

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 13, 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), Krista Dieckmann and Steve Fedchak (Affton), Patrice Coffin (Carondelet Leadership Academy), MaryJo Gruber, Trustee (Clayton), Dion Edwards (Confluence Academy), Carlton Brooks, Jacob Myers and Gene Stephens (Ferguson-Florissant), Robert Vogelaar, Trustee (Liberty), Julie Derby (Lift for Life), Joel Cracchiolo (Lindbergh), Jeff Haug (Meramec Valley), Kurt Kaup (Orchard Farm), Brian Whittle (Parkway), Paul Northington and Daniel Steinbruegge (Rockwood), Kelly Alexander (Special), Shelley Kinder (Warren County), Brendan Mahon (Washington), Pam Frazier and Joann Kite (Webster Groves), Jeremy Way (Wright City).

Also in attendance were: Ed Hinders (CBIZ), Ryan Wehking (CBIZ), Richard Counts (AIG), Catherine Harstick (AIG), and Stephen Keyser, CSD Retirement Trust.

Members participating via conference call were:

Paul Shrout (CSD-Kansas City), DeWana Schneider (Frontier Schools), Crystal Frederick (Grain Valley), Phyllis Thomas (Independence), Christine Gierer (Kansas City PSRS), Michael Dayton (KIPP-Kansas City), and Brian Adesso (Menasha Joint Public School District).

Also participating via conference call was Scott Robison (CBIZ).

WELCOME AND SPECIAL INTRODUCTIONS

Michael Dickson, Executive Relationship Manager (AIG), and Eric Levy, Executive Vice President (AIG), were introduced.

APPROVAL OF AGENDA

The Board was requested to approve the agenda for the November 13, 2019, Board of Advisors meeting. There being no amendments to the agenda from the floor, and upon motion made by Mr. Brooks and seconded by Mrs. Derby, the agenda was approved as presented.

GUEST COMMENTS

Eric Levy, Executive Vice President for AIG, thanked the Board for the long-standing relationship AIG-VALIC has enjoyed with the Trust. He addressed the recent Wall Street Journal article. The article reported that the Securities and Exchange Commission is investigating sales and disclosure practices, including dealings with retirement plan participants at school districts and universities. The issues raised in the article are reflective of the older and more traditional 403(b) and 457(b) annuity offerings in the K-12 marketplace, and those that are not unique to VALIC outside of the CSD Retirement Trust. Mr. Levy

indicated that AIG-VALIC is among a number of companies that are being investigated, and it is fully cooperating with the investigation.

Mr. Levy continued his remarks by stating that the CSD Retirement Trust structure is the model of the future for the K-12 marketplace. AIG is excited about continuing its relationship with the Trust, and he looks forward to working with the Trust management team on the expansion of the Trust into other states.

MINUTES

Minutes from the August 21, 2019, meeting of the Board of Advisors were presented for approval. There being no corrections to the minutes, Mrs. Gruber moved to approve the minutes as presented. The motion was duly seconded and upon the vote, the motion carried unanimously.

ACTIONS/UPDATE ITEMS

Election of Trustee

The Board of Advisors was informed that the term of Dwight Lindhorst as Trustee would expire on December 31, 2019. Mr. Lindhorst expressed interest in continuing to serve as a Trustee. Nominations from the floor were called for Trustee, and Mr. Lindhorst was duly nominated. There being no other nominations from the floor, nominations were closed. Mr. Keyser called for a vote on the nomination, and Mr. Lindhorst's nomination was approved by acclamation.

Approval of 403(b) and 457(b) Plan Designs

The Board was presented a request to adopt resolutions authorizing the amendment and adoption of the 403(b) and 457(b) Plan Restatements, both effective January 1, 2020. Mr. Keyser explained that the documents were emailed to Board members in advance of the meeting to allow sufficient time for review and consideration. Whereupon, Dr. Vogelaar moved to adopt the resolution authorizing the amendment and adoption of the 403(b) Plan Restatement, effective January 1, 2020. Mr. Lindhorst duly seconded the motion. There being no questions or discussion, a vote was called on the motion, and the motion carried unanimously.

