

**BOARD OF ADVISORS MEETING
CSD RETIREMENT TRUST
EDUCATIONPLUS RESOURCES, INC.
1460 CRAIG ROAD
ST. LOUIS, MISSOURI 63146
FEBRUARY 14, 2018**

1. Call to Order

Steve Keyser called the meeting to order at 11:15 a.m.

ATTENDEES: Ron Orr (Pattonville), John Stewart (Brentwood), Kurt Kaup (Orchard Farm), Dwight Lindhorst (Ritenour), Mike O'Connell (Jennings), Mary Jo Gruber (Clayton), Kathy Wood (Lindbergh), Shelly Kinder (Warren Co.), Julie Derby (Lift for Life Academy), Robert Vogelaar (Liberty), Brendon Mahon (Washington), Teresa Lange (Bayless), Krista Dieckmann (Affton), Steven Fedchak (Affton), Joann Kite (Webster Groves), Anita Brace (Wright City), Daniel Steinbruegge (Rockwood), Patrice Coffin (Carondelet Leadership Academy), Richard Counts (VALIC), Kitty Harstick (VALIC), Ed Hinders (CBIZ), Alex Saywell (CBIZ Washington DC), Steve Keyser and Debbie Finocchiaro (EdPlus), and via Conference Call: Brian Adesso (Menasha), Angie Hughes (Platte Co.), Paul Shrout (CSDGKC), Elaine Morgan (KC Public Schools), Brian Montemurro (VALIC KC), Michael Bauer (VALIC KC).

2. RT Minutes 11/15/17

The BOA reviewed the November meeting minutes and made the following corrections. Shelly Kinder (Warren Co.) Elaine Morgan (Public Schools of KC) and Pam Frazier participated via conference call in the November 15, 2017 meeting. Ron Orr moved and Kathy Wood seconded approval of the minutes. Passed by voice vote.

3. Financials

Steve reviewed Q4 actuals for 2017 and the 2018-20 forecast, based on the Trust receiving the proposed 3.25bps of plan assets in addition to the current \$20 head count fee. He compared the pro-forma with the 3.25bps to one without it. Without it, the Trust will continue to have a negative cash flow and eventually deplete the reserve.

As of 12/31/17, total head count is 5,345, with 1782 of that in KC.

As of 12/31/17, the Trust has \$129M in assets, about \$10M of which are annuity assets rolled in when KC PSD joined. The Trust will not receive the bps fee on those assets.

4.0 Action Items

4.1 Fee Proposals for CBIZ, VALIC, and the RT.

VALIC is reducing its fees to 21bps from 23 then to 20 when the Trust grows to \$150M in plan assets. John Stewart moved and Kathy Wood seconded the motion to approve the renewal agreement with VALIC. Passed by voice vote.

CBIZ is reducing its fee to 7.5bps from 8.75, and will reduce it by an additional .5bps for each \$25M in additional assets over \$125M. John Stewart moved and Kathy Wood seconded the motion to approve the renewal agreement with CBIZ. Passed by voice vote.

Retirement Trust is maintaining its \$20 head count fee and proposing that it add 3.25bps beginning on 1/1/18. Since VALIC and CBIZ are decreasing their fees by a combined 3.25bps, participant fees will stay the same. Kathy Wood moved and Robert Vogelaar seconded the motion setting the Trust fees at the \$20 per head count and 3.25bps of plan assets. Passed by voice vote.

Going forward a participant's account statement will show two lines of expense beginning in 2018 vs. the three lines now shown. One line will show the head count fee and the other line will show the combined bps fee instead of one line each for CBIZ, VALIC and the RT's bps fee. The Trust is changing this because, although the Trust focuses on transparency, having multiple expense lines confuses participants, and makes them think they're paying higher fees because previous providers didn't show their fees on their statement.

4.2 Fiscal Agent Agreement

The new fiscal agreement between the Trust and EducationPlus more clearly identifies the duties of each organization. After reviewing them, Teresa Lange moved and John Stewart seconded the motion to approve the revised agreement. Passed by voice vote.

4.3 Steve reported the Trust is looking for volunteers for two task forces, one to determine the Reserve Fund balance the Trust should have and one to look at whether the Trust should provide a Financial Wellness program. The three trustees will be on each task force. Steve asked for five volunteers for the Reserve Fund task force, and Jeff Haug, Mary Jo Gruber, John Stewart, Shelly Kinder and Brendon Mahon volunteered. This group will report their findings no later than the August 2018 meeting.

4.4 Steve said that he and Ed Hinders had a conference call with Financial Finesse, a firm providing financial wellness programs. They will schedule a future meeting with them in St. Louis. After that meeting, Steve and Ed will report back to the BOA re: forming a task force to review financial wellness and possible funding for it.

4.5 Responding to RFPs.

Discussion: Steve and Ed reviewed the Trust's experience in responding to Request for Proposals (RFPs). Given the time and resources it takes to respond, should the Trust do so? Given that not all school districts follow through after issuing an RFP and don't always know the right questions to ask or how to analyze the responses, is it a good use of Trust resources? Currently the Trust responds to school districts when asked for assistance by providing the comparison worksheet and recommending that either the district or their TPA ask their current providers for comparable data. Ed suggested the Trust develop a standard RFP response, and after discussion within the BOA (see below), they agreed.

It's hard to compare our Trust to other options because there aren't any other plans like ours. Kathy suggested just sell the benefits. Michael O'Connell suggested we reply with a response such as, we cannot respond to your RFP but here is information we can provide you. Dwight said show all the added services we provide in the template but with a zero fee. He wants us to respond, because school districts don't know what all these line items are, but we do.

