UNIVERSITY OF OKLAHOMA
Retirement Plans Management Committee

Human Resources Seminar Room #215
August 31, 2011

RETIREMENT PLANS MANAGEMENT COMMITTEE MEETING

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

Others: Charlie Waibel of R. V. Kuhns, Dudley Hyde of McAfee & Taft, Glenn Pinkston of Cameron University, Tom Volturo of Rogers State University, Andrew Windmueller, Chris Chavez, Scott Dillman and Tom Poore of Fidelity Investments, Nick Kelly and Renda Passek OUHR-Staff

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

Chris Kuwitzky, Chair, opened the August 31, 2011 Retirement Plans Management Committee Meeting at 1:05PM

Approval of Minutes

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

Waibel introduced Christian Eicher, Associate Consultant for R. V. Kuhns to the Committee. Christian will be working with the University of Oklahoma Retirement Plans.

Quarterly Review of Fund Line-up

Waibel presented a detailed investment performance analysis of the fund line-up including a Capital Markets Review, Annual Asset Class Performance, Comparative Performance, Investment Policy and Manager Review, Funds Fees Peer Group Analysis, Mutual Fund Fee Sub-Categories of the fund line-up for the second quarter of 2011. In addition he included Key Terms and Definition for the Balance Forward and Others Financial Report.

Discussion of Quarterly Review

- Waibel explained the Dreyfus Mid Cap Growth Fund’s under-performance was due to the recent market changes. The under-performing MIF will be monitored and he does not recommend any action at this time. He said the MIF fund is a combined insurance, stable value fund and he may invite the fund manager to present at a future meeting.
- Moses commented when the Net Asset Value (NAV) yields are declining it is backed by insurance to guarantee stability.
- Kuwitzky suggested a review by the fund manager.

Fidelity Freedom Fund Manager

Andrew Windmueller, VP Investment Operations presented the investment philosophy and management of the Freedom Funds to the Committee. He stated investment decisions are made in the context of the overall strategy and balance the use of multiple analytical frameworks and sound portfolio manager judgment. The Freedom Fund management team is an environment consisting of people who have worked together for years. Everyone is held
accountable to the team and they spend as much time evaluating good performance as under-performance. He defined the objective of the Freedom Funds which is to replace 55% of salary. He explained in addition to publicly available funds, Fidelity created an underlying series fund structure with no outside investors to manage risk and have control of investment exposure. There is a constant fund allocation within each asset class composition of series funds. He presented detailed charts of asset class composition, equity portfolio structure, and summaries of the Freedom Funds.

Discussion of the Fidelity Freedom Funds

- Muraleetharan commented on the amount of time spent reviewing the 55% income replacement and Fidelity should have enough data as a leader in Target Date Funds with the long term hope of achieving investment objectives.
- Hyde asked if the outflows and inflows from the funds were the same as last year
- Windmueller answered the cash flow had improved because people are comfortable with target date funds and Fidelity is the leader of this marketplace.

Blackout Report

Chris Chavez reported on the “blackout period” for viewing accounts, changing investments or requesting distributions of funds during the actual mapping of the funds from ING, Vanguard and Fidelity to the new fund line-up. The “blackout period” will begin on October 20, 2011 and is scheduled to end by November 13, 2011. The actual “blackout period” is set by the ING and Vanguard conversion project managers. He noted the brokerage window option for Vanguard investors will not increase the “blackout period”. Fidelity is currently receiving test files from ING and Vanguard and will be ready to go live.

Evans commented October 20 – November 13 is a long blackout period and suggested we reach out to ING participants.

Poore explained ING and Vanguard participants currently have the option to transfer their accounts to the new fund lineup. He commented a 70% – 80% default rate was expected but it is more likely to be 50% and the majority of Vanguard investors are electing the one-time in kind transfer to the brokerage window.

Kelly presented an Update to the Recordkeeper Implementation

- We have experienced a tremendous turnout for the large group presentations and individual meeting with Fidelity Workplace Guidance Consultants due in large part to meeting with and enlisting the support of University governance groups. These groups were invaluable in getting the word out.
- Over 2,500 employees have attended the large group presentations held on all campuses.
- Over 1,000 employees registered for individual meetings
- Over 70 departments have scheduled meetings.

Fidelity Registered Investment Advisors

- Chavez explained advisors must have FINRA and SEC designations to qualify as a Fidelity advisor.
- Advisors fees cannot be deducted from participant’s accounts.
- Advisors must have a trading relationship with Fidelity and go through a screening process.
- Hyde explained OU does not need to sign an authorization form. Participants will sign an agreement to indemnify Fidelity.

The OU Retirement Plans Committee Meeting adjourned at 3:10PM by a motion from Ferguson, seconded by Evans.