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DEFERRED COMPENSATION

Arnerich Massena
Building Better Portfolios

July 20, 2012

VIA CERTIFIED U.S. MAIL AND FACSIMILE (775) 684-3399

Nevada Public Employees Deferred Compensation Program
Attn: Dr. Rex Reed, Chair
100 N. Stewart Street, Suite 210
Carson City, NV 89701

RE: Termination of Contract for Services of Independent Contractor approved by Board of Examiners on December 13, 2011 between Nevada Public Employees Deferred Compensation Program ("Program") and Arnerich Massena, Inc. (the "Contract")

Dr. Reed:

This letter follows our telephone conversation from earlier this morning. In accordance with the terms of Sections 4 and 10.a. of the Contract, Arnerich Massena, Inc. hereby notifies you of its intent to terminate the Contract effective Monday, August 20, 2012 (the "Termination Date"), 31 days from the date of this letter.

As discussed, per the terms of the Contract, we will assist the Program in its contract negotiations with The Hartford through the Termination Date, and a final bill for the RFP Project will be prepared and sent to you accordingly. In addition, Jake O'Shaughnessy will present the 2Q performance report to the Committee on August 16, 2012.

Please feel free to contact me if you have any questions.

Regards,

D. Scott Dunbar
Managing Director of Advisory Services

cc: Tony Arnerich
Carrie Parker, Deputy Attorney General (via email)
Dr. Rex Reed, Chair (via email)

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From: Sisco, Scott K
Sent: Thursday, August 02, 2012 8:59 AM
Subject: Nevada Deferred Compensation Program Need for Temporary Investment Consultant
Importance: High

The Nevada Deferred Compensation Program currently has in excess of $500 million in investments, approximately 83% with Hartford, and 17% with ING. The Committee has been officially notified that its current Investment Consultant has terminated its contract with the committee effective August 20th, 2012. You are one of three companies that have reached out to one or more members of the Nevada Deferred Compensation Committee regarding the Program's immediate need for an investment consultant. Ultimately the hope is that the Committee will replace its vacant staff position quickly, and then by or near the end of the calendar year, have an RFP out on the street for a multi-year Investment Consultant contract. However, the Committee has an immediate need to enter into a short term emergency contract with an investment consultant that will assist the committee with normally provided investment consultant services during this critical transaction.

It is estimated that our needs include at a minimum the following:

1. Negotiation of a service provider contract based on the awarding of the contract to Hartford that took place at the July 18th Committee meeting. However, and confidentially, there is a possibility that the committee may reverse that decision at its August 16th meeting and instead enter into negotiations with the two current service providers (Hartford and ING) for a one or two year contract extension of the current contracts so as to provide the current make up of the committee time to decide on possible changes to the program operations and subsequent regulation changes that would be needed. As such, any proposal should take such a possibility into consideration.
2. Investment monitoring of the plans current offerings to the end of this calendar year.
3. Monitoring of potential sales of retirement businesses by current service providers. Advise committee.

You company's familiarity with Deferred Compensation programs such as Nevada's may result in you identifying additional needs that you may include in your proposal.

It is anticipated that this will be a very informal and (due to time constraints) somewhat unstructured process. An item will be on the agenda that allows for this item to be considered and voted on under Nevada's Open Meeting Laws. Each representative present (or via telephone) will be called to the table and asked to give a short description of their company and their proposal to the committee (a written submittal to be delivered at that time would be preferable). It would be anticipated that if the Board agrees, a decision will be made during that meeting. Since this is not our normal process, it is my belief that primarily what the committee members will be looking for is evidences that the company that is being represented understands the program requirements, understands and is willing to take on the short term needs as describe above, and of course overall cost to the program for the short term contract. It should be noted that being awarded this short term contract does not necessarily provide an advantage when the multi-year RFP is released near the end of the year.

I can be reached at the number below if you have questions – again though, this is very informal and somewhat unorthodox situation caused by the emergency-type situation we are in. Scott Sisco, Committee Member

Scott K. Sisco
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