

**MINUTES OF THE
ADMINISTRATIVE BOARD MEETING
August 10, 2017 – 3:00 p.m. – Utah Retirement Office**

Present: Mr. Bill Wallace, Board President
Mr. Ed Alter, Board Member
Mr. Roger Donohoe, Board Vice-President
Mr. Ryan Hessenthaler, Board Member
Ms. Laura Houston, Board Member
Ms. Sheri Nelson, Board Member

Excused: Mr. David Damschen, Board Member

Staff: Mr. Dan Andersen, Executive Director
Mr. Paul Anderton, Chief Actuary
Mr. Steve Baker, PEHP Operations Director
Ms. Lisa Chernov, Investments Administrative Assistant
Mr. Rob Dolphin, Comptroller - Retirement Plans
Ms. Jayne Knecht, Human Resources Director
Mr. Dee Larsen, General Counsel
Mr. Todd Rupp, Deputy Executive Director

Guests: Mr. Danny White, Gabriel Roeder Smith & Company
Mr. Lewis Ward, Gabriel Roeder Smith & Company

Call to Order and Approval of Minutes

President Bill Wallace called the meeting to order at 3:03 p.m. and welcomed Board members, staff, and guests.

ACTION: Mr. Ed Alter moved, seconded by Ms. Laura Houston, to approve the minutes of the June 8, 2017, Administrative/Investment Board Meeting. The motion passed unanimously, 6-0.

Employee Compensation Package

Ms. Jayne Knecht reviewed the Executive Team's proposed salary increase for URS/PEHP employees for the 2017-2018 fiscal year consisting of a 2% COLA increase and a 1% merit increase.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Ed Alter, to approve the salary increase for the 2017-2018 fiscal year for URS/PEHP employees of 2% COLA and 1% merit and increase the corresponding budget. The motion passed unanimously, 6-0.

PEHP Renewals

Mr. Paul Anderton reviewed the PEHP rate changes for Jordan School District and Utah School Board Association, which will be effective September 1, 2017, as follows:

- Jordan School District 0.00% Medical increase
- Utah School Board Association 1.60% rate hold for Medical/RX

Mr. Anderton explained that PEHP does not underwrite either of these entities.

ACTION: Mr. Ed Alter moved, seconded by Mr. Roger Donohoe, to ratify the 0.00% Medical rate hold for Jordan School District. The motion passed unanimously, 6-0.

ACTION: Ms. Sheri Nelson moved, seconded by Ms. Laura Houston, to ratify the 1.60% rate increase for Medical/RX for the Utah School Board Association. The motion passed unanimously, 6-0.

GRS Actuarial Report

Mr. Danny White and Mr. Lewis Ward reviewed the Actuarial Valuation Report as of January 1, 2017, including the following topics:

- Membership Experience
- Asset Experience
- 2017 Experience Study
- Contribution Rates

Management and GRS recommended the following changes to the economic assumptions:

- Decrease price inflation from 2.6% to 2.5%
- Decrease assumed rate of return from 7.2% to 7.0%
- Decrease the payroll growth rate from 3.2% to 3.0%

GRS also recommended certain changes to the demographic assumptions. Discussion followed. The Board requested that additional information on the assumed rate of return and its effects on contribution rates be provided by GRS.

ACTION: A motion to accept the underlying assumptions as contained in the Utah Retirement Systems Actuarial Valuation Report as of January 1, 2017 was delayed pending additional discussion at the August 17th Administrative Board Meeting.

Contribution Rate Approval

ACTION: A motion to approve the proposed contribution rates as contained in Utah Retirement Systems Actuarial Valuation Report as of January 1, 2017, subject to legislation in

the 2018 General Session was delayed pending additional discussion at the August 17th Administrative Board Meeting.

At 4:22 p.m., Mr. Ryan Hessenthaler moved, seconded by Mr. Roger Donohoe, to move into Closed Session for the purpose of discussing fiduciary and confidential legal matters. The motion passed unanimously, 6-0.

At 4:52 p.m., Mr. Ed Alter moved, seconded by Mr. Ryan Hessenthaler, to move back into Open Session. The motion passed unanimously, 6-0.

Final Motions

Findings of Fact, Conclusions of Law, and Order 2016-11H

ACTION: Mr. Ed Alter moved, seconded by Mr. Roger Donohoe, to approve the Findings of Fact, Conclusions of Law, and Order 2016-11H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Order of Dismissal 16-35H

ACTION: Mr. Ryan Hessenthaler moved, seconded by Ms. Sheri Nelson, to approve the Order of Dismissal 16-35H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Order of Judgment by Stipulation 16-49S

ACTION: Ms. Laura Houston moved, seconded by Mr. Roger Donohoe, to approve the Order of Judgment by Stipulation 16-49S as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Findings of Fact, Conclusions of Law, and Order 16-29H

ACTION: Ms. Sheri Nelson moved, seconded by Mr. Ed Alter, to approve the Findings of Fact, Conclusions of Law, and Order 16-29H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

At 4:54 p.m., Ms. Laura Houston moved, seconded by Mr. Ryan Hessenthaler, to move into Executive Session to discuss fiduciary matters. The motion passed unanimously, 6-0.

Executive Session

The following were present:

- Board Members present
- Mr. Dan Andersen, Executive Director

Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to move into Open Session. The motion passed unanimously, 6-0. The meeting resumed at 5:20 p.m.

Adjournment

Mr. Roger Donohoe moved, seconded by Ms. Laura Houston, to adjourn the meeting. The motion passed unanimously, 6-0.

The meeting adjourned at 5:21 p.m.

William W. Wallace, President

Daniel D. Andersen, Executive Director