

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, November 14, 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), John Stewart (Brentwood), Patrice Coffin (Carondelet Leadership Academy), Mary Jo Gruber (Clayton), Laura Modrusic (Ferguson-Florissant), Carlton Brooks (Ferguson-Florissant), Robert Vogelaar (Liberty), Julie Derby (Lift for Life), Kathy Wood (Lindbergh), Mark Stockwell (MUSIC), Kurt Kaup (Orchard Farm), Ron Orr (Pattonville), Daniel Steinbruegge (Rockwood), Scott Hafertepe (University City), Brendan Mahon (Washington), Joann Kite (Webster Groves), Anita Brace (Wright City), and Jeremy Way (Wright City).

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

Participating via conference call were:

Elaine Morgan (Kansas City Public Schools), Christine Gierer (Kansas City Public Schools Retirement System), Sara McMillin (Lee's Summit), Patty Bedborough (Parkway), Angela Hughes (Platte County), Rob Gardner (Platte County), Wayne Krueger (Smithville), and Brian Adesso (Menasha WI).

Also participating via conference call was Mike Bauer (VALIC).

WELCOME AND SPECIAL INTRODUCTIONS

Laura Modrusic and Carlton Brooks (Ferguson-Florissant) and Scott Hafertepe (University City) were welcomed; their districts recently joined the Trust. Phil Pusateri (Normandy) was in attendance; his district is considering membership in the Trust. Jack Keller, Vice President of CBIZ Retirement Plan Services in Kansas City, Missouri, was also introduced.

MINUTES

Minutes from the August 22, 2018, meeting of the Board of Advisors were presented for approval. Whereupon, on motion made by Ms. Wood and seconded by Mr. Kaup, the minutes were approved as presented.

ELECTION OF TRUSTEE

It was explained that the term of Kathy Wood is expiring December 31, 2018, and after serving for two terms, she decided not to continue in that role. Ms. Wood was thanked for her dedication and service to the Trust.

Nominations were opened for the position of Trustee, and Mr. Stewart nominated Mary Jo Gruber. There being no other nominations from the floor, nominations were closed. Whereupon, on motion duly made and seconded, Ms. Gruber was unanimously elected to serve a three-year term as a Trustee for the CSD Retirement Trust.

ELECTION OF INVESTMENT COMMITTEE MEMBER

It was explained that Ms. Gruber would then serve on the Investment Committee as a Trustee member, leaving an opening for a member-at-large. Nominations were then opened for the position of Investment Committee member, and Kathy Wood was nominated. There being no other nominations, and upon motion duly made and seconded, Kathy Wood was elected member-at-large of the Investment Committee.

FINANCIAL STATEMENT REVIEW

Mr. Keyser presented the Statement of Revenues and Expenses, Actual and Forecast, as of September 30, 2018. He noted that revenue for September 30 reflects growth in headcount and plan assets during the quarter. Due to the diligent work of Lori Johnson at VALIC, quarterly reports are being generated earlier; therefore, headcount and basis points fees are deducted from participant accounts sooner, reducing the number of accounts being closed before expenses are deducted.

Mr. Keyser also shared that third quarter expenses and going forward are for recurring operations only, and they reflect a savings following the transition in administrative support. VALIC's support has reduced printing expenses; marketing expenses reflect meetings with potential members in Missouri.

Mr. Keyser drew the Advisory Board's attention to increased fourth quarter expenses due to the fiduciary liability insurance renewal and a possible crime policy. Additional potential expenses for the fourth quarter are legal fees related to the review of 403(b) and 457(b) prototype plans.

Finally, he reported that the forecast numbers for 2018-2020 were increased to reflect the headcount and plan asset increases from new members from Confluence Academy, University City and Ferguson-Florissant School Districts.

BOARD OF ADVISORS UPDATES AND REPORTS

Website Update/Future Fit

Lori Johnson, Senior Relationship Manager with VALIC, presented the prototype of the Retirement Trust website. She demonstrated various features of the website, which is being developed to serve as a comprehensive resource, including information and financial/investment education, for Trust participants. Ms. Johnson shared noteworthy features and asked Board members for input on how the website could be improved. Some suggestions included adding the Salary Reduction Agreement and a list of current financial advisors. Ms. McMillan was very complimentary of the website, and she stated that the co-branding of the website should help participants better understand the relationship between the Retirement Trust, VALIC and CBIZ.

Ms. Johnson also pointed out Future Fit University, which is an educational tool available to participants.

