

**MINUTES OF THE  
RETIREMENT AND INDEPENDENT ENTITIES COMMITTEE**  
Tuesday, November 13, 2007 – 4:00 p.m. – Room W110 House Building

**Members Present:**

Sen. Curtis S. Bramble, Senate Chair  
Rep. John Dougall, House Chair  
Sen. D. Chris Buttars  
Sen. Gene Davis  
Sen. Brent H. Goodfellow  
Sen. Carlene Walker  
Rep. David Clark  
Rep. Stephen D. Clark  
Rep. Neil A. Hansen  
Rep. Karen W. Morgan  
Rep. Merlynn T. Newbold  
Rep. LaWanna "Lou" Shurtliff

**Members Absent:**

Sen. Darin G. Peterson  
Rep. Wayne A. Harper  
Rep. Bradley G. Last  
Rep. Aaron Tilton

**Staff Present:**

Mr. Benjamin N. Christensen, Policy Analyst  
Mr. Dee S Larsen, Associate General Counsel  
Mr. Eric Weeks, Associate General Counsel  
Ms. Glenda S. Whitney, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Call to Order**

Chair Bramble called the meeting to order at 4:01p.m. Rep. Last was excused from the meeting.

**MOTION:** Rep. Hansen moved to approve the minutes of the November 13, 2006 meeting. The motion passed unanimously with Rep. Shurtliff absent for the vote.

**2. PEHP (Public Employee Health Program) Administrative Policies**

Mr. Brad Kuhnhausen, Health Policy Consultant, and Mr. Mike Sonntag, UAHU (Utah Association of Health Underwriters), distributed and reviewed a packet of information, "Introducing Consumerism into Health Care Commerce." Mr. Kuhnhausen gave an overview on the UAHU health care reform plan.

Mr. Jeff Jensen, Director, PEHP, presented a report on a pilot program in Provo City in which a private entity provides managed health care services for persons having high health costs or chronic health care conditions.

**3. Retirement Issues:**

**A. Employee Selected Defined Benefit/Defined Contribution Option**

Rep. Dougall distributed handouts, "Can You Afford to Retire?" "Retirement Finance: Old Ideas, New Reality," and a copy of his slide presentation "The Work-to-Retirement Ratio." He gave an overview on how retirement impacts a paycheck and a required saving rate.

Rep. Dougall noted that during the 2007 General Session H.B. 377, "Retirement Benefits Amendments" was introduced but did not pass. He explained that the bill modifies the Utah State Retirement and Insurance Benefit Act to provide for an optional defined contribution retirement plan.

Mr. Dan Anderson, Counsel, Utah Retirement Systems, made comment on the pros and cons of the bill.

Mr. Marty Peterson, Pension Membership Council, commented on the defined benefit system and said he would like to continue to give input on this issue. He spoke in support of giving choices to retirement benefits.

No action was taken on the bill.

### **B. Enhanced Public Safety Retirement Systems COLA Option (Draft Legislation)**

Mr. Christensen gave a briefing on 2008 General Session draft legislation, "Enhanced Public Safety Retirement Systems COLA Option" that was distributed in the mailing packet. He explained that the bill allows participating employers to provide 4 percent maximum annual cost-of-living adjustment for Public Safety Retirees instead of the current 2.5 percent COLA.

Mr. Danny Schoenfeld, Fiscal Analyst, Office of the Legislative Fiscal Analyst, discussed the fiscal impact on the bill.

Mr. Anderson commented on the risk pool split required to allow the two different COLA's.

Mr. Kelly Atkinson, Fraternal Order of Police, spoke in support of the bill.

**MOTION:** Sen. Buttars moved to adopt as a committee bill, 2008 General Session draft legislation, "Enhanced Public Safety Retirement Systems COLA Option" with all committee members present listed as cosponsor to the bill. The motion passed unanimously.

### **C. Public Safety Retirement Death Benefit Modifications (Draft Legislation)**

Sen. Jon Greiner reviewed the 2008 General Session draft legislation, "Public Safety Retirement Death Benefit Modifications" that was distributed in the mailing packet. He explained that the bill raises the cap on the death benefits of retired members of the public safety retirement systems from 65 percent to 75 percent of the deceased members retirement allowance. He also distributed a handout, "Defined Benefit Retirement Summary of Benefits by System."

Sen. Greiner and Rep. Hansen declared a conflict of interest.

