July 21, 2020

REQUEST FOR PROPOSAL

ARIZONA BOARD OF REGENTS
REQUEST FOR INVESTMENT CONSULTANT FOR ABOR ADMINISTERED 
RETIREMENT PLANS
RFP 2020005
ADDENDUM 3
The following questions were received by the Arizona Board of Regents prior to the July 16, 2020 deadline.

1. Why is ABOR going out to bid for investment consulting services?
   ABOR procurement policy requires this type of service to be competitively bid every five years.

2. Please provide a list of the ABOR Committee and Board meeting dates.
   All scheduled ABOR committee and board meetings can be found at https://azregents.edu/board-committees/master-calendar-meeting-events

3. Does ABOR anticipate any upcoming projects?
   ABOR is interested in pursuing small balance payouts and assessing how the plans pay for services.

4. Do any of the plans use managed accounts, and if so who is the provider?
   Fidelity offers this service through their Portfolio Advisory Services. TIAA offers account auto-balancing. ABOR does not contract with any other providers for this services.

5. When was the last recordkeeper search conducted?
   2016

6. How are plan administrative fees paid, particularly in instances where one participant is enrolled in multiple plans?
   Participants are currently charged fees based on the investment selected.

7. What strategies has ABOR implemented to address the legacy asset issue? What practices and efforts have been made to notify participants that they have assets with a legacy provider? What efforts have been made to encourage participants to consolidate those legacy assets into new plan options?
   Our last plan-wide communication to participants was in 2017 when we made major plan design changes. We are interested in reducing the number of participants with assets held by legacy vendors.

8. Has the Board considered white label options for the plans?
   ABOR has not considered this option for our plans.

9. With the COVID-19 pandemic, most of our offices are closed and we have the majority of our staff working remotely. Would it be possible for us to submit this RFP electronically only or would hard copy submission still be preferred?
   ABOR does not have a system to accept proposal electronically. Proposals should must be submitted as outlined in the RFP.

10. Could you please share the annual fee for your current advisory relationship?
    $146,984
11. Could you please share any concerns you have with your current advisor?
   ABOR has no concerns with our current advisor

12. How do you currently work with your consultant on a communications strategy?
   We have not actively engaged our consultant on an ongoing communications strategy.

13. What do you need more of from a retirement plan communication perspective?
   ABOR is interested in general retirement readiness for all employees. This could be through increasing participation and contribution in the voluntary plan, appropriate investments diversification and roll over accounts from legacy vendors or other employer accounts.

14. In what ways has your current advisor exceeded expectations?
   Our current advisor has significantly reduced costs to our participants.

15. Could you please share a copy of the current service agreement in place?
   See attached Arizona State University AGREEMENT for INDEPENDENT CONTRACTOR/CONSULTANT SERVICES.

16. Could you please share a copy of the most recent meeting minutes?
   See attached MEETING SUMMARY.
Arizona State University
AGREEMENT for INDEPENDENT
CONTRACTOR/CONSULTANT SERVICES

THIS AGREEMENT is made by and between the Arizona Board of Regents ("Board") and CapFinancial Partners, LLC, d/b/a CAPTRUST Financial Advisors ("Consultant" or "CAPTRUST"), effective as of September 1, 2015 (the "Effective Date"). Board issued Request for Proposal 08G1503 ("RFP 08G1503") to Consultant for Arizona University Retirement System. Consultant responded to RFP with its proposal dated May 4, 2015 ("Consultant’s Proposal").

In consideration for the mutual obligations specified in this Agreement, the parties agree as follows:

1. **Engagement; Consulting Services.** Board retains Consultant, as of the Effective Date, and Consultant accepts such engagement, to perform the services as listed on Exhibit A (collectively, the "Advisory Services") and as more fully described in Consultant’s Proposal. As part of the Advisory Services, Consultant will deliver to Board all reports, documents, and other materials (the "Deliverables") as may be set forth on Exhibit A.

   A Service Level Evaluation ("SLE"), as set forth on Exhibit D, is hereby incorporated by reference. At the Quarterly Review, if in any categories a rating of Fair or below is achieved and not resolved by the following quarter, a discount of 2% will be applied to each month’s invoice during the following quarter. The first quarter will begin September 1, 2015 through December 31, 2015 and future quarters will follow a standard 3-month calendar period.

   In addition to providing the Advisory Services as set forth on Exhibit A, Consultant will also provide a Plan Optimization Study ("Study") as described on Exhibit E. Timelines for the Study will be mutually agreed upon by Consultant and Board.

   The Advisory Services and Study are collectively referred to as the "Services" and such Services shall be provided on the terms and conditions set out in this Agreement.

2. **Compensation.** Board will pay Consultant for the Services and Deliverables as and when set forth on Exhibit B. Unless set forth with specificity on Exhibit B, Consultant will be solely responsible for all expenses incurred in connection with Consultant’s obligations under this Agreement. All payments will be made in Consultant’s name as set forth in the opening paragraph.

3. **Term and Termination.** The obligations of the parties will commence on the Effective Date and, unless previously terminated as provided herein, expire on August 31, 2020 (the "Term"). Board may terminate this Agreement with or without cause upon ten (10) days prior written notice to Consultant. Consultant may terminate this Agreement with or without cause upon one hundred and twenty (120) days prior written notice to Board. Upon termination of this Agreement, Board will have no further obligations to Consultant other than payment for Services already rendered and for Deliverables already delivered to Board, in each case as of the effective date of termination. All provisions of this Agreement that by their terms anticipate performance after the termination of this Agreement, and all provisions necessary or appropriate to interpret and enforce such provisions, will survive termination of this Agreement.

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4. **Independent Contractor Status.** Consultant will be an independent contractor. Neither Consultant, nor any of Consultant’s employees, agents, or subcontractors, or their employees or subcontractors (collectively, the “Consultant Parties”), will be employees, agents, partners, or joint venturers of Board. Board will provide no employee benefits to any of the Consultant Parties, including but not limited to worker’s compensation coverage. Neither Consultant, nor any the Consultant Parties will be eligible for any benefits from Board, nor will Board make deductions from any amounts payable to Consultant for taxes. Taxes for any amounts paid to Consultant will be the sole responsibility of Consultant.

5. **Time of Performance; Business Operations.** In the performance of the Services, Consultant will determine Consultant’s necessary hours of work. Board will not set working hours for Consultant. Board will not combine the business operations of Board with Consultant; these operations will be maintained separately. Consultant will provide all tools, equipment, and supplies Consultant may determine to be necessary to perform the Services, and Consultant will obtain and maintain in full force and effect all business registrations or licenses required to perform the Services.

6. **Supervision.** Consultant is using Consultant’s own knowledge, skill, and technical know-how in the performance of the Services and is not being supervised by Board. The conduct and control of work under this Agreement lies solely with Consultant, and Board is interested only in final results.

7. **Records and Reports.** Within ten (10) days after the final day of each month during the Term, Consultant will provide to Board, in writing, a reasonably detailed summary of Services rendered by Consultant during the month just ended. In addition, Consultant will provide interim written reports concerning the performance of the Services as and when Board may request from time to time, and upon termination will, if requested by Board, provide a final written report regarding the Services.

