

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES INTERIM COMMITTEE**
Wednesday, September 14, 2016 – 1:00 p.m. – Room 30 House Building

Members Present:

Sen. Todd Weiler, Senate Chair
Rep. Kraig Powell, House Chair
Sen. Gene Davis
Sen. Margaret Dayton
Sen. Karen Mayne
Sen. Daniel W. Thatcher
Rep. Rich Cunningham
Rep. Sophia M. DiCaro
Rep. Susan Duckworth
Rep. Steve Eliason
Rep. Lynn N. Hemingway
Rep. Bradley G. Last

Rep. Marie H. Poulson
Rep. John R. Westwood

Members Absent:

Sen. Curtis S. Bramble

Staff Present:

Mr. Alex R. Janak, Policy Analyst
Mrs. Shannon C. Halverson, Associate General Counsel
Mr. Peter Asplund, Associate General Counsel
Ms. Katie LeFevre, Legislative Assistant

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.

1. Committee Business

Chair Powell called the meeting to order at 1:11 p.m.

MOTION: Rep. Cunningham moved to approve the minutes of the June 2, 2016, meeting. The motion passed unanimously with Sen. Davis, Sen. Thatcher, Rep. Duckworth, Rep. Eliason, and Rep. Last absent for the vote.

2. Committee Review of Audits Performed on Utah's Independent State Entities

Mr. John Dougall, State Auditor, Office of the Utah State Auditor, distributed "The Fraud Triangle" and gave an "Independent State Entities Audit Findings Presentation." He explained the factors that make an organization vulnerable to fraud. He discussed the audit findings and recommendations from "A Performance Audit of Utah Communications Authority Financial Management and Transparency" and "Utah Communications Authority Review of Internal Controls."

Ms. Tina L. Mathieu, Chair, Utah Communications Authority Board, outlined the audit recommendations the Utah Communications Authority has implemented. She introduced the new director of the Utah Communications Authority.

Mr. David Edmunds, Director, Utah Communications Authority, shared his goals for the Utah Communications Authority.

Mr. Dougall and Ms. Mathieu responded to questions from the committee.

Mr. Dougall discussed the findings and recommendations regarding the Utah Dairy Commission from "A Limited Performance Audit of Independent State Entity Transparency" and "Utah Dairy Commission Limited Review of Certain Financial Activities."

Mr. Tim Pierson, Accounting Manager, Utah Dairy Commission, excused Ms. Jenny Harrison, Chief Executive Officer, Utah Dairy Commission, who was unable to attend the meeting. He explained the purpose of the Dairy Commission and expressed the commission's desire to comply with the state standards.

Mr. Dougall discussed the findings and recommendations regarding the Utah State Fair Corporation from "A Limited Performance Audit of Independent State Entity Transparency" and "Utah State Fair Corporation Review of Credit Card Internal Controls."

Mr. Larry Mullenax, Executive Director, Utah State Fair Corporation, addressed the concerns identified by the audit and explained the changes the Utah State Fair Corporation has made in response to the audit. He responded to questions from the committee.

Mr. Dougall explained the findings and recommendations regarding the Heber Valley Historic Railroad Authority from "A Limited Performance Audit of Independent State Entity Transparency" and "Heber Valley Historic Railroad Authority Review of Credit Card Internal Controls."

Mr. Mark Nelson, General Manager, Heber Valley Historic Railroad Authority, explained the current efforts of the Heber Valley Historic Railroad Authority to be compliant with the concerns identified in the audit.

Mr. Dougall explained the findings and recommendations regarding the Military Installation Development Authority from "A Limited Performance Audit of Independent State Entity Transparency" and "Military Installation Development Authority Review of Credit Card Internal Controls."

Mr. Dougall explained the findings and recommendations regarding the School and Institutional Trust Fund Office from "A Limited Performance Audit of Independent State Entity Transparency."

Mr. Peter Madsen, Chief Investment Officer, School and Institutional Trust Fund Office, expressed the School and Institutional Trust Fund Office's desire to be in compliance with state standards and encouraged engagement from the public.

Mr. Dougall explained the findings and recommendations regarding the School and Institutional Trust Lands Administration from "A Limited Performance Audit of Independent State Entity Transparency."

Mr. Dougall explained the findings and recommendations regarding the Utah Energy Infrastructure Authority from "A Limited Performance Audit of Independent State Entity Transparency."

Mr. Grant Whitaker, President, Utah Housing Corporation, distributed "Utah Housing Handout." He expressed his commitment to transparency moving forward and explained the circumstances of noncompliance instances. He addressed questions from the committee.

Mr. Dougall discussed the findings and recommendations regarding the Utah State Railroad Museum Authority from "A Limited Performance Audit of Independent State Entity Transparency."

