UNIVERSITY OF OKLAHOMA
Retirement Plans Management Committee

Human Resources Seminar Room #215
April 13, 2011

RETIREMENT PLANS MANAGEMENT COMMITTEE MEETING

PRESENT: Committee Members: Chair Chris Kuwitzky, Terry Crain, Ken Evans, Michael Ferguson, Terry Henson, Julius Hilburn, Scott Moses and Kanthasamy Muraleetharan

Others: Charlie Waibel of R. V. Kuhns, Dudley Hyde of McAfee & Taft, Guy Patton of the OU Foundation, Glenn Pinkston of Cameron University, Tom Volturo of Rogers State University, Nick Kelly and Renda Passek OUHR-Staff

These minutes attempt to convey the significant issues discussed in the meeting.

Chris Kuwitzky, Chair, opened the April 13, 2011 Retirement Plans Management Committee Meeting at 2:02PM

Approval of Minutes

The February, 2011 Retirement Plans Management Committee meeting minutes were approved by a motion from Hilburn and seconded by Patton.

Introduction of New Members

Chair Kuwitzky introduced and welcomed two new members to the Committee. President Boren appointed Terry Crain, Associate Professor of Accounting and Scott Moses, Associate Professor of Industrial Engineering to serve staggered three year terms along with Kanthasamy Muraleetharan.

- Kanthasamy Muraleetharan Now through June 2012
- Scott Moses Now through June 2013
- Terry Crain Now through June 2014

Chair Kuwitzky announced Patton is voluntarily stepping down from his role as a voting member to an ex officio member. Chair Kuwitzky thanked Patton for his significant contributions to this Committee.

Open Records

Kelly advised the Committee all Retirement Plans Management Committee Meetings are subject to the Oklahoma Open Meeting Act.

- Public notice of and meeting agendas must be posted to the Retirement Plans Management Committee website 24 hours in advance of a meeting.
- Meeting agendas will be posted 24 hours in advance of meetings at the doors of the building in which the meeting will be held.
- A schedule of regular meetings must be published and submitted to the Secretary of the state of Oklahoma
- A special meeting requires 24 hours notice.
Review of Total Plan Assets

Waibel presented an analysis of the $1.3 billion held in OU plan assets by investment company and plan type as of December 31, 2010. An illustration of the balances held in TIAA-CREF funds, especially the TIAA-Traditional fund was provided as well as an illustration of the balances held in the most popular funds by company.

- Waibel stated a large amount of assets held in the TIAA-Traditional Fund probably will not map to the new fund line-up. These are individual contracts with restrictions for transferring.
- Kelly explained the University’s defined contribution plan prior to 1992 was a single vendor, employer contributing 403(b) plan. A large portion of the plan’s current assets are held in those TIAA-CREF funds.
- Kuwitzky mentioned in order to transfer funds from the TIAA-Traditional Fund it will require employees to make a choice and take action.

Review of Fund Line-up

Waibel reminded the Committee it had been 18 months since the funds in the new line-up were selected and as part of the Committee’s on-going due diligence he presented a lengthy, detailed Investment Performance Analysis of each fund in the line-up for the quarter ending December 31, 2010. After a careful review of the data for each fund he remains comfortable with the funds in the line-up.

A comparative performance of each fund in the line-up was presented to analyze performance over the past 10 years. The dollar amount in each fund will be added to this report.

- Fund managers are expected to perform in excess of the benchmark net of fees and reminded the committee it is the fiduciary responsibility of this Committee to hire and fire and RV Kuhns’ responsibility to provide data to the Committee in order to analyze fund performance. If a fund has substantial deviations from the benchmark the fund manager should be contacted for details of these variations. If a fund manager does not meet the expected performance the fund will go on watch.
- Hyde suggested it is educational and beneficial to have fund managers attend meetings once per quarter.
- Waibel explained there are two to three weeks after each quarter ends before data can be analyzed due to gathering peer fund performance data, analyzing and assembling reports.
- Muraleetharan questioned why fund performance was compared with different indexes and Waibel explained different funds track different indexes.
- Waibel asked the Committee to consider the amount of data they want to review each quarter. This report was over 100 pages although it could be significantly condensed and the extensive detail available electronically for executive review.
- In answer to a question posed by Muraleetharan, Waibel explained the process for the plan to move out of the MIP fund is twelve months whereas a participant does not have the same liquidity issues as the plan, and can move in a short period of time. The MIP fund is a different investment than a Money Market fund and 10% – 30% of most plan assets are held in stable value funds.
- Patton said fund managers must by law produce annual reports.

Implementation Process

- Kelly informed the committee the Implementation Team is beginning work with Fidelity in order to implement the new Record Keeper/Fund Line-up by November 1, 2011. He reported communication and system initiatives have begun with meetings and scheduled weekly calls.
- He stated there will be an intense educational process for all employees by Fidelity and OU after Labor Day to inform employees and participants of the change.
- Kelly presented the Timeline for the Record Keeper Implementation Project outlining the steps toward implementation.
- He informed the committee the Record Keeper Communication Team met with Fidelity Communications experts to develop a branding for all emails and written materials.
- Evans suggested volunteers from each university department be used to send out the message using a peer to peer approach. He suggested the use of this method the alert employees of a change since this is a proven highly effective method of communicating.
Moses questioned the number of days during the blackout period when funds are moved from existing vendors to the new fund line-up.

Waibel provided an explanation of the steps and the following timeline of the blackout period until plan sponsor sign-off is received by Fidelity. Part of the black-out is dictated by the converting vendors and the other by Fidelity. Typically we see 5 to 7 business days prior to the liquidation date for the prior record keepers for their black-out. Fidelity needs 5 business days after we receive the live files to reconcile and get plan sponsor approval. A sample time line for a November 1 asset transfer date would be:

- 10/25/11 Last day to process transactions at ING and Vanguard
- 10/31/11 Liquidation Date
- 11/1/11 Wire Date
- 11/4/11 Live Files received from prior record keepers
- Black out lifted the week of November 14th- one day after plan sponsor sign-off is received

Meeting Schedule

- Chair Kuwitzky suggested the Committee meet again in early June to review the implementation progress and then move to quarterly meetings.
- Hilburn suggested the Committee meet in June and again in late August since we will have Fidelity on campus meeting with employees during this period.

The OU Retirement Plans Committee Meeting adjourned at 3:35PM by a motion from Ferguson, seconded by Evans.