

## 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, May 15, 2019, 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, Chair Trustee (Ritenour), John Stewart (Brentwood), Kristine Wentzien (Carondelet Leadership Academy), Carlton Brooks (Ferguson-Florissant), Robert Vogelaar, Trustee (Liberty), Julie Derby (Lift for Life), Kathy Wood (Lindbergh), Kurt Kaup (Orchard Farm), Brian Whittle (Parkway), Ron Orr (Pattonville), Daniel Steinbruegge (Rockwood), Scott Hafertepe (University City), Brendan Mahon (Washington), Joann Kite (Webster Groves), and Anita Brace (Wright City).

Also in attendance were: Ed Hinders (CBIZ), Ryan Wehking (CBIZ), Eric File (CBIZ), Patrick Donnelly (CBIZ), Richard Counts (AIG-VALIC), Catherine Harstick (AIG-VALIC), Michael Dickson (AIG-VALIC), and Stephen Keyser, CSD Retirement Trust.

Members participating via conference call were:

Paul Shrout (CSD-Kansas City), Crystal Frederick (Grain Valley), Elaine Morgan (Kansas City Public Schools), Jeff Morrison (Kearney), Sara McMillin and Wesley Metz (Lee's Summit), and Rob Garner (Platte County).

Also participating via conference call were Jack Keller (CBIZ) and Lori Johnson (AIG-VALIC).

### WELCOME AND SPECIAL INTRODUCTIONS

Susie Powers, AIG-VALIC, was introduced to the Board of Advisors. She was thanked for her support of the Trust and the excellent work she provides to the Management Team. She was greeted with a round of applause.

Gene Stephens, Ferguson-Florissant School District NEA Representative, was introduced and welcomed to the Board of Advisors meeting.

### MINUTES

Minutes from the February 20, 2019, meeting of the Board of Advisors were presented for approval. Whereupon, on motion made by Mrs. Wood and seconded by Mr. Stewart, the minutes were approved as presented.

### FIRST AMENDMENT TO CSD RETIREMENT TRUST MULTIPLE EMPLOYER 403(b) PLAN (RESTATED)

The Board of Advisors was presented a request to amend the CSD Retirement Trust Multiple Employer 403(b) Plan (Restated) to comply with rules issued by the Internal Revenue Service around hardship

withdrawal rules. The Tax Cuts and Jobs Act of 2017, and the Bipartisan Budget Act of 2018 caused a change in those rules.

Mike Dickson, AIG-VALIC, reported that the IRS rules became effective January 2019, and include the following:

- The requirement that participants are prohibited from making elective or employee contributions to any employer plan for six months after taking a hardship withdrawal is eliminated.
- Participants are required to take all other distributions under employer plans first in order for the withdrawal to be considered necessary to satisfy the hardship. Loans are no longer required to be taken before a hardship withdrawal is taken.
- A participant must state in writing or by electronic means that s/he does not have the cash or other liquid assets to satisfy the immediate and heavy financial need. Plan administrators can rely on the participant's statement unless the plan administrator has actual knowledge to the contrary.
- Expenses and losses on account of federally-declared disasters are deemed an immediate and heavy financial need.

Legal counsel drafted proposed changes to the Trust's Plan document that reflect the appropriate changes, and those changes were distributed to the Board of Advisors prior to the meeting for review and consideration. The effective date for the CSD Retirement Trust Plan is July 1, 2019. Whereupon, Kathy Wood moved to adopt the proposed changes as presented and Carlton Brooks duly seconded the motion. There being no questions or discussion from the floor, the Chairman called for a vote on the motion, and the motion carried unanimously.

#### INVESTMENT COMMITTEE COMPOSITION AND SELECTION

The Board of Advisors was reminded that from time to time it may elect or remove members of the Investment Committee and members of any ad hoc committees. The Board also may elect up to two teacher/union representatives to serve on the Investment Committee. Interest has been expressed by a teacher/union representative of a member school district to serve on the Investment Committee. Whereupon, Carlton Brooks nominated Mr. Gene Stephens, Ferguson-Florissant School District NEA Representative, to serve on the Investment Committee. Dr. Vogelaar duly seconded the nomination. There being no other or further nominations from the floor, nominations were closed. Whereupon, the Chairman called for a vote on the nomination, and Mr. Stephens was duly elected by acclamation to serve on the Investment Committee, and he was greeted with a round of applause.