8. **Nondisclosure and Trade Secrets.** Consultant may receive (or has received) from Board and otherwise be exposed to confidential and proprietary information relating to Board’s business practices, strategies, and technologies, as well as confidential information of Board necessary to perform the Services (collectively, “Board Confidential Information”). Board Confidential Information may include, but is not be limited to, confidential and proprietary information supplied to Consultant with the legend “Board Confidential and Proprietary,” or other designations of confidentiality. Consultant will have no obligation to maintain as confidential any Board Confidential Information that Consultant can show: (i) is required to be disclosed by court order following notice to Board sufficient to allow Board to contest such order; or (ii) is approved in writing by Board for release or other use by Consultant.

As between Consultant and Board, Board Confidential Information is the sole, exclusive, and valuable property of Board. Accordingly, Consultant will not reproduce or otherwise use any Board Confidential Information except in the performance of the Services, and will not disclose any Board Confidential Information in any form to any third party, either during or after the Term, except with Board’s prior written consent. Upon termination of this Agreement, Consultant will cease using, and will return to Board, all originals and all copies of Board Confidential Information, in all forms and media, in Consultant’s possession or under Consultant’s control. In addition, Consultant will not disclose or otherwise make available to Board in any manner any confidential information of Consultant or received by Consultant from any third party.
9. **Data Ownership.** Board will own, or retain all of its rights in, all data and information that Board provides to Consultant, as well as all data managed by Consultant on behalf of Board, including all output, reports, analyses, and other materials relating to or generated by the Services, even if generated by Consultant, as well as all data collected, extracted, or received through Board's or Consultant's use of the Services or Deliverables (collectively, the "Board Data"). The Board Data will be considered Board Confidential Information. Consultant will not use, access, disclose, monetize, or license or provide to third parties, any Board Data, or any materials derived therefrom, except, in each case, as authorized in writing by Board. Without limiting the generality of the foregoing, Consultant may not use any Board Data, whether or not aggregated or de-identified, for product development, marketing, white papers, profiling, benchmarking, or product demonstrations, without, in each case, Board’s prior written consent.

10. **Ownership and Assignment of Work Product.** All Intellectual Property that Consultant or any of the Consultant Parties may make, conceive, discover, develop, or create, either solely or jointly with any other person or persons including Board, pursuant to or in connection with the Services (the "Contract IP"), will be owned by Board, and where applicable, all copyrightable Board IP will be considered "Work Made for Hire" under the U.S. Copyright Act, 17 U.S.C. § 101 et seq. To the extent that any Contract IP is not, by operation of law, agreement or otherwise considered work made for hire for Board (or if ownership of all rights therein do not otherwise vest exclusively in Board), Consultant hereby irrevocably assigns, and will cause all Consultant Parties to so assign, without further consideration, to Board, all right, title and interest to all Contract IP. "Intellectual Property" means any and all inventions, designs, original works of authorship, formulas, processes, compositions, programs, databases, data, technologies, discoveries, ideas, writings, improvements, procedures, techniques, know-how, and all patent, trademark, service mark, trade secret, copyright, goodwill, and other intellectual property rights relating to the foregoing. Consultant will make full and prompt disclosure of all Contract IP to Board. Consultant will, and will cause the Consultant Parties, upon request of Board, to do such acts, and sign and deliver all instruments requested by Board to vest in Board the entire right, title and interest to the Contract IP, and to enable Board to properly prepare, file, and prosecute applications for, and to obtain patents and/or copyrights on, the Contract IP, and, at Board’s cost and expense, to cooperate with Board in the protection of the Contract IP and/or defense of any litigation arising in connection with the Contract IP.

11. **Consultant’s Intellectual Property Ownership Rights.** Consultant will retain ownership of its pre-existing Intellectual Property, including any of its pre-existing Intellectual Property that may be incorporated into the Contract IP, provided that Consultant informs Board in writing before Incorporating any pre-existing Intellectual Property into any Contract IP. Consultant hereby grants to Board a perpetual, irrevocable, royalty-free, worldwide right and license (with the right to sublicense), to freely use, make, have made, reproduce, disseminate, display, perform, and create derivative works based on such pre-existing Intellectual Property as may be incorporated into the Contract IP or otherwise provided to Board in the course of performing the Services.

12. **Warranties.** Consultant represents and warrants that: (i) all of the Services will be performed in a professional and workmanlike manner and in conformity with industry standards by persons reasonably suited by skill, training and experience for the type of Services they are assigned to perform; (ii) Consultant will comply, and will be responsible for ensuring the Consultant Parties comply, with all applicable federal, state and local laws in the performance of the Services; (iii) Consultant’s performance of the Services will not result in a breach of any other agreement to which Consultant is a party; (iv) all Contract IP will be original creations, and will not infringe upon or violate any Intellectual Property of any third parties; (v) any software developed under this Agreement will not contain any viruses, worms, Trojan Horses, or other disabling devices or code; and (vi) in addition to any implied warranties, any Deliverables furnished will conform to the specifications, drawings, and descriptions created therefor, and to any samples furnished by Consultant. Any information provided by Consultant which has been obtained, computed, formatted,
or displayed by outside sources is believed to be accurate, but may not have been independently verified by Consultant and cannot be guaranteed. Investments are subject to various market, political, currency, economic, and business risks and may not always be profitable. CAPTRUST cannot guarantee financial results and any information provided by it regarding past performance cannot guarantee future results. There are no other warranties, express or implied (including any implied warranties of merchantability or fitness for a particular purpose), relating to the Services.

13. **No Debarment.** Neither Consultant nor any of the Consultant Parties, either directly or indirectly or through subcontractors, have been suspended, excluded from participation in or penalized by any Federal or State procurement, non-procurement or reimbursement program. Consultant affirms that it has confirmed the above statement by checking the List of Parties Excluded From Federal Procurement and Non-procurement Programs (http://sam.gov) within 180 days prior to commencing Services. Consultant will provide immediate written notice to Board upon the subsequent exclusion of Consultant or any of the Consultant Parties, or upon learning of any investigation or proposed action that could result in such exclusion.

14. **Notices.** Any notices required or permitted hereunder will be given to the appropriate party at the address specified on the signature page or at such other address as the party specifies in writing. Each notice will be deemed given and received upon personal delivery, delivery against receipt via FedEx or a similar express delivery service, or 24 hours after being send via facsimile (with machine confirmation of receipt).

15. **Nondiscrimination.** The parties will comply with all applicable state and federal laws, rules, regulations, and executive orders governing equal employment opportunity, immigration, and nondiscrimination, including the Americans with Disabilities Act. If applicable, the parties will abide by the requirements of 41 CFR §§ 60-1.4(a), 60 300.5(a) and 60 741.5(a). These regulations prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin. Moreover, these regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability.

16. **Conflict of Interest.** Participation by Board in this Agreement is subject to Arizona Revised Statutes ("A.R.S.") § 38-511, which provides that this Agreement may be cancelled within three (3) years after execution if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of Board is, at any time while this Agreement or any extension thereof is in effect, an employee or agent of the other party to this Agreement in any capacity or a consultant to any other party with respect to the subject matter of this Agreement.

