



Board of Trustees Meeting

March 6, 2019



Presented for Review and Approval

May 22, 2019

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**BOARD OF TRUSTEES MEETING
EMPLOYEES RETIREMENT SYSTEM OF TEXAS
March 6, 2019
Board Room, E513
Teacher Retirement System Building
1000 Red River Street
Austin, Texas 78701**

TRUSTEES PRESENT

I. Craig Hester, Board Chair
Ilesa Daniels, Board Vice Chair
Doug Danzeiser, Member
Cydney Donnell, Member
Jim Kee, Member
Catherine Melvin, Member

ERS STAFF PRESENT

Porter Wilson, Executive Director
Cathy Terrell, Deputy Executive Director
Paula A. Jones, Deputy Executive Director & General Counsel
William Nail, Special Projects & Policy Advisor
Tony Chavez, Director of Internal Audit
Robin Hardaway, Director of Customer Benefits
Diana Kongevick, Director of Group Benefits
Wendy McAdams, Director of Operation Services
Machelle Pharr, Chief Financial Officer
Gabrielle Schreiber, Director of Procurement and Contract Oversight
Kathryn Tesar, Director of Benefits Communications
Tom Tull, Chief Investment Officer
Chuck Turner, Chief Information Officer
Keith Yawn, Director of Strategic Initiatives
Nora Alvarado, Group Benefits
Jason Avants, Information Systems
Leena Chaphekar, Office of General Counsel
Georgina Bouton, Group Benefits
Kelley Davenport, Executive Office
Juli Davila, Investments
Christi Davis, Customer Benefits
D'Ann DeLeon, Group Benefits
Blaise Duran, Group Benefits
Leah Erard, Strategic Initiatives
AaronHatt, Office of General Counsel
Megan Hunter, Group Benefits
Sharmila Kassam, Investments
Aris Oglesby, Investments
Susie Ramirez, Executive Office
Tanna Ridgway, Investments
Mary Jane Wardlow, Executive Office
Lacy Wolff, Strategic Initiatives

ALSO PRESENT

Sam Austin, NEPC

Tim Bruce, NEPC

Phil Dial, Rudd & Wisdom, Inc.

Melissa Fullerta, Delta Dental

David Gonzales, Humana

Lynn Gordon, Securian

Meg Hare, Accenture

Kirk Lavallee, Delta Dental

Chris Paxton, Optum Rx

Meeting of the ERS Board of Trustees

1. CALL TO ORDER

1.1 Call Meeting of the ERS Board of Trustees to Order

Mr. Craig Hester, Chairman of the Board of Trustees of the Employees Retirement System of Texas (ERS), noting a quorum was present, called the meeting to order at 1:11 p.m. and read the following statement:

“A public notice of the ERS Board of Trustees meeting containing all items on the proposed agenda was filed with the Office of the Secretary of State at 2:45 p.m. on Tuesday, February 26, 2019, as required by Chapter 551 Texas Government Code, referred to as the Open Meetings Law.”

2. MINUTES

2.1 Review and Approval of the minutes to the December 11, 2018 meeting of the ERS Board of Trustees (ACTION)

Mr. Hester opened the floor for a motion on the approval of the minutes.

Move that the ERS Board of Trustees of the Employees Retirement System of Texas approve the minutes to its meeting held on December 11, 2018.

Motion by Catherine Melvin, second by Doug Danzeiser

Final Resolution: Motion Carries

Aye: Craig Hester, Cydney Donnell, Doug Danzeiser, Ilesa Daniels, Catherine Melvin, Jim Kee

3. CONTRACT AWARD RECOMMENDATIONS

3.1 Review, Discussion and Consideration of the Contract Award Recommendation for the Dental PPO and DHMO Contracts (Action)

Diana Kongevick, Director of Group Benefits; Georgina Bouton, Assistant Director of Group Benefits; Blaise Duran, ERS Actuarial Reporting Services, Group Benefits, and Gabrielle Schreiber, Director of Procurement and Contract Oversight presented.

Ms. Kongevick began with background information on the current Dental Preferred Provider Organization (PPO) and Dental Health Maintenance Organization (DHMO) programs.

Ms. Schreiber gave an overview of the Request for Proposal (RFP). ERS issued the RFP on May 25, 2018 for a contract term of six years. The requested services are to provide a self-funded Dental PPO and a fully-insured DHMO throughout Texas. Vendors could submit for one or both of the plans.

