



2.2 CONFLICT OF INTEREST:

- A. 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.**

No. CAPTRUST is a fee for service organization. The total compensation received by our firm cannot exceed the consulting services fee (direct fee) with the client. CAPTRUST derives 100% of revenues from client fees and does not accept any soft dollar compensation, commissions, or any direct or indirect remuneration from investment managers or service providers, other agents, brokers, firms, or associations.

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

No.

- C. 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.

- D. 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. CAPTRUST has an internal Compliance Department and a robust compliance program that includes written policies and procedures addressing all possible conflicts of interests. Any real or potential conflicts of interest are promptly disclosed to the client. CAPTRUST has operated as an independent, objective advisor since its inception and therefore, we are proud to disclose that we have always served clients without any conflicts of interest. CAPTRUST derives 100% of revenues from client fees and does not accept any direct or indirect remuneration, fees, or compensation from investment managers. This structure allows CAPTRUST to always put our clients' interests first.

- E. 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?**

Yes. If hired, CAPTRUST will acknowledge in writing our fiduciary obligation as an investment advisor to the plan while providing the consulting services our clients are seeking in our Retirement Plan Advisory Services Agreement.

- ❖ *Please see our enclosed Standard Retirement Plan Advisory Services Agreement (RFP Sample 1) and Schedule of Services (RFP Sample 2).*



2.3 Offerors shall include in the Proposal a description of any significant task not listed in the Statement of Needs which they know to be necessary either as reimbursable expenses under a Contract or as a service to be contracted for separately by the County.

As your advisor, we will work with you and your service provider to develop a comprehensive employee communications program. We provide a variety of participant education and enrollment services for our clients who choose to hire us to perform those services.

Generally, we attempt to identify the investment education services that are best performed by a plans' primary services vendor and that are included in the fee structure we help our clients to negotiate with that vendor. We want to maximize what is already being paid for. Once those services are established, we will augment them with our own professionals.

More importantly, and distinct from what most retirement plan service providers can offer, we can and do give specific participant level investment advice to participants in plans that contract with us as a fiduciary for that service.

This is not a "necessary" service, but one we find that many counties / schools take advantage of as it comes from an independent source who specializes in this service. This service is in addition to our investment advisory services and does incur additional fees. An overview of our Participant Advice Services is provided below and on the following pages.

Participant Advice Services

Our Participant Advice group will coordinate meetings, content, and materials, and to present to, and work with, participants at group meetings. All of our efforts are based on the outcome of an annual communications plan to determine the needs and goals of the retirement plan participants. Our team will discuss retirement plan enrollment and education, individual participant needs, and basic and advanced financial planning topics. We also have the ability to provide fiduciary advice to your employees. Our goal is to do our best to prepare all participants for a secure retirement.

Our Participant Advice group can offer our clients the following specialized services:

- Participant Outcome Tracking and Metrics
- 800 Number Participant Advice Desk
- In-Person Meetings (individual and group)
- Web-Based Tools
- Participant Communications
- Licensed Advisors as Educators

The infographic below illustrates the different aspects of our participant services.



Participant Outcome Tracking and Metrics

Each quarter we will review plan demographics relative to your goals such as deferral amount changes, asset allocation changes, and employee feedback and report our findings during our quarterly review. This reporting ensures that the goals and objectives of the program are being met by your Participant Advice group. We also work with our clients to develop a comprehensive annual participant communication plan, or to evaluate and improve upon any existing communication plan with a focus on retirement readiness for plan participants. We evaluate a participant communication plan taking into account the following factors:

- Age levels in the plan
- Participant compensation
- Behavioral finance
- Participant deferrals
- What percentage of participants are on track to retire



Ours is a collaborative process that includes partnering with the committee and your provider to develop the correct education formula that will provide your employees with better outcomes and the best chance at a successful retirement. Ultimately, success for us means that our client's employees can retire, on time, while meeting their retirement objectives.

800 Number Participant Advice Desk

The 800 number participant advice desk will provide an individual the ability to schedule an appointment for an individual advice session at their convenience and also to take incoming calls to help participants with questions that they may have including navigating their recordkeepers website, help with investments or changes to their plan.

In-Person Meetings (Individual and Group)

Individual meetings are designed for a single person to get a review of their financial picture, advice as to savings methods, investment allocations and also a Retirement Blueprint. These meetings would be held on location at Hanover County. CAPTRUST uses a decision tree to help ascertain the proper advice for an individual.

This process involves determining the level engagement that a participant is interested in taking, determining their risk tolerance using discussion and questionnaires and looking at the complete financial picture. Those items are the basis for our advice which can vary based on the investments offered in the core fund menu for the client, but are most often one of five asset allocation models covering the spectrum from income generation to aggressive allocations.

In-person group meetings are available at the Hanover County locations and those meetings can cover educational topics as well as consultant led groups using tablet technology to conduct Retirement Blueprint workshops. Participant resources included web access to information and the ability to make appointments, tablet technology delivered by CAPTRUST personnel will lead small groups of employees through a retirement readiness calculation, take them to their recordkeeper's website to make changes and provide a report to the participant showing their path toward retirement readiness.

