The meeting began with an approval of the minutes from the 2nd quarter review.

Cornerstone gave an overview of the capital markets for the third quarter utilizing the index flash report through September 30, 2014. The S&P 500 index returned 1.13% for the third quarter, and international equity as measured by the MSCI EAFE index earned -5.88% for the quarter. Large companies beat small companies as small companies struggled measured by the Russell 2000 indexes. U.S. fixed income as measured by the Barclays US Aggregate Bond Index earned .17% for the quarter. On the other hand, global bonds lost -3.14% for the same time period. We saw a mix of performance in the liquid alternative space for the quarter with commodities down -11.83%. Most asset classes rebounded during the month of October producing positive returns with the exception of international equity and commodities.

Looking forward, we expect some increased volatility in the markets as the Federal Reserve continues to exit their easy phase. The strength of the dollar has hurt the returns of international stocks in the short-term. Relative to the rest of the world, our economy is starting to gain some traction with some encouraging news from consumer confidence and retail sales. Unemployment numbers have improved and inflation forecasts are benign. The drop in oil prices is providing a stimulus to consumers. Companies are still strong and considerable amounts of liquidity remain in the financial markets.

We then reviewed the cash flow of the Plan. For the quarter ending September 30, 2014, the plan had a beginning balance of $94,740,524 with total contributions of $1,975,143, $488,895 of withdrawals, $0.00 in transfers, $0.00 in forfeitures, and loss of $484,636 for a final ending balance of $95,742,137.

As of September 30, 2014, the current asset allocation of the Plan is 12.7% domestic equity stock funds, 2.0% in international equities, 29.3% in global equities, 11.5% in the TIAA-CREF Lifecycle portfolios, 4.4% in fixed income, 34.5% cash, and 5.6% in alternatives. Of the money that is in stocks, 78.8% is invested in large-cap, 13.0% in mid-cap, and 8.1% in small-cap.

We then reviewed the Plan’s fund performance. Over the last 12 months, the TIAA-CREF Large Cap Value Fund, the International Equity Fund, the Managed Allocation Fund, and the real estate account, have all been in the bottom quartile.
Over a three- and five-year period of time, only the real estate fund continues to be in the bottom quartile. We have previously reviewed this fund, and its performance. It owns individual properties which are not valued on a regular basis. Performance tends to lag the market when real estate prices are rising and it tends to also lag the market when prices are falling. This largely explains its performance pattern. The TIAA International Equity Fund has a beta of about 1.3% and has a history of outperforming in up markets and underperforming in down markets. This fund was down about 9.4% for the quarter relative to the benchmark of 5.8%, primarily because of its higher risk profile.

- Performance through the third quarter was up 3.8% versus the blending benchmark at 4.3%. Over the last four years, annualized returns have been 8.51% versus the blended benchmark at 7.18%.

- Fund expenses on a quarterly basis are 13.1 basis points with revenue sharing being 5.3 basis points. On an annualized basis, the weighted average expense ratio is 52 basis points and the weighted average revenue sharing is 21 basis points. There was a revenue sharing credit of $10,500 for the quarter.

- The Committee asked that Cornerstone research and review any fossil free funds available on TIAA’s platform. Cornerstone’s analysts selected two funds; the Green Century Balanced Fund, and the Pax World Balance Fund. After a discussion with the Committee, they asked if it was possible to add both funds to the platform. Cornerstone will contact TIAA to determine if this is possible and if so, to confirm the share class that can be implemented.

- Brad Andrew also asked if in the next meeting we can provide a composition of the Social Choice Fund to see what if any exposure it has towards fossil fuels.

- The meeting adjourned at 2:30.