

Contact: Thomas Evans

PROPOSED DISTRIBUTION OF STANDARD AND POOR'S SETTLEMENT PROCEEDS

Action Requested: Consider approval of the Board Regents Office's request to distribute Standard and Poor's settlement proceeds to the universities for distribution to employee TIAA-CREF retirement accounts.

Executive Summary: On February 3, 2015, the Attorney General of Iowa announced a joint state-federal settlement agreement with Standard & Poor's Ratings Services (S&P). The \$1.375 billion settlement is the result of lawsuits filed by the Iowa Attorney General and 19 other states, with the Department of Justice, over allegations that S&P misled investors and market participants, including Iowans, when it fraudulently rated structured finance securities in the lead-up to the 2008 financial crisis. This impacted investments in the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Iowa Public Employees' Retirement System (IPERS) at the University of Iowa, Iowa State University, University of Northern Iowa, Iowa Braille and Sight Saving School and Iowa School for the Deaf, as they relied on S&P's ratings for some investment decisions.

The State's share of the settlement is \$21.5 million. The Attorney General's Office has directed that \$2.5 million of the State's share of settlement be directed to the TIAA-CREF retirement accounts of employees at the three universities. In addition, the Attorney General's office will distribute \$10 million to IPERS, which includes accounts for Regent employees.

The Board Office is requesting authorization to distribute the \$2.5 million settlement proceeds to the universities and special schools for distribution to TIAA-CREF retirement accounts for Regent employees who were employed during the period of September 2004 and October 2007 and whose accounts are presently active.