The following are topics that CAPTRUST is prepared to present:

- Getting Started (video)
- Making Progress (video)
- What's Next (video)
- Considerations for Women
- Financial Literacy
 - Budgeting and Banking
 - Credit and Debt
 - College Savings Plan
 - Insurance Needs



- Enrollment and Retirement Plan Overview (English/Spanish)
- Pre-Retiree Seminars
- Investing Fundamentals
- Investing Mistakes
- Social Security and Medicare

Web Based Tools

Web based tools can be reviewed at www.captrustadvice.com. Those tools include educational videos, calculators, the ability to schedule an advice appointment, as well to sign-up for webinars that will be delivered from time to time providing topical and educational materials. In addition, if Hanover County provides CAPTRUST with participant email addresses, CAPTRUST will also communicate with participants informing them of upcoming events, check in annually with participants who have completed a Retirement Blueprint and will also coordinate communications campaigns with the recordkeepers educational efforts.

Participant Communications

Employee collateral for the retirement plans will be developed primarily by our firm. CAPTRUST will customize materials in conjunction with Hanover County's benefits offerings and can provide some website customization. In addition CAPTRUST can customize specific offerings such as webcasts for Hanover County participants.

Employees will receive electronically:

- Appointment reminders
- Email invitations to events
- Online calculators
- Quarterly newsletter
- Quarterly webcasts
- Retirement Blueprint
- Surveys
- Topical updates

Licensed Advisors as Educators

CAPTRUST has its own internal 29-person Participant Advice group. The experienced professionals in this group have the sole purpose of ensuring that participants are being continuously educated, informed, and provided with the necessary information to ensure a comfortable retirement.

As your advisor, we will work with you and your service provider to develop a comprehensive participant communications program that is designed to satisfy the requirements as outlined by Section 404(c) of ERISA. Licensing for advice delivery takes several forms: Series 65 – Registered Investment Advisor, Series 6 – Mutual Funds and Annuities, and Series 7 – Brokerage. In addition, several other industry designations are held by our associates.



C. A written narrative statement to include:

- 1. Experience of the organization in providing this type of service.**
- 2. Experience of the individuals to be assigned to this project.**
- 3. Experience of any subcontractors to be used.**

In order to properly demonstrate CAPTRUST's expertise, specialized focus, and ability to provide holistic retirement plan advisory services to plan sponsors such as Hanover County, Virginia, we have organized our response into the six sections below.

- I. Company Background and Focus
- II. Organizational Structure and Alignment
- III. Defined Contribution Plan Experience
- IV. Suite of Services Offerings
- V. Consultant Team
- VI. Differentiating Factors

I. Company Background and Focus

As a group, CAPTRUST has been providing holistic retirement plan advisory services to plan sponsors for more than 26 years, and to municipal and educational institutions since CAPTRUST team members have been providing investment consulting services since 1989, where we began as the Investment Consulting Group, a division of Interstate / Johnson Lane. In 1997, we established CAPTRUST as a new, privately-owned advisory company, and in 2003, CapFinancial Partners, LLC was registered as an investment advisor with the Securities and Exchange Commission (SEC). CAPTRUST has been providing investment advisory services to higher education clients since 2003.

The CAPTRUST team was formed to provide objective, "client-centered" advice and counsel to investors. The primary function of our firm is to provide holistic retirement plan advisory services to retirement plan fiduciaries and their participants. Our company has been built upon the principle that investors are best served by working with independent advisors that maintain complete objectivity and work exclusively in the best interests of the client.

As of 05.31.2015, we had 314 employees dedicated to providing holistic retirement plan advisory services to 1,244 institutional clients, representing 1,952 plans and more than \$175 billion in retirement plan assets under advisement.

CAPTRUST is 100% employee-owned and operates as an independent advisory and financial services firm. One-hundred percent of our revenue is fee-based and derived from our investment advisory / retirement plan consulting services - none of which is commission based. CAPTRUST is headquartered in Raleigh, North Carolina with regional offices in Alabama, California, Connecticut, Florida, Georgia, Iowa, Michigan, Minnesota, Missouri, New York, North Carolina, Ohio, Pennsylvania, Texas, Virginia, and Washington, D.C.



We successfully advise defined contribution plans and defined benefit plans, governmental programs, endowments / foundations, and other institutional asset pools by focusing on superior, proprietary analytics and consistent delivery. We believe that helping our clients implement and maintain a comprehensive, disciplined, and well documented due diligence process is crucial, both to the success of the plan and to the ability to meet the requirements of plan fiduciaries.

The primary focus of our business is to serve as the holistic retirement plan advisor and provide advisory services to institutional retirement plans and plan fiduciaries. CAPTRUST's business is to provide unbiased, comprehensive, expert analysis and advice to retirement plan fiduciaries for the ultimate benefit of their participants. All our resources, expert staff, and advisors are focused on that task. All services are provided by in-house professionals; no affiliate members or sub-contractors are used.

