

Creighton University Retirement Plan Committee Meeting Minutes

December 5, 2017

Present: Janel Allen, John Nisbet, John Jesse, Angie Mills and Randy Jorgensen

Absent: Christina Murcek

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 10:00 am.

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, 2017, 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 \$274,799,279 and ended the quarter at \$286,383,643. During the quarter, contributions were \$4,516,529, withdrawals were \$4,435,350 and changes in investment values were \$11,576,270.

As of September 30, 2017, approximately 82% of assets in the Principal platform were in equities and 18% were in fixed income, guaranteed income and cash. Asset allocation portfolios hold approximately 38% of assets on the Principal platform.

The switch from The Principal Lifetime target date portfolios to the American Funds target dates took place on October 5.

Principal Platform Fund Performance Review

The weighted performance of assets for the quarter was 4.21%. This compares to the blended benchmark of 3.99%. Year to date, at the platform level, the performance was 13.68% compared to the blended benchmark of 12.22%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. Historical plan performance has annually averaged 12.10% versus the blended benchmark return of 11.34% since the beginning of 2010. The committee also reviewed the investment policy statement (IPS) Performance Criteria Dashboard and the performance of the RetireView portfolios. Overall performance has been outstanding. Only one fund has been below average over three years and another over five years. Every other fund option performed in the top half of the peer group. Also reviewed was the participant activity in the plan, including internet and voice response usage.

TIAA-CREF Platform Fund Performance Review

The committee reviewed the TIAA-CREF core fund activity. The TIAA-CREF assets were \$236,327,749 as of July 1, 2017 and finished the third quarter at \$241,600,011. Contributions were \$1,189,332, withdrawals were \$3,308,699 and changes in investment values were \$7,391,629.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 58%. The weighted return for the quarter ending September 30, 2017 was 3.13% and the weighted benchmark return was 3.10%.

The committee reviewed the IPS Performance Criteria Dashboard for each fund, including absolute and relative performance versus the appropriate benchmark.

Total Investment Platform Overview

The aggregate total plan assets as of the end of the third quarter were \$528,100,373. Contributions during the quarter were \$5,705,861, withdrawals were \$7,744,049 and changes in investment values were \$18,973,724.

The overall total plan allocation reflects:

- Domestic equities: 28.9%
- International equities: 4.8%
- Global equities: 15.0%
- Asset allocation: 24.3%
- Fixed income: 4.8%
- Alternatives: 3.3%
- Cash and equivalents: 18.2%
- Other: 0.8%

Plan Pricing

The committee discussed fee leveling on the TIAA platform similar to what has been done on the Principal platform. The committee reviewed overall plan costs along with costs at the Principal and TIAA platform level.

The committee discussed in depth the advantages of moving to TIAA's RC platform in the context of fee leveling and overall cost reductions. After much discussion, the committee unanimously agreed to begin the process to move to TIAA's RC platform and to implement fee leveling for TIAA participants. The consultants will review the proposed wrap fee (17bps) and provide an update to the committee as appropriate.

Implementation of this change will include communication and education of participants in advance of the change which is tentatively scheduled for April 1. Assuming the wrap fee remains at 17bps, the recordkeeping and advisory costs of the TIAA and Principal platforms will be identical as the Principal advisory fee component will be reduced to 3.6bps.

ESG Impact

In the previous meeting, the committee reviewed various ESG funds available on Principal's platform and selected two funds which they asked the consultants to conduct additional due diligence on: the Parnassus fund and the TIAA Social Choice fund. The Parnassus fund has 25 holdings and historically has owned no fossil fuel companies. It is an actively managed concentrated portfolio of stocks. The TIAA Social Choice fund owns about 800 stocks and is more passively managed.

After reviewing the due diligence, the committee elected to replace the existing Neuberger and Berman fund with the Parnassus fund and add the TIAA Social Choice fund as an additional investment option.

Sixty-two participants have a total of approximately \$1.9 million in assets invested in the Neuberger Berman fund and will be affected by this change which is expected to be implemented on April 1. It is also the only fund that has performed in the bottom 25% of the peer group over the last year.

IPS and Fee Policy Statement

The committee reviewed changes made to the IPS, which includes the changes to the Target Date funds among other things. They also asked that we add a section on the roles and responsibilities of the recordkeeper before signing. The consultants will make these changes and circulate to the committee for approval and execution before the next meeting. The committee also asked if we can update the fee policy statement to reflect the change to fee leveling across the board.

Plan Sponsor Participant Rollover Acknowledgement Form

The consultants briefed the committee on the acknowledgment form now required under the new Department of Labor fiduciary rules. An original will be forwarded to Janel Allen for signature.

With no further business, the meeting adjourned at 11:45 am.