

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 20, 2020, at 11:15 a.m. via Zoom. The meeting was called to order at 11:15 a.m. and roll call was taken. A copy of the list of attendees is attached to and incorporated into these minutes as Exhibit A.

APPROVAL OF AGENDA

The Board was requested to approve the agenda for the May 20, 2020, Board of Advisors meeting. Mr. Keyser stated that item 4.1.1, 403(b) and 457(b) Service Provider and Custodial Agreements, is being removed from the agenda and will be presented at a later time for consideration. There being no further amendments to the agenda, and upon motion made by Mr. Brooks and seconded by Mrs. Gruber, the agenda was approved as amended.

MINUTES

Minutes from the February 19, 2020, meeting of the Board of Advisors were presented for approval. There being no corrections or amendments to the minutes, upon motion made by Dr. Vogelaar and seconded by Ms. Johnson, the said minutes were approved as presented.

INVESTMENT COMMITTEE MEMBERSHIP

The Investment Committee currently has two open seats. The first is due to increased membership in the Trust. Since the Trust has 55 member schools and districts, it can add a sixth at-large member to the Committee. The second opening is due to the resignation of John Stewart from the Committee, who accepted a position with Fox School District, which is not a member of the Trust, leaving his seat open. Two people volunteered to serve on the Investment Committee; namely, Jeff Haug (currently at Meramec Valley School District and joining Special School District 7-1-2020) and Molly Johnson (Independence School District). There being no other volunteers or nominations from the floor, and upon motion duly made and seconded, Mr. Haug and Ms. Johnson were duly appointed to serve on the Investment Committee by acclamation.

AD HOC GOVERNANCE STRUCTURE TASK FORCE

Mr. Keyser requested volunteers from participating districts to serve on an ad hoc task force to study governance structures and models of other consortia. He explained that as the Trust grows in membership geographically and in size, it would be important to ensure the governing model continues to be responsive to employee retirement needs, represents all member organizations, and accomplishes such with minimal bureaucracy. The three Trustees would serve, and it is hoped that at least five members of the Board of Advisors would serve. The meetings would be conducted via Zoom, and the goal would be to have a recommendation to the Board of Advisors by its November 2020 meeting. The floor was opened up for volunteers, and the following agreed to serve: Christine Gierer (KC Public School Retirement System), Ron Orr (Pattonville), Carlton Brooks (Ferguson-Florissant), Paul Northington (Rockwood), and Brian Adesso (Menasha Joint, WI). Mr. Keyser also stated he would reach out to Mark

Stockwell, Executive Director of MUSIC, and ask him to serve on the Task Force. Mr. Stockwell's experience with the governance model of a consortium may prove helpful to the Task Force's work. (Post meeting note: Mr. Stockwell agreed to serve on the Task Force.)

FIDUCIARY LIABILITY POLICY

The Board of Advisors was informed that a copy of the Trust's Fiduciary Liability Insurance Policy was sent out via email about two weeks ago. If anyone did not receive it, they should let him know.

UPDATE—CSD RETIREMENT TRUST WEBSITE

Mr. Michael Dickson updated the Board of Advisors on progress with development of the Trust's website. He shared a prototype of the website and demonstrated the various tabs and sample information that could be found by participants and district management. At this time the development team plans to update testimonials from participants and district managers, and write a brief history of the Trust. They had also planned to include logos from each participating school district, school or organization, but that became problematic with some logos because they cannot be easily identified with their respective district. Work will continue on the website and it is hoped it will be launched no later than the September Board of Advisors meeting.

FINANCIAL STATEMENT

The Board was presented the Financial Statement for the period ending March 31, 2020. Mr. Keyser reported that the headcount increased by 63 from Fourth Quarter 2019; total headcount is over 7,600 participants. Mutual fund assets decreased by almost \$22 million, or 13.4 percent, partly due to distributions but mainly market decline.

During the First Quarter 2020, the Trust received \$5.1 million in contributions and distributed \$3.7 million. An analysis of the distributions revealed some \$792,000 (or 21.4 percent of distributions) went to individuals; \$600,000 to PSRS-PEERS to purchase service credit; \$292,000 to VALIC services; and the remaining distributions to banks and other financial service providers.

The three-year financial forecast was updated based on the following assumptions:

- Headcount increases due to organic growth with most in the Kansas City area. The forecast does not include growth outside of Missouri.
- Possible further erosion in plan assets in 2020-2022 due to market volatility. Any plan asset growth is expected to come from contributions from current participants, new participants at current member districts/schools, and some increases in financial markets.
- The Trust does not reduce its basis points fees.
- There would be lower meeting expenses due to using Zoom as the vehicle to conduct meetings.
- Increased expenses for legal counsel and insurance, consulting services for social media, marketing and promotional costs, commissions paid to CSD-KC due to headcount increases, and personnel costs due to increased hours.

