

NON-CERTIFIED EMPLOYEE RETIREMENT PLAN (NCERP)

COMMITTEE MEETING

February 10, 2016

MINUTES

CALL TO ORDER

Mrs. Ruth Lewis called the regular meeting of the NCERP Committee to order at 9:17 a.m. in the 5th floor large board room, at the Cosand Center.

Members Present

Ruth Lewis, Vice Chairperson
Keisha Robinson
Kevin White

Others Present

James Hayden, Plan Coordinator
Julie Hupperts (Towers Watson)
Bill Miller (ex officio)
Jim Wilkinson (Columbia Management
Paul Zinck, Chancellor Finance &
Administration
Steve Kanterman
Olivia Anderson
Patricia Berkhart
Diane Whiteside
Steve McCloughlan

TELECONFERENCE WITH STATE STREET TRUST AGENCY

Mr. Kris Auer, Officer, State Street Trust Agency, phoned in to share information with the NCERP committee about State Street Bank and Trust Company law suit. Copies of his presentation were provided to each NCERP committee member, as he explained State Street has entered into a settlement with the Securities and Exchange Commission (SEC) over findings of improper conduct. A previous employee was discovered in violation of their policies by solicitation of assets servicing business from public retirement plans in Ohio. The settlement arises out of the actions of a former employee for conduct that violated State Street's standards and policies. Mr. Auer eagerly emphasized this settlement is **not** related to any public fund investment management activities performed by the State Street Global Advisors, their asset management business.

The conduct subject to the settlement occurred in 2010, and in the past two years there has been 24 new clients brought on board, 23 Request for Public Funds (RFP) clients, and 20 clients were retained. Mr. Auer ensured the committee that their company is stable and have implemented changes to deter this type of behavior and highlighted their commitment to the highest standards.

State Street conducts mandatory training classes for all employees including standard of conduct, anti-bribery and corruptions awareness, anti-money laundering, conflicts of interest, in the area of gifts and entertainment. After conclusion of training each employees must take a test and achieve a passing grade of 80 per cent or higher, failure to complete these classes result in serious consequences including termination. Ending his presentation Mr. Auer open the meeting up for questions. Mr. Bill Miller presented the question, “Is the training indicated here a result of the SEC ruling?” Mr. Auer responded with “I do not know the exact answer to that question, as he was not privy to the exact terms of the settlement”. But, he does indicate the training modules are not new and they have been existence for a long time, he speculates that they have been improved upon since the SEC’s settlement. Mr. Zinck asked if these training modules were being conducted at the time of the alleged offenses and if they were not, why did it take so long to implement the new procedures?” Mr. Auer answered that most of this took place before his tenure with State Street, but he would investigate and get back with the committee with an answer. Mr. Miller asked if these policies were already in place, and feels the committee needs to know more. Is the settlement public information? Mr Auer responds with as he understands it the question is if the policies were in place prior to the incident? Mr. Miller verifies with a yes. Mr. Zinck states the settlement was \$13M and will State Street pass these expenses along to their clients? Mr. Auer clarifies that no change in fees are expected. Settlement was paid with their 4th quarter earnings and taken from their bottom line profits. Lastly, Mr. Zinck asked if there any other pending actions against State Street? Mr. Auer responds with no, not to his knowledge and that he would respond to the unanswered questions and forward answers to Mr. Hayden, the plan coordinator.

The committee discussed the teleconference at length and concluded that this incident was not a mismanagement of funds, but more of a violations of ethics. Mrs. Lewis asked the Plan Administrator (Mr. Miller) and the Controller (Mr. Zinck) if they could direct their questions to Mr. Hayden, so he can redirect to Mr. Auer for answers.

COMMENTS FROM PARTICIPANTS

None.

APPROVAL OF MINUTES

Regular Meeting Minutes of November 11, 2015

Mrs. Lewis moved that the minutes of the regular meeting of November 11, 2015 be approved as written. Mrs. Robinson made motion to approve the minutes as written and Mr. White seconded the motion, the motion carried the minutes are approved as written.

INVESTORS’ REPORT

Columbia Management’s Investment Presentation as of December 31, 2015.

Mr. Jim Wilkinson, Senior Relationship Manager, Columbia ThreadNeedle, began his quarterly report by stating the economy has had a rocky ride over the last quarter. At the end of 2015 the economy had only grew by 2 per cent. The Feds has started raising interest rates at 0.25 per cent and are expected to rise to the 0.50 per cent rate and they will rely on the economy, employment rates, inflation numbers, and stock/credit markets to make adjustments. The unemployment rate is currently at 5 per cent and is expected to reach 4.9 per cent in the near future, and that's the lowest we have seen since 2008. The stock market ended the year in somewhat disarray. Crude oil is trading at \$37.50 per barrel at the beginning of January, 2016, anticipated to decline at least 20 per cent to about \$30.00 per barrel, which in text book fashion should be a good thing, but seems consumers are not spending the discretionary income but are opting to save more. Cheaper oil prices has had a negative impact on the Middle East as well. Additional market instability is anticipated throughout the year. The elections are upcoming, contributing to more market volatility. China's growth has slowed down, they recently devalued their dollars causing some need for caution. Events of ISIS in Paris is causes of more market insecurity, also with North Korea firing of rockets is also a concern of market instability. The upheaval in the Middle East is an ongoing concern.

