERISA, ERISA best practices are useful as guides to plan fiduciaries. To enable our clients to fulfill this mandate, we assist in finding competitive products and services for your plans. We include a description of competitive expense criteria within an Investment Policy Statement and work to ensure full disclosure of fees, expenses, and charges (both explicit and implicit) connected to the plan. We also help to continually monitor all plan expenses.

We believe that our knowledge of the retirement plan marketplace, our deep expertise on retirement program design, funding and administration, and our focus on team coordination will make this a sound partnership between Hanover County and Mercer.

### ***RFP Section 2.1.2 Names of the staff who will be providing services***

The proposed Mercer team combines experience, efficiency and a local presence to bring the County a dedicated focus on consulting and problem-solving. The following individuals will be active members on the County team, but Mercer has the ability to call on a wide range of specialized resources and staff to deliver services proposed.

- Lori Wright – subject matter expert providing strategic oversight and peer review
- Julie Alford – relationship manager responsible for overall relationship with the County
- Bob Eagle – project manager acting as day-to-day contact and participating in Committee meeting deliverables
- Tom Simonson – regional leader providing peer review on client deliverables and additional subject matter expertise

Refer to Section 4: Experience of the Offeror and the Project Team for Team Bios.

***RFP Section 2.1.3 List of contracts under which similar services were performed by the Offeror within the past 5 years and a list of references which the county may contact***

Mercer is a global company with hundreds of clients to whom we provided retirement plan services. Rather than provide a lengthy list of project and retainer clients, we have provided Hanover County with a list of specific, relevant references that speak to our experience in the public deferred compensation market.

Refer to Section 5: References

***RFP Section 2.1.4 Detailed description of the proposed method of providing financial advisor services, including advice on administration, governance, analysis, selection and monitoring of funds.***

Based on client needs and as outlined in the Project Methodology section, Mercer's full scope of services includes the following:

**Plan Oversight and Vendor Management:** We will assist with vendor management, provide administrative & problem resolution, review plan documents and compliance forms, as requested, and suggest guidelines for effective plan operation. Additionally, assistance will be provided with development/review of employee communications.

**Investment Fund Monitoring:** Assistance in evaluating your investment options includes a comparison to appropriate benchmarks and a review of investment management expenses. Our process includes the following: investment portfolio analysis; investment option review; investment performance monitoring; and, investment manager due diligence.

**Investment Committee Support – Guidelines & Process:** We review and coordinate the development of an Investment Policy Statement (IPS), monitor adherence to the IPS and assist in the strategic development of your oversight Committee. Committee support includes assistance with defined roles and responsibilities as they relate to the fulfillment of your policy statement's objectives and updates to plan sponsor on industry and marketplace trends. We assist with agendas and necessary information for your on-going Committee meetings and facilitate/participate in Committee meetings, as directed.

**Plan Reviews:** Our in-depth examination and review includes an analysis of plan design features and total expenses. We consult with you concerning consideration of plan enhancements. Our review includes a diversification analysis of your investment options and the employee communication and enrollment process. We conduct a comprehensive vendor management review and look at operational and servicing issues for your plan.

**Market Appraisal/Vendor Search:** In our preliminary meeting, we present our multi-page Request for Proposal (RFP) format for your review. This document helps ensure all

areas of concern are covered in-depth. It is designed to highlight your issues and objectives. We compare your current retirement plan data against industry and comparable benchmarks. Using our knowledge of vendor products, investments, services and capabilities, we select potential vendors that meet your needs. We use a large proprietary database of vendors that is constantly expanding. Using the database, we then search, compare, and evaluate priorities and objectives based on your needs. An RFP is sent to those vendors screened and identified to you as candidates most closely suited to the demographics and needs of your plan. This request seeks plan-specific pricing, investments, and service deliverables from each vendor. After receiving responses, our team will initiate and complete the evaluation process. A summary of the process becomes an integral part of your on-going due diligence validation. We conduct a thorough review and analysis of all proposals and give you a written analysis of vendors, assist with finalist interviews, and introduce alternate vendors, as needed. The goal is to find a vendor/service provider that best fits your priorities and objectives. All recommendations are based on the needs and priorities of our clients. Of course, clients are not required to accept our recommendations.

