FINANCE COMMITTEE MEETING – February 23, 2021

PRESENT FROM COMMITTEE:
Steve Ammentorp, Kevin Fitzgerald, Tawny Espinoza, Krista Ubersox

PRESENT FROM STRIVE:
Grant Jackson, Chris Bergquist, Linda Briggs

EXCUSED ABSENCE:
Dave Hayden, Jim Grisier

GUESTS:
Mutual of America Representatives: Scot McMorris, Joni Clark

ITEM	OVERVIEW OF MEETING
1	Minutes of the Previous Meetings
2	MOA 403b Presentation
3	General Discussion & Committee Feedback

Minutes of the Previous Meetings:
Tawny moved and Krista seconded a motion to approve the minutes from the June 22, 2020, and September 29, 2020, meetings.

Discussion Items:

Joni Clark gave the investment overview for the Fourth quarter of 2020. During 2020, the S & P 500 was down 34% and fully recovered in five months. The rebound was driven by stimulus money. The interest rates were cut to near zero. The patterns of returns were almost identical to the recovery year of 2009 just because it was reminiscent of a stimulus-based recovery. Even though the stock market rebound looked robust, when looking at a broad market index like the S & P, it was driven by five mega tech stocks.

Relevant to your plan, we advocate to your employees that it is important to diversify across the size and style segments within the equity market. In 2020, we saw the widest gap between those style segments in the large cap growth (38.5% increase), and the large cap value (2.8% increase). Essentially, the COVID environment favored those five tech stocks, and the energy and real estate segments generated negative returns. When the positive vaccine news was announced in November, the fourth quarter results spread into the other segments of the market.

Next is a list of all the funds in your retirement plan. The funds are chosen and monitored by the Senior officers. The funds are evaluated by key decisions made by the fund managers, as well as the fund performance. Around 95% of our funds receive a three, four, or five star Morningstar rating. These ratings are updated frequently and monitored closely by us.

Scot presented the breakdown of the assets in the plan for a total plan balance of approximately $5M. There is about $300K in the interest account currently earning 1% with no fee. The weighted average fund operating expense excluding the interest account is .96%. If the account balances exceed $5M at the end of the month, the fee reduces 15 basis points. Once we reach $5M, the balance would have to go under $4.5M for the fee to go back up (10% buffer). Before COVID, we were trying to go out to all the locations to meet with employees but had to stop those visits. Chris requested that we start up virtual meetings again, and Scot said he would work with the HR Director to get that started. The contributions are set up on a payroll integration. There are 65 active contributing participants, and 325 in the plan. There are 9 loans, which is an uptick but not concerning. Scot went over more details of the plan regarding the asset allocation and age groups. The employee does not have the ability to invest in crypto, individual or gaming stocks.

Scot discussed the possibility of adding the auto enrollment option. There were different scenarios discussed as to percent, timing of auto enrollment, and an opt out option. Scot said most employees do not opt out. The counter arguments are that the DSP's watch their paycheck, and there would be an increased cost to the company. The advantage is the assets would increase, and this would reduce the plan fees. Tawny asked if we have polled the employees. Chris said we have not, but we could send an employee survey. Kevin suggested we add a vesting schedule to reduce the costs to the company, and that might motivate employees to stay longer. Krista suggested a total reward discussion survey to determine what is important to the employee. We also need to assess what the company can afford. Scot said if we auto enroll and the employee does not notice it, we can always stop it within 60 days, and send them a 1099 for the taxable income with no penalty.

Steve mentioned that he was probably the longest tenured and wanted to acknowledge the real strides we made in this arena. When Steve came on the Board 6 or 7 years ago, we had a very limited plan, and based on Chris's expertise we decided to move to Mutual of America. Scot said when they took over the plan there were all sorts of problems, and the fees were through the roof. Scot said he appreciates everyone's feedback and will work to improve the structure for the future.

Kevin summarized that we had a very nice presentation with some dialogue of potential changes that could happen. Grant and Chris will take this back internally and perhaps interview employees or a survey, and a deep dive into the budget. This can be discussed at the next Executive Committee meeting, or another Finance Committee could be scheduled. Everyone agreed with the summary, and there was no vote necessary.

At 11:55 a.m., Committee members adjourned the meeting.