Seventeen entities requested access to the RFP. ERS received proposals from six entities:

- Aetna Life Insurance Company (Aetna) (PPO only);
- Blue Cross and Blue Shield of Texas, a Division of Health Care Service Corporation, a Mutual Legal Reserve company (BCBSTX)(PPO Only);
- Delta Dental Insurance Company/Alpha Delta Programs, Inc. (Delta Dental) (PPO and DHMO, respectively);
- HumanaDental Insurance Company/DentiCare, Inc. (Humana) (PPO and DHMO, respectively);
- Metropolitan Life Insurance Company/SafeGuard Health Plans, Inc. (MetLife) (PPO and DHMO, respectively) and
- United Concordia Companies, Inc. (United Concordia) (PPO Only).

Ms. Schreiber described the preliminary review phase wherein ERS' Office of Procurement and Contract Oversight (OPCO) evaluates certain criteria and the minimum requirements.

One respondent failed to meet the minimum requirements and was not considered further.

Ms. Schreiber explained that once the Preliminary Review is complete, the subject matter experts (SMEs) begin a substantive review of the proposals during the proposal review phase. This review includes an analysis and scoring of Network; Operational Specifications and Requirements and Price. There are also certain items evaluated on a pass/fail basis.

Based on the Proposal Review Phase scores, two respondents were selected as finalists for both services:

- Delta Dental Insurance Company
- HumanaDental Insurance Company

Ms. Schreiber then discussed the finalists review phase. ERS conducted site visits and face-to-face Interviews with both finalists. ERS also evaluated Best and Final Offers (BAFOs), and certain pass/fail items.

Ms. Schreiber then introduced Mr. Duran to give an overview of the finalists phase for Provider Network and Access. Beginning with the PPO, he explained the standards for provider access for members. The standard measurement is for the carrier to have one primary care dentist within 30 miles and one specialty care dentist within 75 miles. The two finalists had virtually the same percent of members with access; however, Delta Dental had about 1,500 more providers, a significantly larger network.

For the PPO price proposal evaluation, Mr. Duran explained that the finalists were evaluated based on projected total cost considering the administrative fee analysis as well as the provider reimbursement analysis.

The administrative fee analysis is based on a monthly fee per member guaranteed for the six-year contact term. Mr. Duran referred to a table showing the projected administrative fees.

**Projected Administrative Fees
FY20 - FY25**

	Current	Humana	Delta
Total Administrative Fees	\$22.5 million	\$22.5 million	\$24.4 million
Cost compared to current contract	N/A	\$0.0 million	\$1.9 million

For the provider reimbursement analysis, Mr. Duran explained that each finalist provided the average allowable charge for the top 100 most utilized CDT codes by 3-digit zip code. That data was used to develop the projected provider reimbursements over the term of the contract. As shown in the table, Delta's projected provider reimbursement was \$949.0 million and Humana's was \$1,069.0 million. Delta's network is expected to save \$120 million over six years as compared to Humana's network.

**Projected Provider Reimbursements
FY20 - FY25**

	Humana	Delta
Provider Reimbursements	\$1,069.0 million	\$949.0 million

Mr. Duran concluded that Delta's financial proposal is projected to save \$118.1 million over the life of the contract when compared to Humana's financial proposal.

**Projected Total Cost
FY20 - FY25**

	Humana	Delta
Administrative Fees	\$ 22.5 million	\$24.4 million
Provider Reimbursement	\$1,069.0 million	\$949.0 million
Total	\$1,091.5 million	\$973.4 million

Mr. Hester asked about the degree of confidence in the projected provider reimbursement savings over the six-year period. Mr. Duran replied that the CDT codes received represent over 90% of the total cost and he is confident those savings exist.

Next, Mr. Duran provided an overview of the DHMO provider network and access. The access standards were the same as for the PPO. Humana had a slightly higher percent of members with access, however Delta had over 500 more general dentists than Humana. Mr. Duran noted that in the DHMO plan, ERS requires the selection of a general dentist for referral to a specialist.

For the DHMO price proposal evaluation, Mr. Duran referred to a table showing the differences between the Projected Total Cost (PTC) of Humana and Delta. Delta's proposed premium rates are projected to save \$259,000 over the three-year guaranteed period when compared to Humana's proposed premium rates.

