

**MINUTES OF THE
ADMINISTRATIVE BOARD MEETING
April 9, 2020, 3:00 p.m.
Via Teleconferencing**

Participated via Teleconferencing:

Mr. Ryan Hessenthaler, Board President
Mr. David Damschen, Board Vice President
Mr. Richard Ellis, Board Member
Mr. Larry Evans, Board Member
Ms. Laura Houston, Board Member
Mr. Bill Wallace, Board Member

Excused: Mr. Roger Donohoe, Board Member

Staff Participated via Teleconferencing:

Mr. Dan Andersen, Executive Director
Mr. Rob Dolphin, Chief Financial Officer
Mr. Dee Larsen, General Counsel
Mr. Chet Loftis, PEHP Director
Ms. LuAnn Miskin, Executive Assistant
Mr. Todd Rupp, Deputy Executive Director
Mr. Craig Stone, Defined Contribution Director

Guests:

Call to Order and Approval of Minutes

President Ryan Hessenthaler called the meeting to order at 3:00 p.m. and expressed thanks and appreciation to URS and PEHP staff for keeping things running during this difficult time. He asked Ms. LuAnn Miskin to perform a roll call of Board members and staff participating via telephone.

ACTION: Mr. Larry Evans moved, seconded by Ms. Laura Houston, to approve the minutes of the March 12, 2020, Administrative Board Meeting. The motion passed unanimously, 5-0. Mr. Bill Wallace was absent for this vote.

ACTION: Mr. David Damschen moved, seconded by Mr. Richard Ellis, to approve the minutes of the March 19, 2020, Emergency Investment Board Meeting. The motion passed unanimously, 5-0. Mr. Bill Wallace was absent for this vote.

ACTION: Mr. Richard Ellis moved, seconded by Mr. Larry Evans, to approve the minutes of the March 27, 2020, Emergency Administrative Board Meeting. The motion passed unanimously, 5-0. Mr. Bill Wallace was absent for this vote.

Operational Update

Mr. Dan Andersen gave an Operational Update. He reported that over 90% of employees are working remotely and up to 30-40 employees are working on-site each day and they are following CDC recommendations and practicing social distancing. The building is being cleaned every day. HR and Legal are working together to keep up to date on federal and state regulations.

PEHP has seen a reduction in calls but claims are still being received and processed. Cash flow is still good. The risk pools are stable and even assuming significant reductions due to a potential future increase of claims reserve levels should stay above 50 days of reserves. Open Enrollments are coming up which is always a busy time. Localities are primarily funded through sales tax which will be impacted by the pandemic so we will monitor the situations and communicate with employers. It is difficult to forecast the future costs of Covid-19 but cash flows are being monitored. The PEHP data processing upgrade project has not been impacted.

Shared Services has done a fantastic job in providing equipment and service as most of the workforce is working remotely. Building maintenance is going well.

In Retirement, the AUREUS project has not been impacted. The pension department has seen a decrease in retirement appointments as the office is closed to visitors, but appointments are still taking place remotely. Retirement applications are increasing with the end of the school year approaching. Webinars and other remote communications are being used to keep employers informed of changes. Defined Contributions has seen an increase in calls and some increase in investing has been handled easily. Retirement payments continue to be made.

There have been some issues with the telephone system, but they have been resolved. Some departments have reported that communication between departments has improved.

The Board asked about employee morale. Mr. Andersen stated that overall morale seems to be pretty good. Those with younger children have experienced some extra stress due to schools and childcare agencies being closed. He has not heard of any significant morale issues. We are contemplating doing an employee morale survey.

New Employer – Central Valley Town

Mr. Dan Andersen reviewed the application for Central Valley Town to participate in the Public Employees' Retirement System. He reported that all eligibility requirements have been met and recommended approval by the Board.

ACTION: Mr. David Damschen moved, seconded by Mr. Bill Wallace, to approve Central Valley Town as a participating employer in the Public Employees' Retirement System. The motion passed unanimously, 6-0.

PEHP Renewals and PEHP State Refund

Mr. Chet Loftis reviewed the PEHP Renewals for the State of Utah, Salt Lake City, and LGRP July Medical/Rx and Dental, effective July 1, 2020. He also reviewed the PEHP State medical refund of approximately \$30.5M to State employers and employees.

