



Board of Trustees Meeting  
March 9, 2022



**Presented for Review and Approval**  
**May 11, 2022**

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BOARD OF TRUSTEES MEETING  
EMPLOYEES RETIREMENT SYSTEM OF TEXAS  
March 9, 2022

TRUSTEES PRESENT

Catherine Melvin, Board Chair  
Dr. Jim Kee, Vice Chair  
Brian Barth, Member  
Neika Clark, Member  
I. Craig Hester, Member

ERS DIRECTORS PRESENT

Porter Wilson, Executive Director  
Cathy Terrell, Deputy Executive Director  
Jennifer Chambers, Director of Government Relations & Special Projects  
Tony Chavez, Director of Internal Auditor  
Bernie Hajovsky, Director of Enterprise Planning Office  
Cynthia Hamilton, General Counsel  
Robin Hardaway, Director of Customer Benefits  
Diana Kongevick, Director of Group Benefits  
Shack Nail, Special Projects & Policy Advisor  
Machelle Pharr, Chief Financial Officer  
Gabrielle Schreiber, Director of Procurement and Contract Oversight  
DeeDee Sterns, Director of Human Resources  
Kathryn Tesar, Director of Benefits Communications  
Chuck Turner, Chief Information Officer  
David Veal, Chief Investment Officer

ERS STAFF PRESENT

Jason Avants, Information Systems  
Maggie Baker, Office of General Counsel  
Georgina Bouton, Group Benefits  
Raquel Colón, Investments  
Kurt Cressotti, Internal Audit  
Anthony Curtis, Investments  
Kelley Davenport, Executive Office  
Christi Davis, Customer Benefits  
Blaise Duran, Group Benefits  
Dan Herron, Benefits Communications  
Trudy Hill, Operations Support  
Tiffani Jenkins, Benefits Communications  
Lanesia Jones, Investments  
Tressie Landry, Internal Audit  
Nancy Lippa, Office of General Counsel  
Betty Martin, Investments  
Jonathan Puckett, Internal Audit  
Tanna Ridgway, Investments  
Matt Riemersma, Information Systems  
John Streun, Investments  
Ariana Whaley, Government Relations & Special Projects  
Lacy Wolff, Government Relations & Special Projects

ALSO PRESENT

Trip Hillman, Weaver  
Reema Parappilly, Weaver  
John Posey, Legislative Budget Board  
Charlie Smith, Legislative Budget Board

Meeting of the ERS Board of Trustees

**21. Call Meeting of the ERS Board of Trustees to Order**

Mr. Catherine Melvin, Chair of the Board of Trustees of the Employees Retirement System of Texas (ERS), noting a quorum was present, called the meeting to order at 3:01 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 8:42 a.m. on Tuesday, March 1, 2022, as required by Chapter 551 Texas Government Code, referred to as the Open Meetings Law.”

**22. Consideration of the Minutes to the December 7, 2021 ERS Board of Trustees Meeting – (ACTION)**

Catherine Melvin, Chair, opened the floor for a motion on the approval of the minutes from the December 7, 2021 ERS Board of Trustees meeting.

**Move** that the Board of Trustees approve the minutes to the meeting held on December 7, 2021.

**Motion** by Craig Hester, second by Brian Barth

Final Resolution: Motion Carries

Aye: Craig Hester, Brian Barth, Neika Clark, Jim Kee, Catherine Melvin

**23. Consideration of Texas Employees Group Benefits Program Update**

**COVID – 19 Update** – Ms. Diana Kongevick, Director of Group Benefits, reported that on January 14, 2022, the federal Department of Health and Human Services extended the Public Health Emergency another 90 days and stated they would provide states with 60-day notice prior to any possible termination or expiration in the future to allow plans to consider next steps for those coverage provisions in place only during the federal Public Health Emergency.

Ms. Kongevick also advised that in late December 2021, the FDA granted emergency use authorization for two new antiviral therapies to treat COVID-19, Molnupiravir and Paxlovid. The federal government pays the cost of the drug during the federal Public Health Emergency and the plan pays a dispensing fee to pharmacies to cover the cost of administration.

In addition to home over-the-counter rapid tests available directly through the federal government, plans must cover up to eight rapid tests for each participant per month beginning January 15, 2022. ERS worked with OptumRx to offer direct coverage through HealthSelect<sup>SM</sup> Prescription Drug Program. Coverage of over-the-counter rapid tests will be available through Medicare Part B and Medicare Advantage plans in early spring.

DeltaCare® USA, the fully insured DHMO program offered through Delta Dental, recognized the COVID-19 pandemic affected the ability of patients to access care during certain periods of dental office closures and expressed their commitment to not profit from underutilization during the pandemic. Delta Dental recently refunded more than \$980,000 to the GBP representing one month of total plan premiums. Application of the refund will be included in the rate information provided at the May 11, 2022 Board meeting.

Mr. Blaise Duran, Actuarial and Reporting Services, Group Benefits, provided an update on Plan Year 2022 COVID-19 financial impact. Mr. Duran stated that with nearly three times the number of new Texas cases in January 2022 compared to January 2021, the surge of the Omicron variant impacted Plan Year 2022 financial projections. The plan expects the highest COVID-19 pandemic costs to date during Plan Year 2022.

