



Meeting Minutes of the  
**Retirement Investment Committee**

May 22, 2024 – 2:00 p.m. CT  
Meeting Via Zoom

<p><b>Plan Administrator/Facilitator:</b> Janice Parks, Vice President, and Chief Human Resources Officer</p> <p><b>Transamerica Partners Present:</b> Keith Beall Cara Cantrell Sheri McWilliams</p>	<p><b>Committee Members Present:</b> Michael Budzynski, Vice Dean Administration SSOM</p> <p>Hae Mi Choi, PhD, Associate Professor Quinlan School of Business</p> <p>Thomas M. Kelly, Senior Vice President for Administration</p> <p>Teresa Krafcisin, Sr. Associate VP and Controller</p> <p>Katharine Wyatt, Chief Investment Officer</p> <p><b>Committee Members Not Present:</b> Wayne Magdziarz, Sr. VP, Chief Financial Officer and Chief Business Officer</p>
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**1. Review and approval of meeting minutes**

Janice Parks called the meeting to order at 2:04 PM. Janice requested a review of the meeting minutes from the February 29, 2024, meeting. Tom Kelly made a motion to approve the meeting minutes dated February 29, 2024. Katie Wyatt seconded the motion. All approved. The motion was carried.

**2. Sheri McWilliams, Manager, Participant Communications, Transamerica**

Sheri McWilliams provided a plan communication and education strategy presentation to the group. Key topics covered included a review of 2023 communications, open rate metrics, retirement planning consultant numbers, and overall participant educational experience. Something new being rolled out is mobile phone participant engagement

via text messages and to date there has been a high opt-in to text messaging. Then Sheri reviewed the areas of communication focus for the 2024 plan communications.

**3. Keith Beall, Portfolio Strategist at Transamerica presented the Investment Performance Review of the plan for Q1 2024 and presented the annual Fund Share Class Review.**

Keith then reviewed the Defined Contribution plan assets and investment line-up and explained we had a solid portfolio, well diversified across, and within the major asset classes.

Katie Wyatt asked a question about looking at TIAA Real Estate fund performance and doing a deeper dive on this fund. It was agreed that for the next meeting we will add this fund to the agenda for a deeper discussion. Additionally, we will connect with TIAA to reconfirm their stance of if LUC must keep the 4 TIAA-CREF Annuities and that we cannot drop or change a fund out from the current TIAA fund offering.

The entire ERISA and Non-ERISA account balances as of March 31, 2024, was \$1,349,691,951 which is higher than the balance reported as of December 31, 2023, was \$1,290,247,159. This balance reported includes currently active, closed ERISA legacy, and non-ERISA legacy assets. As of March 31, 2024, under the current active plan there is \$658,181,332 in assets, which is 48.8% of the total plan assets. Transamerica holds 42.4% of total assets under investment management, and TIAA (four funds) holds 6.4% of total assets under investment management in the current active plan. There currently is 38.4% of the ERISA plan assets in closed ERISA legacy accounts with TIAA, Fidelity and AIG/Corebridge Financial. The remaining 12.8% of total account balance are closed non-ERISA accounts.

Keith then reviewed each investment against benchmarks that we have set up, and the overall fund lineup is performing in-line with expectations with the following noted trends:

- Investment Lineup is well-diversified with representation across the major asset classes
  - 15 Core Funds (4 Index Funds), Target Date Funds (Index), 2 Allocation Services
  - 4 TIAA-CREF Annuities (including stable/declared rate fund)
- In general, the fund lineup performed in line with expectations with the following noted trends and exceptions:
  - **Funds on the Watch List:**
    - **T. Rowe Price Growth Stock Fund** (added to watch list during 02/29/2024 committee meeting)
  - Passively managed (index) funds performed in line with underlying indexes (as designed)

- Actively managed funds performing in top 34th percentile of peers over trailing 3 and 5 years

Keith asked the committee about their thoughts on the T. Rowe Price Growth Stock Fund. Should this fund stay on the watch list, which has been on watch status for one quarter - 2/29/2024. Hae mi Choi said that it would be good to begin looking at alternatives. Alternatives are listed on page 64 of the presentation. Tom Kelly and Mike Budzynski said they would prefer to keep the fund on the watch list and see if performance continues to improve in future quarters. Tom Kelly made a proposal to keep the T. Rowe Price Growth Stock Fund the watch list. Teresa seconded this. All approved. The motion was carried.

- **Actively managed funds performing below peer median over trailing 3 and 5 years**
  - **Metropolitan West Total Return Bond Fund**
    - “Admin” share class performed in 89th and 86th percentiles over quarter and trailing year
    - “Plan” share class performed in 87th and 78th percentiles over quarter and trailing year
    - Most recent performance has slipped and has been mixed to average over the intermediate term
    - Considerable organizational changes with 2 portfolio managers and Co-CIO retiring in 2023 and 2024; new CEO from Goldman joined TCW in early 2023, replacing retiring CEO

Keith asked the committee if we want to put Metropolitan West Total Return Bond Fund on a watch list given the average performance with some swings in performance over a 3–5-year period. Tom Kelly proposed to keep watching (soft watch) the T. Rowe Price Growth Stock Fund but not to place it on a formal watch list at this time. No oppositions.

