

**MINUTES OF THE
Retirement Board Workshop
September 14-15, 2017, 8:30 a.m., Stein Eriksen Lodge**

- Present:** Mr. William Wallace, Board President
Mr. Ed Alter, Board Member
Mr. David Damschen, Board Member
Mr. Roger Donohoe, Board Vice President
Mr. Ryan Hessenthaler, Board Member
Ms. Sheri Nelson, Board Member
- Excused:** Ms. Laura Houston, Board Member
- Staff:** Mr. Jeff Allen, Shared Services Director
Mr. Daniel Andersen, Executive Director
Mr. Steve Baker, Healthcare Services Director
Mr. Dave Bjarnason, Chief Compliance Officer, Investments
Mr. Scott Clayton, Investment Operations Director
Mr. Bruce Cundick, Chief Investment Officer
Mr. Rob Dolphin, Controller-Retirement Plans
Ms. Cathy Dupont, Strategy and External Relations Director
Mr. Guy Foutz, Investment Risk Officer
Ms. Gail Keeler, Controller-Investments
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. Dee Larsen, General Counsel
- Guests:** Mr. James Callahan, Callan Associates
Ms. Anne Heaphy, Callan Associates
Mr. Jay Kloepfer, Callan Associates

Call to Order

President Bill Wallace called the meeting to order at 8:32 a.m. and welcomed Board members, staff, and guests.

Mr. David Damschen moved, seconded by Mr. Ryan Hessenthaler to move into Closed Session to discuss investment, fiduciary, and confidential information. The motion passed unanimously, 6-0.

At 3:22 p.m., Mr. David Damschen moved, seconded by Ms. Sheri Nelson to move into Open Session. The motion passed unanimously, 6-0.

Consolidated URS/PEHP Annual Budget Report

Mr. Kim Kellersberger presented the budgets for review, as follows:

- 2016-2017 Actual Budget Expenses
- 2016-2017 Board Expenditures
- 2017-2018 Budget
- 2018-2019 Preliminary Budget Request
- 2016-2017 Actual Capital Asset Fund Budget Expenses
- 2017-2018 Capital Asset Fund Budget
- 2018-2019 Preliminary Capital Asset Fund Budget

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to approve the 2016-2017 Actual Budget Expenses (including Board Expenditures) as presented. The motion passed unanimously, 6-0.

ACTION: Ms. Sheri Nelson moved, seconded by Mr. David Damschen, to approve the 2017-2018 Budget as presented. The motion passed unanimously, 6-0.

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to approve the 2018-2019 Preliminary Budget as presented. The motion passed unanimously, 6-0.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. David Damschen, to approve the 2016-2017 Actual Expenditures for the Capital Asset Fund as presented. The motion passed unanimously, 6-0.

ACTION: Mr. David Damschen moved, seconded by Mr. Ryan Hessenthaler, to approve the 2017-2018 Capital Asset Fund Budget as presented. The motion passed unanimously, 6-0.

ACTION: Mr. Roger Donohoe moved, seconded by Mr. David Damschen, to approve the Preliminary 2018-2019 Capital Asset Fund Budget as presented. The motion passed unanimously, 6-0.

Fiduciary and Open & Public Meetings Training

Mr. Dee Larsen provided Annual Fiduciary and Open & Public Meetings training. A handout was distributed. The following topics were reviewed and discussed:

- Fiduciary Training
 - Fiduciary Duties
 - The Prudent Fiduciary (adapted from the book, ONE OF A KIND! A Practical Guide for 21st Century Public Pension Trustees, by Funston Advisory Services LLC, March 2017)
 - Who is a Fiduciary?
 - Fiduciary Duty Fundamentals

- Casting Votes
- Trustee Responsibilities, Core Competencies, and Education
- Meetings: Preparation & Conduct
- Proper Board Role
- Conflicts of Interest
- Evolution of Investment and Pension Practices
- Open & Public Meetings Training
 - Meetings
 - Open Meetings

The Board Member Annual Fiduciary Compliance Certificate was distributed to each Board Member for completion and signature. The certificates will be kept on file at the URS Retirement Office.

Approval of Minutes

ACTION: Mr. Roger Donohoe moved, seconded by Ms. Sheri Nelson, to approve the minutes of the August 10, 2017, Administrative Board Meeting. The motion passed unanimously, 6-0.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Ed Alter, to approve the minutes of the August 17, 2017, Investment Board Meeting. The motion passed unanimously, 6-0.

ACTION: Ms. Sheri Nelson moved, seconded by Mr. Ryan Hessenthaler, to approve the minutes of the August 17, 2017, Administrative Board Meeting. The motion passed unanimously, 6-0.

FTE Request

Mr. Steve Baker reviewed the rationale and business need for one new FTE in the PEHP Division in the Life Department.

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to approve one new FTE in the PEHP Division, Life Department, and the associated budget increase. The motion passed unanimously, 6-0.

Board Motions

ACTION: Mr. David Damschen moved, seconded by Mr. Ed Alter to approve the Real Assets Strategic plan as presented. The motion passed unanimously, 6-0.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. David Damschen, to accept the Variance Report as of August 31, 2017. The motion passed unanimously, 6-0.

ACTION: Mr. Ed Alter moved, seconded by Mr. Ryan Hessenthaler, to approve the Order of Dismissal 16-23H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

ACTION: Mr. Ed Alter moved, seconded by Mr. David Damschen, to approve the Order to Dismiss 2016-14D as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to adjourn the meeting until the morning. The motion passed unanimously, 6-0. The meeting adjourned at 5:03 p.m. and will readjourn September 15, 2017, at 8:00 a.m.

Call to Order

President Bill Wallace called the meeting to order at 8:13 a.m. on Friday, September 15, 2017, and welcomed Board members and staff.

Mr. Ryan Hessenthaler moved, seconded by Mr. David Damschen to move into Closed Session to discuss investment and fiduciary information. The motion passed unanimously, 5-0, Mr. Roger Donohoe was absent for the vote.

Ms. Sheri Nelson moved, seconded by Mr. Roger Donohoe to move into Open Session at 8:29 a.m. The motion passed unanimously, 6-0.

Asset Liability Study

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler to adopt the asset liability study and retain the current Asset Allocation. The motion passed unanimously, 6-0.

PEHP Update

Mr. Chet Loftis gave an update on the competitive landscape and its implications, opportunities, and challenges for PEHP. Items discussed included the following:

- Insurance Principles
- Market Environment
- Largest Clients
- Biggest Challenges
- Greatest Opportunities
- Limited Impact of Health Reform

At 10:20 a.m., Mr. Ryan Hessenthaler moved, seconded by Mr. David Damschen, to move into Executive Session to discuss fiduciary and confidential information. The motion passed unanimously, 6-0.

Executive Session

The following were present during the Succession Planning discussion:

- Board Members Present
- Mr. Dan Andersen
- Ms. Jayne Knecht

After the Succession Planning discussion Ms. Knecht was excused.

Mr. Ryan Hessenthaler moved, seconded by Ms. Sheri Nelson, to move back into Open Session. The motion passed unanimously, 6-0. The meeting resumed at 11:58 p.m.

Adjournment

Mr. Roger Donohoe moved, seconded by Mr. Ed Alter, to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 12:00 p.m.

William W. Wallace, Board President

Daniel D. Andersen, Executive Director