STRIVE
FINANCE COMMITTEE MEETING – December 15, 2014

PRESENT FROM BOARD:
Scott Coleman, Jeff Kuhr, Marna Lake, Jeff Parker, Joe Warner, Steve Ammentorp

PRESENT FROM STRIVE:
Sharon Jacksi, Chris Bergquist, Linda Briggs, Mickey Burns

ITEM	OVERVIEW OF MEETING
1	Minutes of Previous Meeting
2	Retirement Plan Review
3	General Discussion & Committee Feedback

1. **Minutes of Previous Meeting –** It was moved & seconded that the minutes of the previous meeting from September 30, 2014, be accepted.
2. **Retirement Plan Review –** Ty from One America handed out our Retirement Plan Review ending November 30, 2014. Ty pointed out the rate of return by investment option for the period (page 7). This page is plan specific, so the N/A means that there are no plan dollars in that fund. The plan level rate of return was 10.73% overall, which is significantly higher than the norm. On page 7, Ty noted that American Century Strategy Allocation Moderate Fund (default fund) has $1.6M in assets, and a rate of return of 5.29%. On page 8, the Prudential Jenn Health Sciences fund had $265K in assets, and a rate of return of 37.30%. Pages 9-12 show the annualized, and standardized returns, and the expense ratios for each fund. The chart on page 15 shows that 52% of the assets are in the Age 60+ range. On page 16 and 17, there is a table that shows the investment and age range of the plan assets. Total plan % left in the default fund is 43%.

   The default fund is on the watch list, which means the fund is underperforming its peer group. Ty will send the peer ranking to Chris and Sharon, so we can monitor that fund. The default fund has been underperforming 2 quarters. We would want to consider a change if it doesn't improve in the 3rd quarter. The Committee could consider changing the default to the target date options, or another moderate fund. Ty mentioned that the DOL likes target date funds because they are tailored to the participant's age. On page 9, Ty noted that the expense ratios for the target date funds are lower than the current default fund. If the default was changed to the target date options, the basis for the change would be the 65th birthday of the participant.

   Employees have the opportunity to meet with Kyle any time. Ty recommended we document the scheduled dates that Kyle is available at Strive, in case the DOL or IRS were to request that information. Proof of availability could be the Therap splash page, and the e-mails that are sent to staff.

   Page 18 of the review shows the number of investments each participant is using by age range. In our plan, there are 104 participants that are in the default fund only. There are 28 investment options. Most people select 4-6 funds in a portfolio.

Turning to page 19, shows that 22 people were terminated, and still have account balances. Page 32 shows the average account balance by age range for the terminated participants. If the Board desires, they can amend the plan to require a 30-day cash out upon termination for average account balances of $5,000 or less. Ty will run a report of the terminated employees, and the Committee can decide if they want to make that change to the plan.

The Committee discussed different options for changing the employer match and vesting. Ty mentioned we can increase the contribution for years of service, but additional testing is required. Ty has to run the proposed changes through AUL compliance, and when such change has to be implemented. Sharon will check with Joan on the turnover rate. If we offered a better benefit package, employees may not have to focus on the wage. We would make the changes effective for new hires from the change date forward. The Committee would like to look into the possibility of starting an employer match after 6 months of employment, with a vesting schedule up to 5 years.

Page 24 illustrates that some employees are contributing more than the 3 % based on the voluntary contribution. According to page 25, 49% of the money is in the balanced funds. Page 26 shows the plan fees are zero, and the employee fees are listed. The expense ratios of each fund are listed on page 27-29 in the 4th column, with the weighted average at 1.50%, which are paid by the participant. The participation rate is shown on page 30 at 17%, with 500 eligible employees. The industry average is 77%. Ty asked that we update the terminated employees in the system. On page 34, there are 13 loans outstanding, which is 1% of plan assets, with 2.4% the average. The technology summary is presented on page 35.

3. **General Discussion & Committee Feedback –** Chris gave an update that Strive was out of compliance on the Wells Fargo bank ratio in the loan covenant. Ronna called and said the bank would not take any action this year, but we would have to be in compliance by the next audit ending June, 2015. The bank could take actions such as call the loan, or eliminate the p-cards, if we miss another year. There is also a requirement in the covenant that we retain $1M in cash on hand. Chris stated the current Wells Fargo note has a balloon in 2020.

   We chose not to give raises now. November resulted in a $114K loss, with a year-to-date loss of $85K. Mesa County will contribute the same amount as last year. Chris revised the financials to include the bank ratio in the balance sheet presentation for the future. The ratio must run 1.5 or better to be in compliance with the loan covenant.

   We will begin tightening up on the p-cards. A purchasing agent will be hired to centralize purchasing. Using the School District warehouse will help control costs. We can start with the purchasing agent the first part of January, if this works with our internal staff. We will close 181 Elm St, and find other options for the current residents. 1750 Chipeta Ave is on the market, and possibly 2802 Mesa Ave. We are looking for host home placements, which are more cost effective than group homes. We are looking at retaining group homes on one level. The Committee suggested Strive inquire about leasing the Fruita home at 617 S Mesa St to the hospital in Fruita. The Fruita home could also be good if the Regional Center releases some individuals. The next Committee meeting will be when the results are received from Ty, or March 15. The Committee would like to explore other options for the Retirement Plan, because of the customer service.