Restatement of Plan Documents

Mr. Keyser reported that restatement of Plan Documents will need to be accomplished by April 2020. It will be important to establish a process in the very near future to get the work completed in a timely manner.

Financial Wellness

The Board of Advisors was informed that the Investment Committee is recommending the formation of a five-member task force to review the topic of financial wellness. The task force would be charged with reviewing financial wellness and literacy and reporting back its findings in May. It is important that the group be geographically representative, and meetings would be conducted via conference call. It is anticipated that there would be approximately 3-5 meetings. Volunteers were then asked to serve, and the following people agreed to do so: Brian Adesso, Patty Bedborough, Angela Hughes, Carlton Brooks and Ron Orr.

Kansas School Districts Meeting

Mr. Keyser announced that he and Ed Hinders, along with Jack Keller from Kansas CBIZ, met with representatives of Shawnee Mission, Olathe and Topeka, Kansas, School Districts about the possibility of expanding the Trust into Kansas. There was a high level of interest and good interaction among key decision-makers in those districts. Kansas law requires that the Trust come under the umbrella of a sponsoring organization with a school board member on it, so the immediate challenge is to find an appropriate sponsoring organization that is a good fit with the Trust.

VALIC Meeting in Houston

Mr. Keyser and Mr. Hinders reported on a recent meeting that they attended with Richard Counts and Lori Johnson in Houston with VALIC's Executive Management Team. Mr. Hinders commented that it was one of the most productive meetings he has attended. VALIC's key decision-makers expressed a tremendous amount of support for developing a platform that could expand the Trust in many states. It is promising and exciting.

Governance Structure

Mr. Keyser announced that the governance structure of the Trust will need to be reviewed considering the growth and expansion of the Trust. This topic will be discussed further and in more depth at a future meeting.

VALIC REPORT

Lori Johnson provided an update on VALIC's work with the Trust. Plan assets as of September 30, 2018, in the 403(b) Plan were at \$115,731,021; in the 457(b) Plan they were \$23,280,781, not including approximately \$10 million in annuity assets that came over when Kansas City Public School District joined the Trust this year. Total plan assets as of November 14 were \$141,060,836.

Guided Portfolio services continues to grow. At this time there are 435 participants using Guided Portfolio services to manage 403(b) investments, representing 5.36 percent of 403(b) assets. There are 296 participants using Guided Portfolio services to manage 457(b) investments, representing 7.34 percent of assets.

Ms. Johnson concluded her update by stating there were no changes in the number of district educational workshops since April; and there is a topical list of educational workshops available on the website should a district have interest in offering one to its employees.

CBIZ UPDATE

Mr. Hinders provided an update on CBIZ support for the Trust. He stated that the Investment Committee received a detailed report and analysis of current investments. At this time the market is experiencing some volatility due to tariffs imposed by the US and rising interest rates. He also reported that three funds were added to the Watch List; the four funds on the Watch List represent about 9 percent of plan assets. The violations attributed to the three being added to the Watch List are considered mild. All four funds will continue to be monitored closely.

Mr. Hinders also reported on the Comdex Rating for VALIC, and he stated that VALIC shows very favorably on the report. Starting at the First Quarter 2019 meeting (May), the Comdex report will be reviewed annually versus quarterly and will be based on year-end (December 31) results from VALIC. In addition, annually CBIZ will work with VALIC to provide a deeper dive into the construction of the Guaranteed Fund and what drives the crediting rate as well as the safety of the fund compared to other options in the marketplace.

Mr. Keyser also noted that approximately 20 percent of plan assets are invested in Target Date funds, and 19 percent in the stable value bucket. Target Date funds are a good strategy for those who are unsure about investing, or for those who have little interest in learning about the complexities of investing. While participants cannot control the market, they can control investment-related expenses by what options they choose, how much of their paycheck they are deferring, and distribution planning.

MANAGING DIRECTOR'S REPORT

Marketing

Mr. Keyser announced that he is close to having the fiftieth district join the Trust. He continues meeting with prospective members and will be giving a presentation to the Southwest Center on December 11. He also asked Advisory Board members if they could provide him with a point of contact at Waynesville School District and Fox School District.

ADJOURNMENT

There being no other or further business to come before the Board, upon motion duly made and seconded, the meeting adjourned at 1:00 p.m.

Respectfully submitted,

Elise Reineck
Recording Secretary
CSD Retirement Trust