

MINUTES

BOARD OF ADVISORS CSD RETIREMENT TRUST 305 St. Louis Avenue, Box 254 St. Louis MO 63088

The CSD Retirement Trust Board of Advisors met on Wednesday, February 17, 2021 at 10:15 a.m. via Zoom. The meeting was called to order, and roll call was conducted. A list of participants is incorporated in these Minutes as Exhibit A, pages 1-2.

APPROVAL OF AGENDA

The Board of Advisors was presented the agenda for the meeting. There being no additions or deletions to the list of topics to be covered, Mr. Lindhorst moved to accept the agenda. Ms. Gruber duly seconded, and upon the vote, the motion carried.

APPROVAL OF MINUTES

The Board of Advisors was presented minutes from the November 18, 2020 third quarterly meeting. There being no corrections to the minutes, and upon motion made by Ms. Gruber and seconded by Ms. Johnson, the minutes were approved as presented.

ACTION ITEMS AND UPDATES

TRUSTEES' REPORT

MANAGING DIRECTOR SEARCH

The Board received an update on the Managing Director search. It was announced that the application form, which contains a description of the Trust, governance structure, position criteria, summary of primary responsibilities and duties, application form, and reference check waiver, are available on a secure website. The link to the website will be sent to the Board of Advisors, and they were asked to share it with potential candidates and to consider posting the job vacancy notice on their respective district's website's area for employment/career/job opportunities. It will also be posted to the website of various statewide professional educator associations. The search officially launches February 19, and it will remain open until the position is filled.

LEGAL COUNSEL

The Board was requested to authorize a change in legal counsel to the Wagner Law Group (from Husch Blackwell) effective immediately. Tom Clark would serve as lead counsel. It was explained that current counsel, Ruth Hayes, is on the glide path to retirement, and the Wagner Law Group provides specialized legal services for multi-employer plans similar to

the Trust. Whereupon, on motion made by Mr. Lindhorst and seconded by Ms. Gruber, the said change in legal counsel was approved unanimously.

INVESTMENT COMMITTEE REPORT AND RECOMMENDATIONS

PARTICIPANT FEES

Investment Committee Chairman Ron Orr explained that at its meeting, the Investment Committee received a participant fee analysis. At the conclusion of the review, the Committee approved a reduction in participant fees effective January 1, 2021. Thereupon, the Committee is recommending to the Board of Advisors that participant fees be reduced to 28.75 bps/annum from 31.75 bps/annum. Whereupon, Ms. Gruber moved that the Board of Advisors approve the reduction of participant fees to 28.75 bps/annum from 31.75 bps/annum effective January 1, 2021, with the deduction to be reflected in participant accounts in April 2021. Ms. Derby duly seconded the motion. There being no discussion, a vote was called on the motion, and the motion carried unanimously.

TARGET DATE FUND ANALYSIS AND RECOMMENDATION

The Board of Advisors was informed that the Investment Committee concluded an extensive analysis of the Trust's Target Date Funds, with extended meeting times devoted to the analysis over the course of several quarterly meetings. The analysis was completed, and two recommendations resulted from the analysis.

The first recommendation brought before the Board of Advisors was a change in the target date fund. During the fourth quarter of 2020, Vanguard Institutional Target Retirement Fund reduced its minimum investment to \$5 million from \$100 million and also reduced its expense fees for the fund to .09 bps. These actions, along with Vanguard's balanced performance, cost and down-side protection, make it a good choice for the Trust's fund line-up. The Vanguard Target Retirement Fund Instl fund options would replace Vanguard Target Retirement Fund Inv fund options. The change would cause minimal disruption for plan participants. Thereupon, Mr. Orr moved that the Board of Advisors approve the change of fund to Vanguard Target Retirement Fund Instl fund options from Vanguard Target Retirement Fund Inv fund options. Ms. Johnson duly seconded the motion. There being no questions or discussion from the Board, a vote was called on the motion. The motion carried unanimously.

