Ozark Opportunities, Inc. Board of Directors
Executive Committee Meeting Minutes
November 26, 2012

The Ozark Opportunities, Inc. Board of Directors Executive Committee met at the Ozark Opportunities, Inc. central office in Harrison, AR. at 1:30 p.m. on November 26, 2012.

Committee Members Present:
Jim Sprott       Kim Hunley       Hon. Roger Hooper       Paulette Hill

Board Members Present:
None.

Staff Members Present:
Richard T. Atkinson   Shirley Richesin   Jane Bueg   Alma Sackett   Emily Crow

Guests Present:
Stephen C. Dopp, AIF, Consultant / Investment Analyst Cafaro-Greenleaf
Richard Counts, District Manager VALIC
Shane Estes, CRPS, Account Representative, Mutual of America

I. Meeting Called to Order:

The meeting was called to order by Kim Hunley, Board Chairperson at 1:35 p.m. A quorum was present. Ms. Hunley requested an agenda adjustment so that the representatives from Cafaro-Greenleaf / VALIC and Mutual of America can make their presentations, in that order.
   ◆ Jim Sprott motioned to amend the agenda as requested. Roger Hooper seconded the motion. Motion passed unanimously.

II. Retirement Plan RFP Presentations

Cafaro-Greenleaf / VALIC
Richard Atkinson, Executive Director introduced Stephen C. Dopp, AIF, Consultant / Investment Analyst Cafaro-Greenleaf and Richard Counts, District Manager VALIC to the members.

Cafaro-Greenleaf provide consultant services for 55 organizations, 4 of which currently have plans with VALIC. Cafaro-Greenleaf staff includes those with direct experience in formulating 401(k) IRS regulations, consulting on 401(k) and 403(b) defined contribution plans. The firm is named co-fiduciary to the plans. As an investment consultant, Cafaro-Greenleaf can give investment advice to participants in OOI’s 403(b) plan. One of their largest clients is located in Springfield, MO.; they have an array of clients, with a variety of plans. VALIC pays the firm for the service, 75 – 125 (.75 to 1.25%) points, as the plan grows expenses become separated and negotiated by the plan sponsor.
Mr. Sprott: Why would a client (such as OOI) would choose a 3(21) co-fiduciary relationship over a 3(38)?

- Mr. Dopp: Some groups prefer some say over investment choices offered their participants. If the group chooses 3(38), they are relieved of fiduciary responsibility on investment choices, but remain on other aspects of the plan.

Mr. Atkinson: Can you tell us about the firms successes?

- Mr. Dopp described the firm’s practice of benchmarking themselves against the Standard & Poor indices. The firm’s system looks at various factors, including investment managers of the funds; looks for investments that will outperform the benchmarks. They meet with investment managers on an annual basis. Cafaro-Greenleaf will develop a specific and unique investment policy for OOI.

Mr. Hooper: How long has your relationship been with the firm in Springfield?

- Mr. Dopp replied 20 years. Representatives from Cafaro-Greenleaf will meet with participants 1 on 1. VALIC also has a group available to meet with the participants. Mr. Dopp stated that about 25% of his time is spent meeting with investment managers. The firm has a proprietary system, and is working on “cloud” capabilities. When asked, “Why Cafaro-Greenleaf”, he responded the firm would be present at enrollment meetings, will provide participant education, primarily web-based.

Mr. Hooper: How many in your firm?

- Mr. Dopp replied 6 senior and 7 junior employees, and some college student interns.

Ms. Richesin: How many VALIC groups under the size of 100 participants.

- Mr. Dopp replied, of the 4 groups with VALIC, 3 are under the size of 100. The firm consults for 55 unique organizations. The company manages $1.5 billion in assets.

Mr. Hooper: How is Cafaro-Greenleaf paid?

- Mr. Counts responded VALIC pays them a fee, but it is built into the plan. The fees are the same with or without Cafaro-Greenleaf.

Ms. Sackett: So for now, there is no charge, what about in the future?

- Mr. Counts replied current charges of 75 – 125 basis points cover all expenses; once the fund grows to the $3 million level and move to mutual funds, fees are broken down into categories; an annuity based platform is more expensive and fees would be negotiated at that time.

Ms. Richesin asked about plan design and whether they could provide assistance.

- Mr. Counts replied that activity lies with Cafaro-Greenleaf.
Ms. Richesin inquired about VALIC’s relationship with AIG.
  • Mr. Counts responded that it is “the elephant in the room”; VALIC is a wholly-owned subsidiary of AIG and that AIG is simply the owner, but does not take funds out of the company.

Ms. Sackett: What individual service are you offering our staff?
  • Mr. Dopp: We develop an education policy that is most effective on-site, with 1 on 1 consultation with participants afterwards. Cafaro-Greenleaf does not sell any products including life insurance products. VALIC can sell products.

