

BOARD OF ADVISORS

CSD RETIREMENT TRUST
305 ST. LOUIS AVENUE, BOX 254
ST. LOUIS MO 63088

CALL TO ORDER

Members of the Board of Advisors of the CSD Retirement Trust met on Wednesday, August 22, 2018, at 11:15 a.m. at Enterprise Bank and Trust, 11401 Olive Boulevard, St. Louis, Missouri. The meeting was called to order at 11:15 a.m. with the following members in attendance:

Dwight Lindhorst, Chairman, (Ritenour), Steven Fedchak (Affton), Krista Dieckmann (Affton), John Stewart (Brentwood), Patrice Coffin (Carondelet Leadership Academy), Mary Jo Gruber (Clayton), Dion Edwards (Confluence Academy), Robert Vogelaar (Liberty), Kathy Wood (Lindbergh), Jeff Haug (Meramec Valley), Mark Stockwell (MUSIC), Kurt Kaup (Orchard Farm), Angela Hughes (Platte County), Paul Northington (Rockwood), Daniel Steinbruegge (Rockwood), Kelly Alexander (Special), Susan Dawson (Valley Park), Shelley Kinder (Warren County), Brendan Mahan (Washington), Anita Brace (Wright City).

Also in attendance were: Ed Hinders (CBIZ), Richard Counts (VALIC), Catherine Harstick (VALIC), Lori Johnson (VALIC), and Stephen Keyser, CSD Retirement Trust.

Participating via conference call were:

Teresa Lange (Bayless), Tim Ryan (Dallas County), Elaine Morgan (Kansas City Public Schools), Christine Gierer (Kansas City Public Schools Retirement System), Sara McMillin (Lee's Summit), and Brian Adesso (Menasha WI).

Also participating via conference call were: Michael Bauer (VALIC), Alex Saywell (CBIZ), and Brian Montemurro (VALIC).

WELCOME AND SPECIAL INTRODUCTIONS

Representatives of new participating districts were welcomed and introduced. They were Dion Edwards, Confluence Academy, and Mark Stockwell, Missouri United School Insurance Council. Carlton Brooks, Ferguson-Florissant School District was introduced as a guest. Ferguson-Florissant is exploring the opportunity to join the Retirement Trust, and it was noted that Riverview Gardens School District is also considering the opportunity to join the Trust.

Della Moon, Vice President of Enterprise Bank, welcomed Advisory Board members to the facility. She provided a brief overview of services provided by Enterprise Bank, and she highlighted Enterprise University, a program that provides financial education opportunities to those interested in learning about saving and investing. Topics of high interest to human resource personnel are also offered. The programs are free to customers and non-customers of the Bank, and she encouraged Advisory Board members to share information about Enterprise University with colleagues and employees.

MINUTES

Minutes for the May 16, 2018, Board of Advisors meeting were presented for approval. Whereupon, on motion made by Kathy Wood and seconded by John Stewart, the minutes were unanimously approved as presented.

TRUSTEES' REPORT

Transition

Dwight Lindhorst, Chairman, reported on the transition of the Trust since the Service Provider Agreement with EducationPlus terminated as of June 30, 2018, thus ending administrative and accounting support services that had been provided by EducationPlus since the start of the Trust. He stated that Steve Keyser would continue to serve as Managing Director of the Trust. Software-To-Go was engaged to provide IT support. Enterprise Bank graciously agreed to provide meeting space for the quarterly Investment Committee and Advisory Board meetings. The location of the bank along with its technology and conference calling capabilities make it an ideal location. Elise Reineck will provide administrative services going forward. Mr. Lindhorst stated that the governance structure of the Trust as well as its goals remain the same.

Trustee Election

Mr. Lindhorst announced that the Board of Advisors will hold an election for one Trustee at its November meeting. Kathy Wood is completing a three-year term as a Trustee. Anyone interested in serving as a Trustee should notify Steve Keyser, Kathy Wood, Robert Vogelaar or him.

FINANCIAL STATEMENT

Mr. Keyser presented the Statement of Revenues and Expenses, Actual and Forecast, as of June 30, 2018. He pointed to expenses related to the transition, including graphics support, new marketing folders, business cards, a post office box, software, and tech support for two computers.

Mr. Keyser noted that the financials include updated actual and accrued revenues and expenses through March 31 and June 30, 2018 respectively and reflect additional revenue from excess basis points fee. Those expenses through June 30, 2018 reflect transition expenses incurred, including those paid in July and August. Going forward, expenses would be for recurring operations only.

Mr. Keyser also reported on timing and accounting calculations for basis points fees paid to CBIZ. He explained that as plan assets (excluding annuities) increase and reach certain benchmarks, the fees paid to CBIZ decrease. However, VALIC cannot calculate participant accounts on a timely basis because plan assets are not known until the quarter ends. At the beginning of a new year, the basis points for CBIZ charged to participant accounts are adjusted based on the Service Provider Agreement with CBIZ and plan assets as of the end of the prior year.

ACTION ITEMS

No action items were presented.

