Committee Chair Valentine called the meeting to order at 1:05 p.m. He welcomed the members of the House Retirement and Independent Entities Standing Committee.

1. **Audit Report**

   Mr. Rick Coleman, Supervisor, Legislative Auditor General, introduced Mr. Jim, Behunin, Manager, Legislative Auditor General, who gave an overview of the audit titled "A Review of Possible Staff Conflicts of Interest at the Utah Retirement Systems." He stated the audit suggested that the chief investment officer may have made personal investments that were based on privileged information which he received from his job. Mr. Behunin distributed two handouts: a report prepared by the Office of Legislative Auditor General, Report No. 2003-01, "A Review of Possible Staff Conflicts of Interest at the Utah Retirement Systems," and a response letter to the report.

   Mr. Dan Andersen, Counsel, Utah State Retirement Systems, indicated an ongoing investigation of the audit allegations is being conducted.
MOTION: Sen. Walker moved that in the next meeting of the Retirement and Independent Entities Standing Committee, Utah State Retirement Systems provide responses to each audit recommendation listed on page 11 in Report 2003-01, as follows:

1. That the Utah Retirement Board determine if the CIO's personal investments violated its existing conflict of interest policy.

2. That the Utah Retirement Board clarify its conflict of interest policies and consider adopting restrictions similar to those used by other retirement systems that impose specific reporting requirements and blackout periods for the personal investments made by staff.

3. That the Utah Retirement Board consider strengthening its conflict of interest policy to limit outside investment advisory services by its professional investment staff.

The motion passed unanimously.

2. H.B. 225 Retirement Systems Membership Exclusions (B. Dee)


Mr. Felix McGowan, Personnel Director, Salt Lake County, spoke in support of the bill.

MOTION: Sen. Evans moved to pass H.B. 225 out with a favorable recommendation. The motion passed unanimously.

MOTION: Sen. Walker moved to place H.B. 225 on the Consent Calendar. The motion passed unanimously.


Mr. Dan Andersen, Counsel, Utah State Retirement Systems, answered questions from the Committee.

Mr. Steve Miller, Fraternal Order of Police, spoke in support of the bill.

MOTION: Sen. Walker moved to pass H.B. 199 out with a favorable recommendation. The motion passed unanimously.
Chair Valentine stated that S.B. 81, had been pulled by Sen. Dmitrich.

**MOTION:** Sen. Walker moved to adjourn. The motion passed unanimously.

The meeting was adjourned at 1:27 p.m.

Minutes were reported by Saundra Maeser, Secretary

________________________________
Sen. John L. Valentine