#### FINANCIAL WELLNESS AND LITERACY TASK FORCE FINAL REPORT AND RECOMMENDATIONS

On November 14, 2018, the CSD Retirement Trust Investment Committee recommended to the Board of Advisors that it form a task force to review the topic of financial wellness, literacy and education. The Board approved the formation of a task force composed of members representing the geographic make-up of Trust membership. The following people served on the committee: Brian Adesso (Menasha Joint Public School District-Wisconsin), Patty Bedborough/Brian Whittle (Parkway School District), Carlton Brooks (Ferguson-Florissant), Mary Jo Gruber (Clayton), Angela Hughes (Platte County), Dwight Lindhorst (Ritenour), Ron Orr (Pattonville), Robert Vogelaar (Liberty), and Kathy Wood (Lindbergh). Richard Counts (AIG-VALIC), Ed Hinders (CBIZ) and Steve Keyser (CSD Retirement Trust) also

served. Task Force members met four times via webinar or conference call, and presentations were made by three service providers, each offering a unique product or suite of tools and resources on the topic of financial wellness, education, literacy, debt assessment, and student loan debt assistance. The Task Force concluded its work and is making two recommendations.

Recommendation 1: That AIG-VALIC provide resources, tools and seminars for Trust participants on the topics of consumer debt, student loan debt, retirement savings, budgeting (credit scores, insurance, investing “101”), and basic legal documents (wills, health care directives, power of attorney). Follow-up surveys would be conducted to ensure topics are relevant.

Discussion ensued about how the resources, tools and seminars would be offered, and it was explained that they would be offered via the AIG-VALIC website, financial advisors and on-site seminars. The seminars could be customized and offered through lunch and learn, after-work, back-to-school, and other meetings, all scheduled at the convenience of the school district and on topics of high interest to their employee groups.

Recommendation 2: That GotZoom be included as a value-add to the CSD Retirement Trust offerings. Participating employees would be responsible for the cost of the program and for meeting all requirements for recertification and loan forgiveness terms.

Ed Hinders explained how he initially became aware of GotZoom and its services. He stated that GotZoom is a student loan negotiating company that navigates and secures loan forgiveness and modification programs through the Department of Education. There are about 75 different loan forgiveness and modification programs available for federally funded loans, each offering a unique set of criteria and requirements. GotZoom assists people in identifying and navigating the application process, which is often difficult and cumbersome, resulting in a low rate of completed applications. GotZoom, on the other hand, has a high rate of success in completing applications and securing assistance for applicants. Mr. Hinders emphasized that GotZoom is not a loan refinance company.

Discussion ensued about GotZoom and its services. It was further explained that if a district’s Board decided to offer the program, they would provide payroll deduction for GotZoom’s monthly monitoring fee. The employee (not the school district) is responsible for making student loan payments directly to the Department of Education. Offering the service is strictly up the school district, and each district would need to conduct its own due diligence before engaging with GotZoom.

Mr. Hinders also stated that CBIZ’s compliance and legal departments has completed an agreement with GotZoom. CBIZ will be offering the service to its clients at a discounted rate, and because the Trust is a client of CBIZ, the discounted rate would be passed on to Trust members and their employees.

Following the discussion, Mr. Stewart moved to accept the recommendations made by the Task Force, and Mr. Orr duly seconded the motion. There being no further discussion and upon the vote, the motion carried.

#### CSD RETIREMENT TRUST UPDATES

Steve Keyser updated the Board on recent developments with the Trust, particularly as it relates to expansion into other states. He reported that in Kansas, state law requires a sponsoring organization for the Trust be governed by school board members from the participating school districts. After exploring a number of sponsorship options and a review of legal and other issues by counsel, CBIZ and AIG-VALIC representatives, it was determined that an affiliate membership option may be the best approach to

building a program in Kansas. School districts in Kansas would be the plan sponsor, and while districts would have their own asset “buckets,” the assets would be considered as part of the whole Trust.

The Trust is also exploring the possibility of moving into Tennessee. The good news is that Tennessee does not have the same plan sponsorship requirements and legal issues as in Kansas, making this a much easier growth opportunity.

### FINANCIAL STATEMENT

Mr. Keyser presented the Trust’s Financial Statement for the period ending March 31, 2019. Trust assets as of March 31, 2019, increased 12.2 percent compared to December 31, 2018, and headcount increased 7.2 percent during the same period. The increase in headcount includes the addition of Ferguson-Florissant School District. The plan asset increase reflects both assets added from existing and new participants, and stock market recovery from the December 2018 decrease.