Our goal is to help our clients to make their retirement benefit programs as successful as they can be, ensure the plan is competitively priced relative to the industry, and warrant that the process and decisions made are done in a manner that reduces overall risk and liability to the plan, fiduciaries, and participants. To that end, we seek to understand our clients' unique circumstances and characteristics and to help to adapt fiduciary best practices to their advantage.

II. Organizational Structure and Alignment

CAPTRUST is a private organization and 100% employee-owned with over 30% of the employees holding an equity interest. We are an independent firm with no affiliated companies, strategic partnerships, or joint ventures.

We do not anticipate significant changes to the firm's corporate structure, senior management, ownership, or staffing.

Owning our strategic future provides our clients confidence that the focus on retirement plans we provide today will continue to be our central focus in the years ahead, and that our advice will remain independent and objective.

Additionally, CAPTRUST is organized with our clients' needs in mind. Our relationships are run locally and your advisor is then able to draw on the firm's collective expertise to deliver service to each individual client. Our approach, which we call "One Unified Practice", is designed to ensure our independence and objectivity by putting the depth of our extensive research teams at the fingertips of all of our advisors as they work with our clients.

This unique approach in the advisor industry ensures that our advisors focus can remain on you, the client, rather than the daily demands of running a business, conducting research themselves or managing people. Our clients appreciate the depth of resources this structure provides.



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CAPTRUST's singular focus as an organization and dedication to serving our clients consistently garners annual recognition as industry experts and advocates for our client's needs. We have listed several recent accolades:

- *PLANSPONSOR Magazine* ranks our firm as the one of the top five largest retirement consulting firms in the nation (*PLANSPONSOR Magazine* 2012 National Survey).
- CAPTRUST was named as one of 2014's Top 100 Retirement Plan Advisers by *Planadviser Magazine*.
- Fielding Miller, our founder and CEO, was honored with a lifetime achievement award due to his vision and direction for our firm (2013). He was also named one of the "10 Most Innovative People in the DC Industry" by *NAPAnet Magazine*, the official magazine of the National Association of Plan Advisors.
- A number of CAPTRUST advisors have been chosen by their peers as *PLANSPONSOR Magazine's* "Advisor of the Year" or "Advisor Team of the Year".
- CAPTRUST Defined Contribution Practice Leader Scott Matheson and Head of Professional Services Phyllis Klein have been added to a list of the nation's top 200 elite 401(k) plan advisors in the United States by the National Association of Plan Advisors. Matheson and Klein will meet in Washington, D.C., to brief top Congressional leaders about the future of the retirement savings industry, and how proposed laws and regulations will affect American workers' retirement security.
- CAPTRUST, working hand-in-hand with client Hickory Springs, implemented the first Buy-In Pension Risk Transfer strategy in the U.S. (2013).
- Two of our institutional clients have been recognized as "Plan Sponsors of the Year" for their commitment to their employees' retirement plan offering, and a third was a finalist in last year's Defined Contribution Plan Large Market category.
- CAPTRUST was invited to testify as an expert witness to the Department of Labor regarding retirement plan issues.

IV. Suite of Service Offerings

The primary focus of our business is to serve as the holistic retirement plan advisor and provide advisory services to institutional retirement plans and plan fiduciaries. CAPTRUST's primary business is to provide unbiased, comprehensive, expert analysis and advice to retirement plan fiduciaries for the ultimate benefit of their participants. All our resources, expert staff, and advisors are focused on that task. All services are provided by in-house professionals, no affiliate members or sub-contractors are used.

Our goal is to help our clients to make their retirement benefit programs as successful as they can be, ensure the plan is competitively priced relative to the industry, and that the process and decisions made are done in a manner that reduces overall risk and liability to the plan, fiduciaries, and participants. To that end, we seek to understand our clients' unique circumstances and characteristics and to help to adapt fiduciary best practices to their advantage.



CAPTRUST is a holistic retirement plan advisory firm. Services for our clients are designed to create a successful retirement plan. We feel that true success, although unique to each client, can be measured when four key areas of retirement plan oversight are aligned regardless of the evolving marketplace.

- **Investment Oversight:** The investment selection process is documented, prudent, and monitored.
- **Fiduciary Fitness:** Proper fiduciary practices are known, documented, and followed.
- **Retirement Readiness:** Employees are properly informed, educated, and financially prepared to transition into retirement.
- **Institutional Stewardship:** The retirement program is competitively structured and priced.

Listed below are our core service offerings followed by detailed descriptions of each.

- A. Ongoing Investment Advisory Services
- B. Fiduciary Process Management Services
- C. Participant Education and Advice Services
- D. Provider Fee Benchmarking Services
- E. Provider Search and Selection Services

A. Ongoing Investment Advisory Services

CAPTRUST provides independent and objective investment advisory services which are specifically designed to help retirement plan committee members manage their investments and fully discharge their fiduciary responsibilities. Outlined below is an overview of CAPTRUST's investment philosophy, consulting research group, and consulting process.