**Implementation:** Throughout the process of moving to a new vendor, we help ensure a smooth and timely conversion. Our specific role during this phase may include the following: detailed review of plan operations and recommendation of enhancements; review of plan document/contractual provisions; assistance with investment menu selection; support with employee communication and enrollment; assistance with Investment Policy Statement and Committee roles; negotiation of performance standards from vendors; coordination of the transfer of assets; and, management all aspects of vendor relationship.

**Education/Communication Plan for Participants:** We analyze your plan specifications and demographics to identify needs, set objectives, and establish a strategic plan to address these issues. We work with you and the service provider to ensure the objectives of the strategic plan are met.

**Benchmarking studies:** Our benchmarking studies include a comparison to industry averages and standards. This includes growth and changes to plan participation and the resulting effects on plan operations. Our study includes a competitive review of the marketplace and comparison of services, (e. g., Internet services, individual advice to participants, loan processing, enrollments and distributions). This study also includes a review of your plan administration and operations, both from the plan sponsor's activities and the service providers' activities.

**Additional Services:** We have the ability to tap into the vast resources of Mercer's human resource and investment consulting businesses for specialized expertise on an as-needed basis. Additional services are available, such as reporting on current and pending legislative and regulatory changes.

***RFP Section 2.1.5 Review and evaluate the County's current Investment Policy and provide suggestions for improvements.***

Mercer's investment policy evaluation includes the review of your existing Investment Policy Statement (IPS) with recommendations for changes or enhancements. An annual review of the criteria and processes outlined by the IPS is also recommended.

The IPS provides a roadmap for on-going fund monitoring. The process that begins with this IPS helps meet ERISA or state law fiduciary requirements and offers guidelines for selecting and monitoring investment options. A viable IPS should include and delineate:

- delegation of responsibilities of decision-makers;
- investment goals and performance objectives;
- investment structure, including supporting analysis;
- investment guidelines, restrictions and performance standards for each investment option; and,
- procedures for periodic evaluation and review.

We will evaluate your current IPS for its connectivity with our investment monitoring process and suggest any changes to help ensure they are coordinated.

With our assistance, many of our clients do implement a Watch List process to assist in their decision to make fund changes based on their IPS metrics. We do not dictate Watch List criteria to our clients, but can customize our reporting to support and document Hanover County's criteria. We are happy to consult with the Hanover County Committee as to the creation of such criteria. Typical criteria include:

- Performance above median versus an appropriate peer group over the past 3 and/or 5-year time periods;
- Expense ratios below median versus an appropriate peer group;
- Style consistency with original objectives/intent of menu position;
- Acceptable level of risk (i.e. standard deviation) versus an appropriate peer group; and,
- Acceptable investment manager tenure.

***RFP Sections 2.1.6 and 2.1.7 Statement of Fees***

See Section 6: Cost of Services

***RFP Section 2.3.1 Do you or a related company have relationships with fund managers that you recommend, consider for recommendation, or otherwise mention to the plan for consideration? If so, describe those relationships.***

MMC Securities Corp. (Mercer DC Advisors' broker/dealer and registered investment advisor division) has a policy that reflects the MMC Securities' obligation to act in the

best interests of its clients and to place its clients' interests before its own. This obligation includes rendering disinterested and impartial advice. MMC Securities, as a general rule, does not recommend any affiliated company as a money manager to a retirement plan sponsor investment advisory client.

***RFP Section 2.3.2 Do you or a related company have contractual or other similar relationship with record keepers or administrators or receive fees from those sources? If so, describe those relationships and state the amount/s of annual fees.***

Mercer prides itself on objective, unbiased advisory services related to retirement plans and investments. We seek to avoid any conflict of interest that could have the appearance of impairing our objectivity. We believe in full disclosure of any conflicts we might encounter and that such disclosures will help your investment/plan committee(s) in their decision-making process. Mercer does not currently recommend any affiliated or related entities to clients. Should such policy change, full disclosure of the affiliation would precede any recommendations. Mercer DC Advisors strive to manage conflicts of interest associated with other relationships in a way that mitigates such a risk.