Mr. Norm Nelson, Chair, Utah State Railroad Museum Authority, informed the committee of the Utah State Railroad Museum Authority's desire to be in compliance with state standards. He explained that the Utah State Railroad Museum Authority is completely operated by volunteers and explained challenges associated with the board. He indicated that he would appreciate a paid staff member.

Mr. Nelson and Mr. Dougall answered questions from the committee.

Mr. Dougall explained that independent state entities often need more oversight and support. He informed the committee that the entities generally lack written policies and small entities struggle with the separation of duties. He explained that the state auditor has little authority to compel compliance.

3. Utah Retirement Systems (URS) Preliminary Retirement Contribution Rates and Assumed Rate of Return

Mr. Daniel Anderson, Executive Director, Utah Retirement Systems, distributed "Preliminary Contribution Rates" and "Net Pension Liability under GASB 68." Mr. Anderson explained the preliminary contribution rates and assumed rate of return for fiscal year 2017-2018 that were recently adopted by the Utah State Retirement Board.

4. Retirement Systems Amendments (Draft Legislation)

Mr. Dee Larsen, General Counsel, Utah Retirement Systems, distributed "Summary of Draft Legislation Relating to URS." He explained the changes in 2017 General Session draft legislation "Retirement System Amendments" (2017FL-0338/002).

MOTION: Sen. Davis moved to approve draft legislation "Retirement Systems Amendments" as a committee bill. The motion passed unanimously with Rep. DiCaro and Rep. Last absent for the vote.

5. Public Employees Long-Term Disability Act Amendments (Draft Legislation)

Mr. Larsen referred to "Summary of Draft Legislation Relating to URS" and explained the background of 2017 General Session draft legislation "Public Employees Long-Term Disability Act Amendments" (2017FL-0334/002).

MOTION: Sen. Davis moved to approve draft legislation "Public Employees Long-Term Disability Act Amendments" as a committee bill. The motion passed unanimously with Rep. DiCaro and Rep. Last absent for the vote.

6. Firefighters' Disability Retirement Benefit Amendments (Draft Legislation)

Mr. Larsen referred to "Summary of Draft Legislation Relating to URS " and explained the changes made in 2017 General Session draft legislation "Firefighters' Disability Retirement Benefit Amendments" (2017FL-0335/003). He discussed the purpose of the legislation and informed the committee that drafting this legislation has been a cooperative effort with firefighters.

Mr. Marty Peterson, Pension Membership Council Representative, Professional Firefighters of Utah, expressed his appreciation to Utah Retirement Systems for working with the Professional Firefighters of Utah. He informed the committee that the pension membership council can generally support the legislation as it has been presented.

MOTION: Sen. Davis moved to approve draft legislation "Firefighters' Disability Retirement Benefit Amendments" as a committee bill. The motion passed unanimously with Rep. DiCaro and Rep. Last absent for the vote.

7. Retirement Systems Payments to Survivors Amendments (Draft Legislation)

Mr. Larsen referred to "Summary of Draft Legislation Relating to URS" and explained that some benefits allow members to designate beneficiaries. He outlined the conflicts that arise with beneficiaries and the updates made by 2017 General Session draft legislation "Retirement Systems Payments to Survivors Amendments" (2017FL-0336/002) to address the conflicts.

Mr. Larsen answered questions from the committee.

MOTION: Sen. Davis moved to approve draft legislation "Retirement Systems Payments to Survivors Amendments" as a committee bill. The motion passed unanimously with Rep. DiCaro and Rep. Last absent for the vote.

8. Phased Retirement Amendments (Draft Legislation)

Mr. Larsen referred to "Summary of Draft Legislation Relating to URS" and explained the phased retirement legislation passed in the 2016 General Session. He outlined the updates in 2017 General Session draft legislation "Phased Retirement Amendments" (2017FL-0337/004).

Mr. Larsen answered questions from the committee.

MOTION: Sen. Davis moved to approve draft legislation "Phased Retirement Amendments" as a committee bill. The motion passed unanimously with Rep. DiCaro and Rep. Last absent for the vote.

9. Concurrent Resolution on Increasing Pay for Certain Public Safety Officers and Firefighters (Draft Legislation)

Sen. Weiler presented 2017 General Session draft legislation "Concurrent Resolution on Increasing Pay for Certain Public Safety Officers and Firefighters" (2017FL-0124/007). He explained the purpose of the resolution.

Sen. Weiler answered questions from the committee.

10. Other Items/Adjourn

MOTION: Rep. Cunningham moved to adjourn the meeting. The motion passed unanimously with Rep. Last absent for the vote.

Chair Powell adjourned the meeting at 4:05 p.m.