VALIC REPORT

Plan Review

Richard Counts, VALIC Vice President, updated Advisory Board members on plan assets, participation and other metrics. He reported that there is \$148 million in total plan assets. At this time, the Trust is experiencing growth of just under \$2 million per month in contributions. By year's end, he expects mutual fund investments alone to reach \$138 million. At this time, the unique headcount is at 5,300, and the end-of-year numbers are predicted to be higher, reaching approximately 5,800. Advisors are very active at this time—they have been visiting schools, meeting new staff, participating in benefit fairs, and touching base with current staff. So far this year advisors have enrolled 323 new participants, presented 80 financial plans, attended 86 staff meetings, conducted 844 face-to-face meetings, and participated in 143 lunch meetings. There were no changes in guided portfolio services to report.

Fixed Income Liquid Fund

Mr. Counts also reported that the change in the restrictions around the Fixed Income Liquid Fund means participants may use 100 percent of their funds in the account to purchase service credit. This is a plus for participants who are retiring. The 20 percent limit on moving funds to mutual fund market accounts remains. He also noted that the Fixed account now composes 18 percent of plan assets (previously 25-30 percent). This has been accomplished through the diligent work of advisors educating plan participants, and the increase in participant assets in other investment options, including the Target Date Funds.

District Educational Workshops

Catherine (Kitty) Harstick, VALIC District Vice President, shared a PowerPoint presentation about Retirement Pathfinder with Advisory Board members. She explained that Retirement Pathfinder is a tool used to educate participants about retirement goals and provides a realistic forecast of retirement income and potential income shortfalls. With this knowledge, participants are better able to employ a strategy to fill the retirement income gap.

Rollover Process Letters

Ms. Harstick asked district representatives to make sure that employee termination dates are routinely provided to VALIC. This ensures a smooth transition of funds to participants when they are ready to begin taking distributions from their accounts. Methods to quickly and efficiently transfer data to VALIC via district payroll systems were briefly discussed.

CBIZ REPORT

Success Tracker

Ed Hinders, CBIZ Vice President, shared an updated report on Success Tracker, a tool that provides a fiduciary checklist for governance of the Trust. Success Tracker tracks fiduciary responsibilities that are to be carried out by CBIZ and the Trust. It is continually monitored and updated.

The 3(21) Fiduciary Registered Investment Advisory Solution

Mr. Hinders provided an Executive Summary of investments for the Trust. He noted that for the one-year period, 24 out of 32 funds outperformed primary benchmarks. For the three-year period, 25 out of 32 funds outperformed primary benchmarks, the five-year period showed 29 out of 32 funds outperformed primary benchmarks, and the ten-year period showed 29 out of 30 outperformed primary benchmarks. Expense ratios for participants continue to be low.

Watch List

Mr. Hinders reported that the T. Rowe Price Equity Income fund was removed from the Watch List. Vanguard remains on the Watch List due to fund performance. While Vanguard does not hold a significant amount of Trust investments, it is an important fund in its category (mid cap). It will continue to be monitored.

VALIC Financial Strength

Mr. Hinders reported that it received VALIC's Comdex rating, which is 81 (out of 100). The Comdex rating is very tough—it takes various rating agencies and produces a score. VALIC has a strong score, is very strong financially, and shows good performance.

Wellness Initiative

Mr. Hinders reported that he continues to explore the possibility of working with Financial Finesse, a financial education and counseling service, as an added benefit for the Trust. Financial Finesse assists people by examining their current financial situation, assessing debt, developing a budget, setting financial goals and deploying resources to help them tackle those goals. It contributes to improved morale of employees. Mr. Hinders stated that a recommendation would be coming forward that the Advisory Board form a Task Force to look at the service for districts. He stated that a more extensive report about Financial Finesse will be made in November.

Fund History Report

Mr. Hinders shared a Fund History Report that summarized investment options available to participants. Fund performance for the quarter, year-to-date, one-year, three-years and five-years were listed for comparative purposes.

MANAGING DIRECTOR'S REPORT

Mr. Keyser presented a report on his work for the most recent quarter. The work includes:

WI OPEB Trust

With the assistance of Brian Adesso, Menasha, Wisconsin, CBIZ, VALIC and Mr. Keyser are exploring options to provide services for OPEB.

VALIC Meeting in Houston

A meeting with VALIC representatives in Houston is scheduled for the purpose of examining the current infrastructure for support of the Trust, cross-marketing opportunities, and possible approaches for expanding the Trust in other states. VALIC is currently hosting the Trust's website, so at the meeting, related compliance issues will also be discussed.

Kansas City Visit

Mr. Keyser reported that he and Ed Hinders meet regularly with districts in the Kansas City area, and they will be doing so the first week in September.

Membership

The Trust currently has 48 members, and Mr. Keyser is optimistic that membership will reach 50 districts by the end of the calendar year.

Prospects

A meeting with Ferguson-Florissant employees is scheduled. Meetings with district representatives at Normandy were held and follow-up activities are planned.

Board of Advisors' Meetings

The proposed schedule for meetings in 2019 was presented: February 20, 2019; May 15, 2019; August 21, 2019; and November 13, 2019. There being no objection to the proposed schedule, formal scheduling of meeting space will take place.

NEXT MEETING

The next meeting of the CSD Retirement Trust is Wednesday, November 14, 2018. Investment Committee 10:00 a.m.; Board of Advisors 11:15 a.m. at Enterprise Bank & Trust, 11401 Olive Boulevard, St. Louis, Missouri.

ADJOURNMENT

The purpose of the meet having been accomplished, and upon motion duly made, seconded and unanimously approved, the meeting adjourned at 1:00 p.m.

Respectfully submitted,

Elise Reineck
Recording Secretary
CSD Retirement Trust