***RFP Section 2.3.3 Do you or a related company receive any payments from fund managers you recommend, consider for recommendation, or otherwise mention to the plan for consideration? If so, what is the extent of these payments in relation to your other income?***

No. Our compensation is fully disclosed and agreed upon by you before we begin work and annually thereafter through our Advisory Services Agreements and suitability documents. Our full disclosure includes the compensation received from the vendor by MMC Securities Corp., an affiliated broker dealer, or Marsh Insurance & Investments Corp., an affiliated insurance agency, for products and services provided to your plan. We believe full disclosure and understanding of all plan expenses is crucial to helping you fulfill your fiduciary due diligence. We further believe it is the right thing for you, your plan and your plan participants.

***RFP Section 2.3.4 Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?***

Yes. MMC Securities has a policy that reflects the MMC Securities' obligation to act in the best interests of its clients and to place its clients' interests before its own. This obligation includes rendering disinterested and impartial advice. MMC Securities, as a general rule, does not recommend any affiliated company as a money manager to a retirement plan sponsor investment advisory client.

***RFP Section 2.3.5 If you are hired, will you acknowledge in writing that you have fiduciary obligations as an investment advisor to the plans while providing advisory services we are seeking?***

MMC Securities recognizes that as an investment adviser, it occupies a position of trust and confidence with respect to its investment advisory clients. At your request we will act as a fiduciary to the plan under ERISA Section 3(21) (ii) to the extent we render investment advice for a fee or other compensation. MMC Securities will acknowledge in writing that it is a fiduciary under the Employee Retirement Income Security Act (ERISA) with respect to the investment advice it provides to a plan sponsor, to the extent that such advice is considered to be fiduciary in nature under ERISA and applicable Department of Labor regulations and interpretations. This acknowledgement appears in our Advisory Services Agreement.

# 2

## **Project Schedule**

<b>Task</b>	<b>Responsible Party(ies)</b>	<b>Timing for Initial Contract Term</b>
Introductory meeting	Hanover County/Mercer	Within 30 days of contract award
On-site Committee education meeting	Hanover County/Mercer	Within 60 days of contract award
Investment Policy Statement evaluation	Mercer	Within 60 days of contract award
Develop and deliver monitoring report	Mercer	Within 45 days of calendar quarter end
Attend Investment Committee meetings	Hanover County/Mercer	Twice per year, as determined by Hanover County
Fee benchmarking (expense audit)	Mercer	Within 60 days of request for service by Hanover County
Plan review	Mercer	Within 90 days of request for service by Hanover County
Service provider evaluation	Hanover County/Mercer	Within 90 days of request for service by Hanover County

Appendix A includes a sample calendar demonstrating our typical client commitment to annual plan services.

**3**

## **Experience of the Offeror and the Project Team**

Mercer can assist Hanover County through a partnership between Mercer DC Advisors, Mercer Investment Consulting, and Mercer's Nonprofit Consulting specialty group, which is based in Richmond, VA and serves Mercer clients across the country. The Nonprofit Consulting group has been serving clients for more than 25 years and consists of a group of senior consultants who work exclusively with tax-exempt clients nationwide. These consultants provide defined contribution plan consulting to 403(b), 401(k), 401(a) and 457(b) plans in the areas of design, administration, service provider selection and oversight, and compliance.

### **Team Members:**

#### ***Lori Z. Wright, CEBS, CMS***

Lori Wright is a principal in Mercer's Public Sector and Nonprofit Consulting group in Richmond, Virginia. Lori provides retirement plan consulting for 403(b), 401(a), 401(k) and 457 plans and vendor management and selection services to employers, as well as design and technical assistance to other consultants within the Mercer organization.

She joined Mercer in 1988. Lori previously served as Recording Clerk for the South Carolina House of Representatives. She also has administrative defined contribution plan experience with the South Carolina Deferred Compensation Commission, the administrator for the State of South Carolina 457 Plan. She has provided consulting services to major not-for-profit, public sector and church plan sponsors, including healthcare systems, universities, public school systems and research institutions, as well as being a contributing author to the 403(b) Answer Book, Seventh Edition, published by Aspen Publishers.

Lori has a Bachelor of Arts in political science from the College of Charleston, Charleston, South Carolina. She has obtained the Certified Employee Benefits Specialist (CEBS) and the Compensation Management Specialist (CMS) designations offered by

the International Foundation of Employee Benefit Plans in conjunction with the Wharton School of the University of Pennsylvania.

***Julie W. Alford, AIF®***

Julie is a Senior Associate for Mercer based in Charlotte, NC. Julie works closely with corporate and not-for-profit plan sponsors focusing in vendor management, plan design, investment fund selection and monitoring, fiduciary support and advisory services.