**Projected Total Cost
FY20 - FY25**

	Current	Humana	Delta
Projected Total Cost	\$38.917 million	\$39,183 million	\$38.924 million
Cost compared to current contract	N/A	\$266,400	\$7,500

Ms. Duran turned the presentation back to Ms. Kongevick to conclude with the finalist review phase and staff recommendation.

Before announcing the staff recommendation, Ms. Kongevick thanked the incumbent Humana for their service to ERS and ERS participants.

Ms. Kongevick declared that based on scoring and best value, staff recommends the award of both the PPO and DHMO plans to Delta Dental pursuant to a contract covering a six-year term beginning September 1, 2019.

Mr. Danzeiser wanted to know how the finalists compared to one another in quality. Ms. Bouton explained that Humana scored slightly higher in communications and project management, but Delta's

overall responses were good. With regard to operations, Delta scored higher in the administrative areas, but overall the operational areas were very close. Ms. Bouton agreed with Mr. Danzeiser's comment that price and network were the deciding factors in staff's recommendation.

Mr. Danzeiser asked where the differentiation was largest between the two HMO finalists. Mr. Duran said Delta scored higher on the network due to the number of general dentists and the pricing advantage of \$270,000 in savings.

Mr. Duran agreed with Mr. Danzeiser that Humana has a higher percentage of members with access under the current network. Thereafter, a discussion ensued between Mr. Danzeiser, Mr. Duran, Ms. Kongevick and Ms. Kathryn Tesar, Director of Benefits Communications, concerning member access; the process for contracting with providers that are not in the Delta network; and communications outreach to members.

Ms. Daniels wanted to know if there was any anticipated increase in DHMO premiums. In response, Mr. Duran said that Delta is guaranteeing the current premium for three years.

Mr. Danzeiser asked about the enrollee's expected out-of-pocket costs to which Mr. Duran confirmed no change from the existing plan.

There being no further discussion or questions, Mr. Hester opened the floor for a motion.

Move that the Board of Trustees of the Employees Retirement System of Texas award the contract to Delta Dental to act as the administrator for the Dental Preferred Provider Organization which is referred to as the State of Texas Dental Choice Plan (Dental Choice), under the Texas Employees Group Benefits Program (GBP) for ERS pursuant to a contract which will cover a six year term beginning September 1, 2019; and Delta Dental to act as the administrator for and underwrite the fully-insured Dental Health Maintenance Organization Plan under the GBP for ERS pursuant to a contract that will cover a six year term beginning September 1, 2019. Further move that the Board of Trustees of the Employees Retirement System of Texas authorize the Executive Director to negotiate and execute a contract/contracts with Delta Dental with terms that are fully acceptable to ERS, and to authorize the Executive Director to thereafter administer the contract(s) agreed to by the parties.

In the event that a contract/contracts fully satisfactory to ERS is/are not timely executed with Delta Dental, or if it appears to the Executive Director during the term of the contract(s) that Delta Dental will not be capable of providing the required dental services to ERS' satisfaction, then the Board authorizes the Executive Director to resume any necessary due diligence process and contract negotiations with the next top-ranked qualified Respondent(s), and to negotiate and execute contract terms with the next top-ranked qualified Respondent(s) that are fully acceptable to ERS, and to authorize the Executive Director to thereafter administer the contract agreed to by the parties.

Motion by Doug Danzeiser, second by Ilesa Daniels

Final Resolution: Motions Carries

Aye: Ilesa Daniels, Doug Danzeiser, Cydney Donnell, Craig Hester, James Kee, Catherine Melvin

4. TEXAS EMPLOYEES GROUP BENEFITS PROGRAM FUNDING POLICY

4.1 Review and Discussion of the Texas Employees Group Benefits Program Funding Policy Document

Diana Kongevick, Director of Group Benefits, Blaise Duran, ERS Actuarial Reporting Services, Group Benefits Division, and Phil Dial of Rudd and Wisdom, Inc. presented.

Mr. Duran reminded the Board that it had requested that staff develop a policy for the Texas Employees Group Benefits Program (GBP) similar to the guidelines policy adopted for the ERS pension plan. The structure and goals of the programs were discussed at the December 2018 Board meeting. As a result of comments from that meeting, staff updated the policy goals and a more detailed outline document is presented for the Board's review.

