

**NON-CERTIFIED EMPLOYEE RETIREMENT PLAN (NCERP)**

**COMMITTEE MEETING**

**May 10, 2017**

**MINUTES**

**CALL TO ORDER**

Mrs. Calla White called the regular meeting of the NCERP Committee to order at 9:17 a.m. in SC-031, Café East, at the Forest Park Campus.

**Members Present**

Mark Foxx  
Ruth Lewis  
Keisha Robinson  
Celeste Metcalf  
Calla White  
Kevin White  
Paul Zinck

**Others Present**

Julie Hupperts  
Jim Wilkinson  
James Hayden  
Terri Buford  
Joyce Hodge  
Bonnie Meyer

**COMMENTS FROM PARTICIPANTS**

No Comment from Participants

**APPROVAL OF MINUTES**

**Regular Meeting Minutes of February 10, 2017**

Mrs. White moved that the minutes of the regular meeting of February 10, 2017 be approved as written. Mrs. Ruth Lewis moved to approve the NCERP committee meeting minutes as written, Mr. White seconded the motion. The motion carried.

**INVESTORS' REPORT**

Columbia Management's Investment Presentation as of March 31, 2017. First quarter has been typical over the last several years as Mr. James Wilkinson, Columbia Management, Senior Institutional Relationship Manager, began his quarterly presentation by indicating for the past several years the gross domestic product has risen and this year was no different, the economy grew 7/10<sup>th</sup> of a percentage point. Speculators anticipated a lower growth rate, but growth was higher than their expectations, which usually is reserved for the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters. Feds have already raised interest rates by .25 per cent point in mid-March 2017 and they are expected

to raise rates 3 to 4 times this upcoming year between .75 to the 1 point range. Presently, slow growth is the common trend with the GDP somewhere around 2 per cent.

The unemployment numbers are down to 4.4 per cent, history has indicated that 5 per cent is what is considered normal from a conservative perspective. But, the upside to the unemployment numbers is that we may have more jobs available with less skilled laborers to fill the available positions, and that is the down side. The upside is that the fewer skilled labors to approach, the more advantage the skilled labor has, driving up salary cost. Other indexes indicate the same result; unemployment is on a downward trend.

International diplomacy issues with; North Korea, Syria, etc., could be a drain on the economy or could bolster the economy. Global growth is favorable; French elections turned out a moderate leader that could have influence on staying in the EU and that is a positive for financial stability. Global growth and a better global economy will assist in our markets continued success.

The gross domestic product growth rate for the economy is somewhere around 2 per cent and is anticipated to continue at that pace. Interest rates, infrastructure policy implementation could have a positive impact on our economy. Employment opportunities and material acquisitions would provide for an upward trend.

The S&P 500 grew about 5 per cent this quarter, treasuries traded about 1 point since beginning of the year, 10 year notes were about 2.9 per cent, expectations are market will grow.

Portfolio review, plan assets were \$71,677,285 at the beginning of the quarter, net withdrawals were (\$304,851), income earned was \$344,803, change in market value was \$2,218,45, making the ending market value as of March 31, 2017; \$73,935,882. Portfolio diversification is still between the asset classes of; fixed income, international, large cap, and small cap index and cash. This type of allocation is significant to the Plan's asset growth. Long term growth for the quarter was 3.59 per cent, for the year 10.46 per cent, 3 year; 6.47 per cent, 5 year; 8.21 per cent, 10 year was 6.18 per cent, since inception 9.06 per cent. We have successfully out performed our designated benchmarks.

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

During the same period, two (2) Plan participants chose to retire. One (1) chose the Annuity Payments for Life Option and the other chose the Lump Sum Payment option totaling \$77,799.51. No one chose the 50 percent Annuity/50 percent Lump Sum method of payment.

Also, there were three retirees who expired during this period who was receiving a monthly benefit pension; Mrs. Ruby Jackson, spouse of Lurenza Jackson, who worked at the Florissant Valley Campus, she expired January 28, 2017, and Mrs. Margaret F. Houlihan, who worked at

Forest Park, expired February 17, 2017, and Mrs. Leslie I. Fox, worked at Forest Park also, expired March 27, 2017, all of their monthly benefit payments has been suspended.

Mr. Hayden reported that during the period of January 1, 2016 through March 31, 2016 there were fifteen (15) new participants added to the Plan and seven (7) separated from the College. Of those who separated, their returned contributions and credited interest totaled \$72,402.48.

### **SUBMISSION OF BILLS**

Mrs. Calla White asked for a motion to approve the payment of the following bills. Mr. Kevin White made a motion to approve the payment of the (5) five invoiced accounts and Mrs. Lewis second the motion, the motion carried. The bills included:

Willis Towers Watson – Actuarial Services (01/01/17 – 3/31/17	\$16,250.00
Columbia Threadneedle Investment Mgt (01/01/17 - 3/31/17)	\$31,013.59
State Street Bank and Trust Company (01/01/17 – 3/31/17)	\$ 1,884.09
State Street Bank and Trust Company (01/01/17 – 3/31/17) “Trust Svc”	\$19,048.54
Nadoz Catering – Reimbursement for Refreshments; February 10, 2016	\$ 211.88

### **REPORT FROM ACTUARY**

Mrs. Hupperts reported she had a couple of items to discuss but wanted to start with notifying the committee NCERP committee that she in the near future would be collecting data for the annual actuarial report, entering into this time of the year. Item number 2, was that every five years of so we generally meet with the committee to determine if the actuarial assumptions are in alignment with the current scenarios, she will provide a scope of service for that work to be accomplished.

