

**MINUTES OF THE
ADMINISTRATIVE/INVESTMENT BOARD MEETING
March 19, 2015—3:00 p.m.—Utah Retirement Office**

Present: Mr. Richard Ellis, Board President
Mr. Ed Alter, Board Member
Mr. Roger Donohoe, Board Member
Ms. Kathy Jones-Price, Board Member
Ms. Laura Houston, Board Member
Ms. Sheri Nelson, Board Vice-President
Mr. Bill Wallace, Board Member

Excused:

Staff: Mr. Dan Andersen, Executive Director
Mr. Ed Archer, Chief Compliance Officer
Mr. Dave Bjarnason, Sr. Compliance Officer, Investments
Mr. Bruce Cundick, Chief Investment Officer
Mr. Rich Eggett, Investments Portfolio Manager
Ms. Lauree Geldray, Executive Secretary
Mr. Kim Kellersberger, Finance Director
Ms. Shelia Lai, Senior Investment Analyst
Mr. Chet Loftis, PEHP Director
Mr. Todd Rupp, Deputy Executive Director
Mr. Joel Sheppard, Marketing Director
Mr. Brock Stephens, Senior Investment Analyst
Mr. Bryant Weber, Senior Investment Analyst

Legal Counsel: Mr. Dave Hansen
Mr. Dee Larsen

Guests:

Call to Order and Approval of Minutes

President Richard Ellis called the meeting to order at 3:30 p.m. and welcomed Board members and staff.

ACTION: Ms. Laura Houston moved, seconded by Mr. Bill Wallace, to approve the minutes of the February 17, 2015, Audit/Budget Committee Meeting. The motion passed unanimously.

ACTION: Mr. Ed Alter moved, seconded by Ms. Sheri Nelson, to approve the minutes of the February 19, 2015, Administrative/Investment Board Meeting. The motion passed unanimously.

Review of Legislative Session

Mr. Dee Larsen gave a report on the 2015 legislative session. A summary of selected URS-related bills was provided to the Board Members prior to the meeting. The following bills were reviewed:

- SB 11, URS Revisions
- HB 12, URS Amendments
- HB 137, Change to Mandatory Retirement Age for Judges (did not pass)
- SB 236, Justice Court Judges Retirement Amendments
- HB 288, Line-of-duty Death Benefits for Peace Officers and Firefighters – Mr. Dan Andersen discussed the impact on the contribution rates approved by the Board in August 2014. HB 288 increases the actuarial calculated contribution rate for Public Safety and Firefighters by 1 to 3 basis points. However, the 1 to 3 basis point increase to the actuarial calculated contribution rate does not require an increase to the Board certified contribution rate. This is because the Board certified contribution rate is higher than the actuarial calculated rate, in accordance with Title 49-11-301(5) which allows the Board to use the higher of the actuarial calculated contribution rate or the prior year Board certified contribution rate until the funded ratio reaches 110%.
- HB 413, Domestic Relations Retirement Shares (did not pass)
- HB 416, Certain Employee's Forfeit of Retirement for Employment Related Offenses (did not pass)
- HB 27, Department of Corrections Retirement Amendments
- HB 115, Public Safety Retirement for Dispatchers
- HB 133, Firefighter Retirement Amendments
- SB 239, Retirement Participation Modifications
- HB 347, Retirement Window Amendments
- HB 77, Postretirement Employment Task Force (did not pass)
- SB 91 Post Retirement Employment Amendments (did not pass)
- HB 151, Affiliated Emergency Service Worker Postretirement Employment Amendments
- HB 439, Utah Retirement Systems Accountability Amendments (did not pass)
- HB 38, Supplemental Savings Plan Amendments
- HJR 10, Joint Resolution Regarding Public Employee Health Plan
- SB 128, Long-term Disability Insurance Plan Amendments
- SB 265, Abuse Deterrent Opioid Analgesic Drug Products
- HB 435, Obesity Report (did not pass)
- HB 148, State Employee Health Clinic

Mr. Larsen also noted the Potential Interim Study Items related to URS and PEHP.

Governance Review Discussion

Mr. Dan Andersen led a discussion on Governance Reviews. A governance review analyzes key issues regarding alignment of authority, responsibility, oversight, and expertise. The purpose of a governance review is to: provide independent assurance to stakeholders that the board is fulfilling its fiduciary duties and that the fund is well run; evaluate current policies and practices and compare them to leading practices; and identify strengths and opportunities

for improvement. Mr. Andersen indicated that URS will follow the procurement process to contract with a consultant who will conduct a governance review.

At 4:00 p.m., Ms. Kathy Jones-Price moved, seconded by Mr. Bill Wallace, to move into Closed Session to discuss confidential and fiduciary matters. The motion passed unanimously.

Mr. Ed Alter moved, seconded by Ms. Laura Houston, to move back into Open Session. The motion passed unanimously. The Open session resumed at 4:10 p.m.

Findings of Fact, Conclusions of Law, and Order 13-20S

ACTION: Ms. Laura Houston moved, seconded by Ms. Sheri Nelson, to approve the Findings of Fact, Conclusions of Law, and Order 13-20S as submitted by the Adjudicative Hearing Officer. The motion passed unanimously.

Asset Allocation Report

ACTION: Mr. Bill Wallace moved, seconded by Ms. Kathy Jones-Price, to accept the Asset Allocation Report as presented. The motion passed unanimously.

Board Variance Request

ACTION: Ms. Kathy Jones-Price moved, seconded by Mr. Roger Donohoe, to approve a variance of \$75 million for two years to make direct investments in private equity distressed funds. The motion passed unanimously.

Other Business

New Investment Advice Program

The new Investment Advice Program was briefly reviewed with Board members. Staff will provide an update on the Investment Advice Program in the next Administrative Board Meeting.

Deputy Chief Investment Officer

Mr. Bruce Cundick reported on the process of recruiting a Deputy Chief Investment Officer. After interviewing several candidates the position has been offered to Jason Morrow, a URS Investment Department Portfolio Manager.

Adjournment

Mr. Roger Donohoe moved, seconded by Ms. Sheri Nelson, to adjourn the meeting. The motion passed unanimously.

The meeting adjourned at 4:15 p.m.

Richard K. Ellis, Board President

Daniel D. Andersen, Executive Director