

**Creighton University
Retirement Plan Committee
Meeting Minutes
February 11, 2009**

Attending: Chris Karasek, Mark Taylor, Lee Galles, Dan Burkey, Jeff Branstetter, Tom Scalici and Jeff Sharp

Absent: None

The committee met at 12:30pm on February 11, 2009 and adjourned at 2:50pm.

This was the initial meeting of the newly constituted Retirement Plan Investment Committee.

The meeting began with Dan Burkey providing for the committee an overview of the events that have taken place to date. He reviewed with the committee the transition including the communication and education that took place during the conversion process.

Jeff Branstetter shared additional comments on the conversion. He asked that the committee agree on the best way to communicate with the various stakeholders at Creighton University as to the activities of the committee. After some discussion, it was decided that we would provide soon after the committee meetings copies of the minutes as well as an Executive Summary of items discussed.

Tom Scalici reviewed with the committee generally the duties and responsibilities of a fiduciary. This discussion involved highlighting the primary responsibilities of being a fiduciary.

The committee then reviewed the specific data related to the assets in the plan both in the core fund line-up at The Principal as well as assets at TIAA-CREF. It was suggested that for purposes of the next meeting that we have a consolidated report reflecting all assets in addition to breaking them out separately.

There were some interesting statistics reviewed during this portion of the meeting. On the Principal platform, the overall asset allocation was 78% stocks and 22% bonds, while on the TIAA-CREF platform the asset allocation was 47% in stocks and 53% bonds and cash. Almost 80% of the assets in TIAA-CREF are invested in 2 funds, the Retirement Annuity Options and the CREF Stock Fund. On the Principal platform, 41% of the money is in the Lifetime Retirement Portfolios, vs. only 1% on the TIAA-CREF platform. Finally, those individual who are selecting their own mix of funds have a pretty significant overweight towards growth stocks, with 57% of assets in growth, 24% in blend and 19% in value stocks. This is largely a result of the mapping process employed during the transition. The committee suggested we consider putting together an educational piece on the importance of asset allocation and rebalancing that can be communicated to participants sometime in April.

Creighton University
Retirement Plan Committee
February 11, 2009 Meeting Minutes

The committee discussed the Principal Lifetime Portfolios. It was confirmed that the portfolios themselves invest in sub-funds that are managed by Principal as well as outside managers. It was felt that there may be some confusion among the participants that the Principal Lifetime Portfolios are entirely managed by Principal. The goal over the next twelve months is to develop an education strategy to share with participants the fact that outside managers manage portions of each Principal Lifetime Portfolio. This is one of the key benefits of using Principal in that they themselves do not manage the entire portfolio.

In reviewing the performance of the Lifetime Portfolios, it was felt that we should put the Principal Lifetime Income Fund on a watch list given its relative under performance in the recent past.

Tom Scalici and Jeff Sharp did note that there were several changes to the Principal Lifetime Portfolios, two of which will impact the Lifetime Income Fund. The changes include the addition of the Core Plus Bond I Fund, managed by PIMCO and the addition of the International Value I Fund, managed by AXA Rosenberg and Causeway Capital Management. They are also replacing Principal Global Investors as the investment manager for the Inflation Protection Fund with BlackRock. In addition Principal is announcing a reduction in management fees.

Mark Taylor described, for purposes of monitoring fund performance, a “dashboard” which would facilitate monitoring the funds’ performance. After some discussion it was decided that the consultants would come back to the committee with a solution in this regard for their feedback.

Jeff Branstetter wanted the investment consultants to follow up to determine if we are to a point with Vanguard where we can realize cost reductions because of amount of assets on deposit.

Tom Scalici, after having reviewed the composite performance data for both the Principal core fund line-up as well as the TIAA-CREF, walked the committee through the individual fund analytics, designed to monitor the performance criteria in the Investment Policy Statement (IPS). The committee reviewed each fund based on these criteria.

The Principal Lifetime Portfolios were not included in the individual fund analytics. It was requested by Jeff Branstetter that they be added to the individual fund analytics. As a follow up to this meeting, the same type of analysis was conducted on these portfolios and was distributed to the committee.

In reviewing the peer group performance of the funds in the core fund line-up, the following funds were identified as underperforming and, therefore, placed on a watch list:

- Fidelity Magellan
- Fidelity Small Cap Stock Fund
- Fidelity Equity Income Fund
- Fidelity Value Fund
- Principal Retirement Income Fund

Creighton University
Retirement Plan Committee
February 11, 2009 Meeting Minutes

Peer group rankings based on investment performance were all in the bottom quartile of the peer group for a 1, 3, and 5 year period of time for each of these funds. In Fidelity's case this was largely a result of them being one of the largest holders of some of the hardest hit financial stocks like Fannie Mae, Freddie Mac, Merrill Lynch and Citigroup to name a few. In Principal's case, their exposure to corporate bond funds and their methodology of being a spread bond manager detracted from performance. Our consultants will be closely monitoring the changes made to the Retirement Income Fund to see if the manager changes make a difference. 2008 was one of the worst years on record for corporate bond funds.

Tom Scalici reviewed with the committee the draft investment policy statement. After review, it was suggested by Mark Taylor that the electronic version be distributed to the committee for editing so it can be finalized and executed prior to the next meeting.

Mark Taylor brought to the committee a suggestion by certain of his peers that additional low-cost index funds be added to the core fund lineup and that monitoring such funds would not induce significant additional effort. This suggestion will be taken into account prospectively.

Mark Taylor also asked that the committee consider over the next year whether to add a Roth deferral feature to the 403(b) plan. This was considered during the transition process; however, it was felt that with the magnitude of changes occurring at that time that this should be postponed until a later date. With the likelihood of increased taxes in the future, the Roth would be an attractive option to have. The committee will more fully review this option in the next meeting.

Mark Taylor suggested that the human resources department review the flexibility in terms of electing to defer additional participant money toward the end of the year. Apparently, right now there is a cut off of October 23rd for any payroll changes through the balance of the year. Mark suggested that we once again look at whether the Creighton systems would permit a participant in late November to decide to defer more money in the month of December into the 403(b) plan.

In terms of meeting logistics, it was agreed that the committee would receive an electronic version of the materials one week in advance of the meeting. The hard copy portion of the materials that will be made available at the committee meetings will be limited to the macro-economic data, cash flow, asset allocation and performance summary spreadsheets.

Items of follow up for the next meeting include:

- A detailed update on the watch list funds
- A thorough review of the Principal Lifetime Portfolios
- A discussion of the Roth deferral feature
- An analysis of additional index funds to be considered
- A review of the asset allocation presentation to be distributed to participants

The next regularly scheduled meeting of the committee will be on May 20, 2009, 12:30pm at Harper Hall.

The meeting adjourned at 2:50pm.