17. **Arbitration in Superior Court.** In the event of litigation, as required by A.R.S. § 12-1518, the parties agree to make use of arbitration in all contracts that are subject to mandatory arbitration pursuant to rules adopted under A.R.S. § 12-133.

18. **Dispute Resolution.** If a dispute arises under this Agreement, the parties will exhaust all applicable administrative remedies provided for under Arizona Board of Regents Policy 3-809.
19. **Records.** To the extent required by A.R.S. § 35-214, Consultant will retain all records relating to this Agreement. Consultant will make those records available at all reasonable times for inspection and audit by Board or the Auditor General of the State of Arizona during the term of this Agreement and for a period of five (5) years after the completion of this Agreement. The records will be provided to Board at Tempe, Arizona, or another location designated by Board on reasonable notice to Consultant.

20. **Failure of Legislature to Appropriate.** In accordance with A.R.S. § 35-214, if Board’s performance under this Agreement depends on the appropriation of funds by the Arizona Legislature, and if the Legislature fails to appropriate the funds necessary for performance, then Board may provide written notice of this to Consultant and cancel this Agreement without further obligation of Board. Appropriation is a legislative act and is beyond the control of Board.

21. **Weapons, Explosive Devices and Fireworks.** Board prohibits the use, possession, display or storage of any weapon, explosive device or fireworks on all land and buildings owned, leased, or under the control of Board or its affiliated or related entities, in all Board residential facilities (whether managed by Board or another entity), in all Board vehicles, and at all Board or Board affiliate sponsored events and activities, except as provided in A.R.S. § 12-781 or unless written permission is given by the Board Police Department. Board’s policy may be accessed through the following web page: [http://www.asu.edu/aad/manuals/pdp/pdp201-05.html](http://www.asu.edu/aad/manuals/pdp/pdp201-05.html).

22. **Confidentiality.** Board is the governing board for the public universities of the state of Arizona, accordingly, notwithstanding any provision to the contrary, Board is subject to A.R.S. §§ 39-121 through 39-127 regarding public records. Any provision regarding confidentiality is limited to the extent necessary to comply with the provisions of Arizona law.

23. **Indemnification.** To the extent permitted by law, Consultant will indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities, and its and their officials, agents, and employees for, from, and against any and all third party claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation, and litigation) for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property to the extent caused, or alleged to be caused, by Consultant’s (i) negligent or willful acts or omissions, (ii) a breach of this Agreement, or (iii) failure to comply with any applicable law (collectively, “Claims”). Consultant will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, Consultant waives all rights of subrogation against Indemnitee for losses arising from the Services performed or Deliverables provided by Consultant under this Agreement. Notwithstanding anything within this provision to the contrary, Consultant’s obligations under this provision will not extend to Claims found to be caused by the Board.

**Indemnification Procedure:** If a party entitled to indemnification pursuant to terms of this Agreement (the "Indemnitee") receives any summons or any other written official or unofficial notice or threat of litigation or claim which it is to be indemnified against (the "Indemnified Matter"), it shall promptly notify the indemnifying party (the "Indemnitor"). Such notice must be in writing and include a reasonable identification of the alleged facts giving rise to the Indemnified Matter or, if applicable, a copy of the complaint which has been filed against the Indemnitee. If litigation is instituted against an Indemnitee with respect to an Indemnified Matter, the Indemnitor shall have the right, within ten (10) business days after the Indemnitor's receipt of notice of the Indemnified Matter, to select counsel which will represent that Indemnitee in connection with the Indemnified Matter, provided that such counsel is reasonably acceptable to that Indemnitee. Even if such counsel is acceptable to it, the Indemnitee shall nevertheless have the right to retain separate counsel at its own expense which shall represent its interest with respect
to the Indemnified Matter. If the Indemnitor timely selects counsel as required above, the Indemnitor may pursue any litigation to a final determination by a court of competent jurisdiction, and expressly reserves the right, at its sole discretion, to appeal from any adverse judgment or order. If the Indemnitor fails to timely select counsel as required above, the Indemnitee shall, upon written notice to the Indemnitor, have the right to select its own counsel and to defend, settle, and pay the Indemnified Matter on its own. In that case, and provided under the terms of this Agreement the Indemnitee was entitled to indemnification as to the claim, the Indemnitor shall, promptly after its receipt of the Indemnitee's written demand for such, reimburse Indemnitee for the reasonable costs of the Indemnitee's defense of the Indemnified Matter, (including its reasonable attorneys' fees) and the judgment and/or settlement paid by the Indemnitee.

Indemnified Matter Settlement: Neither the Indemnitor nor the Indemnitee shall have the right to settle, compromise, or consent to any claim involving an Indemnified Matter without the other party's express written approval. Notwithstanding the preceding to the contrary, if the proposed settlement or compromise of an Indemnified Matter: (a) provides that the proposed relief against Indemnitee consists solely of monetary damages, which will be paid in full by the Indemnitor; (b) includes an unconditional, unqualified release of the Indemnitee from such claim(s) by the claimant/plaintiff in a form and substance reasonably satisfactory to the Indemnitee; and (c) is one the Indemnitor is otherwise prepared to accept; but is rejected by the Indemnitee, then that Indemnitor shall only be liable for the amount of the settlement or compromise rejected by the Indemnitee (along with all costs and expenses incurred up to the date of that rejection), and, thereafter, Indemnitee shall be solely responsible for all additional litigation and/or settlement costs relating to the Indemnified Matter.

24. **Board Names and Marks.** Consultant will not use any names, service marks, trademarks, trade names, logos, or other identifying names, domain names, or identifying marks of Board (the "Board Marks"), without in each case, the prior written consent of Board. The use of any Board Marks must comply with the Board's requirements including using the ® indication of a registered trademark where applicable.

25. **Information Security.** All systems containing Board Confidential Information, including Board Data, must be designed, managed and operated in accordance with information security best practices and in compliance with all applicable federal and state laws, regulations and policies.

26. **Insurance Requirements.** Consultant will (and will cause its subcontractors to) procure and maintain until all of Consultant's obligations have been discharged or satisfied, including any warranty periods under this Agreement, insurance as described on Exhibit C.
27. **Student Educational Records.** Student educational records are protected by the federal Family Educational Rights and Privacy Act (20 U.S.C. § 1232g) ("FERPA"). Consultant will comply with FERPA and will not access or make any disclosures of student educational records to third parties without prior notice to and consent from Board or as otherwise provided by law. If under this Agreement student records may be released to third parties, Board hereby designates Consultant as a "school official" for Board under FERPA, as that term is used in FERPA and its implementing regulations, for purposes of this Agreement only. As such, Consultant will comply with FERPA and will not make any disclosures of Board students' educational records to third parties without prior notice to, and consent from, Board or as otherwise permitted by law. In addition, any access or disclosures of student educational records made by Consultant or its employees and agents must comply with Board's definition of legitimate educational purpose, which definition can be found at: SSM 107-01: Release of Student Information (http://www.asu.edu/aad/manuals/ssm/ssm107-01.html). If Consultant violates the terms of this section, Consultant will immediately provide notice of the violation to Board. Notwithstanding the foregoing, the Board acknowledges that the Services will not require the Board to provide Consultant with student educational records nor will Consultant have any access to student educational records.