The purpose of developing the GBP policy is to formalize the goals and strategies used to request funding from the legislature, set contribution rates, and effectively manage benefits for GBP participants. The current draft document includes only those programs for which ERS asks for appropriated funds, which currently includes GBP health plans, retiree and employee basic life plans, and does not include optional benefit programs.

Mr. Duran explained the goal of the policy is to ensure the continued operation of financially sound health and basic life plans which provide the foundation for ERS to:

- Improve the health and wellbeing of GBP participants;
- Provide benefits that employers, employees, and retirees value and
- Develop, implement, and maintain innovative health care strategies that contribute to plan value.

Mr. Duran concluded by explaining that following Board review of the draft policy outline, ERS will develop the funding policy draft document including suggested input. Staff will forward the policy draft in advance of the May 22, 2019 Board meeting. Staff will also share the draft with the Group Benefits Advisory Committee for their input.

Mr. Danzeiser asked Mr. Duran to provide more details regarding guideline #6 on the draft outline (use of contingency funds in excess of the statutory minimum). A discussion followed between Mr. Danzeiser, Mr. Duran and Mr. Dial concerning the intent of the guideline.

This agenda item was presented for information and discussion purposes only. No further discussion occurred or questions asked, and no action was taken.

5. TEXAS EMPLOYEES GROUP BENEFITS PROGRAM

5.1 Review and Discussion of the Texas Employees Group Benefits Program (GBP) Update

Diana Kongevick, Director of Group Benefits, Blaise Duran, Actuarial and Reporting Services, Group Benefits Division, Lacy Wolff, ERS Health Promotion Administrator; and Phil Dial, Rudd and Wisdom Inc. presented.

Mr. Duran explained that the self-funded HealthSelect medical plans had more claims than expected incurred in FY18 and paid in FY19, which increased FY18 claims cost. However, the increased claims cost was offset by a less than expected trend in the early part of FY19. The combined FY18 medical and pharmacy trend is minus 8.7% compared to the minus 9.9% reported to the Board in December 2018. The FY19 combined trend is now projected at 10.9%, compared to 13.4% reported to the Board in December 2018.

Performance of Self-funded HealthSelect Plans

	FY17	FY18	FY19 Projected
Medical Trend	5.2%	-12.7%	10.2%
Pharmacy Trend	-2.2%	4.2%	12.7%
Combined Medical and Pharmacy Trend	3.4%	-8.7%	10.9%

Mr. Duran reported FY19 projections at \$3.94 billion in revenue with \$3.58 billion in expenses, resulting in a net gain of \$363.4 million for all GBP health plans. Mr. Duran then provided projections through FY25 (see table) assuming rates in effect today remained in effect throughout the entire time. Mr. Duran confirmed the 60-day reserve number is currently \$700 million. The contingency fund will deplete over time as shown in the chart. By FY25, it is projected to have a loss of \$1.6 billion without additional revenue to the plan.

Fiscal Year Projections

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	\$3,827.1	\$3,945.4	\$4,084.1	\$4,229.1	\$4,347.1	\$4,465.1	\$4,582.4	\$4,699.0
Expenditures	\$3,183.7	\$3,582.0	\$3,933.0	\$4,320.5	\$4,739.0	\$5,203.4	\$5,723.9	\$6,296.7
Net Gain (Loss)	\$643.4	\$363.4	\$151.1	(\$91.4)	(\$391.9)	(\$738.3)	(\$1,141.5)	(\$1,597.6)
Contingency Fund Balance	\$1,441.1	\$1,804.5	\$1,955.6	\$1,864.2	\$1,472.3	\$734.0	(\$407.5)	(\$2,005.1)

Ms. Kongevick provided an update regarding HealthSelect of Texas Plan freestanding emergency rooms (FSERs) and mental health virtual visits in the self-funded HealthSelect plans.

The January 1, 2018 FSER copay increase to \$300 and the change to the out-of-network FSER reimbursement resulted in estimated FY18 plan savings of \$23 million.

Scheduled mental health virtual visits through Doctor on Demand and MD Live became effective September 1, 2018 and there were more than 250 scheduled visits during the first quarter of 2019.