- CAPTRUST's Consulting Research Group consists of 55 professionals dedicated to asset allocation and investment research. The department develops proprietary asset class forecasts and cross correlation forecasts across more than 60 asset and sub-asset classes within both traditional and non-traditional asset classes.
- Specific to the mutual fund universe, CAPTRUST research covers over 2,000 open-end investments and conducts quarterly due diligence on each fund. At a minimum each quarter, we conduct a phone interview and have managers fill out a detailed questionnaire covering both quantitative and qualitative considerations. Our due diligence process also consists of onsite visits as well as meetings at our offices, but onsite are unquestionably the most helpful.
- CAPTRUST operates under a true open architecture structure; we have no in-house products and our sole agenda is to provide clients with the best investment options based on cost and prospective returns. We have developed a proprietary mutual fund scoring system based on quantitative inputs such as risk-adjusted and peer-relative returns as well as qualitative inputs including fund family stewardship and personnel considerations. Our clients have access to this research output on both for funds in their plan as well as funds for future consideration.



- In terms of our knowledge of investment managers, our size attracts managers to us but also allows us access to decision makers at the portfolio management or overall firm management level. With over \$175 billion in institutional assets under advisement in an open architecture environment, we retain relationships with managers across the asset class spectrum and our process ensures at least quarterly interaction and follow-up.
- Our philosophy has remained consistent since inception. CAPTRUST believes that organizations are best served by retaining the services of an independent advisor without ties to proprietary funds and products.

B. Fiduciary Process Management Services

Our Professional Services Department, working hand-in-hand with your proposed lead financial advisor, Beryl Ball, is able to provide an education, overview, and training for all Investment Committee members as it relates to their fiduciary responsibilities as part of our Fiduciary Training and Review process. CAPTRUST believes that it is prudent for plan sponsors to establish and execute a disciplined process that demonstrates adherence to the explicit standards of conduct set by ERISA's statutes, regulations, and case law, and can conduct a review to confirm that those fiduciary guidelines are being fulfilled.

A committee training session can include the following topics:

- Introduction to the committee (for new members)
- Fiduciary roles – identify all fiduciaries
- Fiduciary responsibilities
- Current fiduciary environment
- Fiduciary coverage (ERISA and Liability)
- Plan compliance and operational issues
- Plan advisory services and participant advice
- Plan benchmarking and monitoring
 - Investments
 - Fees
 - Service providers
- Fiduciary checklist development and update

CAPTRUST has developed two proprietary technological applications, CAPTRUST Direct and CAPConnect. These applications have enabled CAPTRUST to strengthen and reinforce our capabilities and resources in respect to the administrative services for our clients. CAPConnect is a relationship management tool that streamlines all internal procedures which results in increased efficiency and better quality control which standardizes “The CAPTRUST Experience” for all clients.

CAPTRUST Direct is an online fiduciary management tool that is specifically designed to provide clients real time access to investment research and portfolio information. Through CAPTRUST Direct, you will have a direct link to CAPTRUST's analysts, advisors, and client service personnel.



Some of CAPTRUST Direct's benefits include the following:

- Real-time access to investment research, updates, and reporting
- Electronic repository of key account documents
- Anytime, anywhere access for multiple users
- Industry research
- Meeting and scheduling tool
- Web links to key providers

C. Participant Education and Advice Services

As your advisor, we will work with you and your service provider to develop a comprehensive employee communications program. We provide a variety of participant education and enrollment services for our clients who choose to hire us to perform those services.

Generally, we attempt to identify the investment education services that are best performed by a plans' primary services vendor and that are included in the fee structure we help our clients to negotiate with that vendor. We want to maximize what is already being paid for.

Once those services are established, we will augment them with our own professionals through our Participant Advisory Services model. More importantly, we can and do give specific participant level investment advice to participants in plans that contract with us as a fiduciary for that service. This service is in addition to our investment advisory services and does incur additional fees.

Our Participant Advice Group will coordinate meetings, content, and materials, and to present to, and work with, participants at group meetings. All of our efforts are based on the outcome of an annual communications plan to determine the needs and goals of the retirement plan participants. Our team will discuss retirement plan enrollment and education, individual participant needs, and basic and advanced financial planning topics.

We also have the ability to provide fiduciary advice to your employees. Our goal is to do our best to prepare all participants for a secure retirement.

Our Participant Advice Group can offer our clients the following specialized services:

- Participant Outcome Tracking and Metrics
- 800 Participant Advice Line
- In-Person Meetings (Individual and Group)
- Web-Based Tools
- Participant Communications
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Raleigh, North Carolina. This accomplishes three things: 1) It allows our advisors to spend more time advising clients, 2) Our advisors can handle more relationships without sacrificing service, and 3) We can ensure that our advice and recommendations are consistent across our entire client base.

The philosophy of CAPTRUST has always been to interact with our clients whenever necessary to ensure that the objectives of our clients are met. Beryl will participate in quarterly plan committee meetings, communicate investment updates and recommendations, and will provide guidance to the committee where appropriate. While Beryl is your team leader, Che-Che McCrimmon is your client service specialist. Che-Che stands behind Beryl to assist with any and all needs that Hanover County may have.