Following the Trust's template we would answer questions from the requester not covered in the template. Richard Counts likes the template idea too.

4.6 Marketing Challenge – Presenting to K-12 educator groups

Steve will be attending the upcoming Tri-County Supt. Meeting that includes St. Charles, Warren and Lincoln County school districts. Most superintendents don't want entities they view as vendors presenting at their meetings. Steve said the Trust is not a vendor, given its purpose and membership but he needs help from the BOA to get in front of those audiences. Paul Ziegler is willing to talk to districts individually to help set up meetings if the Trust identifies those.

4.7 Future Meeting Dates

Steve reviewed next school year's planned meeting dates to make sure there were no conflicts. Those dates (8/22/18, 11/14/18, 2/19/19 & 5/14/19) work.

5.0 VALIC

Richard Counts presented the annual report that included a deep Dive of basic metrics. As of 12/31/17, the market value of the Trust's asset was 129M, as of the meeting it was \$124M, reflecting the recent volatility of the market. Annualized inflows are \$12-13M.

In 2017, new enrollments were 957, mostly from KC PSD joining the Trust.

Assets in the 403b grew \$22M year over year. The continued growth of participants has a negative effect on the average account balance, i.e., the average account balance per

participant is lower year over year. The challenge is adding participants without lowering the average balance.

Assets in the 457b grew by \$11M year over year. Individuals using the 457b plan are normally those who are maxing out their deferrals, therefore account balances are higher.

VALIC's focus in 2018 will be to increase awareness of the benefits of the 457b plan because it is currently underutilized. There were 379 new enrollments in 2017.

The plan is to break down assets for the 403b and 457b so the Trust can compare itself to similar plans.

Utilization of the Managed Account. Of \$124M in plan assets, the Guided Portfolio Service (GPS) available through VALIC is managing \$5M. Approximately 500 participants are using it.

Kitty talked about the education workshop at Ritenour. We didn't get the attendance we hoped for. The next workshop will be in April at Lindbergh.

Kitty presented a new flyer VALIC is using to reach more people. It encourages participants to increase contributions based on having more money in their checks, due to lower withholdings from the 2018 tax cut.

Asset allocation is even more important now. VALIC is using the beginning of school to invite people to invest, and to emphasize beneficiary education. A new brochure shows 4 different ways to invest. Put more away for retirement. Each of these topics are customizable. It's an overlay of education. Kathy Wood would like a video clip. Kitty asked what would be in the video, and Kathy said why you need to be in this plan and how to get started.

Retirement Pathfinder: Kitty suggested that each person on the board go through this process. Kitty shared a video with the group. This is a live interactive process customized to each individual's situation. Dynamic and innovative. This is a no cost tool that anyone in the CSD Retirement Trust can use.

Kitty is working with VALIC corporate to lessen the work plan administrators go through when terminated participants want to rollover assets into another plan. We'll provide details in the future.

Webster Groves School District has a 50% participation rate. Carondelet is very close to 50 as well. Goal is to get all members to 30%.

6.0 CBIZ Report

Ed started by summarizing the activities of the Investment Committee meeting which met prior to the BOA meeting.

- Success Tracker
 - The Success Tracker™ is a calendar time-line summary on what activities have been performed in the past, what activities are being reviewed at this time and what activities are planned for the future.
- Annual Summary of Activities
 - The Annual Summary of Activities, is a summary report of significant items accomplished by the Trust in 2017.
- Annual Consultant Review
 - Ed reviewed The Annual Consultant Review documenting the qualifications, certifications and credentials of CBIZ RPS as the consultant and fiduciary investment advisor for the CSD-RT. CBIZ has received and renewed this registration since December of 2009.
- Investment Advisory Review
 - Mr. Hinders reviewed the number of funds outperforming their primary benchmarks as of 12/31/17.
 - 1 Year 28 out 33
 - 3 years 29 out of 33
 - 5 years 28 out of 33
 - 10 years 30 out of 31
 - There were no new funds added to the CBIZ watch list nor any funds dropped from the watch list as of 12/31/17. The Vanguard Mid-Cap Growth INV and the T Rowe Price Equity Income I fund are still on Watch status. The committee agreed with the recommendations of CBIZ and will continue to watch these and all other funds.
 - The Vanguard Small Cap Index fund in the Trust recently hit \$5 million in assets which allowed CBIZ to negotiate for a lower share class resulting in a lower investment management fee for our investors.
- COMDEX Report
 - Ed reviewed the COMDEX report for VALIC which remains unchanged at 81. CBIZ considers this a good score. This rating is an aggregation of financial strength and rating agencies.

7.0 Managing Director's Report

Steve told the group about the 403bWise website that Dan Otter (K-12 teacher and administrator) created years ago. The Website focuses on the K-12 403(b) arena in helping educational employees. There's a forum on the Website in which individuals have talked about the Trust and its benefits. They may have Steve on a podcast in the future. Richard Counts will help Steve engage with the VALIC personnel in NJ re: interest in the Trust. The Trust is also contacting the Southwest Center consortium in MO. Steve and Ed will be going to KC May 9-11. The Trust will not be presenting at MOASBO this year.

Steve will be meeting with IL superintendents in Morton, IL in March. Also, working on Peoria.

Dave Koller, VALIC-Wisconsin, met with 35 school districts in Wisconsin in December.

Next meeting May 16, 2018.

Meeting adjourned 1:15pm.