The second recommendation brought before the Board of Advisors was replacement of Vanguard Mid Cap Growth Inv Fund with Black Rock Mid Cap Growth Equity Fund. It was explained that Vanguard Mid Cap Growth Inv Fund has been on the Trust's Watch List for four quarters for poor performance. The combination of sub-advised managers and poor security selection led to underperformance. Black Rock Mid Cap Growth Equity Fund outperformed over all periods due to superior security selection, and has favorable metrics as measured by down capture ratio, standard deviation and beta. There is no revenue sharing in the recommended Black Rock Fund, and it is the lowest cost option in its category.

Whereupon, Dr. Vogelaar moved to approve the replacement of Vanguard Mid Cap Growth Inv Fund with Black Rock Mid Cap Growth Equity Fund, and Ms. McMillin duly seconded the motion. There being no discussion, a vote was called on the motion, and the motion carried unanimously.

BOARD OF ADVISORS MEETING DATE

The Board of Advisors was requested to approve its Second Quarter 2021 meeting (third meeting of the calendar year) date (all other dates for 2021 previously approved). Mr. Lindhorst moved to have the Second Quarter meeting on September 1, 2021. Mr. Kaup duly seconded the motion, and upon the vote, the motion carried unanimously.

GOVERNANCE TASK FORCE UPDATE

Paul Northington, a member of the Governance Task Force, shared the final report and recommendations of the Governance Task Force. He stated the charge of the Task Force was to determine if the current governance structure meets the Trust's future needs as it grows in members and expands geographically. The Task Force met five times and reviewed the Trust's governance document, focusing on the current duties and responsibilities of the Trustees and Board of Advisors. It reviewed and compared governance documents from the Missouri United Insurance Council and Egyptian Trust. It further considered how increases in member employers and expanding the Trust's geographic footprint could impact governance and efficiency in the future, and it discussed different governance models. The Task Force also carefully studied the CSD Retirement Trust's breakdown of membership by type of employer and geographic location. The review and study resulted in a recommended governance structure, election process, and timing, which are:

- Maintain the current Board of Advisor representation with each employer having one representative on the Board;
- The Board of Advisors would separately elect three Trustees;
- The Trustees would meet quarterly with the Executive Committee (see following bullet points);
- The Board of Advisors would separately elect eight Executive Committee members, plus one union representative (from a member employer) who would serve as an ex-officio member of the Executive Committee;
- The duties and responsibilities of the Executive Committee would include those of the current Investment Committee and some from the Board of Advisors;
- The Executive Committee would meet quarterly (normally February, May, August-September, and November) and would be open to the Board of Advisors and guests;
- The Board of Advisors would meet annually with the Executive Committee (normally in May), and Board members could attend any meetings of the Executive Committee or ad hoc committees during the year;
- Create a Nominating Committee that would be a standing committee;

- The Nominating Committee would be comprised of three to five Board of Advisors members who do not intend to run for Trustee or Executive Committee position in the following year;
- Nominating Committee membership would reflect the composition of the Board of Advisors in terms of both the type of employer and geographic location;
- The Board of Advisors would select the Nominating Committee at its annual meeting in May for the following year;
- The Pro Forma Duties/Responsibilities—Board of Advisors, Executive Committee and Trustees outlines in detail the recommended duties and responsibilities for each of the aforementioned groups (Trustees, Board of Advisors, Executive Committee, Nominating Committee) and is attached to these minutes and incorporated herein as Exhibit B (pages 1-3).

The Task Force further recommended that each Trustee and Executive Committee member serve a three-year term beginning July 1, 2022, and that the terms be staggered. A random drawing would determine which Trustees and Executive Committee members would initially serve a one-, two- or three-year term. In the event an Executive Committee or Trustee position would become vacant during a term outside the annual election process, the Executive Committee would appoint a replacement through its own transparent process and update the Board of Advisors. The appointment would be until the time of the next annual election at which time the Board of Advisors would then formally elect either the appointee or some other nominee to serve out the remainder of the term.