Julie joined the firm in February of 2008 and has over 10 years of experience in a wide range of qualified and non-qualified retirement plan services. Prior to joining Mercer, she served as a Regional Manager with RSM McGladrey Retirement Resources developing a market through various distribution channels and providing plan services to include administration, recordkeeping and investments. Julie also worked with Principal Financial Group in roles that included Senior Sales Representative and Service Representative, focusing on a comprehensive portfolio of retirement plan product solutions.

Julie is a graduate of East Carolina University where she studied Psychology and Business Administration. She has a Masters degree from Campbell University in Trust and Investment Management. Julie is a registered representative of MMC Securities Corp. holding the Series 7, 63 and 65 licenses with the Financial Industry Regulatory Authority (FINRA) and is an Investment Advisory Representative. Julie has earned the Accredited Investment Fiduciary® (AIF®) professional designation from Fiduciary360. She has received formal training in investment fiduciary responsibility. She is currently working towards the Certified Employee Benefits Specialist designation cosponsored by the International Foundation and the Wharton School of the University of Pennsylvania.

***Thomas P. Simonson, CEBS, CFP®***

Tom is a Principal in the DC Advisors practice of Mercer with leadership responsibilities for the firm's Southeast market. He has a focused expertise in providing fiduciary liability management, employee education, investment consulting, vendor evaluation and strategic direction to a variety of corporate and not-for-profit retirement plan clients throughout the United States.

Tom joined the firm in August of 2003 and has over 15 years of experience in employee benefits, insurance, and investments. Before joining Mercer, he served as Vice President of Sales – Retirement Services for the Principal Financial Group® in Austin, Texas. During his six year career at Principal, Tom also worked in their Charlotte, North Carolina and San Jose, California retirement services offices. Previously, Tom was an Account Executive with ProBusiness Services, Inc. (acquired by ADP® in June 2003), a Pleasanton, California-based company specializing in payroll, tax, HRIS, and benefits administration outsourcing for mid to large-sized companies.

Tom graduated from Iowa State University with a Bachelor's degree in Finance and is presently enrolled in the MBA program at Wake Forest University's Babcock School of Business. He has obtained the designations of Certified Financial Planner® (CFP), Certified Employee Benefit Specialist (CEBS), and Chartered Financial Consultant® (ChFC) and has completed the Accredited Investment Fiduciary® (AIF) program through the Center for Fiduciary Studies. Tom is a Registered Representative of MMC Securities Corp. and holds Series 6, 7, and 63 licenses with the Financial Industry Regulatory Authority (FINRA) and is a Registered Investment Advisory Representative.

***Robert A. Eagle, CMFC CRPS***

Bob is an Associate and client advisor within the DC Advisors practice of Mercer based in Charlotte, NC. Bob works closely with corporate and not-for-profit plan sponsors focusing in plan design, investment fund selection and monitoring, participant education campaigns, fiduciary support and vendor management.

Bob joined the firm in March of 2007 and has over 13 years of experience in all aspects of qualified retirement plans. Before joining Mercer, he served as Technical Support Manager with RSM McGladrey Retirement Resources, a national audit, tax, and business consulting firm. Previously, Bob spent nearly 10 years at Wachovia Retirement Services in their Charlotte and Raleigh, NC offices including the role of Vice President and Client Relationship Manager working with a variety of qualified plan sponsors throughout the United States. Bob also worked for Fifth Third Bank as a Senior Relationship Manager in their retirement services division, based in Louisville, KY.

Bob is a graduate of the University of North Carolina at Charlotte and majored in Economics. He has obtained the designation of Chartered Mutual Fund Counselor® (CMFC), Chartered Retirement Plan Specialist® (CRPS) and completed the Accredited Investment Fiduciary® (AIF) program through the Center for Fiduciary Studies. He holds Series 6, 63 and 65 licenses with the Financial Industry Regulatory Authority (FINRA), is an Investment Advisory Representative, and holds a North Carolina Life, Health and Accident Insurance License.