Thereupon, on Dr. Vogelaar moved to adopt the resolution authorizing the amendment and adoption of the 457(b) Plan Restatement, effective January 1, 2020. Mr. Lindhorst duly seconded the motion. There being no questions or discussion from the floor, a vote was called on the motion, and the motion carried unanimously.

Review of CSD Plan Trust Document

The Board was presented proposed changes to the CSD Retirement Plan Trust Document. Mr. Keyser explained that per Article 7.1, the Trustees can amend the Trust Document with changes not being effective until at least 30 days have passed. A document highlighting (redline version) of all proposed changes was sent to the Board on October 19, 2019, via email, along with a clean version of the Agreement and Declaration of Trust for the CSD Retirement Plan Trust. Mr. Keyser highlighted the proposed changes, which fall into one of the following areas:

- Changing "District" to "Employer" to reflect that Trust members include charters and educational associations;
- Ending reference to EducationPlus Resources Inc.;
- Adding "Service Provider" definition to Article 2.12 and reference thereon;

- Clarifying who is eligible to be a Trustee in Article 3.1;
- Updating general powers of the Trustees per Article 3.6; and
- Amending Article IX related to affiliated Trust members in states for which the Trust cannot be the plan sponsor.

Following the review of proposed changes, the Board was asked if there were questions or concerns regarding the proposed changes, and there were none. Mr. Keyser stated the Trustees would be asked to adopt the Agreement and Declaration of Trust for the CSD Retirement Plan Trust, effective January 1, 2020, at its meeting on November 13.

Retirement Manager Updates

Mr. Michael Dickson, Executive Relationship Manager, announced that enhancements to Retirement Manager are scheduled to be completed soon, with the goal to launch the new version on January 1, 2020. At this time, AIG is attempting to collect consistent data from participating districts/schools, and eventually all participating districts/schools will be upgraded to the new Retirement Manager. With its enhanced level of service, it will build value to participants and districts, reduce the administrative burden and paperwork currently required of districts, and help keep the Trust in compliance with IRS requirements. It is a win-win for all. He, along with Richard Counts and Catherine Harstick, will be available to support and assist districts during the transition.

FINANCIAL STATEMENT

Mr. Keyser reported on the Trust's financial statement for the period ending September 30, 2019. He stated that as of the close of the third quarter, the Trust has over 7,000 mutual fund participants and over 250 annuity-only participants (who are not included for the headcount fee), for a total of almost 7,300 plan participants. The addition of Independence School District added 200 participants to the headcount, and the rest is growth among currently participating districts/charters. Plan assets increased \$1.6 million to \$152 million, compared to the end of the second quarter. Growth for the third quarter slowed, due to approximately \$6.7 million in plan assets rolling out to participants retiring or purchasing service credits in PSRS/PEERS. Expense control continues to be good, with fund balances increasing almost \$25,000 from the second quarter.

Revenue-wise, the Trust is in good shape. The revenue forecast figures are updated based on actual third quarter numbers. The forecast assumes \$1 million a month in plan assets from existing participants, plus the addition of assets from participants as new member districts/schools are added, and increases in participants from existing members.

Upcoming expenditures scheduled to be paid out by year-end are legal expenses and insurance. Legal expenses were incurred for the Restatement of the Plan Document, and the Trust's annual fiduciary liability policy premium is due in December. Thus, fund balances will not reflect an increase on the statement to be presented at the February Board of Advisors meeting.

A question was raised about the amount of service credit withdrawals, and whether this year's level of withdrawal of \$6.7 million was higher than normal. Mr. Counts responded by stating that third quarter is always higher, but this year reflected a higher dollar amount. The Trust is receiving approximately \$1.8-2 million a month in total contributions. Mr. Hinder suggested that perhaps it would be better to track the third quarter withdrawals annually based on a percentage of plan assets rather than a dollar figure. It would give a more realistic historical picture of the impact of retirements and service credit purchases.

BOARD OF ADVISORS UPDATES

The Board was updated on various activities related to the Trust:

Presentations—Prior and Upcoming

Dr. Robert Vogelaar, Richard Counts and Jack Keller (CBIZ) presented information about the CSD Retirement Trust to the Board of Education of the Bonner Springs School District in Kansas. The presentation went well, with ample time to share. While there were not many questions, those asked focused on the transition process. The district is receiving proposals from two consortiums, and the CSD Retirement Trust is much lower in price. Overall, the presentation was well received.