The floor was opened up for questions and discussion, and there were none. Mr. Keyser stated that a complete review of Trust documents is underway, a necessary step in revising the governance structure to incorporate the Task Force's recommendations. It is hoped the initial review would be completed by May.

BOARD OF ADVISOR MEMBERSHIP REQUIREMENT

Board members were reminded that in order to serve as a member of the Board of Advisors, one must participate in at least one plan.

FINANCIAL STATEMENT FOR PERIOD ENDING DECEMBER 31, 2020 2021-2023 FORECAST

Mr. Keyser reported that the Trust's plan assets are currently at \$206 million, with \$198 million in mutual funds and \$8 million in annuities. The forecast shared with the Board does not include the impact of the participant fee reduction just approved by the Board. It will be updated for the May meeting.

As part of the financial report, Mr. Keyser shared a FY2020 distribution report that showed distributions from the fourth quarter and distributions for the 2020 year. Both reports show that a significant portion of distributions are being transferred to PSRS/PEERS, which is a good thing. One premise upon which the Trust was developed was to provide a way for participants to

purchase service credit with PSRS/PEERS upon retirement without penalties, and the report shows that this goal has been accomplished.

BOARD OF ADVISOR REPORTS AND UPDATES

Mr. Keyser reported that he participated in the East Central (Warren, Lincoln, Pike and Montgomery counties) superintendents meeting via Zoom to present information about the Trust. He will be following up with members of that group to answer questions and offer further information and assistance if requested.

A Zoom meeting with the 403(b) Committee of the Hometown-Oaklawn School District (suburban Chicago) was held in February. The Chief Financial Officer has expressed high interest in the Trust, and Mr. Keyser will be following up with him soon.

Mr. Keyser met via Zoom with Drew Niehans who is now with Oshkosh (Wisconsin) School District. Mr. Niehans had an excellent experience with the Trust through Weyauwega Fremont School District, and he is interested in bringing the Trust to Oshkosh at some point in the future.

The December 3 Virtual Happy Hour for Kansas City metro and Kansas school districts was cancelled. Paul Shrout is following up with interested districts.

AIG REPORT

Michael Dickson opened the annual report presentation. Mike Anderson started the presentation by focusing on engagement with participants. He stated that they looked at advisory engagement and self-service engagement for the last 12 months, reporting that some 60 percent of plan participants have been engaged in one of the two aforementioned methods. Mr. Anderson stated that data shows contributions increase when participants engage with a financial professional. Typical actions following engagement with a financial advisor are:

- 10 percent increase contributions
- 26 percent reallocate investments
- 13 percent add to or diversify investments
- 86 percent engage more investments.

Mr. Anderson continued his report by explaining the “net promoter score,” one that indicates the likelihood of a participant to recommend the Trust to someone they know. A net promoter score of 50 is considered good (scale: -100 Low to +100 High), and the Trust’s net promoter score is +63.6. The data collected around the net promoter score is being used to develop AIG’s communication and engagement strategy.

FINANCIAL PLANNERS VS RETIREMENT PLANNING CONSULTANT

Mike Anderson reported on the different roles of an AIG Financial Professional and a Retirement Planning Consultant, and how AIG is strategically assigning its staff to best serve the needs of districts and their participants.

AIG REPORT Continued

Ms. Catherine Harstick then reported on the 2021 communication plan for AIG. She stated that AIG is driving employee engagement by in-person contact, phone contact, email communications, virtual meetings and other opportunities, and use of technology. The key goals for the AIG team is engagement, student debt, financial wellness, self-service retirement pathfinder, beneficiary designation (ongoing), engagement with a financial professional, and enrollment (new hires, orientation meetings, wellness activities). Engagement will occur through targeted education, webinars, new hires, orientations, awareness education, and one-on-one support.