AIG BUSINESS CONTINUITY

Mr. Eric Levy, Executive Vice President with AIG, reported on business continuity during COVID-19. He stated that AIG has continued to be fully operational, with representatives available by phone and nearly all working from home. Staff are available to assist participants and school districts. To date, they have been able to deliver withdrawals and distributions to accommodate participant requests, answer questions, provide weekly market updates, offer financial wellness information, and use social media to communicate with participants and member districts.

Mr. Levy also touched on other business aspects, including the Trust's website development and completion of the Service Provider and Custodial Agreements. He also shared that as part of AIG's business planning, they are looking at how to grow organically and inorganically, focusing geographically on the pipeline of prospects in Missouri, Kansas and other states.

COMMUNICATION AND EDUCATION PROGRAM/PARTICIPANT ENGAGEMENT

Mr. Dickson reported on the Roadmap for Engagement Strategy, AIG's communication and education plan. He stated that it is a very fluid strategy that contains four pillars: Enrollment, Participant Contributions, Asset Diversification, and Financial Wellness. Each of the four pillars was briefly reviewed.

CARES ACT

Mr. Dickson reported that provisions of the CARES Act were implemented immediately upon approval by Congress. The CARES Act gives people more access to retirement funds during the COVID-19 pandemic and resulting downturn in the economy. The SECURE Act, also approved by Congress, also contains provisions that impact retirement planning. He stated that a communication is being crafted that contains important information for participants about both Acts. The CARES Act requires an eligibility form to be completed by the participant—a type of self-certification.

Ms. Harstick commented that the tax consequences regarding both Acts are unknown at this time. Decisions regarding withdrawals and distributions from retirement accounts must be met with compassion and understanding around an individual's personal situation, and as such it is best the person work closely with their financial advisor who may be familiar with their circumstances. The advisor can walk them through their options.

MEETINGS AND PROSPECTS

Mr. Keyser reported that both the MASA and the MOASBO conferences were cancelled due to COVID-19; thus, the Trust was unable to exhibit at those meetings. The Lawson School District Board of Education is receiving a recommendation at its meeting tonight (May 20) to join the CSD Retirement Trust. The Trust responded to a Request for Information from the Topeka KS School District. Initial feedback was very positive. A recent Zoom meeting resulted in a list of districts to target in Illinois.

AIG REPORT

Mr. Counts reported in activity with the financial advisors during First Quarter 2020. Despite schools being closed down in March, financial advisors were able to accomplish the following:

- 63 enrollments
- 54 lunch visits
- 56 financial plans

- 37 staff meetings
- 397 individual meetings

Catherine Harstick also facilitated a financial wellness webinar on May 6 that was well attended.

CBIZ REPORT

Mr. Hinders gave a brief summary of the Investment Committee meeting held earlier. He stated that some 95 percent of the Trust's funds are outperforming their primary benchmark. He reported the following:

- 27 out of 25 funds outperform their 1-year benchmark
- 30 out of 34 funds outperform their 3-year benchmark
- 32 out of 34 funds outperform their 5-year benchmark
- 29 out of 32 funds outperform their 10-year benchmark

Mr. Hinders also reported on the Watch List. He stated that two funds remain on the Watch List for Investment Policy Statement violations. They are:

- Vanguard Mid Cap Growth: five- and ten-year performance; five-year Sharpe ratio; and five-year up capture
- American Funds EuroPacific Growth: three-, five- and ten-year performance; three-year Sharpe ratio; five-year down capture

Goldman Sachs Bond fund was removed and replaced with American Funds EuroPacific Growth fund.

Mr. Hinders concluded his Investment Committee meeting summary with a review of Success Tracker, a vehicle for CBIZ to document oversight of investments. The document includes a schedule and tasks related to fiduciary governance, ongoing fiduciary governance, investment advisory, fee and expense documentation, participant communications, and plan administration.

Mr. Hinders reported on progress with GotZoom. He facilitated an information webinar on GotZoom that was well attended. Elaine Morgan, KCPS, reported that implementation went very well in her district; however, communication about the program continues to be a work-in-progress. COVID-19 has taken attention away from this project.

ADJOURNMENT

Mr. Keyser thanked everyone for their willingness to participate in the meeting via Zoom. Attendance and participation were very good. Thereupon, on motion duly made and seconded, the meeting adjourned at 1:45 p.m.

Respectfully submitted,
Elise Reineck, Secretary
CSD Retirement Trust