Proposed CAPTRUST team for the Hanover County relationship:

Role Definition

- Beryl Ball *Financial Advisor*
- Eric Freedman *Investment Research and Analysis*
- Scott Matheson *Investment Research and Analysis*
- Phyllis Klein *Plan Design and Provider Specialist*
- John Leissner *Provider Specialist*
- Che-Che McCrimmon *Client Service Specialist*

**Beryl W. Ball – Financial Advisor
Senior Vice President, Financial Advisor**

Beryl has over 25 years of experience in the Retirement Services Industry and joined the Richmond District office, following an extensive management career focusing on Retirement Services and Institutional administration for SunTrust Bank-Mid-Atlantic, headquartered in Richmond, VA. While at SunTrust, Beryl was responsible for the management of over 700 401(k) and pension plans with over \$11 billion in assets. Beryl brings her expertise in plan design, fiduciary services, plan investments, and client service to her role as a plan advisor with CAPTRUST. She focuses on providing fiduciary services, including independent advice on plan design, investment due diligence, fee-benchmarking, and investment education to plan sponsors. Beryl is a Phi Beta Kappa graduate of the University of Richmond. Beryl was honored and recognized among the 300 Most Influential Advisors in Defined Contribution for 2010 / 2011 by *401k Wire*.

**Eric J. Freedman – Investment Research and Analysis
Chief Investment Officer, Head of Consulting Research Group**

Eric is CAPTRUST's Chief Investment Officer and serves as a member the firm's Executive Committee. As Head of the Consulting Research Group, he is charged with asset allocation research and tactical decision making, as well as directing the firm's investment vehicle and manager selection efforts. He also oversees all investment research and analysis within the qualified and nonqualified defined contribution market. Prior to joining CAPTRUST in 2006, Eric served as a Senior Portfolio Manager for Franklin Street Partners, as well as Vice President of the Goldman Sachs Group within the company's Equity Derivatives and International Equities businesses. He graduated magna cum



laude with a BA degree in Economics from Colgate University, where he was captain of the Lacrosse team. He received a MBA in Finance and Management from the Wharton School of the University of Pennsylvania.

**Scott T. Matheson, CFA, CPA – Investment Research and Analysis
Senior Director Investment Research, Consulting Research Group**

Scott joined CAPTRUST in 2007 and is currently a senior director and practice leader, responsible for leading the development of defined contribution services to address the needs of CAPTRUST's clients. Prior to joining the firm, Scott served as an institutional sales person on a fixed income trading desk for Citigroup's Global Investment Bank in New York, NY. Scott has worked in the industry since 1999. He earned a Bachelor of Science in Business Administration degree in finance from Appalachian State University and a Master of Business Administration degree from The University of North Carolina at Chapel Hill. He holds Chartered Financial Analyst (CFA®) and Certified Public Accountant (CPA) designations. Scott was a recipient of the CAPTRUST MVP Brick Award in 2007 and 2009.

**Phyllis Klein, AIF®, PRP – Plan Design and Provider Specialist
Senior Director, Professional Services, Consulting Research Group**

As Senior Director in the Consulting Research Group, Phyllis leads the firm's Participant Education and Advice program. In addition, she has oversight responsibility on ERISA technical issues and retirement plan industry trends and initiatives. As a liaison between our primary platform partners, Phyllis works strategically to ensure that CAPTRUST continues to stay ahead of changes and developments within the retirement plan arena. Phyllis has a Bachelor of Science from the University of Wisconsin Lacrosse. Phyllis joined CAPTRUST with 20 years of plan design, administration, recordkeeping, and compliance experience. She is certified as an Accredited Investment Fiduciary (AIF) by the Center for Fiduciary Studies in association with the University of Pittsburgh Katz Graduate School of Business. Phyllis was a member of the American Society of Pension Professionals and Actuaries and was the co-chair for the ASPPA 401(k) Summit for 2010 and 2011.

**John W. Leissner, CFS, AIF®, ARPS – Provider Specialist
Senior Manager, Professional Services, Consulting Research Group**

John joined CAPTRUST in 2001 and currently oversees CAPTRUST's Vendor Analysis Team. John and his team are responsible for all vendor searches and fee benchmarking on behalf of CAPTRUST's institutional business. Prior to his current role, John was a member of the Research Team, with a focus on defined contribution plans and mutual fund analysis. He began his career at CAPTRUST as a Marketing Associate and educated employees of retirement plans through enrollment meetings. John holds the ARPS, AIF®, and CFS designations. John earned his degree from the Kenan-Flagler Business School at the University of North Carolina-Chapel Hill.



**Che-Che-Harper – Client Service Specialist
Senior Client Management Consultant**

In her role as Senior Client Management Consultant, Che-Che supports our client service efforts on the retirement plan service team. Before coming to CAPTRUST, Che-Che worked with Self-Help Credit Union as a Portfolio Manager. Prior to that, she worked at First Citizens Bank & Trust as an Assistant Vice President and Relationship Manager, and at Coastal Federal Credit Union as a Portfolio Analyst. Che-Che holds a BS in Applied Sciences and Business Management from Campbell University, as well as a Masters of Public Administration from North Carolina Central University. In her role as Senior Client Management Consultant, Che-Che supports all of Beryl Ball's clients.