Ms. Sackett: What is your service procedure?
  • Mr. Dopp: At the participant level, service is as much as you want us to do; at least an annual opportunity for staff to participate. This is provided at no additional expense.

Mr. Sprott to Mr. Counts: What customers do you serve in our area?
  • Mr. Counts: A lot, VALIC has employed the 403 (b) regulation author; most school systems have a VALIC offering, as do hospitals, the Harrison School District. 96% of all schools that choose a voluntary retirement plan offer VALIC. The Cafaro-Greenleaf relationship is not offered with all plans in Arkansas. Mr. Dopp stated that the firm solicits RFP’s for recordkeeping every 3 years.

Mr. Sprott: Is the record keeping you are providing OOI the same as that provided the Harrison School?
  • Mr. Counts replied: better, VALIC provides a higher level of recordkeeping when they serve as a single vendor.

Mr. Sprott asked what OOI participant contact level from VALIC can be expected.
  • Mr. Counts replied that VALIC is strictly the record keeper; Cafaro-Greenleaf will be the contact for participants.

Alma Sackett inquired on service after retirement?
  • Mr. Counts replied as long as an individual is in the plan, some level of service is provided.

Jane Bueg inquired where Cafaro-Greenleaf is in the 3 year RFP cycle.
  • Mr. Dopp replied the cycle begins at the time of the agreement between OOI and Cafaro-Greenleaf.

Mr. Sprott queried the expectation of fund growth to $2.5 – 3 million in 3 years.
  • Mr. Counts stated it is based on the agency’s current contribution rate with zero growth.
Mr. Hooper asked about employee contributions.
  - Mr. Counts replied VALIC must administer the fund based on the plan document. The current plan document does not allow employee contributions.

Mr. Sprott asked what help can OOI expect in changing the Plan Document.
  - Mr. Counts replied they would give it to advisors/attorneys for review and revision and advice.

When asked about transition from the current vendor to Cafaro-Greenlead;
  - Mr. Counts replied that it is an 8 to 12 week process.

**Mutual of America**

Mr. Atkinson introduced Shane Estes, CRPS, Account Representative, with Mutual of America.

Mr. Estes offered a brief history of Mutual of America, and its unique position as being founded in response to the needs of the non-profit community. The company’s mission is to provide retirement plans to the not-for-profit market. 150 Community Action Agencies (CAA’s) across the country have chosen Mutual of America as the preferred provider for CAA’s. The staffs are salaried account representatives; Mutual of America is not a commission-based organization. Mutual of America offers fully integrated administrative and investment services. For CAA’s who are members of NASCAP the company will waive the monthly contract fees and participant charges for CAAs. However, a $50 forfeiture processing fee per account would apply. Mr. Estes stated there would be no plan startup fees or conversion fees; there are no built-in surrender charges; investments are no-load, and there is no charge for moving money.

The overall total charge is 1.75% (does not include interest account); when the fund reaches value of $2 million the charge is reduced to 1.1% (all inclusive); and at $5 million in value the charge is reduced to 1%. He also stated that he could not estimate a time frame for that growth. Mutual of America offers competitive cost to funds under $2 million, will give the best price without negotiation, and will remove underperforming funds from the investment options. When plan assets reach $1 million, Mutual of America waives plan and participant fees. The companies’ target group are plans the size of Ozark Opportunities, Inc.

Mr. Sprott: What investment choices do you offer?
  - Mr. Estes: funds include Vanguard, Fidelity, and Oppenheimer.
Ozark Opportunities, Inc. Board of Directors
Executive Committee Meeting Minutes
November 26, 2012

Mr. Sprott: Who gives advice to our participants?
  • Mr. Estes: I’m the contact point / relationship manager and participant account representatives are licensed investment professionals. I have an assistant, Kim, who also works with me. We have additional staff on site and at other regional locations, and can pull people when needed to do large orientations or other needed events.

Mr. Sprott inquired about fiduciary responsibility.
  • Mr. Estes replied the responsibility lies with the board, even with co-fiduciary arrangements. Mutual of America will indemnify the plan, as Mutual of America does not believe the board can assign the fiduciary responsibility to anyone else. When the plan is participant directed (a 404 (c) note will alleviate some of that responsibility). Mutual of America will provide a copy of the indemnification agreement, the use of their attorney and inclusion of legal fees (this is a new process off ering of the company).

Mr. Sprott inquired about the IRS 5500 form.
  • Mr. Estes responded that it will be basically “click & send” ready.

Mr. Sprott asked Ms. Richesin if the agency is used to doing the form electronically.
  • Ms. Richesin replied, yes.

Mr. Estes stated there is no charge to counsel with participants 1 on 1, or to enroll participants.

