

SCFA RETIREMENT SUBCOMMITTEE
MINUTES OF MEETING
DECEMBER 7, 2004

[In these minutes: Retirement Waiting Period Waiver, Faculty Retirement Plan Investment Policy Guidelines and Investment Policy Statement, TIAA CREF/Ernst & Young]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate or Twin Cities Assembly; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate or Assembly, the Administration or the Board of Regents.]

PRESENT: Daniel Feeney, chair, Carol Siegel, Gavin Watt, Barry Melcher, Jackie Singer, Chris Suedbeck, Gordon Alexander, Dian Lopez, Michael Murphy, Herbert Pick, Burt Sundquist

REGRETS: Kathryn Hanna, Jean Kinsey

ABSENT: Richard Goldstein

OTHER: Fred Morrison

I). Professor Feeney called the meeting to order and asked those present to introduce themselves.

II). Professor Feeney asked for members¹ input on the letter to the administration pertaining to the retirement waiting period waiver. Members approved of the letter as written, and indicated it should be sent as soon as possible.

III). A final draft of the Personal Financial Assessment¹ letter was distributed to members for their review. Both the Office of the General Counsel and outside counsel have reviewed the letter. Ms. Singer highlighted the changes that were made to this document since members last reviewed it at their November 8th meeting. This letter will be sent out to all Faculty Retirement Plan (FRP) participants in January. It was noted that an on-going goal of the SCFA Retirement Subcommittee is to provide FRP participants with as much useful investment education information as possible without providing investment advice.

IV). Ms. Singer distributed copies of the draft Faculty Retirement Plan Investment Policy Guidelines and Investment Policy Statement. The documents serve as set of basic guidelines in terms of what benchmarks should be used to measure fund performance, fund categories offered in the FRP, when matters should be escalated to the Regental level, etc. As Ms. Singer provided members with an overview of each document, she requested input in terms of wording and content of certain sections. She noted that putting the guidelines and policy statement in writing will undoubtedly attract the Board

of Regent's attention because it affirms their fiduciary responsibility as Trustees for \$2 billion of FRP assets. This could mean more work for the SCFA Retirement Subcommittee should the Board of Regents decide to delegate certain aspects of its FRP fiduciary responsibilities to the subcommittee.

The subcommittee completed their review of the documents, and requested follow-up with respect to the following items:

- A member asked in terms of financial education for participants, was consideration given to Financial Engines, Inc. (<http://www.financialengines.com/>). Ms. Singer stated that she has reviewed many portfolio models/retirement calculators, but does not remember Financial Engines specifically. She agreed to look into it prior to the subcommittee's next meeting. Financial Engines is proprietary software, not freeware. As a result, a decision would need to be made as to whether it would be a worthwhile investment on the part of the University to help satisfy its non-advising, yet fiduciary responsibilities to its FRP participants and purchase a license. Ms. Singer also agreed to obtain and distribute copies of the portfolio models used by Minnesota Life and TIAA CREF at the subcommittee's February meeting.
- Clarification on how 401(a) fund proxies are voted. Jackie Singer agreed to investigate this and report back to the Subcommittee.

V). Other Business: Professor Morrison reported on the situation between TIAA-CREF and Ernst and Young whereby two TIAA CREF Trustees established a business relationship with their auditors, Ernst & Young. Despite the fact that it was a non-auditing division of Ernst & Young, this relationship created a conflict of interest and is inconsistent with the SEC's auditor independence standard.

Members agreed that TIAA CREF should provide the University with an individual written explanation concerning this incident. Ms Singer volunteered to contact TIAA-CREF and request a formal response to the situation.

VI). Hearing no further business, Professor Feeney adjourned the meeting.

Renee Dempsey
University Senate