Mr. Dickson continued the report by sharing information on AIG's focus for the past year, which includes cyber security, digital enhancements, implementation of Savi, uninterrupted business operations (despite COVID), CARES Act support, continued access to financial professionals, ongoing education on relevant topics, simplified access to account information, and local and global aid. Technology enhancements include an improved mobile experience, a simplified enrollment process, an engaging user interface, and help at one's fingertips.

CARES ACT, TOTALS AND UPDATE

Michael Dickson reported on the Trust's ending balance for Fourth Quarter 2020, which is \$206 million in total assets (mutual funds and annuities). CARES Act distributions were made to 85 participants, 10 participants received a required minimum distribution waiver, with new loans made to three participants and 7 participants receiving deferred payments. Managed account participation shows that 795 participants (13.6 percent) use the service for the 403(b) plan and 604 participants (23.8 percent) use the service for the 457(b) plan. There are 3,827 active participants, and the average account balance is \$23,061 for the 403(b) plan.

GOT ZOOM AND SAVI

Mr. Hinders and Mr. Dickson updated the Board on GotZoom and Savi. Mr. Dickson reminded the Board that Savi is available as a resource to participants and the Board was reminded to encourage participants to reach out to their Financial Professional to learn more. AIG also conducted a general loan review, and follow-up to include a lunch and learn with additional information and support is planned. Ms. Harstick shared information about various opportunities to present financial wellness education to employees. Student loan refinance and forgiveness are topics of high interest; a workshop was recently held with several requests for follow-up afterward. A second workshop is planned for March.

Mr. Hinders reminded the Board that GotZoom is available as a student loan forgiveness program for employees. An updated electronic brochure about GotZoom is now available and is included as part of the Board's supporting documents for the meeting.

CBIZ REPORT

Mr. Hinders stated that the Investment Committee just completed a comprehensive and extensive analysis of Target Date funds. The last component of that analysis was part of the Fourth Quarter Investment Review. At its meeting, the Investment Committee reviewed participant expense fees and recommended a reduction in those fees to the Board. The Investment Committee also took action to recommend replacement of Vanguard Mid Cap Growth Inv Fund with Black Rock Mid Cap Growth Equity Fund, and replacement of the Vanguard Target Retirement Fund Inv fund options with the Vanguard Target Retirement Fund Instl fund options. He commended the Investment Committee for its decision to move to the Vanguard Target Retirement Fund Instl fund options, citing its good performance over ten years, and the price reduction in expense fees. The Investment Committee also learned there are no new funds on the Watch List. T. Rowe Price moved off the Watch List, and 98 percent of the Trust's investments are not in Watch List funds. He thanked the Investment Committee for its work on the target date analysis, noting that the Committee's work is an excellent example of how the Trust works in the best interests of its participants.

Mr. Hinders pointed to three reports provided to the Board:

- Success Tracker, a document that assists with tracking governance activities and actions for the Trust, which is updated each quarter;
- Summary of Investment Committee Activities for the Year;
- Fund Performance Since Inception (fund performance since the Trust launched in 2010).

ADJOURNMENT

There being no other or further business to come before the Board, on motion duly made and seconded, the meeting adjourned at 12:10 p.m.

