

Committee on Priorities and Resources

Meeting Minutes – November 8, 2011

In attendance: Administrative Assistant Carol Allman-Morton, Prof. Rob Benedetto, Dean of the Faculty Gregory Call, *ex officio*, Diwa Cody '14, Technical Services Associate Mark Fiegenbaum, Adam Gerchick '13, Associate Treasurer/Director of the Budget Shannon Gurek, *ex officio*, Prof. Nasser Hussain, chair, Prof. Jagu Jagannathan, Luke Lavin '13, Director of Human Resources Maria-Judith Rodriguez, *ex officio*, Prof. Karen Sánchez-Eppler, Treasurer Peter Shea, *ex officio*, and Sarah Barr, recorder. Guest: Benefits Administrator Ernest LeBlanc.

Not in attendance: none.

The meeting was called to order at 8:34 am.

1. Changes to the Amherst College Defined Contribution Retirement Plan (the Plan) – Ernie LeBlanc presented information about changes to the Plan. Federal regulations have increased the responsibilities of employers and required a more active role in plan management and administration. About a year ago, the Investment Committee was authorized by the Board of Trustees to review the college's current plan and record keeping procedures. The committee consists of Treasurer Peter Shea, Chief Investment Officer Mauricia Geissler, Director of Human Resources Maria-Judith Rodriguez, Benefits Administrator Ernie LeBlanc and Legal and Administrative Counsel Paul Murphy. The college hired a consultant to work with the Investment Committee to help the committee evaluate and select a record keeper, determine asset classes, and provide detailed information on available investment funds from which the committee would choose the new investment menu. After reviewing many companies, the college selected TIAA-CREF to continue as the record keeper for the Plan. To best assess funds, the committee used an investment rating system that uses eleven criteria (including 1, 3, 5, and 10 year performance and continuity of management) to determine the best funds in each asset class. The Plan offers more options from outside of TIAA-CREF to employees and better chances at improved investment performance because the college is formally reviewing investment strategy and performance of the funds offered in the investment menu. However, it is acknowledged that some funds currently offered are being eliminated and some employees see this as less choice. Several other local colleges are going through the same review process.
 - a. Next Steps for Employees – The college and TIAA-CREF have offered several group information sessions and individual counseling sessions. Employees will have until market close on December 5 to move investments into or among frozen funds. After December 1, all future contributions will automatically be re-directed to the Plan's default fund unless the employee takes action to choose among the new menu of funds. (A Question & Answer document that provides examples of what can and cannot be done has been distributed via email and is available on the HR website.)

- b. Procedural Questions
 - i. When did the process start? In October 2010, the Board of Trustees approved the creation of the committee with its current members.
 - ii. Why T. Rowe Price? The T. Rowe Price suite of target date funds best met the 11 criteria, including investment performance, for companies offering life-cycle funds.
 - iii. Why freeze the funds? Most of the funds were frozen because they did not meet the new criteria. Some were frozen because the asset class was not continued in the new investment menu. The committee chose to allow employees to keep existing funds invested in the accounts but felt that it will not be upholding its fiduciary responsibility if the frozen funds remained available for future contributions.
 - iv. Can employees have more time to make the transition? The only “hard” deadline is for changes among frozen funds which must be completed by market closed on December 5, 2011. While new contributions will default to the target-date funds unless action is taken, employees can move those contributions at anytime in the future to other approved funds.
 - v. Can employees give feedback to the Investment Committee? Yes. Employees can contact the committee with ideas. It was also noted that an open meeting was going to be held on November 15, 2011 at 7:30 pm so that members of the community could ask further questions of the committee.
 - vi. Should there be faculty representation on the investment committee? The Investment Committee has met approximately 10 times during the last year. Moving forward it will probably meet quarterly to discuss the Plan. The Investment Committee will discuss faculty or other employee involvement with this committee and report back to the CPR.
 - c. Comments and Recommendations
 - i. Some members of the CPR expressed consternation that timely and meaningful consultation with, or even notice to, the employees did not occur. The community was notified when the process was almost complete and employees were only given a few weeks to make financial decisions. The CPR recommends better communication in the future.
 - ii. The CPR recommends that the Investment Committee meet periodically with the CPR.
2. October Storm – The staff of the college, particularly those working in Physical Plant and Dining Services, did an incredible job serving the college community and cleaning up the damage on campus. The CPR appreciated the thanks expressed by the Administration but wanted to make sure that hourly staff were compensated, including those who worked overtime and those who could not come to work because their buildings were closed. Human Resources Director Rodriguez reported that the employees who could not work because their buildings were closed still received compensation. Overtime payments were included in this week’s paychecks for

those who worked overtime. Employees who chose to stay home but could have worked in their building used their vacation or other excused time.

3. Introductions – Committee members introduced themselves to the new staff representative, Carol Allman-Morton.

The meeting adjourned at 9:42 am.

Next Meeting: Tuesday, November 15 at 8:30 am.

Respectfully Submitted,

Sarah Barr