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## **References**

**Refer to Appendix B: Proprietary Information**

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## Cost of Services

<i>On-going Investment Advisory Services</i>	<i>\$50,000 annually</i>
<b>Plan Committee Support</b> <ul style="list-style-type: none"><li>• Review and/or coordinate development of an Investment Policy Statement</li><li>• Monitor adherence to the Investment Policy Statement</li><li>• Share legislative and regulatory updates</li><li>• Discuss governance procedures and educate fiduciaries on roles and responsibilities associated with public deferred compensation program administration and investments</li><li>• Facilitate/participate in Committee meetings, as directed</li></ul>	
<b>Investment Fund Selection/Monitoring</b> <ul style="list-style-type: none"><li>• Prepare quarterly investment monitoring reports<ul style="list-style-type: none"><li>◦ Deliver reports semi-annually on-site</li></ul></li><li>• Compare investment options to defined benchmarks (performance, risk, style, expenses)</li><li>• Analyze investment options for asset class and portfolio diversification</li><li>• Conduct fund searches for new or replacement investment options, as requested</li></ul>	
<b>Plan Oversight and Vendor Management</b> <ul style="list-style-type: none"><li>• Provide administrative and problem resolution support</li><li>• Review plan documents and compliance forms, as requested</li><li>• Assist with development/review of employee communications</li><li>• Update plan sponsor on industry and marketplace trends, as appropriate</li></ul>	

<b>Additional Services</b>	
<b>Vendor Search/RFP</b>	<b>\$35,000-\$45,000</b>
<b>Market Appraisal – Review and Vendor Search</b> <ul style="list-style-type: none"><li>• Appraise/review current vendor services, investments, &amp; fees</li><li>• Determine Plan Sponsor objectives and key goals</li><li>• Develop bid specifications</li><li>• Prepare a Request for Proposal</li><li>• Conduct vendor search</li><li>• Review and analyze proposals</li><li>• Provide vendor fee and service comparisons</li><li>• Prepare written analysis of vendors</li><li>• Assist with finalist interviews</li><li>• Assist with site visits to potential vendors (as needed)</li></ul>	
<b>Implementation – Execution of Changes</b> <ul style="list-style-type: none"><li>• Review plan document with Plan Sponsor and vendor</li><li>• Review employee communication and enrollment process</li><li>• Coordinate conversion process with Plan Sponsor and vendor</li></ul>	
<b>Expense Audit</b>	<b>\$5,000 per audit</b>
<ul style="list-style-type: none"><li>• Identify Hanover County plans' current cost structures to include administrative fees, investment management fees, revenue sharing and investment performance</li><li>• Identify all current plan expenses (implicit and explicit)</li><li>• Review the current administrator's contract</li><li>• Provide an executive summary reviewing our observations and recommendations</li></ul>	

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## **Insurance**

Mercer is covered under a comprehensive insurance program designed by Marsh & McLennan Companies, Inc., our parent company (MMC). The insurance program provides limits of coverage that meet or exceed usual and customary standards of insurance for similar firms insuring similar risks.

Mercer currently maintains the following insurance coverage:

**Errors and Omissions (E&O) (aka Professional Liability)** -- The Company's professional liability insurance coverage is provided by Epsilon Insurance Company, with liability limits of \$10,000,000 per claim.

**Commercial General Liability** -- Mercer's commercial general liability coverage has limits of liability of \$2,000,000 per occurrence for bodily injury and property damage and \$4,000,000 in aggregate. National Union Fire Insurance Company of Pittsburgh, PA is the primary carrier.

**Automobile Liability** -- Mercer's automobile liability coverage for owned, hired and non-owned vehicles has limits of liability of \$5,000,000 combined single limit per accident for bodily injury and property damage. National Union Fire Insurance Company of Pittsburgh, PA is the primary carrier.

**Workers' Compensation and Employers Liability** -- Mercer maintains workers' compensation coverage as required by state law and Employers liability limits of liability of \$2,000,000 per accident.

**Fidelity Bond** -- Mercer's Fidelity Bond coverage is provided by Vigilant Insurance Company with liability limits of \$10,000,000 per loss and \$20,000,000 aggregate.

Certificates of insurance, evidencing such insurance coverage are included in Appendix A. Customization of the Commercial General Liability insurance (addition of Hanover County, VA and its elected and appointed officials, consultants, agents, and employees) will be provided once Mercer has been awarded the contract.