**Annual Non-Financial Performance Measure Update** – Mr. Duran reported on the non-financial performance measures which are provided for the self-funded HealthSelect<sup>SM</sup> plans in the areas of network performance, competitiveness of benefits, utilization of benefits, participant satisfaction with the self-funded HealthSelect plans, and the **A**ssess, **M**anage and **P**revent (AMP) wellness program.

There were no further questions or discussion, and no action was required on this agenda item.

**24. Consideration of the Board's Authority under Texas Government Code Section 2269.053 To Delegate Responsibility for Approving "Job Order" Construction Projects that Exceed \$500,000- (Action)**

Cynthia Hamilton, General Counsel, and Gabrielle Schreiber, Director of the Office of Procurement and Contract Oversight, discussed Job Order Contracting (JOC), which is governed by Chapter 2269 of the Texas Government Code. ERS intends to use the JOC procurement method to contract with two pools of contractors for construction projects at ERS headquarters. Although Section 2269.403(c) states that the governing body of a governmental entity shall approve each job, task, or purchase order that exceeds \$500,000, Section 2269.053 allows the governing body to delegate its authority to "a designated representative, committee, or other person."

Ms. Hamilton and Ms. Schreiber explained staff's recommendation that the Board delegate the authority to approve JOC projects to the Executive Director.

**Move** that the Board of Trustees delegate to the Executive Director responsibility for approving "job order" construction projects that exceed \$500,000 for the buildings located at 1836 San Jacinto Boulevard and 200 East 18<sup>th</sup> Street and further move that agency staff report back to the Board regarding approved job orders that exceed \$500,000.

**Motion** by Craig Hester, second by Brian Barth

Final Resolution: Motion Carries

Aye: Craig Hester, Brian Barth, Neika Clark, Jim Kee, Catherine Melvin

**25. Agency Update**

Mr. Porter Wilson, Executive Director, provided an update on the following items.

**Customer Service Update** - The Customer Service Initiative "Action Beyond the Call" has achieved a slight level of improvement and initial efforts have focused specifically on recruitment and retention of employees, which will continue to be a main priority.

**Group 4 Implementation** - ERS received the initial legacy payment of \$510 million on September 2021. The ERS Investments team deployed the monies in line with established asset allocation and tactical plans. ERS anticipates receipt of the next legacy payment in September 2022. Group 4 implementation activities are ongoing, and include a number of different changes to both technical systems and applications, as well as some non-technical items, such as rules that would help govern the cash balance benefit plan. Staff from divisions across the agency are involved and allocated more than 9,000 hours to the project thus far.

**GBP Annual Report** – On February 1, ERS completed and posted the annual report to the Legislature on the Texas Employees Group Benefits Program. The report for Fiscal Year 2021 outlines the benefits offered under this program, including health, dental, vision, life, accidental death and dismemberment, and disability insurance, as well as TexFlex<sup>SM</sup> flexible spending accounts. Implementation activities are ongoing, and include changes to technical systems, data interfaces, administrative rules, policies, procedures, communications, and educational materials.

**Staying Connected Retiree Events** – ERS is planning two Staying Connected retiree fairs in Austin on April 26 and 27. These events are usually held in late summer or early fall after a legislative session, but the surge in COVID-19 cases and related issues securing venues led to a need to postpone. Securing venues continues to be a challenge, leading ERS to plan events only in Austin this year using the ERS conference facilities in 1836 San Jacinto.

**ERS 75<sup>th</sup> Anniversary** – ERS began operations September 2, 1957 and Calendar Year 2022 marks the 75<sup>th</sup> anniversary. ERS is planning activities to celebrate, including a history book and an event in the fall.

**Strategic Planning** – ERS has begun work on developing a strategic plan that will focus on key improvement opportunities over the next 5 to 10 years and will engage all of ERS to participate through

short surveys, brainstorming session and facilitated large group discussions. This strategic planning will be facilitated internally by ERS staff who are individual contributors and not members of ERS management.

**2022 Get Fit Texas** - The *2022 Get Fit Texas Challenge* kicked off on January 10, 2022 and runs through March 20, 2022. As administrators of the state's health plan, ERS employees are encouraged to reach 150 minutes in all 10 weeks. In 2018, 2019, 2020 & 2021 ERS earned the #1 Fittest State Agency in the mid-size category (agencies with 201-500 FTEs). ERS intends to defend the title again this year.

**26. Executive Session – In accordance with Section 551.089, Texas Government Code, the Board of Trustees will meet in executive session to discuss: (1) security assessments or deployments relating to information resources technology; (2) network security information as described by Section 2059.055(b); or (3) the deployment, or specific occasions for implementation, of security personnel, critical infrastructure, or security devices. Thereafter, the Board may consider appropriate action in open session.**

Ms. Melvin announced the time and date, as well as the Board's intent to convene in executive session, and the Board moved to a separate conference room for the executive session.

Upon returning from executive session, Ms. Melvin announced the time and date and noted that no action was taken by the Board while in executive session.

**27. Adjournment of the Board of Trustees meeting**

The Board of Trustees adjourned at 6:07 p.m. on Wednesday, March 9, 2022.