



TAHOE FOREST HOSPITAL DISTRICT

2017-03-21 Board Personnel Committee Meeting

Tuesday, March 21, 2017 at 10:30 am

Human Resources Conference Room - Tahoe Forest Hospital

10024 Pine Avenue, Truckee, CA 96161

Meeting Book - 2017-03-21 Board Personnel Committee Meeting

3/21/17 Personnel Committee

AGENDA

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ITEMS 1 - 4: See Agenda

5. APPROVAL OF MINUTES

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6. ITEMS FOR COMMITTEE DISCUSSION AND/OR ACTION

6.1. Employee Retirement Plan Deferral
Fidelity Investments & Multnomah Group
Discussion item. No related materials.

ITEMS 7 - 9: See Agenda



PERSONNEL COMMITTEE AGENDA

Tuesday, March 21, 2017 at 10:30 a.m.
Human Resources Conference Room, Tahoe Forest Hospital
10024 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

2. ROLL CALL

Alyce Wong., Chair; Dale Chamblin, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. APPROVAL OF MINUTES OF: 02/23/2017..... ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Employee Retirement Plan Deferral

The Personnel Committee will discuss whether to move forward increasing automatic retirement plan deferrals and a communication plan for the increase.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. NEXT MEETING DATE

Personnel Committee will discuss its next meeting date.

9. ADJOURN

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

**PERSONNEL COMMITTEE-
RETIREMENT SUBCOMMITTEE
DRAFT MINUTES**

Thursday, February 23, 2017 at 12:30 p.m.
Eskridge Conference Room, Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 12:32 p.m.

2. ROLL CALL

Board: Alyce Wong, R.N., Chair; Dale Chamblin, Board Member

Staff: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Operating Officer; Alex MacLennan, Interim Chief Human Resources Officer; DeeDee Holmes, Benefits Coordinator; Stacy Tedsen, EAP Representative; Martina Rochefort, Clerk of the Board

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes to the agenda.

4. INPUT – AUDIENCE

No public comment received.

5. APPROVAL OF MINUTES OF: 8/08/2016

Director Chamblin moved approval of the August 8, 2016 Retirement Subcommittee meeting minutes, Wong seconded.

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. Multnomah Group Retirement Plan Review

Multnomah Group reviewed the investments and plan assets for the District's retirement plans.

6.1.1. Q1 2017 Investment Report as of 12/31/2016

Brian Montanez of Multnomah Group reviewed the 4th Quarter 2016 Executive Summary for the 457 Deferred Compensation Plan and Money Purchase Pension Plan.

None of the investments are on the watch list or are recommended for removal at this time.

Mr. Montanez reviewed the fund scorecard for the 457 Deferred Compensation Plan.

The money market will see dramatic improvement through the change in peer group. This is a function of the SEC changing the rules.

Mr. Montanez reviewed the Vanguard Social Index 3 year performance numbers.

2016 was a tough year for healthcare. It was the worst performing sector in the S&P 500.

Midcaps have been underperforming.

Things have been going well for the funds chosen.

6.1.2. Plan Asset Review

U.S. stocks have been up. International stocks and fixed have been down.

Asset reporting looks correct for the 457 Deferred Compensation Plan.

Mr. Montanez reviewed the plan asset details for the Money Purchase Pension Plan.

Asset reporting looks correct for the Money Purchase Pension Plan.

6.1.3. 2016 Regulatory Review

Mr. Montanez provided a 2016 Regulatory Review.

In April 2016, the Department of Labor changed its Conflicts of Interest Rule (the “Fiduciary Rule”).

This change updated a 40 year old regulation by requiring “all who provide retirement investment advice to plans and IRAs to abide by a “fiduciary” standard – putting their clients’ best interest before their own profits.” The impacts are minimal to plan sponsors and advisors (such as Multnomah Group) who charge a flat fee for service and are contracted as a fiduciary investment advisor.

The definition of fiduciary was revised under the Employee Retirement Income Security Act (ERISA). The District is not subject to ERISA.

An IRA is now subject to these rules.

The Final Rule is slated to move forward on April 10, 2017, but is being challenged and may be delayed or altered.

Fidelity Investments has embraced the new rule that they will take fiduciary duty when talking to participants about IRAs. For example, a person advising a participant to move their retirement fund into an IRA. Change will be seen more in the brokerage industry.

Benefits Coordinator asked if the new regulation affected retirement accounts under the \$5,000 threshold. That is an administrative function, not fiduciary duty.

Socially responsible investing was the next item on the Regulatory Review.

The Department of Labor rules changed so social cause could be used as a tiebreaker so long as the investment is appropriate for the plan.

Mr. Montanez reviewed current litigation trends.