Presentations to two more Kansas districts are scheduled for Hogan Springs and Shawnee Mission. Additionally, on November 18 and 19, presentations are scheduled to be made at St. Joseph (Missouri), Desoto (Kansas) and Emporia (Kansas). A social for Kansas school districts is being hosted on November 18, and a lunch in Kansas City (Missouri) is scheduled on November 19, with the CSD-Kansas City assisting with the November 19 meeting.

The Trust, in partnership with MOASBO, is presenting an on-line presentation on February 6, and the topic is compliance. Richard Counts is presenting the webinar.

Website and Social Media

The Trust will be moving ahead with having its own website. AIG is providing seed money to launch the website, plus an annual stipend to support ongoing maintenance. Efforts to take down the former CSD-RT-EducationPlus Facebook, LinkedIn and Twitter accounts are underway.

Award Nomination

AIG nominated the CSD Retirement Trust for Plan Sponsor of the Year Award, a DC Plan Sponsor Magazine program. Winners will be announced this winter, and the banquet follows in March. AIG is planning training in Houston in January 2020. AIG is developing for the Trust a sales and marketing model that can be used by vice presidents in other states as the Trust expands.

AIG REPORT

Richard Counts, Vice President of Business Development, AIG, reported that since the end of the second quarter, financial advisors have:

- Participated in 118 staff meetings;
- Enrolled 616 new participants;
- Prepared 62 financial plans; and
- Held 887 face-to-face meetings.

Financial planning continues to be an area of focus, and the 62 financial plans resulted in increased contributions by participants to their retirement plan. It was a great quarter of activity.

CBIZ REPORT

Ed Hinders, Vice President and Senior Plan Consultant, CBIZ, updated the Board on CBIZ and Investment Committee activities. As part of its Fiduciary Governance Solution, CBIZ reviews investment

offerings and makes recommendations, examines fees and expenses associated with the retirement plan, and ensures the Plan is in compliance. Success Tracker is a tool used by CBIZ to monitor tasks and activities related to fiduciary responsibilities for governance of the Trust. It also provides a peek at upcoming tasks and responsibilities, whether they are scheduled to be completed on a quarterly or annual basis

Mr. Hinders reported that the Investment Committee concluded its meeting and received a comprehensive third quarter investment review. The Trust continues to offer a diversified portfolio of investment options, as shows in the Investment Style Box provided in the Third Quarter review package. Investments are grouped by category, making it simple to identify investment options.

Mr. Hinders continued his report by highlighting three funds that are currently on the Watch List. The Vanguard Select Value Inv is being removed from investment offerings and is being replaced with MFS Mid Cap Value R6. MFS has great performance statistics and will be a good option for participants. AIG is notifying participants of the change in funds. The two funds remaining on the Watch List are Goldman Sachs Bond R6 and American Funds Growth Fund of Amer R6. Goldman Sachs has been on and off the Watch List and is currently back on for minor investment policy violations. American Funds is expected to turn around nicely. The two funds on the Watch List comprise 6-7 percent of total plan assets. As a point of interest, Mr. Hinders shared that funds currently offered in the Plan pass 375 of 399 total data points as part of the monitoring process.

Kansas City Public Schools is in the process of rolling out GotZoom to its Trust Plan participants. The implementation process went very smooth. CBIZ negotiated a very low cost for the program, and those savings are being passed along to Trust participants. It is a voluntary benefit for employees, and districts interested in adding GotZoom to their voluntary benefit offerings for employees should reach out to him.

Mr. Hinders reminded the Board that plan limits for 403(b) and most 457 plans are increasing as of January 1, 2020. Contribution limits for employees are increasing to \$19,500, and those age 50 and over will be able to make an additional \$6,500 in catch-up contributions.

The Retirement Matters newsletters are sent out quarterly as part of the education component of the Trust. The Board was asked to forward the newsletter to Plan participants and encouraged to share with all employees.

NEXT MEETING

The next meeting of the CSD Retirement Trust Board of Advisors is February 19, 2020.

ADJOURNMENT

The purpose of the meeting having been accomplished, and on motion duly made and seconded, the meeting adjourned at 12:40 p.m.

Respectfully submitted,

Elise Reineck
Recording Secretary
CSD Retirement Trust