

# Juniata College

## Retirement Plan Committee Meeting Minutes

Meeting Minutes for the first and second quarters of 2017 for Juniata College 403(b) Plan, held in Huntingdon, PA, on Tuesday, September 19, 2017 @ 2:00 PM.

In attendance at the meeting from Juniata College was Christine Gibson, Tracy Patrick, Brad Andrew, Gail Leiby Ulrich, Valerie Rennell, Carole Gracey, Karla Wiser and Jim Dixon. Don Braxton was unable to attend.

Tom Scalici and Erik Lentz were present from Cornerstone Advisors Asset Management, LLC.

- In August, Cornerstone met with Christine Gibson, the new CFO at Juniata, to discuss a history of the relationship between Juniata and Cornerstone, provide her an overview of fiduciary best practices, review the Investment Policy Statement, take her through the highlights of a review book and to share with her best practices we are seeing with our TIAA clients. Cornerstone provided Christine with copies of the plan document, Summary Plan Description, TIAA contracts, Investment Policy Statement and review book as follow ups to this conversation.
- In today's meeting, we began with a discussion of the steps involved in transitioning to the RC Platform at TIAA. Tom Scalici explained the key steps including a high level overview of the differences in the contract, the use of institutionally priced funds, the opportunity to make plan design changes, payroll integration, the use of a wrap fee to pay plan expenses and a description of the communication strategy used at other institutions where Cornerstone has implemented these changes. .
- This led to a discussion on pricing. Juniata negotiated pricing with TIAA about a year and a half ago, and TIAA came back at 18 basis points. Cornerstone shared with the committee that a number of other clients of their size were coming in in the 14-basis point range, and that they would be using the transition to the RC Platform to renegotiate with TIAA. The committee continued the conversation about pricing and what role consortiums would play. Tom Scalici explained that Cornerstone has had discussions with TIAA about this and will continue to explore this as a possibility since we also work with several of their peer institutions.
- We discussed the pros and cons of doing a default to a QDIA as part of the transition to the RC platform. Cornerstone said they would conduct a QDIA analysis as part of the transition to determine the best fit for Juniata. Due diligence will be conducted on the glidepath, risk profile, asset class, performance, fees and risk-adjusted returns of the options on TIAA's platform., put a Once selected, Cornerstone will work with TIAA to put a communication program together as part of the transition. Tom Scalici mentioned that it is also a good time to revisit plan design and make any changes or updates. The committee mentioned adding force outs as well. From a timing perspective, Cornerstone explained that basically Juniata needed to determine when they wanted to do this, and then we would need to plan backwards about four months in order to have enough time to do this properly.
- Cornerstone reviewed the macroeconomic environment utilizing the index flash report through June 30<sup>th</sup>, 2017. By and large domestic equities continued on an upward trend; the S&P 500 was up 3.1% in Q2 which brings the YTD number to 9.3%. The NASDAQ Composite gained 4.2%, in Q2 and the Dow Jones was up 4% through the same time period. Major international equity indices posted strong performance numbers. The rapid post-election rise of the dollar has more than reversed itself YTD giving international markets a tailwind. As measured by the MSCI EAFE Index, international Markets were up 6.1% for the quarter and 18.8% YTD. Emerging markets gained 6.3% in the Q2 as measured by the MSCI Emerging Market Index. Both US and International equity sector performance were reviewed before taking a closer look at equity

valuations. Growth indices outperformed value indices both domestically and abroad. The macroeconomic section concluded with a discussion around equity exposure and the importance of factoring in downside risk.

- Cornerstone then began the review of the plan. The Juniata College 403(b) Plan for the second quarter of 2017 had a beginning balance of \$105,333,587 with total contributions of \$1,037,415, \$0.00 in forfeitures, \$0.00 in transfers, \$1,220,911 in withdrawals, and a total of \$2,637,543 in gains for an ending balance of \$107,787,635.

As of June 30, 2017, the current asset allocation of the Plan is 16.12% domestic equity stock funds, 3.3% in international equities, 22.3% in global equities, 14.9% in the TIAA-CREF Lifecycle portfolios, 4.6% in fixed income, 32.1% cash, 6.7% in alternatives and 0.1% in other, which represents loans taken.

Total return of the plan for the second quarter of 2017 was approximately 2.50%, compared to the blended benchmark return of 2.63%. When we look at the historical performance, annualized, the investment return is 7.51% relative to a blended market benchmark of 6.64%.

- We then discussed the core fund menu. A member of the committee expressed a preference for low volatility investment options in the new core fund menu. Cornerstone took the committee through the beta and standard deviation column of the performance summary so they could see that most of the non-TIAA funds that were added were lower volatility, Cornerstone would certainly keep this in mind as they put together the new core fund menu.
- Cornerstone inquired if ESG was an important issue for the committee. The committee brought up some of the conversations that had occurred in the endowment and mentioned that most of the people who had raised the issue have since graduated. As a result, this can be a consideration but not a driving force behind selecting core fund menu options.
- The committee asked if Cornerstone could put together a timeline for the transition and they agreed to do so.
- There are no administrative issues at this time.
- The meeting adjourned @ 3:30 PM