- **MFS Value Fund**
  - Performed in 54th and 65th percentiles over quarter and trailing year
  - Outperformed index over trailing 3, 5, and 10 years; underperformed peer median 2021-2023
  - Strategy focuses on undervalued companies with durable business models, strong cash flow generation, and healthy balance sheets
- **T. Rowe Price Growth Stock Fund**
  - Performed in 52nd and 38th percentiles over quarter and trailing year
  - Strong performance in 2023 as growth stocks strongly rebounded and led markets higher

- Underperformance in 2022, 2021 and 2019 brought down trailing averages
  - 2022 underperformance had largest impact as greater exposure to technology, consumer discretionary sectors and generally more aggressive growth holdings detracted from results as markets sharply rotated from growth stocks
- **ClearBridge Small Cap Growth Fund**
  - Performed in 96th and 99th percentiles over quarter and trailing year
  - Material underperformance in 2023 brought down trailing averages
    - Lack of exposure to biotech stocks and security selection detracted from 2023 results
    - Not holding 3 stocks (Super Micro Computer, MicroStrategy, and Viking Therapeutics) resulted in the majority of relative underperformance vs. index during first quarter 2024

Keith asked the committee if they would want to put ClearBridge Small Cap Growth Fund on a watch list given the poor performance in the last year. Tom Kelly proposed to keep watching (soft watch) the ClearBridge Small Cap Growth Fund but not to place it on a formal watch list at this time. No oppositions.

- **MFS International Diversification Fund**
  - Performed in 80th and 80th percentiles over quarter and trailing year
  - Underperformed in 2021-2023 after extended period of outperformance
    - Four of six underlying funds outperformed respective peers over this period
    - Underlying funds/strategies underperforming over this period: MFS Research International, MFS Emerging Mkts Eqty
  - Strategy provides broad diversified portfolio with distinct style and manager diversification, utilizing six underlying MFS funds with dedicated portfolio oversight management team

Keith then presented an alternative fund lineup design lineup, to modestly expand the lineup with additional index funds. He discussed potentially adding three more index funds to provide an index option in three of the largest asset categories not already represented, large cap value, large cap growth, and intermediate term bond. Refer to pages 45 and 47 in the Investment Review for the alternative fund lineup design presented. Keith then asked the committee if there is a desire to expand the fund lineup. Hae mi Choi mentioned that she would support adding additional index funds in the large cap equity sector but suggested that we not add an index fund in the bond sector as the case for index funds is a little less compelling with bonds. She also mentioned that there are three funds in the international sector, and we could potentially remove one of them if we did not want to expand the fund lineup too much further. Keith mentioned that expanding the fund lineup by 2-3 funds would keep the total core funds within a reasonable compact design and in line with current practices that he is seeing in the industry. Keith also mentioned that the international equity category currently provides for broad based active and index choices, which both include emerging markets, so if there was a desire to reduce the number of international funds, then the dedicated emerging markets fund might be a candidate. Tom Kelly made a motion to add two additional equity index funds, in the large value large and growth asset categories. Hae mi Choi seconded the motion. All approved. The motion was carried. Note: The committee will select the specific equity index funds in the large value large and growth asset categories during the August committee meeting.

**4. Cara Cantrell, Client Executive at Transamerica provided an update on plan operations and plan participant statistics as of March 31, 2024.**

Cara Cantrell reviewed the Plan-level Dashboard Report noting that total participant account assets were \$572,261,360 and this was a +\$94M change from 2023.

Participants had an average account balance of \$96,535 at Transamerica and an 8.2% average deferral rate. 3,531 participants are actively contributing to the plan and 5,928 participants have accounts with balances. The outstanding loan balance total as of the quarter was \$4.M, which is about 5.3% of participants with a loan and an average loan balance of \$9,069.

Tom Kelly asked Cara how many of the 885 participants that are contributing less than 5% from page 8 are in default or not in the save more for tomorrow program? Cara will provide this number. Janice Parks and Tom Kelly said that we should target this default group in our communications strategy.

Cara Cantrell then reviewed the Plan-level Dashboard Report for the 457(b) plan. The plan has 20 participants with a balance and the plan has \$1.5M in assets.

**5. Committee Executive Session & Other Business**

- Tom Kelly said the draft IPS and draft committee charter is still an action item on his plate.
- Danielle Hanson shared that Legacy Professionals, LLP will begin the annual DCRP audit for 2023 the end of May.
- Danielle Hanson provided a status update on adding the Roth option to the plan. Roth will be required by the Secure 2.0 Act no later than January 1, 2026.

## **6. Closing**

The next Retirement Investment Committee meeting is scheduled for August 21, 2024. Janice Parks adjourned the meeting at 3:45 p.m.