

Creighton University Retirement Plan Committee Meeting Minutes

September 7, 2018

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

Consultants: Jeff Sharp and Tom Scalici

Janel Allen called the meeting to order at 11:00 am.

Market and Economic Overview

Mr. Scalici provided an overview of the second quarter market and economic commentary. He then reviewed the asset class index performance report reflecting performance through June 30, 2018, 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 \$298,450,894 and ended the quarter at \$303,491,721. During the quarter, contributions were \$4,814,882, withdrawals were \$6,871,461 and changes in investment values were \$7,094,905.

As of June 30, 2018, approximately 76% of assets in the Principal platform were in equities and 24% were in fixed income, guaranteed income and cash. Asset allocation portfolios hold approximately 39% of assets on the Principal Platform.

Principal Platform Fund Performance Review

The weighted performance of assets for the quarter was 2.38%. This compares to the blended benchmark of 2.47%. Year-to-date, at the platform level, the performance was 2.42% compared to the blended benchmark of 1.93%. The committee reviewed each of the individual fund choices and compared them to the appropriate benchmark. There were two funds that performed in the bottom quartile of their peer group over the last 12 months and those were both large cap value options, MFS Value and Diamond Hill. The large cap value index performed in the 81st percentile over that time and that largely explains the performance. Long term performance of both funds continues to be above average. Historical plan performance has annually averaged 11.78% versus the blended benchmark return of 10.83% since the beginning of 2010. The committee also reviewed the Investment Policy Statement (IPS) Performance Criteria Dashboard and the performance of the RetireView portfolios. 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 \$237,994,302 as of April 1, 2018 and finished the second quarter at \$239,567,720. Contributions were \$842,657, withdrawals were \$2,497,150 and changes in investment values were \$3,227,911.

The updated rolling asset allocation page of the review book shows the overall allocation to equities ended the quarter at approximately 52%. The weighted return for the quarter ending June 30, 2018 was 1.36% and the weighted benchmark return was 1.49%. Year-to-date, at the platform level, the performance was 1.54% compared to the blended benchmark of 1.12%. Since 2010, annualized performance has been 7.62% versus the index of 6.84%. The committee reviewed the individual fund performance relative to the appropriate asset class benchmark. Also reviewed was the historic recap of contributions and distributions from the TIAA-CREF platform. There were also two funds that performed in the bottom quartile of their peer group over the last 12 months and those were the TIAA Large Cap Value fund and the TIAA Inflation Linked Bond Fund. Long term performance of both funds continues to be above average.

The committee reviewed the assets in the 457(f) plan. Assets totaled \$124,503 at the end of the quarter.

Since 2010, there have been more than \$275 million dollars in withdrawals and distributions from the plan.

Total Investment Platform Overview

The Aggregate Total Plan assets as of the end of the second quarter were \$543,183,944. Contributions during the quarter were \$5,657,539, withdrawals were \$9,368,611 and changes in investment values were \$10,324,584.

The overall total plan allocation reflects:

- Domestic equities: 29.9%
- International equities: 4.8%
- Global equities: 14.3%
- Asset allocation: 24.6%
- Fixed income: 4.4%
- Alternatives: 3.2%
- Cash and equivalents: 17.7%
- Other: 1.1%

The committee discussed strategies to potentially integrate HSAs into the education plan for participants as they plan to save for retirement and overall financial wellness. This analysis will be discussed in depth at an upcoming strategy meeting at the end of September.

The committee reviewed the investment fee and expense disclosure document, along with the revenue credit report, for both TIAA-CREF and Principal platforms. Overall plan fees continue to decline due to the migration to institutional funds and renegotiation with all vendors.

Fee Policy Statements

The committee reviewed Fee Policy Statements for both platforms. The statements indicate the committee's elections as to which fees are paid by the plan and by Creighton directly. Adopting Fee Policy Statements is quickly becoming an industry best practice. After review and discussion of the documents, a motion was made by John Jesse, second by Randy Jorgensen, to approve them. Both documents were fully executed in the meeting.

Strategic Action Summary

The Strategic Action Summary was reviewed and discussed. During the quarter, the migration to the TIAA Retirement Choice platform was completed, the VCP was filed and approved, plan documents and the SPD were reviewed, and the new socially responsible funds were added to both platforms. On September 28, a half-day strategic planning meeting will be held to discuss major initiatives over the next three to five years. The agenda for this meeting will be finalized in the next two weeks.

Fiduciary Updates

The DOL has indicated areas that plan sponsors need to pay attention to, based on feedback they have seen from various audits. One was to implement Fee Policy Statements. Two was to track payroll contributions to make sure they are implemented on a timely and consistent basis, three was to establish a more formal process for finding lost participants and four was to provide participants with a GAP analysis projecting retirement readiness. We are pleased that the committee has already addressed each of these areas.

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