28. **Authorized Presence Requirements.** As required by A.R.S. § 41-4401, Board is prohibited from awarding a contract to any contractor or subcontractor that fails to comply with A.R.S. § 23-214(A) (verification of employee eligibility through the e-verify program). Consultant warrants that it and its subcontractors comply fully with all applicable federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. § 23-214(A). A breach of the foregoing warranty will be deemed a material breach of this Agreement that is subject to penalties up to and including termination of the Agreement. Board retains the legal right to inspect the papers of any contractor or subcontractor employee who works hereunder to ensure that the contractor or subcontractor is complying with the warranty stated above.

29. **Tobacco-Free University.** Board universities are tobacco free. For details, visit www.asu.edu/tobaccofree.

30. **Outside Services; Notification.** Consultant is free to perform work for entities other than Board as long as such services do not violate Consultant’s obligations under this Agreement. Consultant authorizes Board to notify any actual or future employers or clients of Consultant’s obligations hereunder.

31. **No Waiver.** No provision will be considered waived and no breach excused unless the waiver or consent is in writing and is signed by an authorized signatory of the party against whom the waiver is asserted. The failure of either party to insist, in any one or more instances, on the performance or timely performance of any of the obligations required by this Agreement will not be construed as a waiver or relinquishment of such obligation or right with respect to any other performance or obligation.

32. **Construction.** Each party acknowledges that it has had the opportunity to participate in the drafting of, and to have its legal counsel review, this Agreement. Consultant acknowledges that Consultant is not relying on the advice or counsel of any individuals employed by Board in entering into this Agreement. Any rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be applied in interpreting this Agreement.
33. **Governing Law and Venue.** This Agreement will be governed by the laws of the State of Arizona without regard to any conflicts of laws principles. Obligations hereunder are subject to the regulations/policies of the Board. Any proceeding arising out of or relating to this Agreement will be conducted in Maricopa County, Arizona. Each party waives any objection it may now or hereafter have to venue or to convenience of forum. To the fullest extent permitted by law, each party expressly waives the right to trial by jury in any action, proceeding, or counterclaim, whether in contract, tort, or otherwise, relating to or arising out of this Agreement or the relationship of the parties under this Agreement.

34. **Modification and Assignment.** No modification of this Agreement shall be binding unless in writing, identified as a modification, and signed by the party against which it is sought to be enforced. A party may not assign any of its rights or delegate any of its obligations under this Agreement (whether voluntarily or by operation of law) without the other party's prior written consent, which it may withhold in its sole discretion. Any purported assignment or delegation by a party without the other party's prior written consent is void and of no force or effect. In no event, however, shall any such assignment or delegation relieve the assignor from its duties and obligations under this Agreement. Notwithstanding the foregoing, each party has the right, without the consent of the other party, to assign this Agreement, or delegate obligations, to any Affiliate (as that term is interpreted under Rule 12b-2 of the Securities Exchange Act of 1934, as amended) as part of an internal reorganization. Client acknowledges and agrees that transactions that do not result in a change of actual control or management of CAPTRUST shall not be considered an assignment pursuant to Rule 202(e)(1)-1 under the Advisers Act. This Agreement shall be binding upon and shall inure to the benefit of the parties and their permitted successors and assigns.

35. **Retirement Plan Information.** Board will reasonable seek to provide Consultant all pertinent information regarding the retirement plan's investment objectives, risk tolerances, asset allocation, historical performance, income and liquidity requirements, and any other relevant matters, all as may from time to time be reasonably requested by Consultant. Consultant may rely on the information provided without further verification, if the retirement plan's needs or objectives change so that the information previously provided is no longer accurate or complete, Board must promptly provide the updated information to Consultant, in writing. It is understood and agreed that Consultant shall not be responsible for any delay or failure in providing Services to the extent such delay or failure, to the extent such delay or failure is caused by Board's failure to timely provide necessary information requested in writing by Consultant. The parties acknowledge that the above information and any materials, reports, and other information to be provided by Consultant to Board and/or the retirement plan in the ordinary course of providing the Services may be transmitted electronically. Each party shall be required to take normal and customary security precautions to protect the privacy of any information communicated by such means.

36. **Representations.** Consultant represents that it is a registered investment adviser under the Advisers Act and agrees to maintain such registration throughout the term of this Agreement. In addition, Consultant is affiliated with CapFinancial Securities, LLC, a member of FINRA and Securities Investors Protection Corporation. Each party warrants that: (i) it is authorized and empowered to enter into this Agreement; (ii) the person(s) signing in a representative capacity on its behalf is duly authorized to sign this Agreement; and (iii) this Agreement constitutes its valid and binding obligation and is enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, and similar laws affecting generally the enforcement of creditor's rights and the discretion of a court to grant specific performance of contracts. Board has determined and represents that: (i) the retention of Consultant as an investment advisor is permitted by the retirement plan documents and any related trust; (ii) this Agreement is in the best interests of the retirement plan and its participants; and (iii) the retirement plan documents do not prohibit payment of the Compensation out of retirement plan assets; such payment is prudent and allowable under the retirement plan documents; and the Compensation required under this Agreement
are reasonable. Upon Consultant’s request, Board will provide copies of the retirement plan documents and such supporting documentation as may be reasonably required for Consultant to verify these representations.

37. Liability Limitation. Except with respect to amounts payable by a party pursuant to its indemnity obligations under Section 23, neither party, under any circumstances, shall be liable for any indirect, special, consequential, punitive or exemplary damages, or similar damages arising out of or relating to this Agreement or the relationship of the parties under this Agreement.

This Agreement incorporates both RFP 08G1503 and Consultant’s Proposal by reference. In the event of any discrepancies between this Agreement, RFP 08G1503, and Consultant’s Proposal, this Agreement and then RFP08G1503 shall govern. In the event of any discrepancies between the terms and conditions of the Agreement and any exhibits and/or attachments hereto, the terms and conditions of this Agreement shall govern.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

Arizona Board of Regents

By: [Signature]

Name: [Signature]

Title: [Signature]

Date Signed: 9/17/15

NOTICE ADDRESS:
Purchasing and Business Services
PO Box 875212
Tempe AZ 85287-5212
Attn: Chief Procurement Officer

CapFinancial Partners, LLC

By: [Signature]

Name: [Signature]

Title: [Signature]

Date Signed: 9/17/2015

NOTICE ADDRESS:
CAPTRUST Financial Advisors
4208 Six Forks Road, Suite 1700
Raleigh, NC 27609
Attn: Chief Compliance Officer

Exhibit A – Services and Deliverables
Exhibit B – Compensation
Exhibit C – Insurance Requirements
Exhibit D – Service Level Evaluation
Exhibit E – Plan Optimization Study
EXHIBIT A
SCHEDULE OF SERVICES
DEFINED CONTRIBUTION PLAN (Non-Discretionary)
"Client" refers to Arizona Board of Regents

1. ERISA (§3(21)) INVESTMENT ADVISORY FIDUCIARY SERVICES

CAPTRUST shall perform all of the selected Investment Advisory Fiduciary Services as a fiduciary as defined in ERISA §3(21)(A)(i). When providing the ERISA §3(21) Fiduciary Services, CAPTRUST will solely be making recommendations to Client. Any such recommendations are based upon CAPTRUST's professional judgment and Client is not required to implement any recommendations made by CAPTRUST. Client acknowledges that it has retained, and will exercise, final decision-making authority and responsibility for the implementation of any recommendations made to Client by CAPTRUST. CAPTRUST will not serve as an ERISA §3(38) Investment manager.

