Meeting Minutes of the

Retirement Investment Committee

Tuesday, March 4, 2014

Conference Room, 15th floor
Lewis Towers, WTC

Committee Attendees:

Thomas M. Kelly, Senior Vice President for Administration and Chief Human Resources Officer Beverly Kasper, Asst. Provost & Director of Faculty Administration - Lakeside Andrea Sabitsana, Associate Vice President of Finance and Controller Dale Moyer (non-Committee Member), Consultant to Committee	Debby Meister, Director Compensation, Benefits and HRIS Paul Gabriel, Professor of Economics (ABSENT) Eric Jones, Treasurer and Chief Investment Officer Jamie Caldwell, Director Office of Research Services for the Health Sciences Division

Call to Order

The meeting began at 2:30 p.m.

Agenda

1. February 18, 2014 Meeting Minutes

The Committee reviewed and approved the meeting minutes from the February 18, 2014 Committee meeting. Eric Jones made the motion to approve the meeting minutes, seconded by Debby Meister. All approved.

2. Presentation
The Committee was introduced to Kevin Fieldman from Transamerica Retirement Solutions (TRS) who will serve as the client representative to Loyola's DCRP plan. Keith Beall from TRS made a follow-up presentation on the recommended fund line-up.

Keith began the presentation with a recap of the recommendation of the Vanguard target date funds for Tier 1 of the proposed fund line-up. He summarized the performance and investment style of this fund compared to those of T. Rowe Price, JP Morgan, Fidelity and TIAA-CREF. He shared that while the actively managed funds currently have higher investment returns, studies show 80% of fund managers do not consistently beat the index over the longer term. He emphasized for the Committee that the passive investment approach of the Vanguard target date funds is a choice that is complimentary to the proposed Tier 2 fund line-up and the active investment opportunity provided by TRS' Portfolio Express.

Keith then provided investment return information for the funds that currently hold the largest amount of DCRP plan assets. He demonstrated that the funds recommended for the Tier 2 line-up have demonstrated superior performance compared to the existing large balance funds offered by TIAA-CREF and Fidelity on the DCRP. Tom Kelly raised the issue that the Committee needs to see the overall fund balances for all TIAA-CREF funds, not just those funds that have a similar investment style as the fund categories proposed for the Tier 2 line-up. This will help answer any questions posed by participants as to why they may no longer have access to particular TIAA-CREF funds.

Keith then advised the Committee of the recommended stable value option – a NY Life annuity product. This is one of two stable value funds evaluated. It is similar to the TIAA Traditional vehicle in that it provides a declared interest rate return, which is currently at 2.5%. However, unlike the TIAA Traditional that has a 10-yr payout feature, this product provides participants with full liquidity. Keith did detail two restrictions that must be in place for the DCRP if the stable value is offered in the Tier 2 line-up along with the TIAA Traditional in Tier 3—

1. Any participant balances in Tier 1 or Tier 2 may not be mapped to Tier 3. This is a requirement that NY Life places on plan sponsors that offer its product.
2. A participant may not directly move funds from the stable value fund to either the Money Market account or a short-term bond fund or Tier 4 (brokerage window). The participant would have to first move the money from the stable value fund into the Target Date fund(s) in Tier 1 or to one or more of the mutual fund offerings in Tier 2 for a duration of 90 days, otherwise known as a "90-day equity wash."

Keith further clarified that if the Committee ever opted to replace the stable value fund in the future, that in certain situations (i.e. rising interest rate environment), NY Life may require installment payouts over a three to five year period. This would not prohibit participants from moving their money out of the product but it would put limitations on how quickly the DCRP could remove this fund offering. Keith presented additional scenarios: an additional stable value fund could be provided, however, during the installment payment period, the two funds would be blended, thereby creating an orderly transfer (and eliminates arbitrage opportunity). In the event there is an employer-initiated event that causes a significant withdrawal of funds from the stable value fund (e.g. layoff situation) it could trigger participant and/or plan restrictions. The Committee was advised that there would be a contract with NY Life that would be reviewed before this fund would be selected.

Tom expressed concern that the restrictions make this offering unattractive. Informing participants that accumulated dollars in Tier 2 cannot move to Tier 3 would disappoint them and, further, that establishing only a one-way flow of allowable transfers from Tier 3 to Tier 2 is not a desirable arrangement. Keith did clarify that the restriction of allowing money to transfer in this way would not apply if there was a qualifying event such as resignation, retirement, death, disability, etc. And, the Committee noted that these restrictions obviously only apply if the TIAA Traditional is offered in Tier 3 (i.e., master administrator solution).

Tom asked Keith to research if there is a stable value product that could be offered on Tier 3 (instead of offering the TIAA Traditional) that would provide the DCRP plan administrator more flexibility. *In a follow-up conversation with Dale, Keith confirmed there is not one.*

At the conclusion of the fund presentation, the Committee agreed to the following-

1. Tier 1 selection: Vanguard Target Funds
2. Tier 2 selection: mutual fund line-up reviewed at this meeting
3. Agreed to offer the suggested fixed income vehicles for the Intermediate and Aggressive Fixed Income categories and the Money Market fund, however, a final decision on whether to offer a stable value option is being withheld until there is further resolution on the viability of offering TIAA Traditional (or not) on the Tier 3.

Keith and Kevin concluded their remarks and departed.

3. Discussion

The Committee discussed the recent decision by TIAA-CREF to not participate in the proposed master administrator solution. The suddenness of this announcement is a surprise to the Committee members. This announcement requires a better understanding of all available options.

4. Closing

The next Retirement Investment Committee meeting has been scheduled for Tuesday, March 18th at 2:30 pm in the 15th floor conference room in Lewis Towers. *This meeting was subsequently cancelled and rescheduled for May 13, 2014.*

The meeting adjourned at 5:00 pm.