



Meeting Minutes of the
Retirement Investment Committee
May 24, 2023 – 2:00 p.m. CT
Meeting Via Zoom

Plan Administrator/Facilitator: Thomas M. Kelly, Senior Vice President for Administration	Committee Members Present: Teresa Krafcsin, Sr. Associate VP and Controller
Transamerica Partners Present: Keith Beall Cara Cantrell Sheri McWilliams	Michael Budzynski, Vice Dean Administration SSOM Katharine Wyatt, Chief Investment Officer Hae Mi Choi, PhD, Associate Professor Quinlan School of Business Committee Members Absent: Wayne Magdziarz, Sr. VP, Chief Financial Officer and Chief Business Officer

Call to Order

Tom Kelly called the meeting to order, which began at 2:04 p.m.

1. Review and approval of meeting minutes

Tom opened the meeting and asked our newest RIC member, Professor Hae Mi Choi, PhD, to introduce herself to the committee. Then Tom requested a review of the meeting minutes from the February 15, 2023 meeting. Katie Wyatt made a motion to approve the meeting minutes dated February 15, 2023. Theresa Krafcsin seconded the motion. All approved. The motion was carried.

2. Sheri McWilliams, Manager, Participant Communications at Transamerica

Sheri McWilliams reviewed 2022 participant communications and engagement highlights with the committee. The review also included highlights regarding the plan consultant's engagement with plan participants via one-on-one meetings offered throughout the year.

3. Keith Beall, Portfolio Strategist at Transamerica presented the Investment Performance Review of the plan for Q1 2023.

Keith Beall 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.

The entire ERISA and Non-ERISA account balances as of March 31, 2023 was \$1,206,875,405 which is higher than the balance reported as of December 31, 2022 which was \$1,160,381,525. This balance reported includes currently active, closed ERISA legacy, and Non-ERISA legacy assets. As of March 31, 2023, under the current active plan there is \$550,783,586 in assets, which is 45.6% of the total plan assets. Transamerica holds 39.6% of total assets under investment management, and TIAA (four funds) holds 6.1% of total assets under investment management in the current active plan. There currently is 40.5% of the ERISA plan assets in closed ERISA legacy accounts with TIAA, Fidelity and AIG/Corebridge Financial. The remaining 13.9% 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:

- **Funds on Watch List – None**
- In general, overall fund lineup performed in-line with expectations with the following noted trends:
 - Passively managed (index) funds performed in line with underlying indexes (as designed)
 - Actively managed funds performing in top quartile of peers over trailing 3 and 5 year periods
 - DFA US Targeted Value Fund
- Actively managed funds performing below peer median over trailing 3 and 5 year periods
 - Metropolitan West Total Return Bond Fund
 - Adjusting for 50 bps revenue sharing, fund outperforms peer median over trailing 5 and 10 year periods and index over the trailing 3, 5, and 10 years

- MFS Value Fund
 - Performed in 84th and 35th percentiles over the quarter and 1 year periods
 - Fundamental analysis with long holding periods; focus on undervalued stocks with robust business models and strong track records of generating returns on capital
 - Underweight to energy in 2022 and overweight to financials YTD 2023 were headwinds
- T. Rowe Price Growth Stock Fund
 - Performed in 19th and 86th percentiles over the quarter and 1 year periods
 - Underperformance in 2nd half of 2021 and 2022 brought down trailing averages
 - Greater exposure to technology, consumer discretionary and more aggressive growth holdings detracted from results
- **The following fund changes were effective 4/19/23**
- Fund Share Class Changes
 - T. Rowe Price Growth Stock Fund
 - Moved from “I” share class
 - Lowered cost on “after revenue sharing” basis by 3 bps
- Fund Additions
 - Vanguard Target Retirement 2070 Fund
- **TIAA Real Estate Fund Analysis**
 - During the February 2023 meeting, Katie Wyatt had questions about the performance of the TIAA Real Estate Fund Account and liquidity. Keith Beall provided a deeper analysis of this fund to the committee and provided the group two reference documents to review. Additionally, Keith reminded us that in order to offer the TIAA Traditional Annuity fund we must continue to offer the TIAA Real Estate, CREF Social Choice and CREF Stock accounts. This is a TIAA requirement (historical) that all four accounts have to be offered together. If one fund ever performed poorly overtime we would need to speak with TIAA about making a change or consider closing/freezing all 4 of these TIAA accounts.

4. Cara Cantrell, Client Executive at Transamerica provided an update on plan operations and plan participant statistics as of March 31, 2023.

Cara Cantrell reviewed the Plan-level Dashboard Report noting that total participant account assets were \$477M as of the end of Q1 2023 (this was a -\$21M change from the end of 2022). Participants had an average account balance of \$84,089 at Transamerica and an 8.4% average deferral rate. 3,405 participants are actively contributing to the plan and 5,681 participants have accounts with balances. The outstanding loan balance total as of the

quarter was \$3.8M, with 473 loans which is about 5% of participants with a loan and an average loan balance of \$8,168.

Cara Cantrell also reviewed the Plan-level Dashboard Report for the 457(b) plan. The plan has 18 participants with a balance and the plan has \$1.2M in assets. Tom Kelly reminded the group that this is a top hat / non-qualified plan offered to a small group of executives and the fund lineup of the 457(b) mirrors that of the 403(b) fund lineup that this group monitors and selects.

5. Other Business

Legacy Professionals, LLP will begin the annual DCRP audit for 2022 the end of May.

Tom Kelly briefly spoke about ESG funds and reminded the group that employees interested in investing in ESG funds should use the Schwab Personal Choice Retirement Account (PCRA) that is offered through Transamerica. The Schwab PCRA is a brokerage account and the participant can pick / self – direct the funds they want to invest in, including ESG mutual funds. There is a cost to the Schwab PCRA account and the fees on some of the funds can be high. All of this is self-directed and not managed by LUC but is a choice option to employees. Additionally, Keith Beall reminded the group that the TIAA Social Choice Equity fund is TIAA's version of an ESG fund and is available to plan participants as well. This TIAA fund gives special consideration to certain environmental, social and governance criteria (ESG).

6. Closing

The next Retirement Investment Committee meeting is scheduled for August 21, 2023 at 2:00 p.m. CT. Tom Kelly adjourned the meeting at 3:55 p.m.