Ms. Kongevick then discussed potential plan changes. Staff are evaluating moving coverage of diabetic supplies, such as glucometers and test strips, for participants in the self-funded HealthSelect plans from the medical plans to the pharmacy plan. This change will place fulfillment of these items at the pharmacy and enhance savings for plan participants and the plan.

Staff are also reviewing the discount dental plan currently offered and is planning to recommend that it be moved from the GBP to the Discount Purchase Program. This change could open up other dental discount programs as well as end confusion that this is not an insurance plan, but strictly a discount off retail charges. Members could access the plan through the website operated by Beneplace, the discount program administrator.

Ms. Kongevick and Ms. Lacy Wolff updated the Board on the Mobile Mammography Breast Cancer Screening project.

The 85th Texas Legislature directed ERS to explore the potential for innovative value-based plan design models with Health Related Institutions (HRIs) in order to achieve value and validate savings during the biennium.

ERS and the University of Texas MD Anderson Cancer Center (MD Anderson) collaborated to rollout a preventive breast cancer-screening program in Houston and surrounding areas for participants in the self-funded HealthSelect plans using the MD Anderson mobile mammography unit. While in-network preventive cancer screenings are always available at no cost to eligible participants, Ms. Kongevick reported this program is innovative in that the screenings are performed at no cost to the self-funded plans.

Ms. Kongevick stated that logistics, scheduling and coordination are critical to bringing a mobile mammography unit to the workplace and Blue Cross and Blue Shield of Texas was key to making this program a success. ERS initially estimated 11,000 women in the Houston and surrounding area could be in need of a screening mammogram and, with the proximity of MD Anderson, this is where the initiative began. Ms. Kongevick then introduced Lacy Wolff to provide information about the screening events.

Ms. Wolff first discussed the importance of breast cancer screening and acknowledged ERS' commitment to early detection through screening mammograms. The convenience of the mobile unit at the worksite provides one more option to encourage this important screening.

In January and February 2019, four onsite screening events took place at the Houston Department of Family and Protective Services offices and 47 women received mammograms through the convenience of worksite screenings. Ms. Wolff disclosed plans for additional screenings and noted that as capacity allows, limited expansion of the program may occur.

Ms. Kongevick stated the program is well received by participating plan members and state agencies. ERS is working closely with wellness coordinators and others to ensure a smooth delivery of services to plan participants. Ms. Kongevick expressed gratitude to MD Anderson for this successful and rewarding collaboration.

Ms. Donnell expressed her gratitude for this initiative to provide mobile preventive services and applauded staff for their efforts in connection with the breast cancer-screening program.

Mr. Hester thanked the staff and Mr. Dial for helping to manage the Group Benefits Program, pointing out the contingency fund balance and the financial management that allows active and retired members to maintain their health benefits.

This agenda item was presented for information and discussion purposes only. No further discussion or questions asked, and no action was taken.

5.2 Review and Consideration of Proposed TexaSaver Fees for Low Balance Tier (Action)

Georgina Bouton, Assistant Director of Group Benefits, and Nora Alvarado, Manager of Voluntary Income Plans, Group Benefits Division, presented a recommendation to modify the fee schedule for the TexaSaver 401(k) and 457 plans. Ms. Bouton explained that this fee modification is driven by the increase in the number of low balance TexaSaver accounts having a balance of \$10.00 or less.

Ms. Alvarado explained that the state of Texas offers the TexaSaver program as a tax-deferred, supplemental retirement program. The state does not appropriate money for the administrative costs of the TexaSaver program. Instead, the program is 100% funded by the participants through the assessment of a monthly administrative fee. These participant-paid fees are structured to generate sufficient revenue to meet ERS internal costs, as well as third party recordkeeping services. Ms. Alvarado then explained the TexaSaver administrative fee schedule. ERS adopted a stratified or tiered fee structure for TexaSaver participant fees in September 2009. The tiered fee structure for participant fees was designed by ERS' internal actuary and takes into consideration the 401(k) automatic enrollment feature, as well as other factors. The fee stratification tiers are based on the participant's account balance. The percentage of fees relative to the balance declines with each progressive tier. Ms. Alvarado added that the fee stratification tiers are reviewed, and, when changes are recommended, these changes are presented to the Board for review and consideration.

