

SCFA RETIREMENT SUBCOMMITTEE
MINUTES OF MEETING
MAY 7, 2007

[In these minutes: Review of the Principles of Fiduciary Responsibility, February & March 2007 Minutes, TIAA-CREF Update, RFP Update, Faculty Retirement Plan Investment Performance for Period Ending March 31, 2007, Full Fee Disclosure & Recordkeeping Fees]

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

PRESENT: Daniel Feeney, chair, Carol Siegel, Nancy Fulton, Barry Melcher, Jackie Singer, Chris Suedbeck, Gordon Alexander, Richard Goldstein, Kathryn Hanna, Dian Lopez, Michael Murphy

REGRETS: Gavin Watt, Joe Jameson, Burt Sundquist

ABSENT: William Van Essendelft

OTHER: Rosalie O'Brien, counsel to the committee

I). Professor Feeney called the meeting to order and asked those present to introduce themselves. He noted that with the reconstitution of the University Senate, the committee now has two Civil Services representatives, Nancy Fulton and Joe Jameson. Professor Feeney welcomed Nancy Fulton; unfortunately, Joe Jameson had to send his regrets for today's meeting.

II). By way of introduction to the first agenda item, a discussion about the relationship between the SCFA Retirement Subcommittee and the Retirement Plan Fiduciary Committee, Professor Feeney reminded members that the Retirement Plan Fiduciary Committee was formed last year for the purpose of serving as an intermediary between the Retirement Subcommittee and the plan trustee, Vice President Pfutzenreuter. The Retirement Plan Fiduciary Committee is intended to be an advisory body to Vice President Pfutzenreuter.

Professor Feeney noted that it would be good to make sure that the relationship between the missions of the Retirement Subcommittee and the Retirement Plan Fiduciary Committee was clearly defined. With this said, he asked Ms. O'Brien to review this matter with the committee.

The committee decided to continue the discussion at a subsequent meeting, and that in order to do so without a break of several months, it would meet in June. Professor Feeney requested Ms. Dempsey, Senate staff, to poll the committee to identify a date that works for a majority of members. Jackie Singer noted that another item for the June agenda would be the fee disclosure analysis that she requested of all the University's retirement plan vendors.

III). Copies of the February 2007 and March 2007 minutes were distributed to members for their review and approval. Because the minutes were quite detailed, and, therefore, lengthy, the decision was made to email the minutes to members for review, and then about a week later, once members have had a chance to review them, to send out an electronic ballot asking members to vote on them. Professor Feeney noted that if members have changes to these minutes they should be sent to Ms. Dempsey along with a cc to Professor Murphy as the incoming chair, Rosalie O'Brien as counsel to the committee, Jackie Singer as director of retirement programs and himself as outgoing chair.

On a separate note, a member asked Ms. O'Brien whether the committee's agendas should be included as part of the committee's minutes. She stated that this is not legally necessary and therefore is up to the committee.

IV). Professor Feeney called on Ms. Singer to provide the committee with a TIAA-CREF update now that the University has made a decision to terminate future contributions to TIAA-CREF. Ms. Singer noted that overall everything is going well. To date, only about 10% of FRP participants have made new elections. Ms. Singer reported hearing anecdotally that plan participants are fine with the default options, and do not intend to make new elections.

Another email reminder about the TIAA-CREF decision and making new elections will be sent out around May 17th and a final hardcopy notice will be sent to participant's homes shortly thereafter. A member suggested sending out a blanket voicemail to remind plan participants about the deadline for making new elections. Ms. Singer agreed to look into this, but was concerned that the message would be sent to all University employees and not just FRP participants.

Ms. Singer noted that Securian is in the process of revising participant's statements. They want to know if the University would like the statement to include investment performance for funds that the University has closed. Ms. Singer solicited member's opinions. Members agreed that if there is money in any of these funds that performance should be reported.

V). Professor Feeney requested Ms. Singer provide the committee with an update on the status of the RFP for a new General Account (GA) vendor. She noted that she just received a second draft of the RFP and a meeting has been tentatively scheduled for the end of this week to review it. The final RFP is expected to be sent out to prospective vendors by the end of May with a due date of June 29th. Then, presentations by vendor finalists will take place July 23 – 27, and Regents approval will be sought in early September.

A member asked how many insurance companies would be receiving the RFP. Ms. Singer reported that seven companies would receive the RFP as there are not a lot of companies that offer a GA type product. Also, because the University is a public institution, the RFP will be posted on its website.

VI). Next, Ms. Singer distributed a copy of the Faculty Retirement Plan Investment Performance for period ending March 31, 2007. She noted that the CREF Growth Account and the CREF Global Equities Account continue to under perform. Additionally, the Fidelity Asset Manager

Account is underperforming somewhat, but not to the extent that the CREF Growth and Global Equities Accounts are underperforming.

VII). As reported earlier, Ms. Singer requested all the current retirement plan vendors provide her with a full fee disclosure (total revenue statement). Additionally, all GA RFP bidders are being asked to provide a full fee disclosure when submitting their bids. Professor Feeney stated that besides the fee disclosure issue, another issue the committee needs to look into has to do with the recordkeeping fees that Securian is charging the University. Ms. Singer reported that by the end of September she would have a good gauge of Securian's recordkeeping fees. She added that from a private sector perspective, it would be virtually unheard of for a plan the size of the FRP to be charged additional recordkeeping fees for funds outside the Securian line-up.

Before closing, Professor Feeney summarized the agenda items for June, which will include:

- Charge revision.
- Full fee disclosure analysis.
- Input on lifestyle funds.
- Implementation issues concerning termination of TIAA-CREF contract.

VIII). Professor Goldstein, on behalf of the committee, thanked Professor Feeney for his leadership this past year. Hearing no further business, Professor Feeney adjourned the meeting.

Renee Dempsey
University Senate