

**AGREEMENT**

This AGREEMENT, made as of this ~~24~~<sup>24</sup> day of July, 2006, by and between **THE MERCER GROUP, INC.** and the **CITY OF MASON, OHIO**, a municipal corporation.

**WITNESSETH:**

WHEREAS, the City of Mason, Ohio, (hereinafter referred to as the "City") has made a request for information dated June 7, 2006, to hire an executive recruiter to conduct a search for a City Manager for the City, and

WHEREAS, The Mercer Group, Inc. (hereinafter referred to as "Mercer") has submitted the information requested in response to the City's request; and

WHEREAS, the City has selected Mercer's response as the response which best meets its needs and the City desires to hire Mercer to conduct the City's search for a new City Manager; and

WHEREAS, Mercer desires to assist the City in conducting the City's search for a City Manager.

NOW THEREFORE, in consideration of the following mutual covenants and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged by all parties hereto, Mercer and the City hereby agree as follows:

1. Mercer agrees to provide services and support to the City in the conduct of the City's search for a City Manager. Mercer agrees to conduct the City's project in accordance with scope of services outlined in Exhibit A: Scope of Services attached hereto and referenced in Mercer's presentation dated July 6, 2006, in response to the City's request.

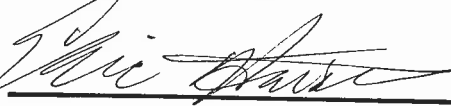
Mercer's Exhibit B: Cost Proposal is incorporated by reference and thus made a part of this Agreement.

2. The City agrees to compensate Mercer for its services in the amount of \$16,500 for professional services and not-to-exceed \$8,000 in expenses. Payments to Mercer are to be made as outlined in Exhibit B: Cost Proposal attached hereto.
3. The City and Mercer both agree that this Agreement shall be governed by the laws of the State of Ohio.
4. The City and Mercer both agree that expenses of the candidates are not covered by or included in this agreement.

**Agreement, Continued:**

5. The City and Mercer both agree that in the event that any dispute arises between the parties, the complaining party shall promptly notify the other of the dispute in writing. Each party shall respond to the other party in writing within ten (10) working days of receipt of such notice.
6. The City and Mercer both agree that any amendments to this Agreement shall be made in writing, and executed by both parties. No proposed amendment which is not in writing and executed by both parties shall effect the terms of this Agreement.
7. The parties shall have the right at either parties' convenience to terminate this Agreement following ten (10) days written notice to the affected party. Should either party terminate this Agreement the City shall only be obligated to pay Mercer for those services already provided.

**CITY OF MASON, OHIO**

BY:   
\_\_\_\_\_

**ATTEST:**

  
\_\_\_\_\_

**THE MERCER GROUP, INC.**

BY:   
\_\_\_\_\_

James L. Mercer, CMC  
President/CEO

## EXHIBIT A. SCOPE OF WORK

### A. Introduction and Background

It is our understanding that:

- The City of Mason is seeking "turn-key" executive search services and support in connection with the recruitment of a new City Manager.
- The City of Mason is interested in identifying outstanding candidates and filling the position of City Manager.
- Services required include position analysis and preparation of position profiles, recruitment for the position; inviting potential candidates to apply; reviewing and screening applications; conducting interviews, reference checks and background checks of selected candidates; recommending a list of final candidates; coordinating final interviews; negotiating; and following up.
- The City of Mason wishes to conduct a comprehensive national recruitment process, to ensure the best qualified candidates are found and that the best qualified individuals who are acceptable can be hired.
- The annual salary and benefits package for the position will be discussed with the City of Mason officials.

### B. Objectives

The objectives that we will meet in order to help find the best qualified candidates for the position are as follows:

- To conduct on-site needs assessment for the new City Manager.

- To develop a comprehensive position profile.
- To reconcile any differences in points of view with regard to specifications for the position.
- To encourage top level people to apply who would otherwise be reluctant to respond to an advertisement.
- To save a considerable amount of the City of Mason officials' and staff's time in establishing a position profile and reviewing applicants.
- To comply with appropriate personnel regulations and state laws (i.e., EEO, Affirmative Action and ADA).
- To independently and objectively assess the qualifications and suitability of candidates for the position.
- To recommend a pool of finalist candidates to the City of Mason officials.
- To coordinate finalist candidate interviews with the City of Mason officials.
- To mail an information packet supplied by the City of Mason officials to all qualified applicants.
- To respond to all candidate inquiries and produce all correspondence throughout the search.
- To preserve the confidentiality of inquiries to the degree possible under Ohio law.
- To assist the City of Mason officials in reaching a final decision.

