Creighton University
Retirement Plan Committee
Meeting Minutes
May 23, 2016

Present: Jeff Branstetter, John Jesse, Jessica Graner, Christina Murcek, Janel Tacke Allen

Absent: Randy Jorgensen

Consultants: Tom Scalici (via conference call) and Jeff Sharp

Mr. Branstetter called the meeting to order at 11:30 am.

Market and Economic Overview
Mr. Scalici provided an overview of the First Quarter Market and Economic Commentary. He commented on recent volatility in the market. He then reviewed the Asset Class Index Performance report reflecting performance through March 31, 2016, along with selected charts and graphs related to economic performance and markets.

Principal Platform Review
Mr. Scalici reviewed the assets in the Principal Core fund lineup. The assets began the quarter at $232,078,122 and ended the quarter at $234,158,518. During the quarter, contributions were $4,853,898, withdrawals were $3,059,426 and changes in investment values were $284,924.

As of March 31, 2016, approximately 79% assets in the Principal platform were in equities and 21% were in fixed income, guaranteed income and cash.

For the quarter, the plan’s net investment return was .12%, and the blended benchmark return was 1.03%. The difference was primarily attributable to indices doing well and not the funds doing poorly as the overwhelming majority of funds outperformed their peer groups for the quarter.

TIAA-CREF Platform Review
The TIAA-CREF Core fund activity was reviewed. The TIAA-CREF assets were $223,582,267 as of January 1, 2016 and finished the first quarter at $223,946,595. Contributions totaled $1,747,392, withdrawals were $2,655,422 and changes in investment values were $1,312,273.

The updated rolling asset allocation page of the review book shows that the overall allocation to equities ended the quarter at 51%. The weighted return for the quarter ending March 31, 2016 was .59%, and the weighted benchmark return was 1.18%.

The overall total plan allocation reflects:

- Domestic Equities: 26.6%
- International Equities: 3.8%
- Global Equities: 16.4%
- Asset Allocation: 24.2%
- Fixed Income: 4.6%
- Alternatives: 3.8%
- Cash and Equivalents: 19.7%
- Other: 0.8%
Total Investment Platform Overview
The aggregate total plan assets as of the end of the first quarter were $458,196,886. Contributions during the quarter totaled $6,601,290, withdrawals were $5,714,848 and changes in investment values were $1,597,247.

Fund Performance Review
The consultants reviewed the fund options offered on the Principal platform. Over the last year and three years, only the PIMCO Total Return Fund performed in the bottom quartile of the peer group; and that fund was replaced in 2015. Over five years; only the Neuberger Berman Socially Responsible Fund was in the bottom quartile, primarily because of its underweight to healthcare stocks.

Next, the consultants discussed the Principal Money Market Fund option will be replaced with the Vanguard Federal Money Market Fund. This change is being made to eliminate any adverse impact on the participants from new regulations enacted on certain money market funds. Mr. Scalici will coordinate a date with Principal for the transition.

Lastly, the funds on the TIAA platform were reviewed. Over the same time frame there were no funds in the bottom quartile of the peer group. Overall performance of the fund options in the plan has been very good.

Plan Pricing Discussion
Both Principal and Cornerstone have reduced their fees in the last year – Principal to .14% and Cornerstone to .07%. Since 2008, this represents a 27% decrease in cost to the plan. TIAA continues to collect .18% of plan assets and has been unwilling to negotiate a lower rate due to the plan cash flow. We have had conversations with the new TIAA representative and expressed our frustration on this issue. They have said that they will reevaluate the situation. We will push them for a decision before our next meeting.

Plan Demographic Data
The plan demographic report was reviewed. Participant usage of the Internet and customer support services at Principal is pretty consistent with last year with no major deviations to report.

RetireView Asset Allocation Changes
Effective July 1, Morningstar is tweaking the asset allocation models of all of the RetireView Asset Allocation models. Several of the asset classes are changing by 1% to 2%. This does not represent a significant change to any of the strategies. Information on the changes is available on the Principal website.

Retirement Readiness
Principal is in the process of updating the overall retirement readiness numbers for the plan and for each individual. They have developed a new dashboard that allows us to slice and dice the data into a number of different demographic categories which will enable us to develop more targeted education and communication campaigns. The study will be completed in the next few weeks and discussed in detail at the next committee meeting.

Fee Leveling
The committee has been discussing the concept of fee leveling and the different options as to how it can be implemented. Principal provided a white paper on the subject describing three different methods. The one they felt was the best cultural fit was the credit all method. Under this strategy, any revenue sharing included in the cost structure of a fund would be credited back to each participant who had a balance in that fund. Then each month, a level fee would be deducted from each fund in
the plan to pay for the costs of recordkeeping and advisory fees. Revenue sharing on both the Principal and TIAA platforms is currently paying for these costs so this is not a new practice. The main difference now is that percentage included in each fund varies. Fee leveling is quickly becoming a best practice in the industry. The committee is considering implementing fee leveling effective January 1, 2017 and will make a final decision on the mechanics of this at the next review meeting.

**Department of Labor Fiduciary Rule**

In April, the Department of Labor passed the new fiduciary rule, a piece of legislation more than 1,000 pages long. The primary focus of the legislation was to extend a fiduciary standard to all advisors who work with qualified plans, extend that fiduciary duty to IRA accounts, address conflicted compensation, clarify what is a considered a suggestion versus information and address upselling of services. Parts of the rule go into effect in April 2017 with the balance on January 1, 2018. According to our advisors, our process will have to change very little with respect to their services. The providers like Principal and TIAA are addressing their business models and will have to update them accordingly since they provide information, guidance and advice through various channels (phone, Internet, face-to-face meeting, etc.). The impact of the new rule will be an agenda item in future meetings.

This was a challenging meeting since there was no power or phone service on campus but nonetheless a productive meeting.

With no further business, the meeting adjourned at 1:00 pm.