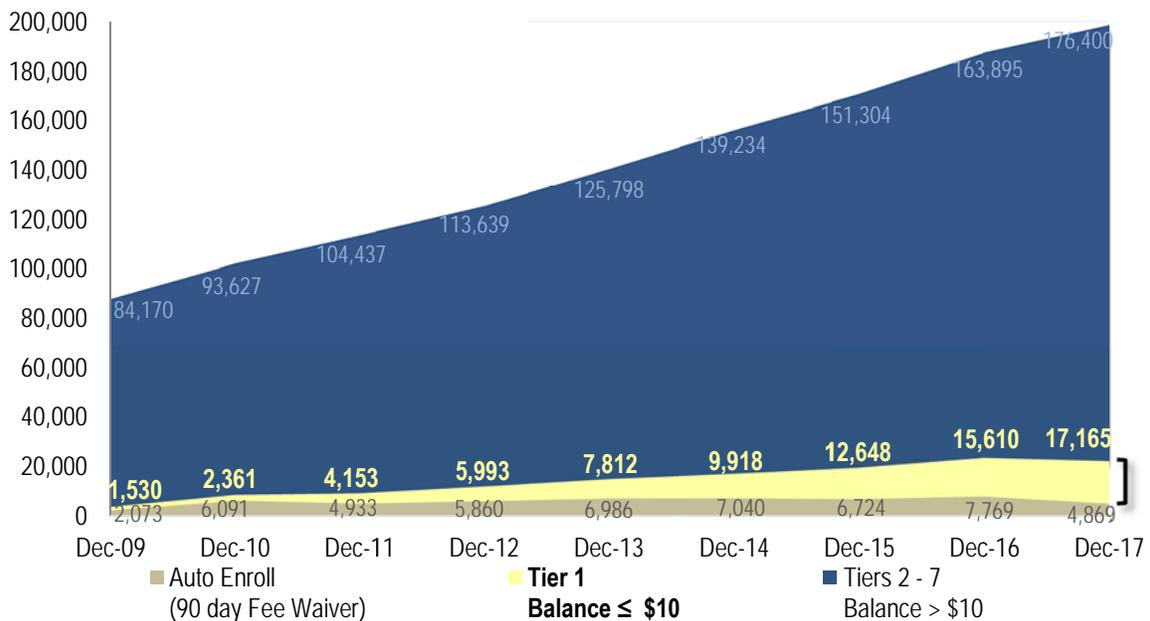
Based on the fee schedule today, the low balance accounts are not assessed a monthly administrative fee.

ACCOUNT BALANCE	MONTHLY FEE Per Participant, Per Account
\$10.00 or less	No fee
Between \$10.01 and \$1,000.00	\$ 1.18
Between \$1,000.01 and \$16,000.00	\$ 3.99
Between \$16,000.01 and \$32,000.00	\$ 6.00
Between \$32,000.01 and \$48,000.00	\$ 8.17
Between \$48,000.01 and \$64,000.00	\$10.89
\$64,000.01 or more	\$13.62

Ms. Bouton explained that the remaining portion of the presentation will focus on those accounts having \$10 or less. She explained that since the adoption of the stratified tier structure, the number of accounts in the low balance segment has grown. At the end of Calendar Year 2017, the low balance accounts represented 8.65% of the accounts in the 401(k) plan and 3.26% of the accounts in the 457 plan.

Ms. Bouton presented a graph showing the growth trend of the 401(k) low balance account segment (yellow area) compared to accounts with balances over \$10.00 (blue area) for December 2009 through 2017.

*Texa\$aver 401(k) plan
Comparative View: Growth of Stratified Tiered Accounts
CY09 through CY17*