Expense control is good, resulting in an \$11,000 increase in Trust reserves.

Compared to the fourth quarter forecast, for 2019-2021 forecasted headcount and plan assets increased. Headcount is a timing issue because there is a one quarter lag from when a district or charter school joins to when its participants are actually enrolled, so Independence School District participants will be reflected in Second Quarter 2019 reports. The forecast for plan assets assumes \$1 million per month net flow in assets from existing participants plus an increase in assets from the addition of new districts and charters and an increase in participation from current member districts and schools. A potential drop in stocks could offset some or all increases.

### BOARD UPDATES

AIG-VALIC personnel are currently working with Independence School District on the roll-out process. A presentation to the Kansas City Charter School Association in January resulted in the membership of Citizens of the World charter school, bringing the total number of districts in the Trust to 51. Support from AIG-VALIC continues on a variety of matters, including:

- Development of a BrainShark recruitment video
- Development of a social media campaign, with a target list of school districts and charter schools formed
- Development of a disclosure document enabling the investment options menu to be displayed on the Trust website
- Continued recruitment efforts in new states, with an added emphasis on Illinois, Kansas and Tennessee
- Review of the 403(b) and 457(b) Plan Documents with AIG-VALIC representatives, which are to be Restated (IRS approved prototypes for AIG)
- Publication of articles in industry publications to build the Trust’s prominence

The Trust also offered a break-out session at the 2019 MOASBO Spring Conference. Meetings continue with staff from Normandy. The plan is to meet with participants in September with the goal to have Normandy on board by January 2020. Trust representatives also met with Oak Grove School District in the Kansas City area. Board members were again encouraged to reach out to their peers in other school districts in an effort to draw interest in the Trust.

### AIG-VALIC REPORT

Richard Counts updated the Board on activities and support provided by AIG-VALIC. He stated that current membership in the Trust stands at 6,559, with Trust mutual fund assets as of May 14 at around \$142 million and May 15 (today) at around \$144 million. Managed account participation reflects a small percentage of participants, as expected. Other first quarter metrics reported (financial advisor efforts) include:

- 267 enrollments
- 60 financial plans
- 54 staff meetings
- 18 seminars
- 492 face-to-face meetings
- 52 lunch visits

Currently, the activity level is high for AIG-VALIC financial advisors; however, it will drop over the summer (second quarter) and increase again during the third quarter once school resumes. An expanded report on and official roll-out of AIG-VALIC's communication and education plan is planned for the August Board of Advisors meeting.

### CBIZ REPORT

Ed Hinders updated the Board on activities and support provided by CBIZ. He reported that the Investment Committee met and reviewed Success Tracker, a tool that provides a checklist of fiduciary responsibilities for governance of the Trust, reflects past tasks and activities, recent/current activities, and those tasks and activities that are to be done in the future. It is a living document, meaning it is continually updated and amended as Trust needs change.

Mr. Hinders introduced Patrick Donnelly, CBIZ Investment Consultant, who explained the monitoring criteria used to track performance of investment funds. He stated funds are evaluated on:

- Performance (3-year, top 60 percent of category; 5-year, top 50 percent of category; 10-year, top 50 percent of category)
- Risk 3- and 5-year Sharpe ratio (top 60 percent of category), 5-year Up-capture (top 60 percent of category), and 5-year Down-capture (top 60 percent of category)
- Style/Operations (style drift, R-squared, manager tenure, total fund assets, expense ratio)
- Ratings (scores and typical number of "watch" quarters)

Mr. Donnelly explained that he is part of a team of CBIZ investment consultants who work collaboratively to monitor and evaluate fund performance and make recommendations. There is an established process team members follow so all funds are evaluated fairly and equitably.

Mr. Hinders continued the CBIZ report by informing the Board that one fund is currently on the Watch List; namely, the Vanguard Selected Value Inv. It has been on the Watch List since September 2018 due to performance and risk related issues. Goldman Sachs Bond was removed from the Watch List. Mr. Hinders stated that he prefers to put a more positive spin on the funds, with 99 percent of funds **not** on the Watch List. He concluded his report by reminding Board members that the Retirement Matters newsletter is distributed quarterly, and he encouraged Board members to share it with all of their employee groups.

### NEXT MEETING

The next meeting of the CSD Retirement Trust is August 21, 2019.

ADJOURNMENT

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

Respectfully submitted,

Elise Reineck  
Recording Secretary  
CSD Retirement Trust