# MERCER

 MARSH MERCER KROLL  
GUY CARPENTER OLIVER WYMAN

**Julie Alford**  
Sr. Associate

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Mr. Jim Totty, CPPO, CPM  
Deputy Purchasing Director  
Hanover County  
PO Box 470  
Hanover, VA 23069-0470

December 3, 2009

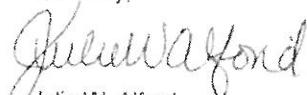
**Subject:** Request for Proposals No. 09-030511-2062JT - Financial Advisor For Employee  
Deferred Compensation Programs - Proprietary Information

Dear Mr. Totty,

In Mercer's response to the Hanover County Request for Proposal #09-030511-2062JT, information included in Appendix B was identified as proprietary information. The documents included in the Appendix are as follows: **Investment Monitoring Report, Fund Manager Search Report, References, and Advisory Services Agreement.**

Please accept this notice as Mercer's intent to withdraw the request for protection of the information under Appendix B as proprietary information.

Sincerely,



Julie W. Alford  
Senior Associate  
Registered Representative

Securities offered through MMC Securities Corp., Member FINRA/SIPC. Main Office: 1100 Avenue of the Americas, New York, NY 10036. Phone 212 284 3614.  
Variable insurance products distributed through Marsh Insurance & Investments Corp., MMC Insurance Services in California and Marsh Insurance Agency & Investments Corp. in New York.

**Consulting, Outsourcing, Investments.**

**Appendix B**

## **Proprietary Information**

Information included in Appendix B is deemed proprietary in nature and should not be subject to public disclosure under the Virginia Freedom of Information Act. This protection is necessary as this information is sample work product that would put Mercer at a competitive disadvantage if competing firms were able to view this information. Additionally, we have included proprietary legal document (Advisory Services Agreement) in this section.

### **Tab 1: Section 1: Project Methodology**

*Investment Monitoring Report*

### **Tab 2: Section 1: Project Methodology**

*Fund Manager Search Report*

### **Tab 3: Section 5: References**

*References*

### **Tab 4: Advisory Service Agreement (ASA)**

The ASA will accompany the Form Contract provided by Hanover County should Mercer be selected as Hanover County's financial advisor for employee deferred compensation programs.

**Mercer**

Securities offered through MMC Securities Corp., Member FINRA/SIPC. Main office 1166 Avenue of the Americas, New York, NY 10036 Phone: 201-284-3614 Variable insurance products distributed through Marsh Insurance & Investments Corp., MIIC Insurance Services in California, and Marsh Insurance Agency & Investments in New York

**Defined Contribution Plan Advisory Services**  
**References**

<b>Organization</b>	<b>Contact Information</b>	<b>Dates of Service</b>	<b>Recent Services Provided</b>
Chesterfield County	Scott Zaremba Assistant Director for Human Resource Management P. O. Box 40 Chesterfield, VA 23832 804 748 1143 zarembas@chesterfield.gov	Ongoing retainer client since 1987	457 Plan Vendor Search – 2008
Chesterfield County Public Schools	Kim C. Carter Director of Human Resources/Benefits P. O. Box 10 Chesterfield, VA 23832 804 748 1544 Kim_carter@ccpsnet.net	Ongoing retainer client since 1987	403(b)/457(b)/Supplemental Retirement Plan (DB) administrative and technical consulting – ongoing 403(b)/457(b) Vendor Search – 2007 403(b)/457(b) administrative committee assistance – ongoing Supplemental Retirement Plan actuarial consulting, plan document maintenance and technical consulting – ongoing
Sheltering Arms	Amanda Worley Human Resources Operations Manager 140 East Shore Drive East Shore Building III, 2nd Floor Glen Allen, VA 23059 804-342-4354 AWorley@shelteringarms.com	Ongoing retainer client since 2006	403(b)/457(b)/Supplemental Retirement Plan administrative and technical consulting – ongoing Semi-Annual Investment Reviews Vendor management Fund searches RFP Vendor search 2006
Regional Medical Center of Orangeburg and Calhoun Counties	Howard Harris Vice President of Human Resources 300 St. Matthews Road Orangeburg, SC 29118	2006 – 2008	403b and 457 Vendor Search/Consolidation Strategic review of DC and DB plans – benchmarking vs. peers Assisted with compliance with new 403(b) regulations

	803-395-2268 <a href="mailto:hmharris@trmchealth.org">hmharris@trmchealth.org</a>		
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