[Select each investment service you would like CAPTRUST to perform]

☑ Development of Investment Policy Statement

CAPTRUST will review the Plan's investment objectives, risk tolerance, and goals with Client. If the Plan does not have an investment policy statement which describes the Plan’s investment objectives, risk tolerance, and goals (an “IPS”), CAPTRUST will make recommendations to assist Client in creating an appropriate IPS. If the Plan has an existing IPS, CAPTRUST will review it for consistency with the Plan’s objectives and recommend revisions to Client to establish investment policies that are congruent with the Plan's objectives.

The IPS will be based upon Modern Portfolio Theory and will incorporate considerations such as employee and participant demographics, nature of asset class categories, any limits or investment return objectives for the asset class categories set forth in the IPS including the Defined Investment Alternatives (“DIAs”), and criteria and systems used to supervise, monitor, and evaluate the DIAs pursuant to the Plan’s IPS. This IPS will address:

- Roles and Responsibilities
- Objectives, Risk Tolerance, and Constraints
- Asset Allocation Guidelines
- Investment Manager Selection, Monitoring, and Retention Criteria
- Prohibited Investments
- Performance Measurement Standards

As appropriate, CAPTRUST will also make recommendations to revise or amend the IPS based on input from Client regarding their objectives and other emerging developments.

☑ Recommendations for Selecting & Monitoring the Plan’s Investments

Once the IPS is approved by Client, CAPTRUST will make recommendations to Client about how to implement the investment policy described in the IPS. CAPTRUST will review the investment options available to the Plan and will suggest investments that meet the criteria designated in the IPS. CAPTRUST will monitor the investments and will periodically recommend that Client retain, review, or consider replacing investments that no longer meet the IPS criteria. CAPTRUST will be providing recommendations only and will not have any authority to make any investments. CAPTRUST will not be responsible for making recommendations concerning selecting, monitoring, retaining, or removing employer stock or investment options selected by Client that are not covered under the IPS.

CAPTRUST will make recommendations to Client about: [Select desired services]

☑ Selecting Investments
☑ Monitoring and Replacing Investments
☑ Utilizing Proprietary Scoring and Investment Research
CAPTRUST will provide information, analysis, and reporting designed to assist Client in making an informed decision regarding the Plan's investment offerings.

Note that investments in collective trust funds are only available to certain qualified plans.

**Investment Performance Measurement & Analysis**

CAPTRUST will prepare periodic investment reports for the Plan (each a “Report”) which document investment performance, consistency of fund management, and conformance to the guidelines set forth in the IPS. CAPTRUST will meet with Client on a reasonably requested periodic basis to review the Reports and the Plan’s investments.

**Recommendations For Selecting & Monitoring Default Investment**

Based upon guidelines established by the IPS and information provided by Client about the characteristics of the Plan's participant base, CAPTRUST will provide information, analysis, and recommendations designed to assist Client in selecting the Plan’s Default Investment to be utilized in the event a participant does not provide direction for the investment allocation of their account. Once Client selects the Default Investment, CAPTRUST will utilize the IPS to monitor and make available analysis, reports, and other information periodically. If the IPS indicates a Default Investment may meet the criteria for removal, CAPTRUST will provide information, analysis, and recommendations designed to assist Client in making an informed decision regarding the replacement of a QDIA.

**Recommendations for Allocating & Rebalancing Model Asset Allocation Portfolios**

In a manner consistent with the pillars of Modern Portfolio Theory and the IPS, CAPTRUST will review the Plan DIAs and will make recommendations to create and maintain Model Asset Allocation Portfolios (“Model Portfolios”). Once Client approves the Model Portfolios, CAPTRUST will utilize the IPS to continuously monitor the Model Portfolios and will make available analysis, reports, and other information periodically. On an as-needed basis, or upon request, CAPTRUST will make recommendations to Client regarding the reallocation and/or rebalancing of the Model Portfolios. If the IPS requires one of the DIAs used to construct a Model Portfolio to be removed, CAPTRUST will recommend another DIA within the same asset class as a replacement and will work with Client to coordinate the replacement with the appropriate parties.

**Individualized Investment Advice to Plan Participants**

CAPTRUST's licensed representatives will provide individual investment advice to Plan Participants through one-on-one appointments. This advice is offered in a fiduciary capacity. The basis of the individual advice is determined by establishing a participant’s risk tolerance level and using CAPTRUST’s asset allocation strategies that are based on Modern Portfolio Theory and the Plan’s investments as listed in the IPS. Plan Participants will exercise final decision-making authority and responsibility for the implementation of any recommendations made by CAPTRUST.

**Plan Level Services:**

- Annual project management
- Assignment of lead retirement consultant
- Develop annual calendar
- Produce and manage participant surveys
- Provide progress reports
- Manage online appointment software
- Produce customized webcasts and presentations
Participant Level Services:

- Enrollment assistance
- Assist participants in accessing account information and negotiating websites
- Retirement Blueprint preparation
- Determine proper savings level/deferral rates
- Investment diversification recommendations
- Retirement progress report
- Rollover of previous balances into Plan
- Pre-retiree consulting/counseling
- Access to all online tools
- Access to Advice Desk 800#

Provide one-on-one onsite meetings: __________ Days Per Year OR __________ Upon Request

Provide: __________ Reserved Advice Desk Appointment Days

As a fee only adviser, CAPTRUST is not required to comply with the Eligible Investment Advice Arrangements set out in ERISA 503(a) or its corresponding regulations with respect to these participant advice services.

2. ERISA NON-FIDUCIARY SERVICES

Although not performed in a fiduciary capacity under ERISA, CAPTRUST shall perform all of the selected non-investment related consulting services.

[Select each non-investment related service that you would like CAPTRUST to perform].

**Assistance with Fiduciary Oversight & Committee Education**

Fiduciaries are responsible to act prudently when managing and administrating their plans and to document the basis for the decisions they make in this regard. CAPTRUST will create files and maintain data on CAPTRUST Direct, a secure fiduciary information portal. CAPTRUST Direct is made available to Client and its Plan committees to assist the Plan’s fiduciaries with the operation and administration of the Plan and to provide a structured process for the development, application, and retention of documents and decisions made by the Plan fiduciaries. Additionally, CAPTRUST shall provide the following selected services to Client to facilitate the Plan fiduciaries in meeting their ongoing responsibilities: [Select desired services]

- Create and maintain fiduciary audit information via access to CAPTRUST Direct Plan specific web portal (including but not limited to Reports, Meeting Agendas, Minutes, and Plan documentation provided by Client)
- Develop and deliver fiduciary training and education programs for Client and other Plan fiduciaries
- Review the Plan’s committee structure and allocation of roles and responsibilities among committee members, Client, and CAPTRUST
- Evaluate Plan objectives and services available through the Plan
- Maintain all Plan reports, notices, and documentation prepared by CAPTRUST
- Review requirements and notices for compliance as needed
- Provide required disclosure materials as needed
- Attend committee meetings as requested
- Provide periodic CAPTRUST research reports
2. Assistance with Plan Fiduciaries’ Selection & Management of Service Providers