Mr. Sprott: Who else do you serve?
  • Mr. Estes replied no other agencies in Harrison, but customers include Area Agency on Aging in Fort Smith, Crawford-Sebastian Community Development Corporation (another CAA) are some Arkansas customers. All regional offices in Mutual of America offer the same services.

Mr. Hooper inquired about performance during the 2008 economic downturn.
  • Mr. Estes stated their funds continued to expand and grow; no money is invested in junk bonds, no money in mortgage-backed securities, Mutual of America avoids risky investments; their credit rating remained AA-, the company experienced no lay-offs, and had investment growth, albeit small.

Mr. Hooper asked how much is invested in Mutual of America.
  • Mr. Estes answered, right now, about 50/50.

Mr. Atkinson asked about IPS (Investment Policy Statement) creation.
  • Mr. Estes clarified Mutual of America’s meaning as in an individual sense.
Mr. Hooper asked about rate of return (12 month, 5 year...).
  • Mr. Estes replied that the company had about 930 funds; employees can follow their personal rate of return after 3 months in the plan; the returns related to the participant are always net-of-fees, or “bottom line” figures.

Ms. Richesin asked for clarification of the use of annuity contracts and “403(b) Thrift” plan described in the RFP response; why a 403(b) instead of mutual funds?
  • Mr. Estes replied that there are 2 platforms: Trustee platform (Mutual Funds) and Annuity platform. Mutual of America’s Annuity Platform has no surrender charges, no restrictions to any investments – only those written in the plan or IRS regulations. Mutual of America stripped the fees, can offer a guaranteed interest account (currently 1.5%), and can offer an option to annuitize. Annuity platform investments are still going directly into mutual funds.

Mr. Sprott stated that the group annuity contract terminology is what throws us.
  • Mr. Estes replied that basically Mutual of America has taken out the negatives and left the positive aspects of an annuity. Our service is what we offer.

Ms. Sackett: Tell me what your services are.
  • Mr. Estes: We will meet two times a year, we will go where the staff are; telephone access is available, a human answers the phone; Mutual of America website and in-house service department.

Mr. Sprott: what about preparation of plan documents?
  • Mr. Estes: we do that – prepare adoption agreement, plan document, important notices, investment education and Summary Plan Descriptions (SPDs).

Ms. Bueg: Explain investment education vs. investment advice.
  • Mr. Estes: Mutual of America will assist participants with an investment allocation creation that fits their desires and needs.

Ms. Bueg: how long is a consultation?
  • Mr. Estes: 20 – 30 minutes per person.

Mr. Sprott: how long will it take to convert to your company?
  • Mr. Estes: about 45 days to do it right; there would not much of a blackout period; a qualified investment option would be selected.

*The committee recessed at 3:15 p.m. Reconvened at 3:22 p.m.*
Ozark Opportunities, Inc. Board of Directors
Executive Committee Meeting Minutes
November 26, 2012

III. Minutes

Minutes of the October 23, 2012 Board of Directors Executive Committee Meeting were reviewed (and sent via email prior to the meeting.)

☐ Jim Sprott moved to accept the minutes as presented. Paulette Hill seconded the motion. Motion passed unanimously.

IV. Program Updates/Department Reports (Report sent prior to meeting)

Community Services:

In the absence of Rebecca Hanlin, Community Services Director (who is on pre-approved leave) Mr. Atkinson provided Community Services program updates:

- Senior Corps is back on the drawing board due to unsuccessful recruitment of volunteers for Head Start mentoring; feedback is that the target group for volunteers is already raising grandchildren and other issues that prevents them from committing for the duration needed for the children. Other options are being investigated.
- $10,000 donation for Newton County needs/initiatives.
- SUCCESS is the empowerment side of our programs.
- Progress is being made in Community Development activities.

Mr. Atkinson reviewed a the 4th Quarter CSBG / Agency report recap.

☐ Roger Hooper moved to accept the 4th Quarter CSBG Report. Jim Sprott seconded the motion. Motion carried unanimously.

Mr. Sprott studied the report and had questions regarding planned and actual numbers, in particular volunteer hours. Mr. Atkinson replied that a narrative is provided with the report that explains the reason(s) for any variance of 20% or more from planned targets. Mr. Atkinson will forward that information to the members.

Ms. Richesin summarized the CSBG Budget Revision for the members which include the expense of the new accounting system.

☐ Jim Sprott moved to accept the budget modification as presented. Roger Hooper seconded the motion. Motion carried unanimously.
Head Start:

Mr. Atkinson provided the Head Start update. The previously distributed Governing Board Report indicates enrollment is steady at 481 with no centers in crisis. The program has 13% of enrollment students with disabilities (10% of enrollment is mandated minimum).

- Roger Hooper moved to accept the Head Start report. Jim Sprott seconded the motion. Motion carried unanimously.