- To assist in negotiating a compensation package with the successful candidate on behalf of the City of Mason officials.
- To assist the City of Mason officials in establishing criteria for evaluating the new City Manager's performance.
- To follow-up with the City of Mason officials and the new City Manager during the first year to determine if adjustments need to be made.
- To keep the City of Mason officials closely involved in key decisions and informed of our progress.

**C. Scope**

The scope of the project will be sufficiently broad and in-depth so as to meet the requirements of the City of Mason. However, for the fee proposed it will not address recruitment of additional candidates for positions other than the one specified.

**D. Approach**

Our approach and style are interactive. That is, we form a partnership with our client to conduct a project. The City of Mason will benefit through ease of implementation and by gaining more in-depth knowledge of executive search and management consulting techniques and expertise.

**E. Work Plan**

We recommend a seven (7)-step search process as follows:

- Position Analysis — We will define work relationships, job qualifications and requirements for the position — the "Position Profile".

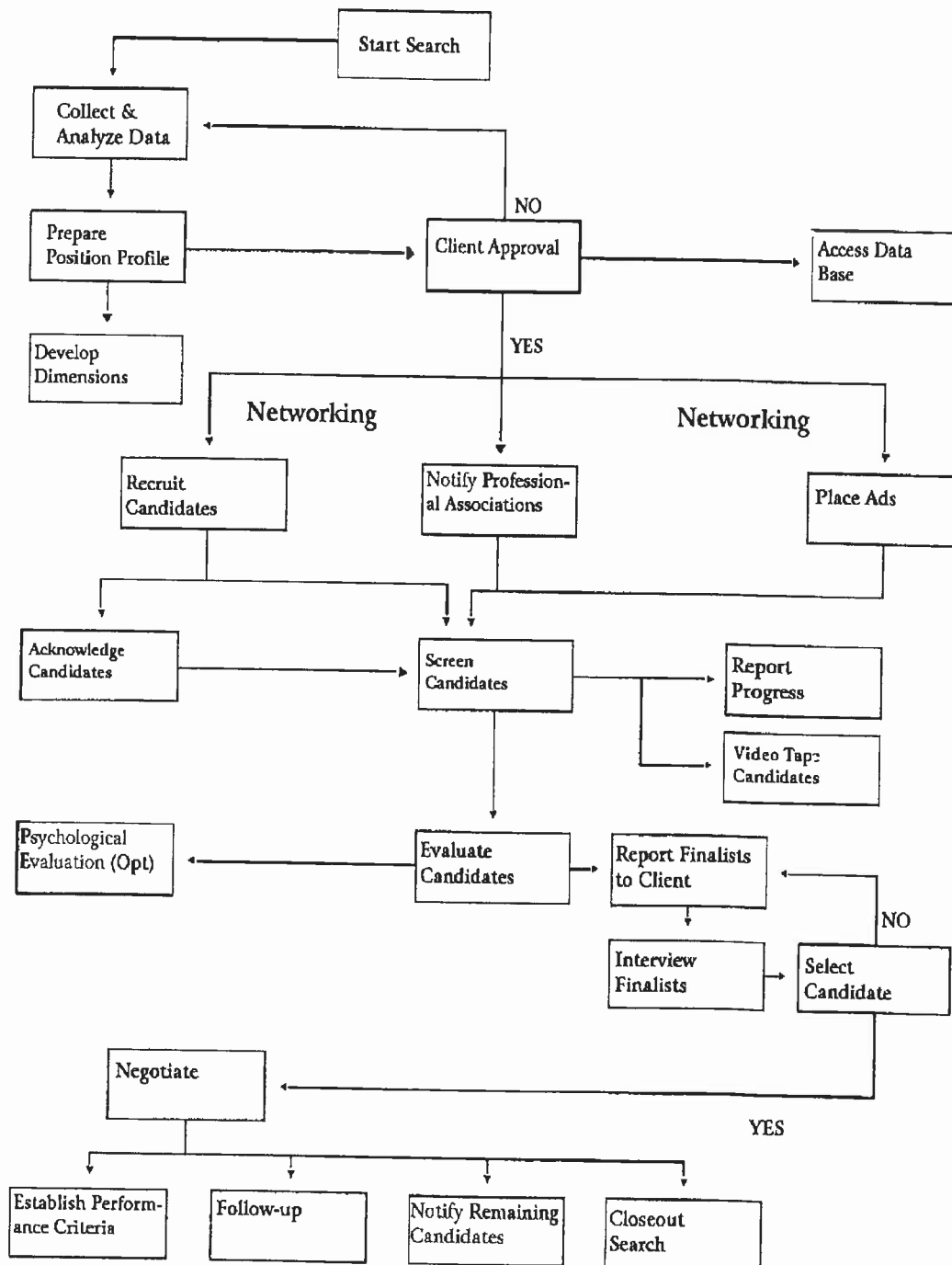
- Recruitment Process — We will recruit regionally and nationally for the position and network to locate qualified candidates.
- Resume Review — We will identify qualified candidates.
- Candidate Screening — We will thoroughly screen prospective candidates.
- Background Investigation — We will thoroughly evaluate prospective candidates.
- Interview Process — We will make recommendations and assist in selection.
- Negotiation and Follow-up — We will facilitate employment and follow-up to ensure complete integrity of the process.