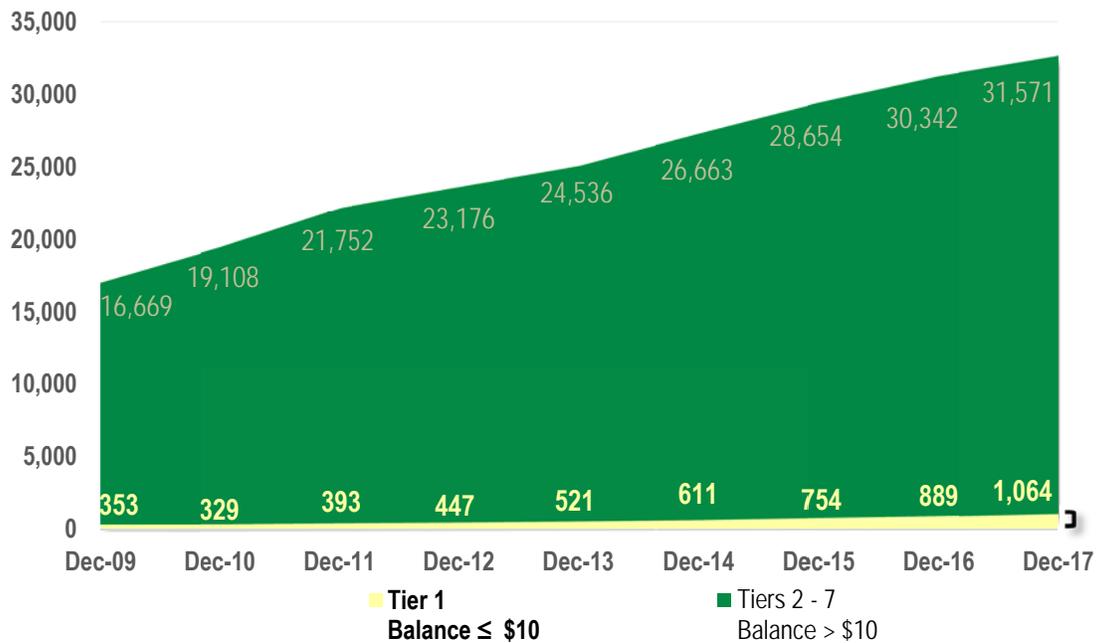


At the end of Calendar Year 2017, the 401(k) plan had 17,165 low balance accounts of which approximately 93% had no contributions for a period of six months or more. Of those, 86% belong to participants who had separated from state service.

Ms. Bouton informed the Board that once separated from state service, a participant is unable to make any type of payroll contributions or deferrals into the Texa\$aver account.

Next, Ms. Bouton presented a graph showing the growth trend of the 457 low balance accounts (yellow area) compared to accounts with balances over \$10.00 (green area) for December 2009 through 2017.

*TexaSaver 457 Plan
Comparative View: Growth of Stratified Tiered Accounts
CY09 through CY17*



The 457 plan ended Calendar Year 2017 with 1,064 low balance accounts. Ms. Bouton pointed out that in reviewing the data for Calendar Year 2018, the respective growth trends continued for the low balance accounts within each of the plans.

In conclusion, Ms. Bouton stated that the TexaSaver program has a growing number of low balance accounts in which participants are not paying an administrative fee. The low balance accounts represent 6% to 8% of the record keeping costs paid to the third party administrator in 2018 which total approximately \$45,000 to \$55,000 per month. Since the program receives no state appropriations to cover these administrative costs, these costs are being absorbed by those TexaSaver participants with a balance of over \$10.00.

Ms. Bouton described two modifications to the fee schedule so that all accounts are being assessed a fee and all participants share in the costs. The first recommendation is to combine the existing tier one and tier two levels so that accounts having \$10.00 or less are assessed a monthly fee. Next, implement an initial six-month, one-time fee waiver period for all new accounts beginning May 1, 2019, so that new participants would have time to contribute and build up their account balance before being assessed an administrative fee.

For those accounts already in a low balance account that have not had any contributions for a period of six months or greater, the recommendation is to begin the monthly fee on May 1, 2019. Although 86% of the low balance accounts currently belong to participants who have terminated their employment and can no longer contribute via a payroll contribution, 14% could still take action to engage a payroll deferral. Ms. Bouton indicated that a comprehensive communication strategy to engage and inform impacted participants, as applicable, would be part of this recommendation.

Ms. Alvarado gave the Board an overview of the communication strategy to notify participants of the revised fee schedule. This includes a targeted mailing, TexaSaver statement notice and website notices.

Mr. Danzeiser expressed concern that some participants may expect notification of a plan change at open enrollment with change taking place on calendar year end or fiscal years end. He also inquired about the additional revenue generated with the new fee structure.

Ms. Bouton responded that since TexaSaver has the flexibility of not being tied to an open enrollment period, calendar year end or fiscal year end, plan changes as well as enrollment can occur at any time. Participants also have the flexibility to change their contributions at any time.

