Present: Jeff Branstetter, Randy Jorgensen, John Jesse
Absent: Christine Murcek, Jan Madsen

Consultants: Tom Scalici and Jeff Sharp

The meeting began at 8:00 am.

Market and Economic Overview
Mr. Scalici provided an overview of the Second Quarter Market and Economic Commentary. He reviewed the Asset Class Index Performance report reflecting performance through June 30, 2014, along with selected charts and graphs related to economic performance and markets. A theme discussed was the difference in performance between high quality and low quality stocks over the last few years, with low quality stocks outperforming by about 9% annually over the last 5 years. This is skewing the stock indices over this time. Another theme was the mixed signals being sent by the underlying economy versus market valuations that appear to be in the slightly overvalued range right now. The lack of an adverse event impacting the financial markets since Q3 of 2012 has led to complacency by many investors. It has also led to risk being mispriced as several high risk asset classes have lower volatility than low risk asset classes.

Principal Platform Review
Mr. Scalici reviewed the changes to the assets in the Principal Core Fund lineup. The assets began the quarter at $224,867,284 and ended the quarter at $231,538,194. During the quarter, contributions were $3,806,545, withdrawals were $4,952,418 and changes in investment values were $7,818,883.

Mr. Scalici reviewed with the committee the asset allocation page of the review book which has been upgraded with a new rolling bar chart. This chart is a historical representation of the overall plan asset allocation. Instead of looking at a single point in time with a pie chart, we have expanded the time frame and are now looking at the plan’s asset allocation quarter by quarter. We feel this gives a good insight to how participants as a group may be affecting asset allocation as well as how market movements affect plan allocation. Also, the white line is a representation of the overall equity exposure of the plan. This takes into account the amount of assets in equity investments as well as the equity exposure gained through risk-based or target date portfolios. The page showed that, on balance, the overall plan allocation to equities has continued to increase over time. As of June 30, 2014, 79% of plan assets in the Principal platform were in equities, and 21% in fixed income, guaranteed income and cash. The committee agreed that ongoing education on asset allocation is important to plan participants since in general the overall risk profile is increasing slightly over time.
For the quarter, the plan’s net investment return was 3.48% versus the Blended Benchmark return of 3.99%. The index funds have done well relative to actively managed funds. Mr. Scalici reviewed the relative rankings of each fund, including the beta, Sharpe ratio and fund expense ratio.

The committee reviewed funds that were on the watch list from the last quarter.

The decision was made in the May Retirement Committee meeting to remove the Columbia Value and Restructuring fund and replace it with the Diamond Hill Large Cap A Fund. This change will take place on September 2, 2014. At the same time there will be a share class change on the Principal Guaranteed Account which will reduce the fee on the fund. After the Diamond Hill Large Cap A share was selected, it was determined that the additional revenue sharing generated from this share class was not necessary to offset the plan fees so the institutional share class could be used. Unfortunately, since the Participant Fund Change Notice had already been distributed, the Diamond Hill Large Cap A share needed to be used for the change. Mr. Scalici commented that the fund share class could be changed at a later date. The Retirement Committee approved to change the share class for the Diamond Hill Large Cap fund from the A share to the Institutional share class on December 1, 2014.

Mr. Scalici reviewed the plan level costs and related fund-revenue sharing from Principal as contained on page 9 of the report. The average revenue sharing for the quarter was 18.23 basis points. Principal continues to charge 15 basis points to administer the plan. The remaining 3.23 basis points of revenue sharing will be used to pay the consultant fees. The balance of any plan-related fees is paid directly by Creighton University.

Mr. Scalici reviewed several new demographic reports as reflected on pages 10 and 11 of the report. Highlights include that the participation rate has increased from 59% in 2009 to 68% at the end of 2012. Average participant account balances have increased from $35,322 on 12.31.09 to $57,428 on 12.31.13. The data will be updated as it becomes available.

The Committee reviewed the Internet and Voice Response Usage on page 10.

**TIAA-CREF Platform Review**

The TIAA-CREF Core fund activity was reviewed. The TIAA-CREF assets were $233,375,698 as of July 1, 2014 and finished the first quarter at $238,392,702. Contributions totaled $1,182,557; withdrawals were $3,317,580, and changes in investment values were $7,206,102.

The updated rolling asset allocation page of the review book shows that the overall allocation to equities has remained stable and ended at 53% for the Quarter ended June 30, 2014. The weighted return for the quarter was 3.09%, compared to the weighted benchmark return of 3.52%. The TIAA-CREF platform has seen a net cash outflow of $28,599,347 since the fourth quarter of 2010.

**Total Investment Platform Overview**

The aggregate total plan assets as of the end of the quarter were $469,930,896. Contributions during the quarter totaled $4,989,102; withdrawals were $8,269,998, and changes in investment values were $15,024,985.
The overall total plan allocation reflects:

- Domestic Equities 26.2%
- International Equities 4.0%
- Global Equities 18.8%
- Asset Allocation 22.6%
- Fixed Income 4.2%
- Alternatives 4.1%
- Cash and Equivalents 19.2%
- Other 0.8%

The Committee reviewed several TIAA-CREF reports on assets held by active and non-active participants. Reports also included information on fund allocation by age group, overall asset allocation of TIAA-CREF assets, and net cash flow of the TIAA-CREF platform. Of the 1,177 participants using the TIAA Traditional account, 548 of them are using it as the only investment of their retirement fund allocation. The committee agreed that we need to continue to educate participants on diversified asset allocation into and through retirement.

The committee also reviewed detailed reports on participant demographics including retirement income replacement ratio's by age group, elective deferral by age group, etc. On balance, younger participants have a higher expected replacement ratio than older participants. The age 18-34 group has a 66% average income replacement ratio, while the age 50-64 group has an expected replacement ratio of 58%. This is primarily a result of compound interest over time. A 1% increase in contributions for people below 34 will increase their retirement readiness % by almost 3%, while for someone in the 50-64 age group it will increase it by less than 1% on average.

The consultants will talk with TIAA and Principal to see if there is a way to incorporate TIAA account balances into Principal’s retirement readiness software to provide a more complete picture of retirement readiness. If that is possible, the website can be updated for all active participants. Given this more complete picture, the Committee can then set realistic goals for improvement in this area for 2015.

There have been several discussions between Creighton, Principal and a firm called NBS to try and figure out a way to streamline the oversight and administrative complexities of managing two investment platforms. While the concept is interesting, it would add some complexity to the plan audit and would require certain TIAA participants to change their behavior and utilize NBS’s website instead of TIAA’s website. This is still being evaluated but no recommendation has been made to move forward at this point.

Seeing no further business, the meeting adjourned at 9:45 a.m.