

**MINUTES OF THE
Retirement Board Workshop
September 10-11, 2015—8:30 a.m.—Stein Eriksen Lodge**

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

Excused:

Staff: Mr. Jeff Allen, Shared Services Director
Mr. Daniel Andersen, Executive Director
Mr. Paul Anderton, Chief Actuary
Mr. Ed Archer, Chief Compliance Officer, Investments
Mr. Steve Baker, Healthcare Services Director
Mr. Bruce Cundick, Chief Investment Officer
Mr. Kim Kellersberger, Finance Director
Ms. Jayne Knecht, Human Resource Director
Mr. Chet Loftis, PEHP Director
Ms. LuAnn Miskin, Administrative Assistant
Mr. Jason Morrow, Deputy Chief Investment Officer
Mr. Todd Rupp, Deputy Executive Director
Mr. Jerry Sanchez, Investment Counsel
Mr. Travis Tolley, Clinical Management Director
Mr. Bryant Weber, Senior Investment Analyst

Legal Counsel: Mr. David Hansen
Mr. Dee Larsen

Guests: Mr. James Callahan, Callan Associates
Mr. Jay Kloepfer, Callan Associates

Call to Order

President Ellis called the meeting to order at 8:30 a.m. and welcomed Board members and staff.

PEHP Strategy

Mr. Loftis gave a presentation on PEHP Strategy (included in the Meeting Materials), including the following items:

- Value Proposition
- Helping Members

- Serving Employers
- Keeping Rates Reasonable
- Core Principles
- Organizational Focus in 2014-2015
- Organizational Focus in 2015-2016

PEHP Operations

Mr. Baker gave a presentation on PEHP Operations (included in the Meeting Materials), which included the following items:

- Differentiation
- Process Improvement
- Message Center
- Key Indicators

PEHP Actuary/Analytics

Mr. Anderton gave a presentation on PEHP Risk Pools (included in the Meeting Materials), which included the following items:

- Membership
- Plans/Networks
- Reserves
- Trend

Mr. Anderton also gave a presentation on Analytic Tools (included in the Meeting Materials), which included the following items:

- Provider Benchmarking
- Underwriting Dashboard
- Opportunity Score

PEHP Clinical

Mr. Tolley gave a presentation on PEHP Clinical Management (included in the Meeting Materials), which included the following items:

- Trends
- Key Initiatives
- Process Improvement

PEHP Legal Update

Mr. Dave Hansen gave a presentation on Legal and Policy Issues (included in the Meeting Materials), which included the following items:

- State Issues
 - Autism Benefit
 - Long-Term-Disability Waiver – a handout was distributed for review
- Federal Issues
 - Embedded Deductible
 - ACA Reporting
 - Cadillac Tax

URS Strategic Plan Update

Mr. Andersen provided an update on the URS Strategic Plan.

Investment Beliefs, Evolving Fiduciary Standards, Environmental, Social & Governance (ESG) Investing

Mr. Andersen gave a presentation on Investment Beliefs, Evolving Fiduciary Standards, and ESG Investing, which included the following items:

- Beliefs about markets/assets
- Beliefs about liabilities
- Beliefs about appropriate considerations
- Evolving fiduciary standards

Discussion followed on applicable fiduciary duties and the process for adopting an investment belief statement to be used in addressing investment philosophy and ESG issues as they arise. President Ellis asked Mr. Andersen to review various belief statements and discuss them with staff to come up with a draft investment belief statement that can be used as a starting point for discussion purposes.

At 2:15 p.m., Mr. Donohoe moved, seconded by Mr. Wallace, to move into Closed Session for the purpose of discussing confidential and fiduciary matters. The motion passed unanimously.

During Board Elections, Ms. Sheri Nelson was elected President and Mr. Bill Wallace was elected Vice President and Chairman of the Audit/Budget Committee.

Mr. Alter moved, seconded by Mr. Hessenthaler, to move back into Open Session. The motion passed unanimously. The meeting resumed at 2:48 p.m.