VI. Differentiating Factors

While we believe CAPTRUST offers several sustainable competitive advantages for Hanover County, the following six are truly unique and indisputable differentiators:

Singular Focus

We specialize in consulting to retirement plan fiduciaries. This is our business. We are singularly focused, dedicated to the scope of services Hanover County is requesting. We work narrowly and deeply in the field, concentrating our full attention on this task, and have no other lines of business that may consume internal resources or distract us from our mission. We believe that this singular focus distinguishes CAPTRUST from many consulting firms that may attempt to cross-sell a variety of services. Our specialization results in a competitive advantage for our clients and their employees' retirement assets.

Alignment of National Breadth and Depth

As a firm we have been consulting to investment fiduciaries for over 26 years. As a result, we know the pitfalls and challenges many plan sponsors encounter, have seen investment fads come and go, and have reliable answers to our client's questions. Our clients are located in all 50 states, and represent all conceivable industries and organizations of all sizes from small start-ups to Fortune 500 companies. In addition, unlike many of our competitors, whose firms are dominated by one or two key individuals, CAPTRUST is owned by more than 1/3 of our employees, giving our firm the continuity and staying power to be there for our clients for years to come.

Extensive Provider Experience

As specialists with significant provider leverage, CAPTRUST clients often benefit from first-to-market services and preferred pricing from providers. As an independent and objective retirement plan advisor, CAPTRUST is platform and investment agnostic, has the ability to work with virtually any provider or manager, and makes recommendations that are aligned with our client's goals, objectives, and best interests. The leverage our firm's size and expertise commands benefits our clients with the most current and forward thinking strategies. As of 05.31.2015, CAPTRUST provides advisory services to 34 institutional plans with more than \$1.3 billion in assets held at Lincoln.



Our experience and knowledge of the Lincoln platform and service offerings allows our clients to optimize their experience with this provider. Beryl Ball has strong professional relationships with mutual clients at Lincoln, particularly in the public administration space in Virginia.

Qualitative Investment Due Diligence

In addition to our quantitative analyses, our Consulting Research Group, consisting of 55 analysts and headed by Eric Freedman, our Chief Investment Officer, conducts over 350 portfolio manager interviews annually and over 30 onsite investment manager due diligence visits. Through this commitment of resources, we are better able to understand managers in the search, selection, and monitoring process. Our Provider Due Diligence Team visits investment management offices multiple times each year, as well as conducts calls throughout the year to discuss upcoming changes to existing investment or business models. We feel understanding an investment manager's business model is critical to how we can assess their investment ability.

Fiduciary Support Services

In addition to our Professional Services Group, who provides our clients' investment committees with in-depth Fiduciary Training and Review services, CAPTRUST also developed a proprietary fiduciary management tool, CAPTRUST Direct. CAPTRUST Direct was created and has proven to be an effective tool to thoroughly document the fiduciary process and to ensure all plan fiduciaries meet and exceed ERISA requirements. Through CAPTRUST Direct, the plan fiduciaries have a direct link to CAPTRUST's analysts, advisors, and client service personnel.

Industry Insight

In addition to our in-house subject matter experts, CAPTRUST also maintains an Advisory Board of seven industry experts, which includes ERISA council that advises our firm in all aspects of our business. CAPTRUST will conduct quarterly meetings to review investment performance and to discuss any changes in legislation that will impact your plan. We will provide guidance and the necessary modifications to be made regarding plan design to ensure compliance. As a co-fiduciary, it is in CAPTRUST's best interest to be proactive and stay abreast of all industry changes. CAPTRUST clients receive general market updates in conjunction with real-time economic or market volatility to provide them with awareness and guidance to make beneficial decisions or communicate to participants if necessary.



D. Specific plans for providing the proposed services

To properly explain our firm's approach to evaluating funds and managers, we have provided overviews of the following sections.

- Department Structure
- Investment Philosophy
- Investment Policy Statement Development
- Investment Plan Structure
- Manager Databases
- Ongoing Due Diligence
- Investment Manager Search and Selection
- Performance Monitoring
- Investment Evaluation / Scoring System
- Performance Reporting

Department Structure

CAPTRUST maintains its own internal Consulting Research Group that is comprised of 55 professionals dedicated to asset allocation and investment research. This group is led by our firm's Chief Investment Officer, Eric Freedman, and managed by senior leadership whose teams' efforts are equally focused on the needs of our defined contribution, defined benefit, asset / liability, and nonqualified plan clients. The results of our research and recommendations are distributed across the firm and directly communicated to our clients. This group is located in our Raleigh, North Carolina headquarters.

Investment Philosophy

The CAPTRUST investment philosophy is one that emphasizes customization. Irrespective of plan type, we believe that one size does not fit all and unique circumstances must be considered when giving investment advice to our clients.

For defined contribution plans, we help our clients build high quality investment lineups most appropriate for their participant base. We seek to populate a lineup of core asset classes such that there are options for the do-it-yourselfers with enough asset classes to create an efficient mix as well as one stop shopping solutions like age-based or risk-based models or offerings.

