Department of Government Operations
Rate Committee Business Meeting
August 12, 2026
12:00 – 3:00
Taylorsville State Office Building

Committee Members: Jeff Mottishaw, Joe Giacalone, Karl Sweeny, Melanie Henderson, Joe Brown, Duncan Evans (absent), Greg Paras

Attendees: Mykio Saracino, Marvin Dodge, Wen Zhai, Audrey Crowton, Marie Loosle, Andy Marr, Paul Tonks, David Dyches, Marilee Richins, Jake Henessy, Alan Fuller, Brian Jensen, Eric Grant, Jamie Sorenson, Jamie Rasmussen

Welcome – Jake Hennessy reviewed the agenda and asked for the Committee members to introduce themselves as there are several new members.

Open & Public Meetings Act Training – Paul Tonks provided training for the Committee regarding open and public meetings.

Commissioner's Message – Commissioner Marvin Dodge thanked the Committee for their participation. Internal Service Funds (ISF) are one of the most misunderstood things in state government. It also causes angst for agencies. Our preliminary rates not including DTS, all combined are less than $1 million. We want to be as transparent as possible so please if there are any questions reach out and we are happy to discuss.

Nomination of Chair – Melanie Henderson nominated Greg Paras as the Chair, Joe Brown seconded the nomination. A role call vote was taken and all members voted yes, motion carries.

Previous Meeting Minute Approval – Joe Giacalone motioned to approve the minutes from the June meeting, Melanie Henderson seconded the motion. A roll call vote was taken and all members approved of the minutes, the motion carried. Jake Hennessy asked for public comment – there was none.

Mythos Strategy & DTS Discussion – Alan Fuller, State CIO, discussed Mythos which is a part of the AI program Anthropic/Claude. Mythos is incredibly good at exploiting vulnerabilities - this was rolled out for the larger technology companies (around 250). States met with Anthropic and discussed the program – China has also created a program that is just as powerful. ChatGPT has also beefed up their program. What does this mean – there are now much better tools to exploit data and vulnerabilities. The USA and states are targets. What is our strategy – this isn't just an IT issue; it's a business issue. We need to update our Google Security ops – there's been an increase in cost but there are also upgrades to the software. We must have automated tools to fix our vulnerabilities because we don't have the ability to do it ourselves. This is the single biggest ask from DTS for this year. Marilee Richins asked what happens if we don't do any of this. Alan Fuller said we will be targeted. If we choose not to do anything and the vulnerabilities are exploited, it would be catastrophic; this is going to require all agencies to help with this. Alan said they are already talking about the next generation of AI programs; this moves rapidly and will be the new normal. This is scalable to a degree – more information will be provided in September and options will be provided. The Governor's Office has approved securing the first three tools that we need which is funding what we can do right now. GovOps will be asking the legislature for increased funding for this. If we don't do anything, it will impact our Cybersecurity rates. It was asked how much we really need to spend vs what has been whittled down to $7 million. We've come down from $26 million and there's been a lot of discussion regarding this. This is going to take away from other business priorities, so there will be additional costs because of this. Thinking about the future, does this estimate include licensing costs moving forward for other software products. We do have 5-year contracts, and we do negotiate as much as possible. This will be ongoing funds. How are rates disbursed; it will be a device rate with a separate line item. Size of agency will impact the device rate. Is there a proof of concept from another state – yes, and further information will be provided prior to the September rate committee meeting. **ACTION: Provide the Committee with the Cyber Security rates.**

ISF Discussion – Jake Hennessy said there will be a lot of information coming your way prior to the actual Rate Committee meeting. He then reviewed the statutory mandates of the Rate Committee – Code Compliance, Transparent Cost Recovery and Stakeholder Review. Jake also reminded the Committee they are the voice for all state agencies by participating in this committee. He then reviewed the duties and responsibilities of the Rate Committee. He provided a timeline regarding rates throughout the remainder of the year and into the legislative session. A rate packet will be sent out to each committee member – it includes the balance sheet/income statement (Proforma) it includes retained earnings – retained earnings are intended to cover operations if there was an emergency - we retain around 45 days of funds; we're allowed to keep up to 60 days of operational funds. Retained earnings are different for each division. As an example, Andy Marr, DFCM Director, explained what they've used retained earnings for including the pandemic, snowy weather that Utah received several years ago, and construction projects that were to have been completed due to the pandemic. It's important to maintain a healthy balance to help with unforeseen emergencies. In September, we will be asking for the Committee to approve rates for 18 months into the future – we use model forecasting to try and help with this. We do monitor retained earnings, and we do adjust where needed. The Legislature must approve any retained earnings adjustments. We will also be providing a list of the cost drivers behind the cost increases. We will also provide what action we are recommending the Rate Committee to take – this will only include the impact of the rate. The Committee will also be provided with the rate impact per FTE. We will be meeting with the Committee members to review the materials prior to the next meeting.

Commissioner Dodge said to please reach out if there are any questions or concerns. The Legislature listened when we asked for a spring meeting to adjust for compensation which we held in June– we work with GOPB and the LFA to ensure that agencies get the supplemental funding from those adjustments.

Joe Giacalone motioned to adjourn, seconded by Karl Sweeny. The meeting was then adjourned.