Regarding the question of additional revenue generated with the new fee structure, Ms. Bouton explained that the expectation is to reduce plan costs paid to the third party administrator and monthly fees charged to participants.

Ms. Donnell inquired about the system in place to notify participants of their options when they leave state employment. Ms. Alvarado described the communication process known as Stay in Family.

Mr. Hester opened the floor for a motion.

MOVE that the Board of Trustees of the Employees Retirement System of Texas adopt the revised stratification tier structure as recommended in "Chart 4 - TexaSaver Program Administrative Fees" and presented within this agenda item.

**Chart 4: TexaSaver Program
Administrative Fees**

	Account Balance	Monthly Fee (Per Participant, Per Account)
Tier 1	\$1,000.00 or less	\$ 1.18*
Tier 2	\$1,000.01 to \$16,000.00	\$ 3.99
Tier 3	\$16,000.01 to \$32,000.00	\$ 6.00
Tier 4	\$32,000.01 to \$48,000.00	\$ 8.17
Tier 5	\$48,000.01 to \$64,000.00	\$10.89
Tier 6	\$64,000.01 or more	\$13.62

** Following a six-month period which constitutes a temporary, one-time fee waiver period for new TexaSaver accounts*

Mr. Danzeiser requested an amendment to move the May 1 date to June 1. The amendment was not adopted.

Motion by Cydney Donnell, second by Ilesa Daniels

Final Resolution: Motions Carries

Aye: Ilesa Daniels, Cydney Donnell, Craig Hester, James Kee, Catherine Melvin

Oppose: Doug Danzeiser

6. EXECUTIVE DIRECTOR REPORT

6.1 Executive Director Agency Update

2019 Legislative Session Update – The 86th Session of the Texas Legislature convened on Tuesday, January 8, 2019. ERS staff prepares a report of bills that could have a significant impact on the agency, members, and retirees. This report can be found on the agency’s public website so that stakeholders can follow and see what kind of bills ERS is following. Mr. Wilson attended and testified at the Senate Finance Committee hearing on January 23 and the House Appropriations Subcommittee on February 11, and the House Pensions, Investments and Financial Services Committee on February 13 to discuss the state appropriations request.

Major Publications – The Legislative Handbook was published in January 2019 and is a reference guide to ERS, providing overviews of agency programs and benefit structures to elected officials. ERS staff distributes this handbook to the staff and legislators at the capital. On February 1, ERS published the statutorily required *Group Benefits Program Annual Report*, which provides program performance and outcomes data for Fiscal Year 2018. Both documents are available in the *Reports and Studies* section of the agency’s public website.

Building Demolition Update – Mr. Wilson updated the Board on the building demo and noted that ERS is wrapping up the construction documents phase. The construction documents are the detailed drawings used by the design build firm to construct the building. The design process has been completed with the final detailed construction documents getting reviewed. ERS is starting the process of designing the layout of the interiors of the new building. Construction will begin once the site development permit is received from the City of Austin.

2019 Board Election Update – All contributing ERS employee class members are eligible to serve on the Board, except employees of agencies that already have a representative on the Board, which are the Health and Human Services Enterprise and the Texas Department of Public Safety. The deadline to submit candidate nomination forms is April 1. ERS will certify the candidates and determine the order in which candidate names will appear on the ballot. A candidate forum will be held on May 9. The forum will be posted on the ERS website for voters to review when determining which candidate to elect. Voting will take place May 10 through June 14. Election results will be announced in July.

2019 Get Fit Texas State Agency Challenge – The 2019 Get Fit Texas Challenge is a statewide employee challenge that encourages employees to be active 30 minutes a day five days out of the week, logging a minimum of 150 minutes of physical activity each week. The challenge started on January 21, 2019 through March 31, 2019. ERS has set a goal of once again being the fittest state agency in our size category.

Ms. Cydney Donnell stated her appreciation to the ERS staff and board for the quality of work and passion they have for their jobs and the state employees and reported that it has been a privilege serving on the ERS Board of Trustees.

7. ADJOURNMENT

7.1 Adjournment of the ERS Board of Trustees meeting

There being no further agenda items or discussions, the Board of Trustees meeting adjourned at 2:56 p.m. on Wednesday, March 6, 2019.