

**MINUTES OF THE
ADMINISTRATIVE/INVESTMENT BOARD MEETING
December 13, 2018, 3:00 p.m., Utah Retirement Office**

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

Excused:

Staff: Mr. Dan Andersen, Executive Director
Mr. Michael Anderson, Sr. Compliance Officer, Investments
Mr. Dave Bjarnason, Chief Compliance Officer, Investments
Mr. Bruce Cundick, Chief Investment Officer
Mr. Rich Eggett, Portfolio Manager, Investments
Ms. Heidie George, Sr. Compliance Officer, Investments
Mr. Dee Larsen, General Counsel
Ms. LuAnn Miskin, Administrative Assistant, Administration

Guests:

Call to Order

President Laura Houston called the meeting to order at 3:05 p.m. and welcomed Board members and staff.

Agenda change

Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to move into Executive Session to discuss fiduciary and personnel matters. The motion passed unanimously, 7-0.

The following were present:

- Board Members present
- Mr. Dan Andersen
- Mr. Dee Larsen
- Mr. Bruce Cundick

Executive Session

Ms. Sheri Nelson moved, seconded by Mr. Bill Wallace, to move back into Open Session. The motion passed unanimously, 7-0. The meeting resumed at 3:35 p.m.

Approval of Minutes

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Roger Donohoe, to approve the minutes of the November 13, 2018, Audit/Risk Committee Meeting. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

ACTION: Mr. Ed Alter moved, seconded by Ms. Sheri Nelson, to approve the minutes of the November 15, 2018, Administrative/Investment Board Meeting. The motion passed unanimously, 6-0. Mr. David Damschen was absent.

Legislative Overview

Mr. Dee Larsen gave an overview of the upcoming 2019 legislative session. The URS Technical Amendments bill was voted out of Committee with a favorable recommendation. He reported that Mr. Kory Cox, URS Association and Stakeholder Liaison, is providing education to stakeholders on a continuing basis. Some bill requests and potential legislative issues include firefighters' insurance premium tax funds; post-retirement reemployment provisions with a surcharge funding mechanism; a Public Safety/Firefighter Planned Retirement Program, which would be a form of DROP (deferred retirement option plan); Tier 2, specifically for Public Safety and Firefighters.

Higher Education Risk Pool

Mr. Dee Larsen gave an update on the Higher Education Risk Pool and reassigning the appropriate participating employers into these pools.

ACTION: Mr. Ed Alter moved, seconded by Mr. Bill Wallace, that the Utah State Retirement Board officially establish the Higher Education Fund, Funds 17 and 18, as new risk pools for higher education employers whose retirement policies or practices materially limit the participation of their new employees' retirement benefits with URS.

Also, moved and seconded that the following participating employers be reassigned to Funds 17 and 18, for their employees who are members of the Public Employees' Retirement Systems, beginning on January 1, 2019:

- the University of Utah;
- University of Utah Hospital;
- Utah State University;
- Weber State University;
- Snow College;
- Dixie State University;
- Utah Valley University;
- Salt Lake Community College;
- Dixie Technical College;
- Mountainland Technical College; and

- Space Dynamics Lab.

Also, moved and seconded that staff and the consulting actuary are directed to implement the new risk pools to ensure that employees of these affected employers will continue to earn benefits in the Public Employees' Retirement Systems, but their liability, assets, contributions, and benefit payments will be moved to and separately tracked in the new risk pools.

Finally, moved and seconded that staff communicate with affected employers to ensure as smooth of a transition as possible into the new risk pools. The motions passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

At 3:59 p.m., Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to move into Closed Session to discuss investment and pending confidential legal matters. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

At 4:18 p.m., Mr. Ryan Hessenthaler moved, seconded by Mr. Bill Wallace, to move back into Open Session. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Final Motions

Findings of Undisputed Fact, Conclusions of Law, and Order of Summary Judgment 16-44D

ACTION: Ms. Sheri Nelson moved, seconded by Mr. Roger Donohoe, to approve the Findings of Undisputed Fact, Conclusions of Law, and Order of Summary Judgment 16-44D as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Order to Dismiss 18-16H

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Bill Wallace, to approve the Order to Dismiss 18-16H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Request for Reconsideration 17-35R

ACTION: Mr. Ed Alter moved, seconded by Mr. Roger Donohoe, to deny the Request for Reconsideration 17-35R as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Variance Report

ACTION: Mr. Ryan Hessenthaler moved, seconded by Ms. Sheri Nelson, to accept the Variance Report as of November 30, 2018. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Equity Portfolio Benchmark Change

ACTION: Mr. Bill Wallace moved, and seconded by Mr. Ryan Hessenthaler, to adopt the FTSE Global All Cap Index as the policy benchmark for the public equity portfolio effective January 1, 2019 and approve the respective changes to the DB IPS. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

Adjournment

Mr. Roger Donohoe moved, seconded by Mr. Bill Wallace, to adjourn the meeting. The motion passed unanimously, 6-0. Mr. David Damschen was absent for this vote.

The meeting adjourned at 4:20 p.m.

Laura O. Houston, Board President

Daniel D. Andersen, Executive Director