Fiduciaries are required to make informed decisions when selecting and monitoring the Plan’s service providers. At a minimum, the Plan’s arrangements with service providers must be reasonable, and with respect to the terms of the arrangement and the compensation paid for the services. CAPTRUST provides the following services designed to help Client and the Plan’s fiduciaries comply with their requirements to prudently select and monitor the Plan’s service providers. [Select desired services]

- Evaluate roles and responsibilities of third party service providers
- Review fees and services as required by and described in ERISA §408(b)(2)
- Review disclosures with responsible Plan fiduciary
- Provide periodic benchmarking of fees and services to assist the Plan fiduciaries in their evaluation of covered service providers for reasonableness
- Review ERISA spending accounts or plan reimbursement account utilization
- Review participant notices and disclosures described under ERISA §404(a) regulations
- Lead service provider evaluations via Request for Proposal or Request for Information, including:
  - Gather and distribute Plan information
  - Gather bidder responses
  - Evaluate information
  - Prepare analysis for Client
  - Participate in contract negotiations
  - Liaise between Client and covered service provider in the event of conversion or transition

3. Employee Investment Education & Communication

Fiduciaries are required to ensure that eligible employees receive certain information, disclosures, and notices that are accurate and timely. CAPTRUST will provide employee education to help communicate certain information provided by Client through one or more group meetings. Additionally, CAPTRUST shall provide the following selected services with the goal of increasing employee engagement, participation, and overall retirement readiness. [Select desired services]

- Oversight and management of employee education program
- Provide onsite educational meetings [ ] Days Per Year OR [ ] Upon Request
- Provide webcasts [ ] Days Per Year
- Develop topical education presentations
- Provide periodic electronic newsletter for delivery to participants
- Assist participants with navigation of recordkeeping systems and services
- Describe how to utilize gap analysis retirement calculator

3. EXCLUSIONS FROM SERVICES

The parties acknowledge that CAPTRUST:

- Will not serve as a plan custodian, third party administrator, or record keeper or assume the duties of a trustee of the Plan or administrator (as defined under ERISA).
- Shall have no authority or responsibility to vote proxies for securities held by the Plan or take any other action relating to shareholder rights regarding those securities, including delivering the prospectus for those securities
- Shall have no authority or discretion to (i) interpret the Plan documents, (ii) calculate or
otherwise handle benefit claims under the Plan; (iii) determine eligibility or participation under the Plan; or (iv) take any other action regarding the management or administration of the Plan. Specifically, CAPTRUST shall have no authority, discretion, or responsibility to: (i) determine, prepare, or distribute any notices to participants or beneficiaries; (ii) perform recordkeeping or actuarial services; (iii) determine the amount or timing of contributions to the Plan or distributions or withdrawals from the Plan; or (iv) select or certify any investment advice computer model or any other service not expressly stated in this Exhibit A.

- Will not, and cannot, provide legal, accounting, actuarial, or tax advice to Client and/or the Plan. Client will seek the advice of its own competent advisors as to all matters concerning the Plan, including the operations and administration of the Plan, the actuarial assumptions and funding of the Plan, the accounting records of the Plan, and how the Plan may comply with applicable law, including ERISA and the Internal Revenue Code of 1986, as amended (the "Code").

- Will not have any duties of any kind regarding the following assets held by the Plan: (i) any stock of, any equity interests of any kind in, or any debt of, Client or a company related to Client (collectively, "Client Equities"); and/or (ii) any assets allocated to self-directed brokerage accounts ("Self-Directed Brokerage Assets") that may be held by the Plan or that may be considered as an investment for the Plan. (For this purpose, Self-Directed Brokerage Assets include any assets of the Plan that are invested at the direction of a participant in the Plan (a "Plan Participant") or his/her advisor through a separate brokerage account, sometimes called a "brokerage window," or any similar arrangement whereby the assets of the Plan attributable to a Plan Participant are segregated from the normal investment funds of the Plan and invested at the direction of a Plan Participant or his/her advisor.) In particular, CAPTRUST shall have no duties regarding the analysis, purchase, sale, retention, or valuation of any Client Equities or any Self-Directed Brokerage Assets; nor shall it take into account any Client Equities or any Self-Directed Brokerage Assets in providing the Services. However, this does not preclude CAPTRUST from engaging in addressing administrative (non-fiduciary) questions related to the use of Client Equities and self-directed brokerage accounts in the context of the overall structure of the Plan. Client assumes the risk of all liability that arises as a result of CAPTRUST disregarding such Client Equities and Self-Directed Brokerage Assets in providing the Services and will indemnify CAPTRUST (in the manner contemplated in Section 4) to the extent of any liability resulting from CAPTRUST not taking into account such Client Equities or Self-Directed Brokerage Assets in providing the Services. Any Client Equities and any Self-Directed Brokerage Assets will be disregarded in determining any Fees payable to CAPTRUST based upon Plan assets.

- Will not be responsible or liable for recommendations or services rendered by third-party service providers or any other provider's compliance with applicable laws, including ERISA or the Code.

- Will perform investment advisory and investment management services for various other clients and may give advice and take action in the performance of its duties with respect to any of its other clients that may differ from the advice given or action taken with respect to Client and/or the Plan.

4. DISTRIBUTION CONSULTING DISCLOSURES

- CAPTRUST will not solicit Client's employees or beneficiaries for rollovers or provide recommendations as to the advisability of taking plan distributions.

- CAPTRUST will only provide Client's employees with educational information regarding Rollovers to IRAs or other qualified plans from this Plan.

- Unsolicited Plan Participants that directly request information from CAPTRUST regarding non-Plan assets or distribution amounts will be required to acknowledge in writing that they have not been solicited by CAPTRUST and understand that services rendered to non-Plan assets are done so at each participant or employee's own discretion.
EXHIBIT B – COMPENSATION

Consultant shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of Client or the Plan. Rather, the compensation to be paid to Consultant for the Services (the "Compensation") shall be determined as follows:

- Annual advisory fee of $130,000; with a 3% annual increase.

- Provider evaluation search / request for proposal (RFP) services are an additional one-time flat fee of $25,000 and will be billed upon completion of the project.

Compensation (annual advisory fee) is calculated on a quarterly basis (i.e., using one-quarter of the annual rate stated above) and will be payable quarterly, in advance, at the beginning of each calendar quarter. If this Agreement becomes effective as of a day other than the first day of a calendar quarter or if a termination of this Agreement is effective on a day other than the last day of a calendar quarter, the Compensation for that calendar quarter shall be prorated (calculated on a per diem basis) and the applicable amount promptly paid by Board to Consultant or refunded by Consultant to Board, as the case may be.

Board authorizes Consultant to collect the Compensation in the following manner (please check appropriate box):

- ☒ Invoice Client
- □ Invoice for payment from Plan assets - Direct Fee Charged to Participant Accounts
- □ Invoice for payment from Plan assets - Indirect Fee-Paid
  
  Description: Investment revenue collected by ______________, an unrelated party, for payment to CAPTRUST.