The balancing act is, of course, to have enough options to accommodate the participants without having too many so as to cause confusion. When selecting and monitoring the investment solutions within the agreed-upon asset classes, we are very focused on not only outperformance of benchmarks and peer groups, but are also very focused on risk taken to achieve this outperformance. Lastly, one of our key selection criteria is to look at manager performance in up and down markets as we favor those managers that protect investors' capital in down markets.



Investment Policy Statement Development

We work hand-in-hand with our entire client base to review, develop, and implement a specific Investment Policy Statement (IPS) that is in-line with our client's unique needs and goals. The preparation and maintenance of the IPS is one of the most critical functions that the fiduciary performs. The IPS should be viewed as the blueprint for the retirement plan and the essential tool for managing any investment related plan activities. CAPTRUST will design an IPS that ensures that participants have a broad range of suitable investment choices across a range of typical asset classes while minimizing their exposure to poor investment decisions. Prior to formally implementing an IPS, CAPTRUST works closely with each client to determine which asset classes and their appropriate benchmarks should be represented within the plan. CAPTRUST typically recommends starting with exposure to a core set of classes that, when combined, are broad enough to allow for full participant diversification, yet narrow enough to limit unnecessary confusion and a negative impact to participation rates.

An IPS for defined contribution plans, where investment decisions are participant-directed, should also include whether the plan sponsor has formally adopted 404(c) Safe Harbor provisions (or used as a best practices of plans that don't fall under ERISA), the number of investment options and asset classes that will be offered in the plan, the procedures that will be followed in selecting each investment option, the due diligence processes for monitoring each investment option and specifically when circumstances may cause the investment option to be replaced.

The IPS should designate a QDIA, as appropriate. The IPS should also outline the specific duties and requirements of each party involved in the investment process. The final asset class decision can be surprisingly unique depending on a number of factors specific to the client including their primary industry, the demographics of their workforce as well as the current asset allocation of their plans, to name a few.

After the asset class decision is finalized, an IPS can be crafted to provide guidance for the search, selection and oversight of the options. General issues that would be included in the IPS cover the statement of purpose, policy goals and objectives, roles and responsibilities, overview of asset classes, investment selection, investment evaluation, rebalancing guidelines, and procedures for replacement of selected investment alternatives as well as a conclusion and policy review schedule.

The results of this work become the basis for the IPS, the blueprint for successful portfolio management. Indeed, the IPS keeps all fiduciary parties - the committee members, the investment managers and investment consultant accountable. Within the IPS are guidelines for asset allocation, portfolio rebalancing - including acceptable ranges for each asset class - , return targets, risk tolerances, operations constraints and considerations, investment manager selection and monitoring criteria along with any constraints imposed upon individual managers.



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The following deliverables are provided to CAPTRUST clients on an ongoing basis.

- **Quarterly Review:** This report provides a thorough economic commentary, verifies the company's compliance with each of the criteria spelled out within the IPS, recaps the investment performance, highlights overall activity, and details any material industry-specific or legislative information. This report is delivered in person to the client by the advisor. We can deliver each quarterly review in an electronic format via email, if requested. Additionally, we recently implemented a program that allows each quarterly review to be conducted on iPads, led by your advisor. This allows for a more interactive review process for the entire committee.
 - **Timing:** Delivered approximately 30-45 business days after the end of each quarter.
- **Plan Sponsor E-Brief:** This deliverable is designed to provide our clients with our latest observations on the financial markets with actionable recommendations. We also want to keep clients apprised of the latest happenings at CAPTRUST.
 - **Timing:** Varies, depending upon issues.
- **Fiduciary Update:** This deliverable is designed to provide our clients with the latest fiduciary, regulatory, and legislative news that may affect their plans and participants.
 - **Timing:** Varies, depending upon issues.
- **Position Papers / White Papers:** CAPTRUST also frequently produces topical reports and opinions on current issues that our clients face. Four recent examples are position papers that were recently issued on the topics of Target Date Funds, Capital Market Assumptions, Retirement Income Solutions, and Nonqualified Plan Financing.
 - **Timing:** Varies, depending upon issues.
- **Institutional Market Thoughts:** CAPTRUST clients receive general market updates in conjunction with real-time economic or market volatility to provide them awareness and guidance to make beneficial decisions or communicate to participants if necessary.
 - **Timing:** Varies, depending upon issues.
- ❖ *Please see our enclosed Sample Quarterly Client Review (RFP Sample 4), Capital Market Assumptions Position Paper (RFP Sample 5), Fiduciary Update (RFP Sample 6), Plan Sponsor E-Brief (RFP Sample 7), and Institutional Market Thoughts Commentary (RFP Sample 8).*

In addition to these deliverables, CAPTRUST is frequently involved as a speaker, panelist, sponsor, and attendee in multiple national conferences and local workshops. Our involvement in these events allows us to gain real-time insight into current issues, trends, and solutions within the industry. Each quarterly investment review also includes a topical spotlight of key trends or issues impacting the industry we believe the committee needs to either know about or specifically consider for their plans.



