

**NON-CERTIFIED EMPLOYEE RETIREMENT PLAN (NCERP)
COMMITTEE MEETING
Wednesday, August 10, 2016**

SUMMARY MINUTES

CALL TO ORDER

Mrs. Ruth Lewis, Co-Chair, called to order the quarterly NCERP meeting at 9:16 a.m., in SC-200, at the Meramec campus.

Members Present

Ruth Lewis, Co-Chair
Calla White
Kevin White,
Keisha Robinson

Others Present

Celeste Metcalf, (Controller)
Jim Wilkinson, (Columbia Threadneedle)
James Hayden, Plan Coordinator
Thomas A. James (Tele-Conference)
Jo Moore
Debbie Duane
Tim O'Neill
Debbie Watson
Sharon Holt

COMMENTS FROM PARTICIPANTS

None.

APPROVAL OF MINUTES

Regular Meeting Minutes of May 11, 2016

Mrs. Ruth Lewis made a motion to approve the May11, 2016 meeting minutes as written, the motion was seconded by Mr. Calla White. The motion carried.

INVESTOR'S REPORT

Columbia Threadneedle's Investment Presentation as of June 30, 2016

Mr. Jim Wilkinson, Senior Portfolio Manager, Columbia Threadneedle, began his quarterly presentation by reminding the committee of the event that occurred on June 24, 2016, when we all were surprised Great Britain voted to exit the European Union (EU). This decision drove losses of about \$3T from markets around the world during two trading sessions and it took two more trading sessions to recoup those losses. Considered a short term disruption to the markets by many, however will have lasting impact. Great Britain will have to invoke their article 50 rights to begin the process of exiting the EU, then the actual exit will take place about two years later. Since Great Britain currency is not co-mingled with the Euro, separation of the pound

should be effortless. Since the vote they have in place a new prime minister, Theresa May, appointed by the Queen, a leader of the Conservative Party and intentions are to support the people's vote to exit the EU. These were changes took place at the end of the quarter. It seems every week there seem to be some event around the world stunting the growth of world markets, next there were the attempted coup-d'état in Turkey, and the terrorist attack in Nice France, creating more universal volatility.

The S & P was up at about 2.46 per cent for the quarter, 3.84 per cent for the year to date, small stocks did not perform as well, and they were flat for June and did better for the quarter, but lagged year to date. At this point we don't see interest rates increasing. Economy tends to muddle along at the 2 per cent growth rate, productivity seems slow, there has not been lot of spending on enhancements on products, stagnating growth as we seem to grow at a snail's pace.

Mr. Wilkinson wished to clear up the benchmark oversight concerning the custom benchmark updates. **Background:** Current custom benchmark for the Plan is:

45% S&P 500 Index, 38% Barclays Aggregate Bond Index, 7.5% S&P 600 Index, 7.5% MSCI AC World x US, & 2% 90 day T-bills.

In mid - 2013 when the Plan revised their Investment Policy Statement (IPS) as reflected on Section 1 slide 5, at which time the Custom Benchmark was not revised to align the IPS with the benchmark.

Recommendation: In order to better align the Custom Benchmark with the updated IPS approved in mid - 2013 we would suggest updating the St. Louis JC Custom Index bench mark to:

40% S&P 500 Index, 30% Barclays Aggregate Bond Index, 10% S&P 600 Index, 10% MSCI ac World x US, & 2% 90 day T-bills.

This benchmark is more appropriate for the guidelines that are in place for the Plan.

The performance of the Plan for the quarter, as we began the quarter (April 1, 2016), our value was \$71,565,791 and at the end of the quarter (June 30, 2016 Contributions paid out were (\$792,285), income earned \$643,155, and change in market value was \$408,076. The ending market value as of June 30, 2016 \$71,824,738. A slight increase, just slightly over \$250K.

Mrs. Lewis ask for a motion to accept the recommendation to implement the new custom benchmark changes. Mr. Kevin White made a motion to accept the updates to the custom benchmark. Motion was seconded by Mrs. Keisha Robinson. The motion carried.