This process is illustrated in Exhibit I, and each step is described below.

**1. Position Analysis**

We will have extensive consultation with the City of Mason officials, other City staff and local leaders selected by them, as well as other individuals or groups (if you wish) to determine the City's vision/mission, goals and objectives, the needs and issues, requirements of the job, and to obtain information about the environment within which the position functions. In addition, we will spend a considerable amount of time at the beginning of the process in the City of Mason in order to determine the level of experience and training needed.

THE MERCER GROUP, INC.  
 Executive Search Process  
 EXHIBIT I



During this process, we will initiate individual interviews with the City of Mason officials, citizen organizations, department heads and key staff, and others of your choice to identify expectations, perceptions, and concerns regarding the position.

Based on those meetings, we will prepare a draft position profile and review it with the City of Mason officials in order to arrive at a general agreement regarding the specifications for the position. The final position profile will include information about the City of Mason, the community, major issues to be faced, the position, and the selection criteria established.

## **2. Recruitment Process**

Because we have recently completed similar searches, we will first review our database to determine those candidates whom we may already know and/or already have on file who may meet the City of Mason's specifications.

Although this process is valuable, we will rely most heavily on our own contacts in the city manager field and on our own experience. In other words, through "networking", we will conduct a nation-wide professional search for the best qualified candidates and invite them to apply for the position.

We will provide the City of Mason officials with several advertising alternatives with varying degrees of cost and their associated benefits. Based on our discussions with the City of Mason officials, we will place ads in professional journals, in national, in-state and local newspapers, and in various minority and women's publications to encourage applicants to apply.

## **3. Resume Review**

We will review and analyze each applicant's background and experience against the position description criteria.



We will acknowledge all resumes received and keep candidates informed of their status.

#### **4. Candidate Screening**

Criteria for the preliminary screening will be contained in the approved "Recruitment Profile". They may include such items as education, technical knowledge, experience, accomplishments, management style, personal traits, etc. Screening of candidates against those criteria will be based on data contained in the resumes and other data provided by the candidates and on our knowledge of the organizations in which they work. At this stage, each must meet the minimum qualifications specified in the Recruitment Profile.

We will be responsible for screening the applications received. This initial screening will be conducted by telephone and/or interactive video with the prospective candidate. We will conduct interviews with references who may know the candidate's background and expertise by telephone. Where feasible, we will also conduct personal interviews with top candidates.

Once the initial screening is completed, we will select the prospective candidates who most closely match the criteria established by the City of Mason officials. The output of this step in the process will be a matrix display of the top candidates showing how each rates against the selection criteria established by the City of Mason officials (Exhibit II). This matrix will be reviewed with the City of Mason officials in one-on-one meetings and guidance obtained prior to proceeding. One contingency here is that the City of Mason officials may not approve of any of the candidates. If that should occur, we would, of course, keep searching until the City of Mason's needs are clearly met.

After review by the City of Mason officials, we will personally interview each using various interview techniques. We will closely examine their experience, qualifications and achievements in view of the selection criteria and our professional expertise in evaluating the quality of such qualifications and achievements.

**EXHIBIT II**  
**THE MERCER GROUP, INC.**  
**SAMPLE CANDIDATE EVALUATION MATRIX**

A = Significant Experience  
 B = Some Experience  
 C = No Working Knowledge

**Selection Evaluation Criteria**

<b>CANDIDATE</b>	<b>Economic Development</b>	<b>Participative Management</b>	<b>Negotiation Skills</b>	<b>Communications Skills</b>
John Jones	A	A	A	A
Mary Jackson	C	B	A	A
Juan Perez	B	A	C	A
Joe Washington	A	B	B	B
Susan Jones	A	C	B	C
William Jefferson	C	B	C	A
Linda Chong	B	C	C	B
Jenny Olson	B	A	B	B
Reuben Marconi	B	A	A	C
Stan Goldberg	A	B	A	A
Michelle Walinski	A	C	C	A

We also request that all candidates provide us, in writing, substantial information about their accomplishments and their management style and philosophy. This information will be verified and, at the City of Mason officials's option, may be further tested by having the finalists complete management and leadership style inventories. We interpret these instruments for the City of Mason officials, as well.

