

**MINUTES OF THE
UTAH STATE RETIREMENT BOARD WORKSHOP
ADMINISTRATIVE BOARD MEETING
September 30 – October 1, 2021, 1:00 p.m.
Stein Eriksen Lodge, Park City, Utah**

Participated In Person:

Mr. Richard Ellis, Board President
Mr. Larry Evans, Board Vice President
Mr. Roger Donohoe, Board Member
Mr. Ryan Hessenthaler, Board Member
Ms. Laura Houston, Board Member
Mr. Marlo Oaks, Board Member
Mr. Karl Wilson, Board Member

Excused:

Staff Participated In Person:

Mr. Dan Andersen, Executive Director
Mr. Dave Bjarnason, Chief Compliance Officer – Investments
Mr. Mark Brown, Business Operations Director - PEHP
Mr. Mark Cain, Deputy Executive Director
Mr. Bruce Cundick, Chief Investment Officer
Mr. Rob Dolphin, Chief Financial Officer
Mr. Dave Hansen, Sr. Associate General Counsel
Ms. Gail Keeler, Controller – URS Finance
Ms. Jayne Knecht, Human Resource Director
Mr. Dee Larsen, General Counsel
Mr. Chet Loftis, PEHP Director
Ms. Tiffany Lund, Project Management Director – URS Administration
Ms. LuAnn Miskin, Executive Assistant
Mr. Kendall Rima, Chief Information Officer
Mr. Travis Tolley, Clinical Management Director

Guests Participated In Person:

Mr. Larry Langer, Cavanaugh Macdonald Consulting
Mr. Brent Banister, Cavanaugh Macdonald Consulting
Ms. Wendy Ludbrook, Cavanaugh Macdonald Consulting

Call to Order

President Richard Ellis called the meeting to order at 1:04 p.m. and welcomed Board members, staff, and guests.

GRS Actuarial Audit Report

Mr. Larry Langer, Mr. Brent Banister, and Ms. Wendy Ludbrook, reviewed the results of the independent audit of the January 1, 2020 actuarial valuation of URS performed by Gabriel, Roeder, Smith & Company (GRS).

Cavanaugh Macdonald finds the actuarial valuation results to be generally reasonable and accurate based on the assumptions used. The valuation was performed by qualified actuaries and was performed in accordance with the principles and practices prescribed by the Actuarial Standards Board.

The following items were reviewed and discussed:

- Purpose of an Audit
- Our Approach to the Audit
- Components Reviewed
- Actuarial Assumptions
- Actuarial Methods
- Census Data
- Actuarial Valuation Results
- Actuarial Valuation Reports
- Opportunities for Improvement
- Audit Conclusions

FTE Requests

Mr. Dan Andersen discussed the rationale and business need for four new Investments Department FTEs: one Investment Operations Associate, two Investment Analysts – Real Estate, and one Investment Portfolio Manager – Public Markets+.

ACTION: Ms. Laura Houston moved, seconded by Mr. Ryan Hessenthaler, to approve the following new FTE positions for the Investments Department:

- Investment Operations Associate (1)
- Investment Analyst – Real Estate (2)
- Investment Portfolio Manager – Public Markets+ (1)

The motion passed unanimously, 6-0. President Richard Ellis was absent for this vote.

AUREUS

Ms. Tiffany Lund gave an overview and update on the AUREUS project, including the following items:

- Quick review of the AUREUS five project phases
- Actual versus expected progress
- Accomplishments and challenges throughout the year
- Data conversion progress
- Expected milestones and risks for the next year

PEHP Core System Update

Mr. Mark Brown gave an update on the PEHP Core IT System project and implementation.

PEHP Update

Mr. Travis Tolley presented on Pharmacy and PBM Services, including the following items:

- Key Component of PEHP's Value Proposition
- RFP Outcomes
- Challenge of Specialty Drugs
- Challenge of Gene Therapy Drugs
- Staying Ahead of the Curve

Mr. Chet Loftis gave a PEHP update, including the following items:

- Where We've Been...
- Our Long-Term Goals
- Where We're At...
- Where We're Going...
- State Update

PEHP Refund Request

Mr. Chet Loftis reviewed the Salt Lake City PEHP refund request of \$19,395.21 from excess reserves in their risk pool.

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Karl Wilson, to approve the Salt Lake City PEHP refund request of \$19,395.21. The motion passed unanimously, 7-0.

PEHP Rate Renewals

Mr. Chet Loftis reviewed the PEHP rate renewal changes effective January 1, 2022 for the Local Governments Risk Pool (LGRP) and Medicare Risk Pool.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Karl Wilson, to approve the following PEHP rate renewals, effective January 1, 2022, with the understanding that the final aggregate rate may be different due to agency migration or rate adjustments arising from the renewal process:

- LGRP January 2022 rate changes
 - Medical/Rx: 6.0% increase
 - Dental: 1.7% increase
- Medicare 2022 rate changes

- Medicare Supplement: 2.9% increase
- Medicare Part D: 2.3% increase
- Medicare Dental: 0.0% rate hold

The motion passed unanimously, 7-0.