ANNUAL STATE STREET BANK AND TRUST COMPANY'S FINANCIAL REPORT

Mr. Thomas A. James, State Street Bank and Trust, provided the Annual State Street Bank and Trust Financial Report via teleconference. He started by indicating the Plan's Beginning Net Asset Value as of June 30, 2015 at \$74,424,418.60 in contrast with the present value as of June

30, 2016 which is \$75,137,404.84. The Ending Net Asset Value of June 30, 2016 is \$75,137,404.84 in contrast with the value June 30, 2015 is at \$71,831,137.53 indicating a difference of -4.40 per cent.

Contributions were down from June 30, 2015 by -5.4 per cent, the contributions as of June 30, 2015 were \$1,684,566.98 and contributions as of June 30, 2016 were \$1,593,387.80. The gross earnings as of June 30, 2015 were \$3,411,326, gross earnings as of June 30, 2016 were -30.65%. The pension disbursements for 2015 were (\$4,671,610.46) and in 2016 pension disbursement were (\$5,648,995.81) an increase of 20.92 per cent.

Expenses did decrease for 2016, as of June 30, 2015 the expenses were \$375,632.86, and as of June 30, 2016 the total of expenses were less at \$370,158.94, a -1.46 decrease. He then asked for any questions, there being none that ended Mr. James presentation and he did convey his apologies for the mailing mix-up and promised the executive summaries handout would be mailed in the near future.

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

During the reporting period of April 1, 2016 through June 30, 2016, Mr. Hayden reported that ten (10) new participants were added to the Plan and seven (7) participants were terminated. Those terminated participants who have requested return of their contributions and interest totaled \$65,157.47.

During the same period, sixteen (16) Plan participants chose to retire. Six (6) chose the Annuity Payments for Life Option and six (6) chose the Lump Sum Payment Option totaling \$1,287,250.59 and there were four (4) participants who choose the 50% lump sum/50 percent annuity option.

Also, there were four retirees who passed during the quarter; Mrs. Ester Kues, Joint Survivor of Mr. Orville Kues, who previously worked at the Florissant Valley campus. Mrs. Kathleen Kelley, who worked at the Florissant Valley campus, expired June 16, 2016. Mr. Richard Clerkley, who worked at Meramec campus, expired June 16, 2016. Mrs. Doris P. Lenger, who worked at the Meramec campus and passed on June 17, 2016. All monthly benefit payments have been permanently suspended.

SUBMISSION OF BILLS

Mr. Lewis asked for a motion to ratify the payment of six (6) bills presented to the committee during the reporting period. The bills included:

Towers Watson - Actuarial Services: (4/1/2016-6/30/2016)	\$16,250.00
Columbia Threadneedle - Investment Services: (4/1/2016-6/30/2016)	\$31,523.79
State Street Bank – Benefit Payments: (4/1/2016 - 6/30/2016)	\$1,935.07

State Street Bank – Trust Services: (4/1/2016-6/30/2016)	\$19,242.69
St. Louis Community College for Lockton Co – Fiduciary Insurance (7/1/2016 – 6/30/2017)	\$4,090.00
Treat America Services; Services Rendered: 5/13/2016	\$104.55

Mrs. Lewis asked for a motion to ratify the approval of all bills. Mrs. Lewis provided that motion, seconded by Mrs. Robinson, the motion passed. Mrs. Lewis asked for a motion to approve the payment of the following:

St. Louis Community College, Human Resources Department – Administration Charges (January 1, 2016 – June 30, 2016)	\$39,666.65
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Mrs. Lewis provided that motion, seconded by Mrs. White the motion passed.

UNFINISHED BUSINESS

Credited Interest Update – James Hayden:

Mr. Hayden reported to the committee the credited interest, reported to the Plan from Towers Watson, Plan's actuary, a 0.40 percent has been added to all NCERP participant's accumulated contributions in accordance with Section 2.7 of the Plan documents. Statements have been provided indicating the increase in credited interest of 0.40 per cent, to all eligible plan participants. The NCERP annual statement indicates an estimate of regular monthly retirement benefit at full retirement age, along with a reminder to check with Social Security Administration for an estimation of benefits.

