

Public Agenda Item #20

Executive Director Agency Update

August 16, 2016

Porter Wilson, Executive Director

Sunset Staff Recommendations – Implementation Categories



Actions: Recommendations ERS can address by the end of 2016 with no statutory changes and within existing agency resources.

Development: Formulation of proposals for recommendations that may require additional resources, clarification from Sunset, or longer term timelines to implement.

Monitoring: Recommendations that require approval by the legislature or changes to statutory language to implement. ERS will seek to participate in the development of statutory language for these items as opportunities allow.



Legislative Appropriations Request

Fiscal Year 2018 - 2019



- ERS Legislative Appropriations Request (LAR) for Fiscal Years 2018-2019 is due August 26, 2016
- ERS works with the LBB and Governor's Office to determine the base level of funding for the retirement and insurance program
 - Retirement and group benefit programs were exempted from the 4% reduction
 - ERS was instructed to maintain funding at the 2017 levels for both fiscal years 2018 and 2019
- Items above the base level funding are considered “exceptional items” and must be itemized, prioritized, and justified in the LAR document

Legislative Appropriations Request

Retirement Base Request



Goal:	2016-17 Appropriations	2018-19 Request	Variance
Administer Comprehensive & Actuarially Sound Retirement Programs		(\$ millions)	
ERS Retirement @ 9.5% state contribution level	\$1,262.1	\$1,262.2	\$0.1
LECOS Retirement @ 0.5% state contribution level	17.6	17.9	0.3
JRS Plan 2 @ 15.663% state contribution level	24.8	24.8	-
JRS Plan 1	50.5	49.8	(.7)
Public Safety Benefits	28.9	22.6	(6.3)
Retiree Death Benefits	25.5	25.5	-
Total	\$1,409.4	\$ 1,402.8	\$6.6

Legislative Appropriations Request

Retirement Exceptional Items Request



- Retirement exceptional items request additional funding to attain actuarial soundness:
 - ERS - \$69 million
 - LECOS - \$ 33.3 million
 - JRS II - \$ 1.9 million
- *Note: Figures above are for All Funds*

Executive Director's Report

Fiscal Year 2017 Roadmaps: Major Projects on Tap



***Solicit Benefits
Administration
Services (BAS)***

***Conduct Asset Liability
Study***

***Solicit HealthSelect
TPA***

***Implement Contract
Content System***

Executive Director's Report

Fiscal Year 2017 Roadmaps (cont'd)



***Implement Data
Center Move***

***Implement Public
Website Redesign***

***Implement Sunset
Recommendations***

***Space Planning
Implementation***

Executive Director's Report

Space Planning Update



- Geotechnical Analysis
 - The purpose of the engineering study was to evaluate the pertinent geotechnical conditions at ERS site and to develop geotechnical parameters, which will assist in the design and construction of structural improvements and renovations.
 - The engineer took samples for analysis on the structure and soils. They will use this information to determine whether the buildings can support additional floors. They obtained the samples by shallow borings within the Main and Annex building, and full depth borings at the site corners and a boring at the lower service area between the two buildings.
 - We will receive the results from the structural analysis in the coming weeks.

Executive Director's Report

Space Planning Update



- During the geotechnical coring, the contractor went down a maximum of 50 feet on the exterior locations.
- They found limestone at about 12 feet.
- They then hit the gray slate material below that.



Executive Director's Report

Space Planning Update



- Annex Indoor Coring - Annex has a single slab with a moisture barrier under it.
- The team drilled down until they hit solid rock; approximately 12 feet.

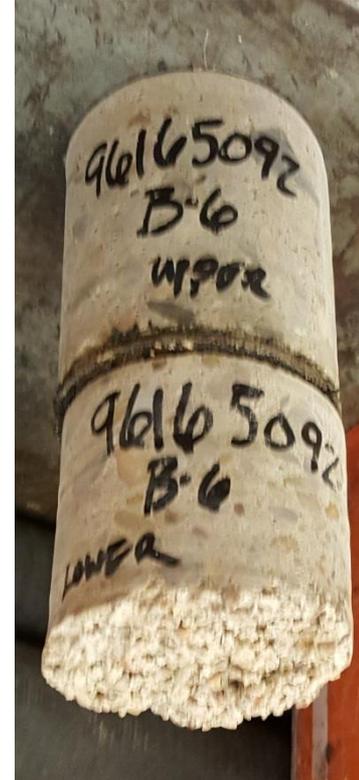


Executive Director's Report

Space Planning Update



- They discovered that the main building is on a double slab. The contractors were impressed that we had gravel under the slabs that tied into our French drains allowing us to keep the water moisture from effecting slab movement. The French drains are still doing a great job.



Plan Year 2017 Summer Enrollment

Employees, pre-Medicare retirees and their families



ERS mailed
277,000 PBES
packets.



63,046 members
made coverage
changes.



ERS and ACT
received
14,193
phone calls.
• 1,191 by ERS
• 13,002 by ACT



51 people visited
ERS in person.

Three new plans



vision insurance administered by
Superior Vision Services, Inc.

56,413 people enrolled



high-deductible health plan with
health savings account
administered by
UnitedHealthcare and Optum Bank

346 people enrolled



limited flexible spending account
administered by ADP Inc.
(only for Consumer Directed
HealthSelect participants)

35 people enrolled

Summer Enrollment outreach



5,455 people attended
35 fairs across Texas.



956 people participated in
10 webinars.

Agenda item 20, Meeting book dated August 16, 2016



Executive Director Agency Update

ERS Medical Board



- **Medical Board Departures:**

- Dr. Marvin Cressman, a prominent Neurosurgeon, served on the Medical Board for ten years from 2006 until May 2016
- Dr. William McCarron, a highly regarded Cardiologist, served on the Medical Board for four years from 2012 until June 2016

- As we work on replacing these positions we have enlisted services from two respected doctors to serve as interim Medical Board members:

- Dr. Ace Alsup, Internal Medicine, joined the Medical Board in June 2016
- Dr. William Taylor, Orthopedic Surgeon, joined the Medical Board in July 2016

ERS SECC Receives Excellence in Philanthropy Award



United Way for Greater Austin (UWATX), fiscal agent and campaign manager for SECC, honored ERS for an outstanding campaign in 2015.

ERS was recognized for all three SECC achievement categories: Highest Per-Capita Gift, Greatest Increase in Campaign and Highest Percent Participation in February 2016.



Executive Director Agency Update

Investment Update



Congratulations to the ERS Real Estate Team!

Winner of the 2016 Investments and Pensions Europe (IPE) Real Estate Award for the best Listed Strategy

Congratulations to the ERS Fixed Income Team!

Was featured in an article in *The DESK Magazine* titled Lead Feature: Trading for Retirement Funds.

Questions?