Approval of Minutes

ACTION: Mr. Donohoe moved, seconded by Mr. Alter, to approve the minutes of the August 13, 2015, Administrative Board Meeting. The motion passed unanimously.

ACTION: Ms. Nelson moved, seconded by Mr. Alter, to approve the minutes of the August 20, 2015, Investment Board Meeting. The motion passed unanimously.

Board Motions

ACTION: Mr. Wallace moved, seconded by Ms. Houston, to accept the Asset Allocation Report as of August 2015. The motion passed unanimously.

ACTION: Ms. Nelson moved, seconded by Mr. Hessenthaler, to approve the proposed LGRP PEHP Medical rate renewal increase of 7.9%. The motion passed unanimously.

ACTION: Mr. Hessenthaler moved, seconded by Mr. Wallace, to approve the proposed Medicare Supplement PEHP Medical rate renewal increase of 2.0%. The motion passed unanimously.

ACTION: Mr. Donohoe moved, seconded by Ms. Nelson, to approve the proposed LGRP PEHP Dental rate renewal increase of 4.0%. The motion passed unanimously.

ACTION: Ms. Houston moved, seconded by Mr. Hessenthaler, to approve the new Medicare Dental Plan, effective January 1, 2016. The motion passed unanimously.

ACTION: Mr. Alter moved, seconded by Mr. Donohoe to affirm the Hearing Officer's decision in the Request for Board Action 2013-40R Request for Reconsideration. The motion passed unanimously.

ACTION: Mr. Wallace moved, seconded by Mr. Hessenthaler, to approve the changes to the Long Term Medical Disability Waiver as discussed. The motion passed unanimously.

Fiduciary/Legislation Update

Mr. Larsen provided training on fiduciary responsibilities (included in the Meeting Materials).

He also reviewed the Summary of Items in the 2016 General Session Bill, "Retirement Systems Amendments" and upcoming bills.

URS Budgets

Mr. Kim Kellersberger presented the budgets for review and/or approval as follows:

- 2014-2015 Actual Budget Expenses
- 2014-2015 Board Expenditures
- 2015-2016 Budget
- 2016-2017 Preliminary Budget Request
- 2014-2015 Actual Capital Asset Fund Budget Expenses
- 2015-2016 Capital Asset Budget

ACTION: Ms. Nelson moved, seconded by Mr. Wallace, to approve the 2014-2015 Actual Budget Expenditures as presented. The motion passed unanimously.

ACTION: Mr. Donohoe moved, seconded by Ms. Houston, to approve the 2015-2016 Budget as presented. The motion passed unanimously.

ACTION: Ms. Houston moved, seconded by Ms. Nelson, to approve the 2016-2017 Preliminary Budget as presented. The motion passed unanimously.

ACTION: Mr. Wallace moved, seconded by Mr. Hessenthaler, to approve the 2014-2015 Actual Expenditures for the Capital Asset Fund as presented. The motion passed unanimously.

ACTION: Ms. Houston moved, seconded by Ms. Nelson, to approve the 2015-2016 Capital Asset Fund Budget as presented. The motion passed unanimously.

Mr. Kellersberger reviewed the Investment Advisor Fees from July 1, 2014 to June 30, 2015 and the true-up of the Investment Advisor Fees from January 1, 2014 through December 31, 2014.

Adjournment

The meeting adjourned at 4:47 p.m. and will continue September 11, 2015, at 8:00 a.m.

Call to Order

The meeting was called to order on Friday, September 11, 2015, at 8:00 a.m.

Ms. Nelson moved, seconded by Ms. Houston, to move into Closed Session. The motion passed unanimously.

Mr. Hessenthaler moved, seconded by Mr. Donohoe, to move in Open Session. The motion passed unanimously.

Adjournment

Mr. Wallace moved, seconded by Mr. Hessenthaler, to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 11:45 p.m.

Richard K. Ellis, Board President

Daniel D. Andersen, Executive Director