The meeting began with approval of the minutes from the third quarter.

Cornerstone gave an overview of the capital markets for the fourth quarter utilizing the index flash report through December 31, 2014. The S&P 500 index returned 13.69% for the year, and international equity as measured by the MSCI EAFE index earned -4.90% for 2014. The strength of the dollar has continued to hurt the returns of international stocks in the short-term. Across the board, it was a difficult year for active equity managers to keep up with the indexes and the strong returns of the S&P 500 did not spread to the rest of the market. U.S. fixed income as measured by the Barclays US Aggregate Bond Index was up 5.97%.

Looking forward, there is reason to be cautious as we have enjoyed six years of positive returns. It has been longer than 3 years that we have experienced a 10% or more correction in the equity markets. Interest rates are extremely low right now, but will most likely rise sometime in the future. We feel investors should continue to own bonds not for the available returns but to protect capital in a falling market. On a positive note, unemployment numbers have continued to improve and inflation forecasts are benign. Lower oil prices and the strong consumer are also bright spots. In addition, considerable amounts of liquidity remain in the financial markets.

We then reviewed the cash flow of the Plan. For the quarter ending December 31, 2014, the plan had a beginning balance of $95,742,137, with total contributions of $792,737, withdrawals were $472,838, investment gains were $2,041,131 for an ending balance of $97,867,055.

As of December 31, 2014, the current asset allocation of the Plan is 13.2% domestic equity stock funds, 1.9% in international equities, 28.9% in global equities, 11.7% in the TIAA-CREF Lifecycle portfolios, 4.4% in fixed income, 34.1% cash, and 5.7% in alternatives. Of the money that is in stocks, 78.2% is invested in large-cap, 13.0% in mid-cap, and 8.7% in small-cap.

The overall performance of the plan for the quarter was 2.14% versus the blended benchmark at 1.83%. For the year, the total plan performance was 6.03% versus the blended benchmark at 6.21%. This slight underperformance relative to the blended benchmark was more an issue of the indices doing extremely well, as opposed to plan investment options not performing well, as the overwhelming
majority of the funds beat their benchmark for the year.

With respect to the funds, there were several areas where we had a more detailed discussion. First of all, the Lifecycle portfolios were in the third quartile for the year. This is primarily due to their exposure to international stocks and a global resource fund, both of which were out of favor in the last 12 months in particular. Over the last three and five years, virtually every fund has been in the top quartile of their peer group. The TIAA-CREF International Equity fund also was in the bottom 3% of the peer group last year. This is a more aggressive international fund that has a tendency to outperform when international stocks are in favor and underperform when they decline. Over the last three years, the peer group ranking is in the third percentile, over the last five years, it’s in the tenth percentile, so again, and this is really more reflective of what is happening in the international markets.

Finally, the TIAA-RASRA-CREF Real Estate Account was also in the bottom decile over the last one, three, five and 10 years. This is the real estate option that is in the annuity and is a unique type of fund. When real estate prices are rising quickly, this fund lags because valuations on the properties are only done periodically. Conversely, when real estate falls, this tends to lag the market as well. This fund cannot be removed from the plan and therefore all we can do is monitor it. There was also a discussion about adding either the Green Century or the Pax Socially Responsible funds. Initially, Richard Branko from TIAA-CREF mentioned that the Green Century fund was available, but then said they did not have a selling agreement with them so it was not currently available on the platform. The Pax fund could be added, but its expense ratio is over 1.5%. The committee is continuing to discuss whether or not these funds should be added to the plan, but no action was taken at this meeting.

There was a discussion about adding a brokerage account which would allow individuals to purchase any fund available on TIAA’s platform. Cornerstone’s experience is that approximately 20% of its clients offer a brokerage account and typically less than 2% of plan assets end up in the brokerage account. This is something that the committee is continuing to evaluate.

Cornerstone discussed the pricing changes for the TIAA-CREF annuities. On April 24th, their plan was automatically migrated into the R2 share class, which has a one to two basis point increase in expense ratio, but more importantly, a four basis point reduction in the plan service credit, which Juniata uses to help pay advisory fees. It is projected that the revenue sharing of the plan will drop from a little over 21 basis points to about 19.5 basis points over the course of the next year, which will reduce the PERA account by approximately $15,000. Cornerstone mentioned that they were having conversations with TIAA to see if plan would possibly be pre-priced as a result of this fee increase, but there was nothing to report at this meeting other than conversations were underway.

Finally plan demographics were reviewed. One point to note is that there are 496 participants in the TIAA traditional account, and 119 of those have all of their money at TIAA traditional. We talked briefly about the education campaign and the ability to target those people who have all their money in the one fund.
Conversations will occur between Juniata and TIAA to determine an effective educational campaign.

- Cornerstone then introduced a first draft of the Fee Policy Statement, as well as the 2015 Client Calendar. The Fee Policy Statement will be reviewed by the committee and hopefully approved at the next meeting. This is an emerging best practice that Cornerstone recommends the plan adopt. The Client Calendar was also provided in a draft form and will be updated during the course of the year.

6/2/15 kms