

**MINUTES OF THE
UTAH STATE MEMBERSHIP COUNCIL MEETING
November 1, 2021, 12:00 Noon
Hybrid Meeting**

Council Members Participating in Person:

Ms. Sheri Nelson, Chairperson, Utah Public Employees' Association
Mr. Mike Harman, Utah Education Association
Mr. Marty Peterson, Professional Firefighters of Utah
Mr. Zane Woolstenhulme, Utah Association of School Business Officials

Council Members Participating via Video Conferencing:

Mr. Jamie Davidson, Vice Chairperson, Utah League of Cities & Towns
Ms. Amy Ehresman, Utah School Employees' Association
Sr. Trooper Arlow Hancock, Utah Peace Officers' Association
Mr. Tyler Jensen, Utah Education Association
Mr. Dan Jessen, Utah Association of Counties
Judge Kara Pettit, Utah Judicial Council

Excused:

Mr. LeGrand Bitter, Utah Association of Special Service Districts
Ms. Taylee Foulger, Utah Public Employees' Association
Mr. Brad Hardesty, Utah Association of Retired Public Employees
Ms. Michele Jones, Utah Education Association
Mr. Larry Millward, Utah Retired School Employees' Association

Staff Participating in Person:

Mr. Dan Andersen, Executive Director
Mr. Ryan Ashcraft, Retirement Planning Director
Mr. Mark Cain, Retirement Benefits Director
Mr. Kory Cox, URS Association and Stakeholder Liaison
Ms. Liza Eves, Associate General Counsel
Mr. Dee Larsen, General Counsel
Ms. LuAnn Miskin, Executive Assistant
Ms. Stacey Nielsen, Retirement Benefits Director
Mr. Ben Smedley, Retirement Planning Advisor
Mr. Craige Stone, Defined Contribution Director

Staff Participating via Video Conferencing:

Mr. Rob Dolphin, Chief Financial Officer
Mr. James Hammer, Employer Services Director

Guests Participating via Video Conferencing:

Ms. Debra Valentine, State Department of Human Resource Management

Welcome

Chairperson Sheri Nelson called the meeting to order at 12:04 p.m. and welcomed Council members, staff, and guest.

Approval of Minutes

When a quorum was present, Chairperson Sheri Nelson asked for approval of the October 4, 2021, Membership Council Meeting minutes.

ACTION: Mr. Zane Woolstenhulme moved, seconded by Mr. Mike Harman, to approve the minutes of the October 4, 2021, Membership Council Meeting. The motion passed unanimously.

Report from Member Organizations

Chairperson Sheri Nelson asked the Council members for a report from their organizations or employers. She stated that she spoke to the UPEA executive director and there is not anything retirement related that UPEA is are focusing on right now. There is some frustration for state employees with a potential bill being drafted moving salaried supervisory employees to at-will employees.

Mr. Mike Harman stated that he had nothing to report. Retirement issues are not at the forefront. Getting employees is at the forefront.

Mr. Tyler Jensen stated that he had nothing to report. They are focusing on substitute teachers and booster shots.

Mr. Zane Woolstenhulme stated that he had nothing to report.

Ms. Amy Ehresman stated that there is a concern about retirement eligibility for part-time employees if sick leave and other benefits are provided by an employer.

Mr. Dan Jessen stated that they are still looking at enhancements for Tier 2 Public Safety.

Ms. Debra Valentine stated that she had nothing to report.

Mr. Marty Peterson reported that a lot of retired firefighters have passed away and a few disabilities have occurred recently. There are employee concerns about Tier 2 regarding disability benefits. He would encourage them to look into additional types of disability insurance.

Judge Kara Pettit stated that she had nothing to report.

Mr. Jamie Davidson stated that the conversation later in the meeting on retirement issues was very helpful.

Sr. Trooper Arlow Hancock stated that he had nothing to report.

2022 Legislation Preview

Mr. Dee Larsen first touched on the Tier 2 disability concern that Mr. Marty Peterson raised. Other than for Tier 1 Firefighters, long term disability coverage and whether employees are covered under a benefit protection contract is at the discretion and control of each employer. URS has seen some employers discontinuing disability coverage and benefit protection contracts for Tier 2 employees. This may be especially concerning for public safety and firefighter employees, so he encouraged them to check with their employers about disability coverage.