- □ Deduct directly from Plan assets (for Defined Benefit Plans)
- □ Other: ____________________________________________
EXHIBIT C – INSURANCE REQUIREMENTS

Consultant will (and will cause its subcontractors to) procure and maintain, until all of Consultant’s obligations have been discharged or satisfied, including any warranty periods under this Agreement, insurance against claims for injury to persons or damage to property that may arise from or in connection with the performance of the Services.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. Board and/or the State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect Consultant from liabilities that might arise out of the performance of the Services by Consultant or the Consultant Parties, and Consultant is free to purchase additional insurance.

A. Minimum Scope and Limits of Liability: Consultant shall provide coverage with limits of liability not less than those stated below:

1. Commercial General Liability – Occurrence Form. Policy shall include bodily injury, property damage, personal injury, and broad form contractual liability coverage.

   - General Aggregate $2,000,000
   - Products – Completed Operations Aggregate $1,000,000
   - Personal and Advertising Injury $1,000,000
   - Blanket Contractual Liability – Written and Oral $1,000,000
   - Fire Legal Liability $50,000
   - Each Occurrence $1,000,000

   a. Policy shall be endorsed to include the following additional insured language: “The State of Arizona, its departments, agencies, boards, commissions, universities, and its officers, officials, agents, and employees, shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of Consultant.”

   b. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities, and its officers, officials, agents, and employees, for losses arising from work performed by or on behalf of Consultant.

2. Automobile Liability. Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Agreement.

   - Combined Single Limit (CSL) $1,000,000

   a. Policy shall be endorsed to include the following additional insured language: “The State of Arizona, its departments, agencies, boards, commissions, universities, and its officers, officials, agents, and employees, shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of Consultant, involving vehicles owned, leased, hired, or borrowed by Consultant.”

   b. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities, and its officers, officials, agents, and employees, for losses arising from work performed by or on behalf of Consultant.

   c. Policy shall contain a severability of interest provision.
3. Worker’s Compensation and Employers’ Liability

- Workers Compensation $1,000,000
- Employers Liability
  - Each Accident $1,000,000
  - Disease – Each Employee $1,000,000
  - Disease – Policy Limit $1,000,000

a. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities, and its officers, officials, agents, and employees, for losses arising from work performed by or on behalf of Consultant.

b. This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/independent Contractor) form.

4. Professional Liability (Errors and Omissions Liability)

- Each Claim $1,000,000
- Annual Aggregate $2,000,000

a. If the professional liability insurance required by this Agreement is written on a claims-made basis, Consultant warrants that any retroactive date under the policy shall precede the effective date of this Agreement; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of 2 years beginning at the time work under this Agreement is completed.

b. Policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the scope of work of this Agreement.

5. Technology/Network Errors and Omissions Insurance.

- Each Claim $2,000,000
- Annual Aggregate $3,000,000

a. This insurance shall cover Consultant’s liability for acts, errors and omissions arising out of Consultant’s operations or Services, including loss arising from unauthorized access or use that results in identity theft or fraud. To the extent Consultant’s insurance coverage does not include a loss for which Consultant is deemed liable, Consultant will satisfy any loss through self-insurance as described below.

b. Coverage shall include the following or can be covered by Consultant self-insurance:

- Hostile action or a threat of hostile action with the intent to affect, alter, copy, corrupt, destroy, disrupt, damage, or provide unauthorized access/unauthorized use of a computer system including exposing or publicizing confidential electronic data or causing electronic data to be inaccessible;
- Computer viruses, Trojan horses, worms and other type of malicious or damaging code;
- Dishonest, fraudulent, malicious, or criminal use of a computer system by a person, whether identified or not, and whether acting alone or in collusion with other persons, to affect, alter, copy
corrupt, delete, disrupt, or destroy a computer system or obtain financial benefit for any party or to
steal or take electronic data;
- Denial of service for which the insured is responsible that results in the degradation of or loss of
  access to internet or network activities or normal use of a computer system;
- Loss of service for which the insured is responsible that results in the inability of a third party, who is
  authorized to do so, to gain access to a computer system and conduct normal internet or network
  activities;
- Access to a computer system or computer system resources by an unauthorized person or an
  authorized person in an unauthorized manner;
- Loss or disclosure of confidential information no matter how it occurs;
- Systems analysis;
- Software Design;
- Systems programming;
- Data processing;
- Systems integration;
- Outsourcing including outsourcing development and design;
- Systems design, consulting, development and modification;
- Training services relating to computer software or hardware;
- Management, repair and maintenance of computer products, networks and systems;
- Marketing, selling, servicing, distributing, installing and maintaining computer hardware or software;
and
- Data entry, modification, verification, maintenance, storage, retrieval or preparation of data output.

B. **Additional Insurance Requirements:** The policies shall include, or be endorsed to include, the following
provisions:

1. The State of Arizona, its departments, agencies, boards, commissions, universities, and its officers,
officials, agents, and employees, wherever additional insured status is required such additional insured
shall be covered to the full limits of liability purchased by Consultant, even if those limits of liability are
in excess of those required by this Agreement.

2. Consultant’s insurance coverage shall be primary insurance with respect to all other available sources.

3. Coverage provided by Consultant shall not be limited to the liability assumed under the indemnification
provisions of this Agreement.

C. **Notice of Cancellation:** If any of the above described policies is cancelled before the expiration date
thereof, notice shall be delivered in accordance with the policy provisions. Such notice shall be sent directly
to Executive Director of Risk Management, Arizona State University, PO Box 876512, Tempe, Arizona, 85287-
6512 and shall be sent by United States certified mail, return receipt requested.

D. **Acceptability of Insurers:** Insurance is to be placed with duly licensed or approved non-admitted insurers in
the State of Arizona with an "A.M. Best" rating of not less than A-VII (A minus seven). The State of Arizona
in no way warrants that the above required minimum insurer rating is sufficient to protect Consultant from
potential insurer Insolvency.
E. Verification of Coverage: Consultant shall furnish Board with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by Board before work commences. Each insurance policy required by this Agreement must be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Agreement, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Agreement shall be sent directly to Executive Director of Risk Management, Arizona State University, PO Box 876512, Tempe, Arizona, 85287-6512. Board’s project or purchase order number and project description shall be noted on each certificate of insurance. The State of Arizona and/or Board reserve the right to require complete, certified copies of all insurance policies required by this Agreement at any time.