## **5. Background Investigations**

As part of our process in evaluating top candidates, we make detailed and extensive reference checks. In conducting these, it is our practice to speak directly to individuals who are now or have previously been in a position to evaluate the candidates' job performance.

We ask each candidate to provide us with a large number of references. We then network these references to other persons who know the candidate. In this way, we thoroughly evaluate each candidate. We have talked to as many as 23 references concerning a single finalist candidate. These references and evaluations are combined to provide frank and objective appraisals of the top candidates. We also verify past employment difficulties, if any, including any legal action filed against former employers.

As part of our evaluation process, we verify undergraduate and graduate college degrees. We arrange for credit checks, criminal checks, and, as an additional option, can arrange for psychological (or similar) testing of the candidates that may be desired. As a part of this project we can provide the results of a Teleometrics Management Style Inventory on the finalist candidates. We can also conduct a Myers-Briggs analysis of the team with the new team member for team building purposes. (These may be extra cost items.) We will recommend background investigation criteria to the City of Mason officials which will make the final decision on the specifics of the background check.

## **6. Interview Process**

Based on the preceding steps, a recommended list of finalists for the position of City Manager will be compiled. We will prepare a written summary on each finalist. The information will cover, but not be limited to, 1) present position, 2) total years experience, 3) salary requirements, 4) education, 5) previous positions held, 6) notable

projects, 7) management style, 8) skills and abilities, 9) interests, and 10) professional goals.

This information will be presented to the City of Mason officials in a detailed written format combined with the results of the background investigation and candidate screening. We will make a recommendation on a group of five (5) to seven (7) finalists. The City of Mason officials shall make the final decision on which and how many candidates will be interviewed.

Our report will be presented in a meeting with the City of Mason officials in which we will discuss our recommendations and provide background information, sample questions and a rating form for the interviews. We can also assist the City of Mason officials at no extra charge in conducting targeted selection and/or simulation processes with finalists, if desired.

In particular, we will explain which, if any, of the applicants specifically meet the total criteria established by the City of Mason officials or whether the final group simply represents the best available talent.

We will also provide the City of Mason officials with our recommendations relative to timing, sequencing, location, setting, format, and conduct of interviews with the finalists. We will provide information about trends in employment, employment contracts and agreements, relocation expenses, perquisites, appropriate role for spouses, receptions, etc. We will arrange schedules for top candidate interviews with the City of Mason officials and will coordinate the process.

## **7. Negotiation and Follow-up**

We will also assist in the negotiation process relative to salary, benefits and other conditions of employment. We feel that we can be especially helpful because we have

proposed a fixed fee rather than one based on a percentage of salary. One contingency here is that an agreement may not be able to be arranged. If that is the case, we will work with the City of Mason officials to select an alternate candidate.

We will properly handle any and all media relations. Unless otherwise directed, it is our standard practice to tell all media that we are working on behalf of the City of Mason officials and that any public statement should come directly from the City of Mason officials. We will maintain confidentiality of candidate information, to the degree possible, under Ohio law.

Finally, we will notify by letter all unsuccessful candidates who were not recommended for interview with the City of Mason officials of the final decision reached. We suggest, however, that it is more proper for the City of Mason officials to directly notify all unsuccessful candidates whom they interviewed of the final result.

Once the new City Manager has been on board for 30 days or so, we will conduct a session with the City of Mason officials and with the new City Manager in order to establish mutual performance criteria and goals for the position. In this regard, we will work with the City of Mason officials to define the role of the new City Manager within the City of Mason.

We will follow-up periodically with the City of Mason officials and the new City Manager during the first year in order to make any adjustments that may be necessary.

We will keep the City of Mason officials closely informed and involved in decisions concerning the search process at all times. We will prepare and send to the City of Mason officials weekly e-mail updates and a formal progress report at the mid-point of the search. These reports will contain a progress report on the recruitment and specific steps to be taken to meet the City of Mason officials' deadlines and an itemization of

expenses incurred-to-date and expected to be incurred during each succeeding project step.

Support from the City of Mason officials will be needed, as follows:

Arranging interviews with the City of Mason officials and key City staff

Providing budget, organization charts and other documents

Place of contact for the search

Processing invoices for payment

**F. Schedule**

The search process normally takes 90- 120 days to complete and typically adheres to the pattern illustrated in Exhibit III. Our proposed schedule of meetings with the City of Mason officials is shown in Exhibit IV.