He also commented on Ms. Amy Ehresman's concern about retirement eligibility for part time employees. He reminded her that she can reach out to Mr. Kory Cox or himself at any time to talk about these concerns based upon specific situations.

He reported that a hot legislative topic is redistricting and is consuming much time for the legislature and legislative staff.

He began his report for potential 2022 General Session retirement-related legislation with the annual URS Amendments bill. It was covered in detail at last month's meeting, so he asked if there were any follow-up questions. With no questions, he reported that the bill would be heard at the next Retirement and Independent Entities Interim Committee meeting scheduled for Tuesday, November 16 at 4 pm, which should be a hybrid meeting with in-person and online participation. A finalized version of the bill is being prepared by legislative staff and will be available online under the meeting materials tab on the legislature's website.

He reported that there will be follow-up legislation to Senator Fillmore's 2021 S.B. 115, that requires URS participating employers to participate in transparency beginning on July 1, 2022. That requirement will be delayed for an employer that formally begins a withdrawal process from URS participation. Because retirement systems are currently underfunded on an actuarial basis, employers who may wish to withdraw from participation would have to pay their portion of the unfunded liability.

Staffing is a big issue across all sectors of the economy and public sector employers are looking to changes in the post-retirement reemployment restrictions to help their employment needs. He reminded the Council that the post-retirement reemployment restrictions are in statute. URS administers benefits and has a role to provide analysis of changes to statutes, including fiscal impacts, so that legislators and stakeholders can make informed decisions about policy and financial impacts of benefit changes. Representative Gwynn has a bill to modify post-retirement reemployment restrictions for public safety and firefighters as well as to reduce the required years of service from 25 years to 20 years in the Tier 2 Public Safety and Firefighter system. Representative Gwynn also wants to modify the multiplier in the Tier 2 Public Safety and Firefighter system to 2.5% for the first 20 years of service and 2% for other service, with the multiplier change applying to all years of service rather than being prospective only.

Mr. Larsen reported that Representative Birkeland briefly discussed a bill concept to change the post-retirement reemployment restrictions for public safety and classroom teachers at the September Retirement and Independent Entities Interim Committee meeting. She is still working on her bill.

Mr. Larsen stated that URS is also hearing about potential post-retirement reemployment restrictions for mental healthcare professionals and other employee groups. He expects post-retirement reemployment to be a hot topic in the upcoming legislative session. He also noted that retirement benefit changes would increase required employee contributions for Tier 2 hybrid system public safety and firefighter members. Retirement benefit changes could also make Tier 2 hybrid system public employee members to begin to pay required member contributions. Mr. Zane Woolstenhulme asked about URS' funded status and wondered if the state's surplus funds could be used to help with some of the retirement issues we are experiencing. Mr. Tyler Jensen asked what can be done to mitigate the Tier 2 system from becoming contributory. Mr. Larsen responded that the cap on employer contributions is set in statute and could be changed. He also briefly explained how employers can formally "pick up" member contributions in accordance with federal law if the prohibition in Utah law is also changed. Additional discussion and follow-up questions about benefit changes and funding ensued.

Mr. Marty Peterson asked if there was a significant impact on retirement due to the Covid-19 pandemic. Mr. Dan Andersen responded that we are not seeing a significant impact as yet.

Executive Director Report

Mr. Dan Andersen reported that Bruce Cundick, URS Chief Investment Officer, is retiring. Mr. John Skjervem has been hired as his replacement and will be starting on Nov. 8, 2021.

Retirement Savings Plans Overview

Mr. Ben Smedley's presentation was deferred to the December 6, 2021, Membership Council Meeting due to time restraints.

Other Business

Mr. Kory Cox stated that he and Chairperson Sheri Nelson have talked about having one or two Council members take a few minutes in each Membership Council meeting to highlight their associations and what they do.

Adjournment

ACTION: Mr. Mike Harman moved, seconded by Mr. Zane Woolstenhulme to adjourn the meeting. The motion passed unanimously.

The meeting adjourned at 12:58 p.m.

The next Membership Council Meeting will be a hybrid meeting on December 6, 2021, at 12 noon.