In early 2016, an attorney went after a \$9,000,000 plan for excessive fees.

Mr. Montanez does benchmarking on fees annually and the District has good documentation on fee

benchmarking. There is fiduciary insurance that would cover this.

Section 457 has new plan rules but it does not apply to governmental entities, only tax exempt organizations.

6.2. Fidelity Investments Plan Review

6.2.1. Fidelity Investments Business Plan 2017

Sarah Kelly of Fidelity Investments presented plan data review, participant experience, DOL-Fiduciary Advice Rule, and Fee Transparency to the Personnel-Retirement Subcommittee.

Ms. Kelly reviewed the overall health of the retirement plans (combined) with the following data as of December 31, 2017:

- 83% of active participants are contributing to the retirement plans.
- The average total savings rate is 12.8% (employee & employer), up from 12.1% last year.
- 75% of participants use age-based asset allocation, up from 69% last year.
- 56% of participants engaged Fidelity at least once in the last year.
- 12% of participants have outstanding loans, down from 14% last year.

Fidelity used 437 retirement plans and 1,400,000 active participant behavior to develop to the Health Care – Health and Hospital Systems Peer Group.

Of the 92 employees hired in the last year, 90 are contributing to the retirement plans. Their average deferral election was 4%. Benefits Coordinator indicated that automatic enrollment was implemented in 2010. Only 2 (1%) of new enrollees used EasyEnroll. Both enrolled in the annual increase program.

The percentage of employees contributing to the plans has steadily increased since 2012.

Ms. Kelly highlighted a few statistics regarding the employee elective deferral rate:

- 37% of participants are deferring at the 3% auto enrollment default rate.
- 65% of participants are not maxing out the match. (It was noted that per diems are not eligible for match.)

Interest was expressed about increasing the auto enrollment to 6%. CEO is supportive of the increase from 3% to 6%. Participants can get money back within first 90 days if they decide they do not want to contribute if the Plan implements an eligible automatic enrollment arrangement (EACA) rather than a traditional auto enrollment design.

The plans default into a Vanguard target age fund.

Personnel committee would like to change new hires to a 6% auto enroll rate.

CFO recommended delaying action to increase the deferral rate on the remainder of employees until the next meeting in May to allow time to meet with employee groups, etc.

EAP representative suggested timing with wage increases July 1. A letter about the increase could be sent with the wage letter.

Fidelity would need 60 days to do an amendment to the plan documents.

The target date for the change is July 1, 2017.

Personnel Committee will hold a meeting at the end of March to bring forward a communication plan for the increase. Director Chamblin suggested March 21 for the meeting.

A push would be made to anyone contributing lower than 6%. Fidelity will come out in late June to do education sessions around the increase. Interim Chief Human Resources Director suggested an increase of one-on-one time slots around same time to allow people to access their accounts.

As of December 31, 2016, the total plan assets were \$74,800,000. As of February 21, 2017, the total plan assets were \$79,400,000.

Discussion was held about the 12% of active participants that currently have at least one loan outstanding. The peer average is 14%. 15% of Baby Boomers have a loan. Director Chamblin asked if the participant has to pay off the loan before they retire. Yes, the loan gets paid off when a participant retires.

56% of participants have contacted Fidelity by phone or NetBenefits. Participants must call Fidelity to take a loan.

Ms. Kelly provided some statistics on the use of Fidelity's NetBenefits:

- 78% of those who accessed NetBenefits did so from a desktop.
- Users spent an average time of 4 minutes 53 seconds in NetBenefits.
- Users clicked on an average of 6.9 pages.
- 60% of users were changing their deferral amount.
- 22% of users were changing their asset allocation.
- 15% of users were calling about a loan.

A total of 11 mail/email campaigns went out to participants. 34% of emails sent were opened. 18% of participants took action from these emails. Not every participant will receive every email campaign.

Ms. Kelly reviewed the 2017 communication and education calendar.

Currently, there are no physicians contributing to the plans.

Human Resources would like a Fidelity Investments resource fact sheet to hand out in orientation.

Ms. Kelly reviewed the Fee Transparency for the committee. Fidelity needs .17% to record keep the funds. It is an average of \$76 per person for recordkeeping.

Brian Montanez of Multnomah Group will do a fee benchmarking at the next regularly scheduled Retirement Subcommittee meeting.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

CFO recommended the board members to report out the contemplated change in deductions rolling

out on or around July 1, 2017.

8. NEXT MEETING DATE

Personnel Committee discussed meeting on March 21, 2017 to review Fidelity’s communication plan around the increased deduction enrollment. The next Retirement Subcommittee meeting will be at the end of May.

9. ADJOURN

Meeting adjourned at 1:47 p.m.

DRAFT