NCERP's Operational Budget – Ending June 30, 2016 – James Hayden

The original budget for the 2015-2016 fiscal-year is \$419,774.00; as of June 30, 2016, with the deduction of all approved expenses in the amount of \$357,801.75, including the approved Administrative Charges for January 1 – June 30, 2016, the remaining balance is \$61,972.25. The Plan has completed the 2015 -2016 fiscal year under their projected budget.

NCERP Reports – James Hayden

Mr. Hayden shared with the committee the benefits of attending the Mid-Sized Retirement and Healthcare Plan Management Conference. Mainly they were able to distinguish retirement plans that were under Employees Retirement Income Security Act of 1975 (ERISA) and those that are not. NCERP is **not** under ERISA guidelines basically due to the aspect that the Plan does receive governmental funding. However we do try very hard to comply with the ERISA guidelines. We were able to distinguish between an asset management firm and an investment manager. We utilize an asset manager; Columbia Threadneedle, LLC who basically manages our resources under the confines of their own agency (funds only within their family of funds).

An investment manager is a separate agency that provides guidance on how to invest in the market, usually for a separate fee, and of course we would be subject to the investment manager's fees that are inherent of being a client. We were able to make contact with many individuals who are going through the Request for Bid Process (RFP) and are willing to share information they gained from the experience gained from the process. We have established many points of contact for most of any aspect of retirement plan sponsorship. We are planning to go through the RFP process for our asset management services and we have many agencies we are able to contact for information concerning the process.

The most revealing aspect of the visit was the financial status of our Plan was in the top percentile of all Plans represented. Most Plans that were represented were underfunded in today dollars.

Budget for 2016 - 2017

Mrs. Lewis asked for a motion to approve the budget submitted for July 1, 2016 – June 30, 2017 for \$428,530.00. Mr. Kevin White presented the motion, the motion was 2nd by Mrs. Keisha Robinson, the motion carried.

Request for Investment Proposal

Mrs. Celeste Metcalf expressed her desire to assist in the NCERP in pursuing a RFP for asset management services. She solicits input for specific questions for the RFP process and wants to show her support in providing the support in completing the process as efficiently and as expedient as possible.

NEW BUSINESS

COLA Increase – January 1, 2016

Mr. Hayden reported to the NCERP Committee the actuaries are not in attendance at this meeting and the Cost of Living Increase (COLA) letter has not been received. As soon as it is received it will be distributed to each NCERP committee member for review for future discussion of possible increase of retiree benefits effective January 1, 2017.

Election of Chairperson and Vice Chairperson

Mrs. Lewis opened the floor for a nomination for the next Chairperson of the NCERP committee. Mrs. Lewis nominated Mrs. Calla White as chairperson for the NCERP committee, the motion carried and then Mrs. Calla White then nominated Mrs. Keisha Robinson as the vice chairperson of the NCERP Committee, that motion carried with no objections. Mrs. Calla White is the new Chairperson for the NCERP committee and Mrs. Keisha Robinson is the new vice chairperson for the NCERP committee for a period of one year.

Discussion of Next Quarterly Committee Meeting; November 9, 2016

After small discussion a decision was made to have the next quarterly committee meeting at the Florissant Valley campus at 9:15 a.m.

Mrs. Sharon Holt posed a question to the committee concerning the dissolvent of the Plan and what the Board of Trustee's actions would be? Mr. Hayden responded with the Board of Trustees would pay participants their contributions and interest, contact each retiree and provide a lump sum settlement for their annuity payments, because the NCERP Plan would no longer exist. Mrs. Holt indicated she understood.

Closed Session:

Mrs. Lewis asked is there any need to request a closed session. No response indicated there weren't any reasons to go into a closed session.

Adjournment

Mrs. Ruth Lewis made a motion to adjourn; the motion was seconded by Mr. Kevin White, the motion carried.

Chairman

Date

Administrator

Date