

Samford University
Business Affairs and Faculty Welfare Committee
Meeting Minutes (These minutes have not been ratified by the committee)
October 16, 2008, 3:00 p.m., DBH 327

Type of Meeting: Regular Committee Meeting

Meeting Facilitator: Cynthia Frownfelter-Lohrke, Chair

Committee Members Present: Allison Jackson, Education; Judy Bourrand, Nursing; Roger Lander, Pharmacy; Andy Konitzer, A&S; Ed Craig, Library; Jack Nelson, Law; Buck Brock, Vice President of Business Affairs, Ex Officio

Committee Member(s) Absent: Doug Webster, Divinity

Cynthia Frownfelter-Lohrke called the meeting to order.

Minutes from the September 8, 2008, meeting were approved by consensus.

Open Issues

- A. New Committee Charter:** Cynthia reported that the new committee charter is with the faculty bylaws committee. There do not appear to be any problems and it is expected to go through.
- B. Signage on Campus and Visitor Parking:** Cynthia has received some feedback and has sent it on to Mark Fuller. Both issues are in "research" mode.
- C. Faculty Admission to Sporting Events:** This is in regard to issue of confusion over the number of complimentary tickets employees and their families receive to athletic events. Cynthia reported it has been taken under consideration by the Athletic Committee.
- D. Employee Tuition Benefit:** Cynthia had a meeting with Phil Kimrey and Fred Rogan on this issue. There appears to be some confusion about the process. Procedures need to be written up so employees know what to do in the correct sequence and when to do it. Cynthia offered to work with Fred to draft procedures and bring them to the Committee after the first of the year, but Buck Brock indicated he should assign someone to look into this issue.

Action Item: Buck Brock will assign someone to look into issue of ETB procedures.

New Business

A. 403B Changes (Cynthia Lohrke reporting for Fred Rogan)

Cynthia passed out handout "403(B) Regulation Impact on Samford University" which provides the background to the regulations and options being considered.

Cynthia has had a lot of conversations with Fred and reported that he has called Vanguard and they do not want to deal with us. However, when contacted, Fidelity was thrilled. Fred's preference is Guidestone and Fidelity. We will get more preferential rates and lower management fees if there are only two providers.

There was discussion about the movement of money between current provider and new provider. Do not have to move money from your current provider. You can just put new money in. Another option is to "sweep" money out and back into current provider (i.e., TIAA). (New money into old money account.) Cynthia did not think there would be any problem in moving money from one to another.

Action Item: Cynthia will talk to Fred about the process of moving money in and out of accounts.

There was discussion regarding keeping Guidestone and Northern Trust's relationship. Northern Trust is the custodian – collects all information from the different managers. Money is with many different managers. Guidestone manages how much to fund.

Cynthia pointed out the page in the handout listing typical funds and expense ratio. Expense ratios were discussed. You would know expense ratio before you invested.

Action Item: Cynthia will check on expense ratios and will also email committee extra column from page which did not print out.

A question was raised as to whether other universities who have Fidelity had been contacted. Cynthia did not think Fred had done so, but she has researched the matter. Fidelity is second in the market for 403(b)'s.

Since new regulations go into effect December 31st, Cynthia recommended the Committee members take this information back to their respective faculty and let her know of any feedback.

Action Item: Cynthia will check with Fred about the email which went out to faculty regarding Merrill Lynch contributions no longer being accepted.

There was discussion regarding communicating with faculty about choosing some providers over others (i.e., eliminate TIAA and keep Guidestone). Suggestion was to spell out problems with TIAA and produce something explaining the situation with more than anecdotal information. Provide comparisons.

Action Item: Cynthia will talk to Fred about sending an email from HR.

A question was asked as to whether this is an "all or nothing" proposition – if you move money out of stock fund do you have to move it out of annuity as well?

Action Item: Cynthia will ask Fred.

Cynthia requested that committee members let their faculty know about options and give her feedback before next meeting.

B. Update on Pension Plan (Buck Brock)

Buck reported on the Pension Plan Committee (oversight body of University) annual meeting and state of funding. We are better funded this year than last, but still underfunded \$22 to \$23 million. We are required to fully fund plan within a specified period of time. \$6.5 million payment of \$22/\$23 million has been made. Investment management was transferred to Guidestone because of an overlap in managers that have access to funds and because we were also able to reduce fees (over \$100 K per year).

We have taken a hit in the pension plan and endowment due to the falling financial markets, but it is not as bad as the general market loss and does not affect employees individually. Regardless of market, the employer (Samford) has to achieve full funding status. We are not in a crisis. This has been going on for some time, but needs to be fixed.

Reimbursement expense – qualified expense on Arena – we have a period of time to do bond and make money back. The plan is to fully fund the pension plan ahead of schedule and have an operating range of 5 – 10% overfunded.

A question was asked about our rating with funding agencies and how we will be impacted. We did go through an update of rating with Moody's (A2 rating with negative outlook). This is a warning that if certain things happen they can have a downgrade in the rating. Need to work on operating margins and increase enrollment and retention. Enrollment growth has not happened. The enrollment shortfall and problem with retention were discussed. Will be trying to close gap in operating deficit between now and end of year.

C. Long-term Disability (Cynthia for Fred)

Cynthia reported that we have a new provider that will give us better coverage. She will send name of provider in email to committee.

Action item: Cynthia will send name of new LTD provider in email to committee.

D. Update on LTC (Cynthia):

Cynthia reported addition of Blue Cross Blue Shield as long-term care provider and information sessions have been well received by faculty.

E. Websites relating to faculty (Cynthia)

A faculty member wanted committee to know about “Juicy Campus” website which is a gossip site with no moderator or any type of accountability. Buck indicated student leadership had requested it be blocked from proxy server on campus and it should be blocked at this time.

F. Announcements (Buck Brock)

Salary Survey: Buck reported on the salary survey which is done every five years by the Institutional Advancement Committee. **Action item: Cynthia will let committee know when results are posted on web.**

Pension Plan Issues: Two issues have been raised about time worked in order to receive full year service before retirement. Benchmark to get credit is 1,000 hours of service in plan year. Plan does not mention faculty. Faculty can’t retire with the full 1000 hours service unless they teach summer school to bridge the gap. Fred is working on this and revision plan language to include faculty. In addition, there is nothing in plan about sabbaticals. While they have traditionally been covered, there is a question over compensation versus on-the-job duties.

Meeting was adjourned.