**MOTION:** Sen. Buttars moved to adopt as a committee bill, 2008 General Session draft legislation, "Public Safety Retirement Death Benefit Modifications" with all committee members present listed as cosponsor to the bill. The motion passed unanimously.

**D. Public Employee Benefit Approval Provisions (Draft Legislation)**

Mr. Weeks reviewed the 2008 General Session draft legislation, "Public Employee Benefit Approval Provisions" that was distributed in the mailing packet. He explained that the bill amends provisions related to the legislature's role in the determination of state employee insurance benefits.

Mr. Jensen spoke in support of the bill and requested this policy direction for PEHP to take back and address the proposed budget provisions directed by the legislature.

Ms. Audry Wood, Executive Director, Utah Public Employees Association, said she would like more time to view the bill and noted the need for more flexibility on benefits.

**E. Retirement Death Benefits and Divorce Revisions (Draft Legislation)**

Sen. Lyle Hillyard reviewed the 2008 General Session draft legislation, "Retirement Death Benefits and Divorce Revisions" that was distributed in the mailing packet. He explained that the bill allows certain life insurance benefits to be split in the case of a court order due to a divorce.

**MOTION:** Rep. Morgan moved to adopt as a committee bill, 2008 General Session draft legislation, "Retirement Death Benefits and Divorce Revisions" with the recommendation that it go to the board in the Senate. The motion passed unanimously.

**F. Divestment of Certain Retirement Fund Investments (Draft Legislation)**

Rep. Julie Fisher distributed and reviewed 2008 General Session draft legislation, "Divestment of Certain Retirement Fund Investments." She explained that the bill restricts investment of retirement funds in foreign companies doing business in Iran. She also distributed and reviewed the handout, "Should Utah Retirement Systems funds be invested in foreign companies doing business in Iran?"

**MOTION:** Sen. Buttars moved to adopt as a committee bill, 2008 General Session draft legislation, "Divestment of Certain Retirement Fund Investments."

Mr. Chamberlin Neff, Utah State Trooper and 1st Lieutenant in the Utah National Guard, commented on his military active duty tour in Iran and spoke in support of the bill.

The Committee thanked Mr. Neff for his service to the community and his country.

Mr. Anderson distributed and gave an overview on the handout, "Utah Retirement Systems Issues Overview" and expressed concern with the constitutionality and fiscal administrative impact of divestiture.

**SUBSTITUTE MOTION:** Sen. Walker moved that the 2008 General Session draft legislation, "Divestment of Certain Retirement Fund Investments" be referred to the House Retirement Committee during the 2008 General Session. A roll call vote was taken, the motion failed with Sen. Walker, Rep. Stephen Clark, Rep. Hansen, and Rep. Shurtliff voting in favor. Sen. Davis was absent for the vote.

Sen. Buttars' original motion passed with Sen. Walker and Rep. Hansen voting in opposition. Sen. Davis was absent for the vote.

Sen. Bramble turned the chair over to Rep. Dougall.

Mr. Christopher Holton, DivestTerror.org, briefed the committee on the mission of the Divest Terror organization. He explained that DivestTerror.org is a nationwide campaign aimed at some 400 public companies worldwide that are providing revenues, technology and moral cover to governments that sponsor terrorism. He noted there is no need for Utah to send public investment money on foreign countries that are killing United States citizens.

#### **G. Restrictions on Additional Retirement Contributions After Retirement (Draft Legislation)**

Mr. Christensen gave an overview on the 2008 General Session draft legislation, "Restrictions on Additional Retirement Contributions After Retirement" that was distributed in the mailing packet. He explained that the bill amends the required retirement contribution for retirees who are reemployed.

Mr. Marty Peterson asked for clarification on employee contributions to the bill.

Mr. Atkinson commented on the bill and expressed mixed support to the bill.

No action was taken on the bill.

#### **4. Other Employee Compensation Issues**

None

#### **5. Other Committee Business**

Mr. Larsen announced that he will no longer staff the Retirement and Independent Entities Committee and indicated that Mr. Eric Weeks will now staff the Committee as Associate General Counsel.

#### **6. Adjourn**

**MOTION:** Rep. Newbold moved to adjourn the meeting. The motion passed unanimously with Sen. Bramble, Sen. Buttars, Sen. Davis, Rep. David Clark, and Rep. Morgan absent for the vote.

Chair Dougall adjourned the meeting at 6:09 p.m.