Present: Christina Murcek, Janel Allen, Jessica Graner, John Jesse and Randy Jorgensen

Absent: None

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 11:00 am. The committee welcomed the new Committee Chair, Janel Allen. Fiduciary training for Janel will be conducted on November 29, 2016. Included in the discussion will be a review of the history of the relationship between Creighton and the consultants as well as a review of the fiduciary process, Investment Policy Statement and industry best practices.

The committee was updated on recent communications from TIAA-CREF (see next page). They also discussed fee leveling and mechanics related thereto. Also discussed is how this should be communicated to participants, timing and potentially providing a Q&A.

**Market and Economic Overview**

Mr. Scalici provided an overview of the third quarter market and economic commentary. He then reviewed the asset class index performance report reflecting performance through September 30, 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 $239,987,242 and ended the quarter at $246,568,470. During the quarter, contributions were $4,166,528, withdrawals were $7,314,622 and changes in investment values were $9,731,578.

As of September 30, 2016, approximately 80% assets in the Principal platform were in equities and 20% were in fixed income, guaranteed income and cash.

**Principal Fund Performance Review**

The weighted performance of assets on the Principal platform for the quarter was 4.06%. This compares to the Blended Benchmark of 3.96%. The committee reviewed each of the individual fund choices and compared to the appropriate benchmark. For the year to date period ended September 30, 2016, the weighted return of the Principal plan assets was 5.99% compared to the Blended Benchmark of 7.02%. While the plan underperformed the benchmark, it was primarily because indices did so well with many of them in the top 15% of the peer group. Virtually all of the funds, with the exception of the Target Date funds, beat their benchmarks over the last year. Over the last three and five years, the plan has outperformed its blended benchmark.

The committee reviewed the RetireView portfolios, which have done well on a risk-adjusted basis. They also reviewed the performance of the Principal Lifetime Portfolios. Over the last
year ending September 30, 2016, the portfolios have performed in the bottom quartile of the peer group. A deeper analysis was provided on all of the underlying funds that comprise the portfolios to identify the areas of underperformance. The consultants are in active conversations with Principal to better understand what if any action steps Principal is contemplating to improve relative performance. The consultants recommended, and the committee approved, that they conduct an analysis of other target date portfolios available on the platform to determine whether any action is necessary. The committee also discussed the varying glide paths and the possibility of re-defaulting participants into these portfolios. This will be an agenda item in our next meeting.

The committee reviewed the Investment Policy Statement Dashboard and historic returns of the funds relative to the appropriate benchmarks. Also reviewed was the quarterly recap of the administration costs of the plan charged by Principal and consultants.

**TIAA-CREF Platform Review**

The Committee reviewed the TIAA-CREF core fund activity. The TIAA-CREF assets were $225,106,262 as of July 1, 2016, and finished the third quarter at $228,356,589. Contributions were $2,350,928, withdrawals were $5,980,606 and changes in investment values were $6,929,483.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at 51%. The weighted return for the quarter ending September 30, 2016 was 3.08%, and the weighted benchmark return was 3.02%.

**Total Investment Platform Overview**

The aggregate total plan assets as of the end of the third quarter were $475,023,070. Contributions during the quarter were $6,517,456, withdrawals were $13,295,228 and changes in investment values were $16,665,931.

The overall total plan allocation reflects:
- Domestic equities: 27.6%
- International equities: 4.1%
- Global equities: 15.5%
- Asset allocation: 23.9%
- Fixed income: 4.9%
- Alternatives: 3.6%
- Cash and equivalents: 19.5%
- Other: 0.8%

**Fee Leveling**

The committee discussed the fee leveling that will be effective on the Principal platform effective January 1, 2017. The communication strategy and related documents are being finalized. This will likely include a Q&A for participants on fee leveling and what this means to participants.

**David Howard (TIAA-CREF) Discussions Update**

Mr. Scalici updated the committee on conversations held with Mr. David Howard at TIAA-CREF. After eight years of asking, TIAA-CREF has finally agreed to reduce their administration cost from 18 bps to 15.8 bps. They have agreed to implement a PERA account to receive credits provided by TIAA-CREF. The implementation date will be shortly into Q1 2017. David Howard is in the process of putting together an implementation strategy which will include the necessary
contract changes and timeline. Overall, this represents an estimated $57,000 in savings to plan participants and the University.

The Committee had a brief discussion about the use of proprietary target date funds on both platforms. Industry trends are to move away from proprietary funds toward either custom models or non-proprietary options, both of which have greater levels of independence. In the case of the Principal Lifetime Portfolios, while branded Principal, there are at least 10 different non-Principal subadvisors managing pieces of the fund allocation. Again, this will be an agenda item at the next meeting.

With no further business, the meeting adjourned at 12:30 pm.