ACTION: Mr. Larry Evans moved, seconded by Mr. Richard Ellis, to approve the following PEHP rate renewals, effective July 1, 2020, with the understanding that the final aggregate rate for LGRP July may be different due to agency migration or rate adjustments arising from the renewal process. The motion passed unanimously, 6-0.

State of Utah Medical/Rx	4.7% increase
Salt Lake City Medical/Rx	4.5% increase
LGRP July Medical/Rx	3.8% increase
State of Utah Dental	0.0% rate hold
Salt Lake City Dental	(3.0)% decrease
LGRP July Dental	1.1% increase

ACTION: Mr. David Damschen moved, seconded by Mr. Bill Wallace, to approve the PEHP State medical refund of approximately \$30.5M to State employers and employees. The motion passed unanimously, 6-0.

ACTION: Ms. Laura Houston moved, seconded by Mr. Richard Ellis, to approve the medical and dental premium holidays for Salt Lake City as discussed. The motion passed unanimously, 6-0.

Federal Legislation Affecting Defined Contribution Savings Plans

Mr. Craig Stone reviewed the Federal legislation affecting Defined Contribution Savings Plans (included in Board materials). Two recently enacted federal laws, the Setting Every Community Up for Retirement Enhancement Act (SECURE Act) and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) make changes affecting savings plans.

Staff recommends the following Savings Plans changes:

1. Increasing the age at which retirement plan participants need to take a Required Minimum Distribution (RMD) from 70½ to 72, effective for participants who reach age 70½ after December 31, 2019;
2. Authorizing an in-service withdrawal of up to \$5,000 for a qualified birth or adoption of a child on or after January 1, 2020;
3. Implementing the temporary waiver of federal RMD rules in 2020;
4. Authorizing an in-service "coronavirus-related distribution" for qualified participants of up to \$100,000 from the Savings Plans; and
5. Limiting coronavirus or birth or adoption related distributions from the 401(k) to only be allowed from elective deferrals.

Federal law allows these plan changes to be approved now by the Board for immediate implementation while the amendments to the official plan document may be adopted later. Staff

proposes immediate approval of these changes by the Board and will bring the amended plan documents to the Board as soon as possible and practical.

Revised forms and instructions are being prepared to implement and administer these proposed plan changes. The Department will also prepare communications for both participating employers and participants regarding these changes.

ACTION: Mr. Richard Ellis moved, seconded by Mr. David Damschen, that the Utah State Retirement Board officially adopt the following optional plan changes for the Defined Contribution Savings Plans to be administered in accordance with the terms and conditions provided in the document titled, "Federal Legislation Affecting Defined Contribution Savings Plans":

1. an in-service withdrawal of up to \$5,000 for a qualified birth or adoption of a child on or after January 1, 2020;
2. an in-service "coronavirus-related distribution" for qualified participants of up to \$100,000 from the Savings Plans in 2020; and
3. limiting coronavirus or birth or adoption related distributions from the 401(k) to only be allowed from elective deferrals.

And further moved to direct Staff to implement and administer the plan changes immediately and provide the Board with associated plan document amendments for approval by the end of the current plan year. The motion passed unanimously, 6-0.

At 3:53 p.m., Ms. Laura Houston moved, seconded by Mr. Bill Wallace, to move into Closed Session to discuss confidential pending legal matters. The motion passed unanimously, 6-0.

At 3:57 p.m., Mr. David Damschen moved, seconded by Mr. Richard Ellis, to move back into Open Session. The motion passed unanimously, 6-0.

Final Motions

Stipulated Order of Voluntary Dismissal 20-04R

ACTION: Ms. Laura Houston moved, seconded by Mr. David Damschen, to approve the Stipulated Order of Voluntary Dismissal 20-04R as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Stipulated Order of Voluntary Dismissal 19-40H

ACTION: Mr. Richard Ellis moved, seconded by Mr. Bill Wallace, to approve the Stipulated Order of Voluntary Dismissal 19-40H as submitted by the Adjudicative Hearing Officer. The motion passed unanimously, 6-0.

Adjournment

Mr. Bill Wallace moved, seconded by Mr. David Damschen, to adjourn the meeting. The motion passed unanimously, 6-0.

The meeting adjourned at 4:01 p.m.

Ryan Hessenthaler, President

Daniel D. Andersen, Executive Director