Mr. Hayden asked Mrs. Huppert to highlight the impact of numerous participants taking advantage of the Voluntary Separation Incentive Program (VSIP). He continued and informed the committee that these retirements will not be in this fiscal year 2016/2017 because termination dates have been established as July 31, 2017, occurring in the upcoming fiscal year 2017/2018. Hupperts agreed that those participants taking advantage of the VSIP would not be considered until the next fiscal year’s (2018/2019) valuation. Hupperts indicated if there were more than ten per cent total taking a lump sum payment, then a significant event study may become necessary. Mr. Zinck indicated that we will have a clearer view of those taking advantage of the VSIP after June 15, 2017.

After much discussion, we determined that the key questions of concern was that if the lump sum option is taken by more than half of those anticipated to leave the Plan under the VSIP, would that adversely impact the Plan significantly, and what impact would that have on the funding

status of the Plan? Mr. Hupperts responds with a resounding “yes” and added “a little bit,” depending on the number of lump sum payouts and, again; then a study may be conducted to determine the VSIP’S impact.

Julie, also wanted to ensure the NCERP committee could count on her furnishing any necessary support during the Voluntary Separation Incentive Program.

She also took this opportunity to introduce the committee to her co-worker; Mr. Donald Schisler III. She was happy to report that he will be working with her on the upcoming eventful annual actuarial review. He is the son of the Plan’s previous actuary; Mr. Donald Schisler, II.

### **UNFINISHED BUSINESS**

#### **NCERP’s Operational Budget – Ending March 31, 2017– James Hayden**

The original budget for the 2016-2017 fiscal year was established at \$428,530.00 and as of, March 31, 2017, with the deduction of all approved expenditures of \$265,507.10, including the encumbered charges of \$19,586.00, the remaining balance for the upcoming quarter is \$143,436.90.

#### **NCERP Reports:**

Mr. Hayden discussed the contrast between last year’s application for retirement amount versus this year’s amounts and indicated that in 2016 there were 28 total retirees at the end of the first half of the year (June 30, 2016), and at the end of the first quarter of 2017 there has been only two (2) applicants who have applied and retired. As a result of the VSIP, there have been thirteen (13) participants who have applied for retirement as of July 31, 2017. A better depiction of totals will be available after June 15, 2017.

Also, Hayden reported that Mrs. Robinson has been nominated to continue on as the NCERP non-unit representative. Mr. Tim Nolde, senior non-unit participant, contacted all non-unit participants by e-mail and sought nominations to hold election for the next non-unit representative vacancy. Currently Mrs. Keisha Robinson’s term expires June 30, 2017. If there had been two or more nominated, the plan document requires an election conducted by the election committee. However; Mrs. Keisha Robinson was the only nomination received and she will serve the NCERP committee for another three years, her tenure ending June 30, 2020. Documentation supporting the sequence of these events will be provided at the next quarterly committee meeting, signed by Mr. Nolde.

#### **New Business:**

#### **Proposed Estimated Budget for FY 2017/2018:**

Mr. Hayden asked for approval of the new budget beginning July 1, 2017 for the fiscal year 2017/2018 for the amount of \$453,238, which included a 2.4 per cent increase for most of the

line budget items. He indicated there was a marginal increase for reimbursement of his salary due to a recommended promotion from P-9 to P-10 which was included in the new budget and to that amount a 2.4 per cent increase was also provided in alignment with the CPI index increase the entire cost for the increase in salary was estimated at \$90,384, including benefits.

He then informed the NCERP committee of the increase in auditing fees with the new auditors; KPM and the use of CBIZ totaled \$18,477.50 a \$4,776.50 increase over last year's budgeted amount. We increased the total by the CPI index amount of 2.4 per cent and the total budgeted amount is \$18,921. Mr. Zinck asked if that was the KPM auditor's increase or if that increase for CBIZ' financial statement increase? Hayden responded the increase was mostly KPM's expense and the CBIZ invoice did increase but not by very much.

A motion was made to approve the budget as presented for the 2017/2018 fiscal year by Mrs. Lewis the motion was seconded by Keisha Robinson, the motion carried approving the presented budget for the 2017/2018 fiscal year.

Mr. Hayden also indicated he and the chair; Mrs. Calla White has planned to attend a Retirement Plan conference in Chicago mostly addressing Plan fees, fiduciary responsibilities, and conducting Request for Proposals (RFPs) for Plan services. The Mid-Sized Retirement and Healthcare Plan Management conference is being held on June 11 – June 14, 2017, in Chicago. Hayden feels strongly that this is perfect timing as the NCERP committee has been recently challenged with conducting RFPs for all Plan services.

Mr. Zinck, Vice Chancellor for Administration and Finance, ex-officio NCERP committee member, expressed his concern for completing the RFPs is of vital importance from the Board of Trustee's treasury perspective. In accordance with state policy this committee needs to ensure we do not violate the state policy. Mr. Zinck then informed the committee that he is strongly encouraging the NCERP committee accomplish a RFP for all of the Plan's services and if that was not accomplished as soon as possible he would go to the Board of Trustees and have them issue a letter telling the NCERP committee to do so.

After much discussion a motion was made to establish a planning committee to discuss procedures for the upcoming RFP review by Mr. Kevin White. Motion was seconded by Mrs. Lewis.

**CLOSED SESSION:** No reason was provided for the need to go into a closed session.

**ADJOURNMENT**

There being no further business, a motion was made by Mrs. White and seconded by Mrs. Lewis to adjourn the meeting. The motion carried and the meeting was adjourned at 10:57 a.m. The meeting of the next NCERP Committee will take place on Wednesday, August 9, 2017 at 9:15 a.m., at the Meramec Campus, location to be determined.

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Chairman

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Date

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Administrator  
Paul Zinck  
Vice Chancellor for Finance and Administration

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Date