E. Pricing to include;

- 1. Monitoring of investment funds and preparation of a written and oral report four times a year to be provided in advance to and reviewed with the investment committee quarterly (within 60 days after the end of the quarter. All reports shall include alerts as to any available investment options not meeting criteria of the investment policy or the subject of other significant concerns, and recommendations as to action by the County with regard to those investment options.**

As part of our services to Hanover County and their defined contribution retirement plans, CAPTRUST will fulfill the following items listed in in the Statements of Needs and Detailed Project Scope of this request. CAPTRUST will:

- A. Review and evaluate the County's Investment Policy as necessary in order to maintain policy provisions consistent with the County's fiduciary responsibilities as sponsor and in accordance with generally accepted best practices in the industry, providing recommendations for changes to the policy when needed. Determine (or validate) which asset classes should be included, as well as identify the standards for evaluation and objectives within each asset class represented.
- B. Assist the County in analyzing available investments with the objective of making a determination as to conformance with the objectives of the Policy.
- C. Evaluate available investments in the Program, examining style, risk, consistency, cost, and performance against appropriate peers and benchmarks based on the Policy to identify asset class gaps or overlaps. To the extent a fund does not meet the objectives established, recommend action to monitor the fund, or terminate the fund and if applicable analyze the available funds for an appropriate replacement and make a recommendation for replacement and transition.
- D. Conduct an expense audit of the Program upon request by the County using data received from the County or obtained from the administrator; and provide an analysis of all fees (explicit and implicit) being paid by the program. In order to provide this analysis, review the administrator's contract, any information filings by the administrator and other data that might prove necessary to perform an analysis of the program fees.
- E. Provide quarterly written performance reports of the program with consolidated and separate information for Section 457(b), 403(b) and 401(a) plans containing information on manager performance, risk, costs, peer analysis, style and consistency for each fund in the program, and twice yearly oral reports. This will include specific fund analysis as it relates to the investment policy. CAPTRUST will compare each fund against appropriate benchmarks as well as appropriate peer groups. This will also include specific recommendations for funds to be monitored, maintained, eliminated or replaced based on the objectives previously established. To the extent a fund no longer meets the established objectives; CAPTRUST will make specific recommendations as to continued monitoring or the availability of an appropriate replacement and recommend transition measures.



In addition to providing the services requested as a part of this proposal, the following is our service proposal to Hanover County, Virginia and their defined contribution plans.

- Serve as co-fiduciary on investments with plan committee
- Plan fiduciary evaluation
- Fiduciary training
- Ongoing governance management
- Investment Policy Statement review, development, and oversight
- Review and analysis of existing managers / mutual funds
- Custom manager / fund search and selection
- Investment manager / mutual fund monitoring and due diligence
- Risk-based model portfolio creation and monitoring
- Quarterly performance reports
- Annual plan design review
- Peer design analysis
- Comprehensive plan fee benchmarking (completed in initial client onboarding)
- Oversight of vendor participant education program
- Attendance at quarterly investment meetings
- Maintain CAPTRUST Direct fiduciary management tool

CAPTRUST's proposed annual advisory fee for providing Hanover County, Virginia with 3(21) co-fiduciary defined contribution retirement plan advisory services is \$37,500 with 5% annual increase.

The annual fee for our services can be paid through quarterly invoices to the company, plan assets (as they are being paid now through Lincoln), or some combination of invoices and plan assets.

2. Advising on the administration of the investments of the Plan and related governance issues, including employee education and information, maintenance and amendment of the investment policy.

CAPTRUST will assist Hanover County plan sponsors with development and review of the IPS, as well as governance issues. Participant Advisory Services are not included in this fee proposal. Participant Advice Services that can be included for an additional charge are as follows:

- Participant outcome tracking and metrics
- 800 Number participant advice desk
- In-person meetings (individual one-on-one)
- Web-based tools
- Participant communications
- Licensed advisors as educators



We strive to provide useful information to our clients, which helps to benefit their plans, assist in “moving the dial” for participants to ensure they reach a successful retirement, and to constantly look for ways to improve both our clients’ plans, and the services we offer.

If desired, fees for Participant Advisory Services for Hanover County can be determined after an in-depth conversation to determine the precise needs, goals, and objectives of the plan and participants.

- 3. Assistance with the periodic solicitation process for plan administration services including preparation of the draft request for proposal (RFP) with selection criteria using a County template, identification of prospective vendor contacts, evaluation of proposals, interviews of selected firms and quantified rankings of Offerors based on prescribed selection criteria. This would also include any additional services needed if a decision is made by the County to change the administrator with an associated change in fund options.**

Plan fee benchmarking services (initially and every three years thereafter) and recordkeeping vendor search and selection services are included in our proposed fee.

- 4. Charges for travel if required or requested by the County, and charges for any additional related expense items shall be at the lowest suitable cost and shall be reimbursed at cost, upon provision of acceptable documentation.**

Our proposed fee is “all inclusive” of the services being proposed. CAPTRUST does not charge additional fees for travel or miscellaneous expenses.