F. Subcontractors: Consultant’s certificate(s) shall include all subcontractors as insureds under its policies or Consultant shall furnish to Board separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

G. Approval. The insurance requirements in this Agreement are the standard insurance requirements of Board as an entity within the State of Arizona. Any modification or variation from the insurance requirements in this Agreement will require the approval of the State of Arizona, Department of Administration, Risk Management Section, whose decision shall be final. Board will not forward any request for modification or variation without a complete and significant justification.
service level evaluation

**QUANTITATIVE MEASURES:**

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<th>Projects:</th>
<th>FAIR</th>
<th>GOOD</th>
<th>EXCELLENT</th>
<th>COMMENTS</th>
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<td>Plan Optimization Study</td>
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<td>Request for Proposal</td>
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<td>Change Management Campus Meetings</td>
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<th>Ongoing Services:</th>
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<td>Meeting Minutes</td>
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<td>CAPTRUST Direct Maintenance</td>
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<td>Annual Fee Benchmark</td>
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<td>Annual Investment Policy Statement Review</td>
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<td>Custom Reporting (as requested)</td>
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<td>Timeliness of Material</td>
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**QUALITATIVE MEASURES:**

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service level evaluation

Effectiveness
Knowledge & expertise
Problem-solving capabilities
Understanding of your organization's needs
Frequency of contact with you
Content of meetings

Overall
EXHIBIT E

PLAN OPTIMIZATION STUDY (TIMELINE)

SET GOALS & OBJECTIVES

- Review institutional objectives of retirement plans
- Determine peer groups (geographic and industry)
- Determine necessary data points
- Determine assumptions for retirement readiness
- Determine definition of retirement readiness (success)
- Measure against definition of success
- Review participant experience

PLAN OPTIMIZATION ANALYSIS

- Review ABOR's current plan design
- Review ABOR's current benefit structure to determine replacement income expectations
  - Include multiple pay levels/grades
  - Include early, mid and late career hires
- Assess participant enrollment technique (default vs. active)
- Assess participant deferral behavior (static vs. auto)
- Assess participant allocation approach (TDF vs. custom)
- Assess participant engagement (via web or phone)
- Assess participant learning (web or onsite one-on-one)
  - Custom workshops
- Assess retiree behavior (remain, rollover or annuitize)
- Compare against peers
FINDINGS AND RECOMMENDATIONS

- Review project goals
- Review project assumptions
- Review project analytics
- Present findings and conclusions, including identifying potential gaps in the following areas:
  - Employer Contribution amounts
  - Employee Deferral rates
  - Retirement Readiness of differing salary grades
  - Asset Allocation
- Present recommendations including:
  - Employer contribution strategy
  - Vesting
  - Eligibility
  - Other plan design features
- Implementation
MEETING SUMMARY

Plan Sponsor: Arizona Board of Regents
Plan Name(s): ABOR ORP Plan, Arizona University System Voluntary 403(b) Plan, Arizona University System Supplemental Retirement Plan, and the Arizona University System 415(m) Qualified Excess Plan
Working Group Members: Mary Adelman (Chair) – ABOR, Director, Business and Financial Services
Allen Atkins- NAU, Professor/Finance
Christina (Chris) Kuhl- NAU, Manager Benefits
Phil Reckers- ASU, School Director and Professor
Staci Wilson- UA, Senior Benefits Analyst
Chris Dominiak- UA, Manager, Benefits Systems and Administration- absent
Amy Ulibarri- NAU, Benefits Specialist, Sr.
Judy Cato- Benefits Director, ASU
Shanna Lewis - ASU, Benefits Consultant
Scott Cederburg, UA Assistant Professor of Finance
Lorenzo Martinez, ABOR, Chief Financial Officer
Other Attendees: Barry Schmitt (CAPTRUST) - SVP, Financial Advisor
Jim Strodel (CAPTRUST) - SVP, Financial Advisor
Fran Slacum (CAPTRUST) – Financial Advisor Relationship Manager
Drew Battle (CAPTRUST) – Client Relationship Manager
Karren Gorney (CAPTRUST) - Client Management Specialist
Meeting Topics: Q4, 2019 Plan Investment Review
Date: March 25, 2020
Time: 1:30 PM (MDT) – 3:00 PM (MDT)
Location: Zoom Meeting
Materials: CAPTRUST Q4 2019 Plan Investment Review and Asset Summary

INDUSTRY UPDATE/OVERVIEW

SECURE Act- In December, as a part of the government’s spending bill, Congress passed—and the president signed into law legislation that includes the most comprehensive changes to private retirement plans in more than a decade. The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 is a combination of several bills that were introduced in the last Congress with bipartisan support and is expected to make it easier for employers to sponsor retirement plans for their employees.

IMPACT TO RETIREMENT PLANS
- Requires annual disclosure of lifetime income (Pending further DOL Guidance)
- Extends the current required minimum distribution requirements to age 72 (effective for anyone turning 70.5 (after 12.31.2019)
- Allows penalty-free withdrawals for birth or adoption (optional)
- Raises auto-enrollment safe harbor cap to 15%
• Provides a safe harbor for lifetime-income provider selection
• Expands portability of lifetime income options
• Allows plans more time to adopt a safe harbor provision

OUTCOMES
• Plan documents will likely need to be amended to comply with certain new regulations.

ECONOMIC/MARKET UPDATE
All asset classes posted solid results for 2019. U.S. and international stocks and bonds performed well as the Federal Reserve and other central banks implemented policies to counter fears of slowing global economic growth. Despite distracting headlines along the way, patient investors were rewarded with generous gains during this news-driven year.
• While the economy grew only modestly in 2019, U.S. stocks posted their best year since 2013, aided by easing U.S.-China trade tensions and a boost from the Fed. The technology sector was especially strong.
• International developed and emerging market stocks also posted strong gains last year despite headwinds created by sluggish economic growth in Europe and China and a strong U.S. dollar.
• Bonds recorded their best year in more than a decade as interest rates fell significantly during the calendar year.
• Public real estate benefited from the helpful combination of low interest rates and favorable market demand.

Major indices performed as follows for the 4th quarter:
• U.S. Stocks +9.1%
• U.S. Bonds + 0.2%
• International Stocks +8.2%
• Emerging Markets +11.8%
• Real Estate +0.8%

CAPTRUST also discussed the recent Covid-19 pandemic and the current (and possible future) impact it is having on humanity and the capital markets. With the current market environment, the Committee will remind employees of the educational resources available through TIAA and Fidelity.

Plan Investment Review and Performance:
CAPTRUST reviewed the plan investment assets, performance, and investment policy monitor in a manner consistent with the IPS. As of December 31, 2019, plan assets totaled $4.81 billion ($3.27 billion at TIAA and $1.54 billion at Fidelity).

Out of the funds offered in the plans all funds are meeting policy guidelines except for the Neuberger Berman Sustainable Equity Fund that is Marked for Review.

Neuberger Berman Sustainable Equity (approximately $4 million in assets with a score of 78), is a socially conscious fund. There are certain industries that have been in favor that portfolio manager is not able to utilize in the portfolio. This year, the strategy is underperforming its benchmark (S&P 500) and underperforming the large blend peer group.
in each of the past six calendar years from 2014-2019. The Committee will continue to monitor the performance for next two quarters.

CAPTRUST’s Plan Investment Review and Performance can be found in the quarterly review document.

Action items

- CAPTRUST will incorporate participant counts per plan/vendor in five-year increments.
- Fee policy. CAPTRUST will work with Mary in assessing different ways to pay for services including a more equitable way to assess fees.
- Small Balance Payouts for terminated participants. CAPTRUST will work with Mary in determining the best way to proceed.
- Investment Policy Statement. CAPTRUST will work with Mary on updating the IPS.
- Legacy assets at de-selected vendors. There will be continued conversation in this area.
- Assets in legacy contracts at TIAA.
- RFP for consulting services. Since CAPTRUST’s contract is expiring, ABOR will be sending out an RFP for consulting services.

EXECUTIVE SESSION
CAPTRUST was not present.

The meeting was adjourned.