**G. EQUAL EMPLOYMENT OPPORTUNITY STATEMENT**

It is the policy of The Mercer Group, Inc., to assure equal opportunity based on ability and fitness for all employees or applicants considered for our client organizations regardless of race, color, religion, sex, age, marital or veteran's status, national origin, or the presence of any sensory, mental or physical disability. Such policy shall apply, but not be limited to, hiring, placement, job classification, transfer or promotion, demotion, recruitment, advertising or solicitation for employment, rates of pay or other forms of compensation, selection for training, career development, layoff or termination.

This policy shall be disseminated to clients, subcontractors, suppliers and prospective applicants. The intent of this policy will apply to internal operations, recruitment and consulting activities conducted by our firm.

### EXHIBIT III: SCHEDULE OF SEARCH PROCESS



This schedule could be condensed or expanded somewhat, depending on the needs of the City of Mason.

## EXHIBIT IV

### SCHEDULE OF MEETINGS WITH THE CITY OF MASON OFFICIALS

1. Individual interviews with the City of Mason officials, department heads, and others.
2. Possible meeting with the City of Mason officials to finalize position profile.
3. Possible individual meetings with the City of Mason officials to discuss top 12—15 candidates and solicit feedback.
4. Meeting with the City of Mason officials to present Final Report on top 5—7 candidates.
5. Facilitate the City of Mason officials interviews with each finalist candidate.
6. Possible meeting with the City of Mason officials to assist/facilitate selection of new City Manager.
7. Possible follow-up meeting with the City of Mason officials and new City Manager 30—60 days after start of work for purposes of establishing mutual goals/objectives for the future.



**EXHIBIT B. COST PROPOSAL**

Our fee for the services outlined is \$16,500 plus not-to-exceed expenses of \$8,000. Items typical of a similar search with their typical costs are broken down as follows:

Position Analysis .....	\$ 2,000
Advertising Campaign .....	2,000
Resume Review .....	1,750
Candidate Screening .....	4,500
Background Investigation .....	4,750
Interview Process .....	1,000
Negotiation and Follow-up .....	<u>500</u>
<b>TOTAL FEE .....</b>	<b>\$16,500</b>

Expenses are for consultant travel, lodging and per diem, telephone, correspondence, advertising, research, sourcing, reference and background investigation, and report preparation.

Because of our other ongoing consulting and search work and our experience, expenses should be kept to a minimum. The cost for candidates to travel to interview with the City of Mason is not included. Such costs are typically paid by the client on a reimbursement basis, directly to the candidates. These costs are extremely difficult to estimate because they depend on where the candidates are located. Typically, out-of-state costs run about \$750 to \$1,000 per person.

The City of Mason's liability to The Mercer Group, Inc. for services rendered under this agreement will not exceed the agreed upon price unless an increase is authorized by the City of Mason officials in writing.

We will submit monthly invoices for fees and expenses. It is our practice to bill one-third at the start of the search, one-third at the end of 30 days, and one-third upon delivery of the Final Report. Each invoice is due and payable upon receipt for professional services. Expenses will be billed in addition and shown as a separate figure. Exhibit V is a pro-forma invoice showing the level of accounting detail we will provide.

We will comply with all applicable laws, rules and regulations of federal, state and local government entities.

Our ability to carry out the work required will be heavily dependent upon our past experience in providing similar services to others, and we expect to continue such work in the future. We will, to the degree possible, preserve the confidential nature of any information received from you or developed during the work in accordance with our professional standards.

We assure you that we will devote our best efforts to carrying out the engagement. The results obtained, our recommendations and any written material provided by us will represent our best judgment based on the information available to us. Our liability, if any, will not be greater than the amount paid to us for the services rendered.

This proposal constitutes the agreement between us. It cannot be modified except in writing by both parties. Our agreement will be interpreted according to the laws of the State of Ohio.

**EXHIBIT V: PRO FORMA INVOICE**

Date: \_\_\_\_\_

Client: \_\_\_\_\_

Address: \_\_\_\_\_

City, State: \_\_\_\_\_

Dear Sir/Madam:

This is our progress billing for professional services rendered in conjunction with our agreement to conduct an executive search.

\$XXXX.XX

Reimbursable expenses at cost:

Telephone, Federal Express

XXX.XX

Other expenses, including consultant travel,  
per diem, report cost, etc.

XXX.XX

**TOTAL:**

**\$XXXX.XX**

Payment is expected within 30 days from receipt of this invoice. Thank you for the opportunity to work on this important assignment.

Sincerely yours,

**THE MERCER GROUP, INC.**

*(SIGNATURE)*

James L. Mercer, President  
Certified Management Consultant (CMC)