Portfolio allocation have been changed to include the International Value Fund and the International Opportunity Fund replacing the Columbia Acorn International Fund. Basically a 60 for 40 split between Large Cap Funds (39%) and Fixed Income (38%), Small Cap Index (9%), the International Value Fund (5%), the International Opportunity Fund (5%), and Cash (4%).

The Plan's reconciliation of assets for the quarter started at \$70,669,550, net withdrawals were (\$560,743), the income earned was \$1,024,583, the change in market value was \$1,304,536, and the quarter's ended with a market value of \$72,437,926.

The quarters portfolio performance as of December 31, 2015 was 3.30 per cent, over the last year was 0.36 per cent, the last 3 years was 8.82 per cent, the last 5 years was 7.98 per cent, the 10 year period was 6.56 per cent, and since inception 10.99 per cent.

Mr. Wilkinson asked for any questions. Mr. Paul Zinck asked if the changes in the international funds were made around the middle of the quarter, and if the numbers represented were our return or just for the fund itself? Mr. Wilkinson informed that it was the latter, because to determine the Plan's asset gained in this area, since the change occurred at mid quarter, the exact outcome is somewhat difficult to determine.

In conclusion Mr. Wilkinson predicted that no changes to the Plan are anticipated and if we stay the course the Plan will remain solid.

REPORT ON NEW PARTICIPANTS/RETIREES/RETURN OF CONTRIBUTIONS/DECEASED RETIREES

Mr. Hayden reported that during the period of October 1, 2015 through December 31, 2015 there were five (5) new participants added to the Plan and also, there were five (5) who separated from the Plan. Of those who separated from the college; their returned contributions and credited interest totaled \$35,842.06.

Same period, six (6) Plan participants chose to retire. Five (5) chose the Life time annuity Payments for Life Option and one (1) chose the Lump Sum Payment totaling \$101,045.439. No one chose the 50 percent Annuity/50 percent Lump Sum method of payment this quarter.

Also, Mr. Hayden reported that Mrs. Mary Schildz passed on January 6, 2016 and her annuity payments have been suspended.

SUBMISSION OF BILLS

Mr. Ruth Lewis made a motion to ratify the (6) payments presented to the committee, seconded by Mrs. Robinson, the motion carried. The bills included:

Towers Watson – Actuarial Services (10/01/15-12/31/15)	\$16,250.00
Columbia Management Investment Services (10/01/15-12/31/15)	\$32,003.33
State Street Bank and Trust Company (10/01/15 - 12/31/15)	\$ 1,677.21
State Street Bank and Trust Company (10/01/15 - 12/31/15)	\$ 19,562.85
Treat America: November 11, 2015	\$ 0.00
St. Louis Community College - Human Resources Charges: (02/08/2015)	\$39,394.87

REPORT FROM ACTUARY:

Mrs. Hupperts reported there was nothing major to report to the committee. However; She is are looking into providing an annual listing of those who are approaching 70.5 years of age to prevent any catch-up payments in the event they go beyond 70.5 and receive their benefit payment. Mr. White inquired if we had any idea participants are in that category? Mrs. Hupperts indicated there wasn't a large number. Mr. Zinck asked if there has been an uptick on the number who take the lump sum payments and if so how does that affect the Plan? Mrs. Hupperts indicated that the lump sum payments eliminates future risks, but at the same time, lump sum payments also eliminates the opportunity to earn more on the investments, so it is a tradeoff.

UNFINISHED BUSINESS

Closed meeting request; will table until next meeting so more committee members are present to discuss.

NCERP's Operational Budget – Ending December 31, 2015– James Hayden

The original budget for the 2015-2016 fiscal year was established at \$419,774.00 and as of, December 31, 2015, with the deduction of all approved expenditures of \$189,609.28, the remaining balance for the quarter is \$230,164.72.

NCERP Reports: Mr. Hayden made a request for some fiduciary training for himself and any other NCERP committee members to meet the need of Plan challenges that maybe challenged with in the future. The NCERP committee provided a consensus indicating that would be a great idea.

ADJOURNMENT

There being no further business, a request for a motion to adjourn was made by Mrs. Lewis. Mr. White provided the motion and that motion was seconded by Mrs. Robinson to adjourn the meeting. The motion carried and the meeting was adjourned at 10:30 a.m. The next meeting of the quarterly NCERP Committee will take place on Wednesday, May 11, 2016 at 9:15 a.m., at the Forest Park Campus.

Chairman

Date

Administrator

Date