Adjourn

Mr. Roger Donohoe moved, seconded by Ms. Laura Houston, to adjourn the meeting until the morning. The motion passed unanimously, 7-0. The meeting adjourned at 3:52 p.m. and will readjourn October 1, 2021, at 8:00 a.m.

October 1, 2021

Call to Order

President Richard Ellis called the meeting to order at 8:03 a.m. and welcomed Board members and staff.

Approval of Minutes

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Karl Wilson, to approve the minutes of the August 12, 2021, Administrative Board Meeting. The motion passed unanimously, 7-0.

ACTION: Ms. Laura Houston moved, seconded by Mr. Larry Evans, to approve the minutes of the August 19, 2021, Investment Board Meeting. The motion passed unanimously, 7-0.

URS/PEHP Annual Budget Report

Mr. Rob Dolphin reviewed the following budget items:

- Review of budget process
- Review of historical expenses and FTEs
- Review variances between budget and actuals for FY 2021 and proposed FY 2022, 2023, and 2024 operating budgets
- Review proposed FY 2022, 2023, and 2024 capital budgets
- Board approvals of 2021 FY expenditures, FY 2022 adjusted budget, and 2023 and 2024 preliminary budgets

The following motions were made to approve budgets as shown on page 127 of the Board Workshop materials.

ACTION: Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to approve the 2020-2021 final actual fiscal year ended expenditures as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Larry Evans moved, seconded by Mr. Karl Wilson, to approve the 2021-2022 budget as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Roger Donohoe, to approve the 2022-2023 preliminary budget as presented. The motion passed unanimously, 7-0.

ACTION: Ms. Laura Houston moved, seconded by Mr. Ryan Hessenthaler, to approve the 2023-2024 preliminary budget as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Karl Wilson moved, seconded by Mr. Roger Donohoe, to approve the 2020-2021 final actual fiscal year ended capital expenditures as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Larry Evans, to approve the 2021-2022 capital projects budget as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Karl Wilson moved, seconded by Ms. Laura Houston, to approve the 2022-2023 preliminary capital projects budget as presented. The motion passed unanimously, 7-0.

ACTION: Mr. Marlo Oaks moved, seconded by Mr. Ryan Hessenthaler, to approve the 2023-2024 preliminary capital projects budget as presented. The motion passed unanimously, 7-0.

Potential Recruiting Challenges

Ms. Jayne Knecht presented on Potential Recruiting Challenges, including the following:

- The Turnover Tsunami
- URS/PEHP Annual Turnover Rates
- Retirement: URS/PEHP Age Demographics
- Unemployment Rates 2020-2021
- CPI August 2018 – August 2021 – Western Region
- 12-month percent change in CPI by category
- Employer Cost Index (ECI) June 2018 – June 2021 – Western Region
- What are we doing to recruit and retain talent?
- Close Monitoring of Engagement Drivers
- Engagement Surveys: 2015, 2017, and 2019
- 2019 Engagement Results
- July 2020 – July 2021 Pulse Engagement Survey

Annual Fiduciary and Open & Public Meetings Training

Mr. Dee Larsen provided Open & Public Meetings training, Fiduciary training, and an update on Board Governance Policies, Sections 2.3 and 2.4. The following topics were reviewed and discussed:

- Part I: Open & Public Meetings Training
- Part II: Fiduciary Duties Summary
- Part III: The Fiduciary Challenges of Cyber Threats and Cybersecurity
- Part IV: Practical Steps to Educate Ourselves About Cybersecurity Risks and Manage Those Risks
- Part V: Action Items and Next Steps

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.

New Employer – Esperanza Elementary School

Mr. Dan Andersen reviewed the application for Esperanza Elementary School to participate in the Public Employees' Retirement System. All eligibility requirements have been met and approval of the application was recommended.

ACTION: Mr. Ryan Hessenthaler moved, seconded by Mr. Karl Wilson, to approve Esperanza Elementary School as a participating employer in the Public Employees' Retirement System. The motion passed unanimously, 7-0.

At 11:04 p.m., Mr. Roger Donohoe moved, seconded by Mr. Karl Wilson, to move into Executive Session to discuss fiduciary matters. The motion passed unanimously, 7-0.

Executive Session

The following were present:

- Board Members present
- Mr. Dan Andersen

At 12:23 p.m., Mr. Marlo Oaks moved, seconded by Mr. Karl Wilson, to move back into Open Session. The motion passed unanimously, 7-0.

Adjournment

Mr. Roger Donohoe moved, seconded by Mr. Ryan Hessenthaler, to adjourn the meeting. The motion passed unanimously, 7-0.

The meeting adjourned at 12:24 p.m.

Richard K. Ellis, President

Daniel D. Andersen, Executive Director

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