Mr. Atkinson presented Head Start Governance documents for adoption:
- Community Complaint Procedure (versions 1 & 2)
- Impasse Procedure (versions 1 & 2)
- Shared Decision Making Policy & Procedure
- Program Planning Procedures

- Jim Sprott moved to recommend for adoption by the full board Community Complaint Procedure version 1, Impasse Procedure version 2, Shared Decision Making Policy & Procedure and Program Planning Procedures. Paulette Hill seconded the motion. Motion carried unanimously.

Mr. Atkinson presented recent OOI opportunities for additional funding that will support programs and advance our mission:
- ChildPlus grant- $5,000 (for classroom technology enhancements)
- Enertgy grant- $5,000 (for Volunteer Income Tax Assistance project)
- SPARK (General Mills Foundation)- $10,000 (for the Champions for Healthy Kids project to improve nutrition and physical fitness behaviors for youth; ages 2-18).

Mr. Atkinson also mentioned that he plans to present to the Full Board a resolution to authorize him to apply for and accept grants in case the Board cannot meet in the time period needed, as some grants are identified only a few days before the due date.

- Jim Sprott moved to approve submittal and acceptance of the General Mills, Childplus and Enertgy grant awards when notified. Roger Hooper seconded the motion. Motion passed unanimously.

Mr. Sprott commerted to Mr. Atkinson that as long as grants don’t negatively affect other funding, please apply.
Weatherization:

In the absence of Weatherization Director Randy McCallister, Mr. Atkinson provided the committee with an update on the Department of Energy (DOE) Weatherization program and the ARRA Weatherization Program. More information on the future of Weatherization is expected by January/February of 2013. Currently, it is expected that five programs in the state will be shut down; we understand that OOI is not on the “short list.”

V. Finance

Shirley Richesin, Financial Officer, reported that program expenditures are in line. Approval has been received for use of Head Start program income for accounting software purchase. The RFP for the hardware is in process. CSBG carry-over will be a separate grant to run concurrently with the current grant; it will cover December – June grant period. Head Start will utilize all grant funds by end of grant period, February 28, 2013. Weatherization focus is on ARRA completions; hopefully by December 31st, 2012 the remaining 3 houses will be completed. As reported earlier in the meeting, the Volunteer program is being revisited. Ms. Richesin provided a re-cap of credit card expenses, with supporting documentation available for review. The monthly retirement plan account re-cap and analysis was also presented to the committee.

❖ Jim Sprott moved to accept the financial reports as presented. Roger Hooper seconded the motion. Motion passed unanimously.

Mr. Sprott exited the meeting.

VI. Corporate Services

Jane Bueg presented recent employment actions for approval by ballot:

❖ Hire Emily Crow in the position of Administrative Assistant II
❖ April Strain as Head Start Program Administrator
❖ Accept the resignations of Jeannie Dean and LaDana Pate.

❖ Roger Hooper moved to approve the actions. Paulette Hill seconded the motion. Motion passed unanimously, ballots signed.

As an error was noted in the Salary Scale, the item was tabled until the November 29, 2012 meeting of the Full Board.
VII. Executive Director’s Report (& Emerging Issues)

Mr. Richard Atkinson reported to the committee that standards similar to those in the Head Start Program, are on the horizon for Community Services Block Grant (CSBG) recipient agencies and as part of that process the Office of Community Services (OCS), Administration for Children and Families (ACF) has contracted with the Urban Institute to carry out tasks related to the development of performance management tools and protocols for CSBG. Mr. Atkinson has been nominated to serve on the Community Services Block Grant Performance Management Task Force (CSBG PMTF) and requests permission from the Board to attend.

❖ Roger Hooper moved to allow Richard Atkinson, Executive Director for OOI, to serve on the National CSBG Performance Management Task Force. Paulette Hill seconded the motion. Motion carried unanimously.

Mr. Atkinson updated the committee on the “white house” next door to the central office. The Fuller House organization wants the house; they have purchased land nearby and will move it to that new location for use by a low income person. Mr. Atkinson requested permission to donate the house to Fuller House.

❖ Roger Hooper moved to donate the old white house to Fuller House, who will move it to another location. Paulette Hill seconded the motion. Motion passed unanimously.

Mr. Hooper commented on the Retirement Plan Presentations, stating they are both excellent options. He has received positive feedback on Mutual of America.

Mrs. Hill suggested Mr. Atkinson solicit e-mail votes for Mutual of America or VALIC from the committee for presentation to the full Board on Thursday, November 29, 2012 at the library in Jasper.

VIII. Adjourn

❖ Roger Hooper moved to adjourn. Paulette Hill seconded the motion. Motion passed unanimously. Meeting adjourned at 3:25 p.m.

[Signature]

Board Officer