MEETING NOTES

Purpose: 3rd Qtr. 2015 403(b) Plan Review

Attendees: Tom Scalici of Cornerstone MW Brad Andrew, Tracy Patrick, Karla Wiser, Carole Gracey, Jim Donaldson, and Christina Miller - Unable to attend were Rob Yelnosky, Valerie Rennell, and Don Braxton – of Juniata College

Date: Thursday, November 12, 2015 @ 3:00 PM

- Cornerstone gave an overview of the capital markets for the third quarter utilizing the index flash report through September 30, 2015. It was a difficult quarter for almost all asset classes with losses occurring primarily during the month of August. Heightened volatility was present with China’s slowdown and the uncertainty of a Federal Reserve interest rate increase. For the quarter, the S&P 500 index was down -6.44%. International equity as measured by the MSCI EAFE index was also down -10.23%. Commodities lost -14.47%. On a brighter note U.S. fixed income as measured by the Barclays U.S. Aggregate Bond Index gained 1.23%.

  The recent selloff has provided an opportunity among attractively valued companies. Earnings growth continues to surprise on the upside. Oil prices remain low and we are almost at full employment levels. Consumer spending is improving. The Fed thus far has been accommodative; however with reports of the U.S. economy strengthening, an interest increase is probable in the near future. It is important to remember during uncertain times, diversification is the most important component of reaching long-range financial goals while minimizing risk.

- We then reviewed the cash flow of the Plan. For the quarter ending September 30, 2015, the Plan had a beginning balance of $98,036,132, with total contributions of $835,561, withdrawals were $1,052,377, investment losses were $3,921,241 for an ending balance of $93,898,076.

  As of September 30, 2015, the current asset allocation of the Plan is 13.5% domestic equity stock funds, 3.1% in international equities, 25.1% in global equities, 13.0% in the TIAA-CREF Lifecycle portfolios, 4.3% in fixed income, 35.3% cash, 6.6 % in alternatives and 0.1% in other, which represents loans taken.

  The overall performance of the plan for the quarter was -4.00% versus the blended benchmark at -4.13%. For the year, the total plan performance was
-1.41% versus the blended benchmark at -2.30%.

- There were only two funds who lagged the benchmark by any significant amount and that was the TIAA-CREF Large-Cap Value Fund and the PIMCO All Asset Fund. Virtually every other fund in the plan was beating its benchmark and as a result since inception the plan has beaten the blended benchmark by 130 basis points annually. There were no fund changes recommended during this meeting.

- The balance of the meeting was spent discussing the Retirement Choice platform and the series of decisions that Juniata will need to make when they ultimately decide to do this. Tom started with the differences between the RA contracts and the RC contract, focusing on the group control, the pricing issues and the differences in the TIAA Traditional account. Tom shared with the Committee how revenue leveling works and that most of the institutions Cornerstone is working with have elected to move towards institutional shares with no revenue sharing.

- Next, Cornerstone provided a sample Core Fund menu showing the differences in cost between the institutional and the current shares that they are in. Next, they reviewed a sample rollout presentation that they used with another client to give the committee an idea of how the transition was communicated and the calendar of events. Cornerstone stated it would take a minimum of four months and preferably six months to do this when they are ready. Gail Leiby Ulrich mentioned that Penn State was in the process of migrating to this and that was going to happen by the end of 2016, so if Juniata were to do this they would probably be the beginning or middle of 2017, but that date is yet to be determined. There were no decisions made to move forward at this time.