Respectfully submitted,

Elise Reineck, Recording Secretary
CSD Retirement Trust

Exhibit A
Participants
CSD Retirement Trust Quarterly Meeting
February 17, 2021

Steve Keyser	CSD RT
Ann Worthen	Lindbergh
Brian Adesso	Menasha Joint
Brian McKenney	Lindbergh
Brian Whittle	Parkway
Catherine Harstick	AIG
Christine Gierer	KC PSRS
Daniel Steinbruegge	Rockwood
David Buck	Lee's Summit
David Koller	AIG
DeWana Schneider	Frontier
Dion Edwards	Confluence
Dwight Lindhorst	Ritenour
Ed Hinders	CBIZ
Gene Stephens	Ferguson-Florissant
Jack Keller	CBIZ
Jeff Haug	SSD
Joann Kite	Webster Groves
Joel Cracchiolo	Lindbergh
John McColloch	Washington
Julie Corrigan	Warren County
Julie Derby	Lift for Life Academy
Kim Arnold	Bayless
Kim Davis	Smithville
Kurt Kaup	Orchard Farm
LaNita Harrison	Webster Groves
Leslie Paillou	EducationPlus
Mary Jo Gruber	Clayton
Matt Norrid	Brentwood
Michael Dickson	AIG
Mike Anderson	AIG
Mike O'Connell	Jennings
Molly Johnson	Independence
Paul Northington	Rockwood
Paul Shrout	CSD GKC
Phil Pusateri	Normandy
Preston Sterett	Bayless
Rob Gardner	Platte County
Robert Vogelaar	Liberty

Exhibit A—Page 2

Ron Orr	Pattonville
Sara McMillin	Lee's Summit
Scott Hafertepe	University City
Steve Fedchak	Affton
Steve Williams	Lee's Summit
Tim Reller	Elsberry

CSD RETIREMENT TRUST

PRO FORMA DUTIES/RESPONSIBILITIES-TRUSTEES & EXECUTIVE COMMITTEE

DECISION/ACTION	TRUSTEES	EXEC CMTE	BOA	REMARKS
Select Registered Investment Advisor (RIA), and fees payable		X		
Contract w/RIA	X			
Determine participant fees		X		
Determine reserve balance		X		
Develop/Amend Investment Policy Statement		X		
Approve changes in the investment policy	X			
Review/select/monitor performance/change investment options		X		
Approve changes to investment options	X			
Cause annuity contracts to be issued	X			
Enter into custodial agreements for custody/ care/protection of Trust funds	X			
Maintain records and make available for inspection	X			
Establish accts. for deposits	X			
Receive/hold contributions delivered to Trustees	X			
Pay all Trust obligations/ expenses	X			
Maintain all records/notices	X			
Plan Sponsor/Fiduciary	X			

Exhibit B—Page 2				
Select service providers for Contract Administrator, annuity contracts, custodial accounts and other services, and fees payable		X		
Contract with service providers for Contract Administrator, annuity contracts, custodial accounts, Managing Director and other Service Providers and fees payable.	X			
To interpret/construe the provisions of this Agreement and to determine all questions arising in connection with administration of the Trust.	X			
To adopt such policies/rules/procedures as they deem necessary/proper for efficient administration of the Trust. To settle/compromise/arbitrate any claim/debt/obligation due to or from the Trust, to commence or defend suits or legal proceedings and to represent the Trust in all suits or legal proceedings in any court of law or before any other body or tribunal.	X			
To perform any other acts, execute all such instruments, and exercise all such rights, powers and duties in the name of and on behalf of the Trust and the Plan as they may in good faith deem necessary and proper to carry out their powers and duties hereunder.	X			FYI-Currently the Trustees can amend the Declaration of the Trust. Those changes are effective 30 days after notice to the BOA.

Exhibit B—Page 3				
Act as an advisory board to the Trustees with respect to all matters relating to the Plan and Trust.		X		
Elect/remove Executive Committee members and any standing or ad hoc Committees of the BOA established from time to time.			X	
Elect/remove the Trustees			X	
Approve any decision to terminate the Plan and the Trust			X	
Approve all changes to the governance structure of the Trust			X	
EXPECTATION: Regularly attend BOA meetings and be an active participant in the BOA.			X	
EXPECTATION: Promote the Trust and related services to their district/charter and their employees			X	
Nominating Committee: Develop Criteria, Process and timeline for BOA members to be nominated as Trustees and Executive Committee Members, and to allow for BOA not nominated to self-nominate.				3-5 BOA members determined at the May annual meeting to serve the following year.