ASSOCIATION OF MONTANA RETIRED PUBLIC EMPLOYEES

Board Minutes

100 North Park – PERA Office, 2nd Floor Conference Room

September 18, 2018

CALL TO ORDER

The board meeting of the Association of Montana Retired Public Employees was called to order by Mike O’Connor at 9:30 a.m.

BOARD MEMBERS PRESENT

Mike O’Connor, Lyle Manley, Jan Brown, Patty Mott, Jim Lewis, Dale Boespflug, Cathy Kendall, James Driggers and Connie Welsh and Kim Hoxie (staff).

GUESTS

Dore Schwinden, Executive Director, PERA

Amy Jenks, Benefit Program Operations Chief, Dept of Administration, Healthcare and Benefits Division

Jim Penner

John McEwen

MINUTES

Jan Brown made a motion to approve the minutes, Connie Welsh seconded the motion, and the May minutes were approved unanimously.

MPERA Update – Dore Schwinden, Executive Director

Dore Schwinden noted there have been some State personnel changes; David Ewer is retiring as Executive Director of the Board of Investments; Dan Villa is the new Executive Director of the Board of Investments and Tom Livers is the new Director of the Office of Budget and Program Planning.

Dore Schwinden stated there have been two board meetings since AMRPE met in May. In the PERA June Board meeting the external audit plan was presented and the fee for the 457 plans and the Defined Contribution plan will not have any increases.

The member portal enhancements of the computer system will be completed by April or May 2019. The member portal enhancements will include the ability for the member to add direct deposit, change tax withholding, and the ability to update benefits. Dore will contact Mike O’Connor to have several retirees test the enhancements and provide feedback.

August Board meeting was the election of officers and they are as follows; Mike Tuttle, President, Pepper Valdez, Vice President, Sheena Wilson, Retiree Position, and Maggie Peterson, Liaison to the Board of Investments. Also discussed at the board meeting was the proposed legislation. First bill is a general revision that states in the month of the death of a member, the benefits paid to a member will not be required to be reimbursed back to the retirement system. The second bill is the actuarial funding of the Game Wardens’ and Peace Officers’ Retirement System over 30 years. Dore Schwinden has asked Geraldine Forsythe to sponsor this bill.

Dore Schwinden also stated that the interim committee has denied all of the proposed bills for the 2019 Legislature that have been presented for review.

The next PERA Board meeting will be October 4th.  The board will receive the actuary evaluation which Dore predicts will good considering the 9% return on investments this year. This year’s Teachers Retirement System Experience Study has reduced the Investment assumption to 7.5% .

State Health Care & Benefits Division - Amy Jenks, Benefit Program Operations Bureau Chief, Dept of Administration, Healthcare and Benefits Division

Amy Jenks stated that there will be rate increases in the retire health plan in 2019. There were no rate increase in 2018 and a small increase in 2017. The goal is to have the retiree population pay enough premium to cover their risk and not be subsidized by the active employees. There are 1,500 Medicare retirees and 320 non-Medicare retirees on the State plan. The rate increases are as follows: Non-Medicare 9%; non-Medicare dependents 15%, Medicare 2%, and Medicare spouse & family 17%. The risk on the non-Medicare member is 112% and the Medicare member is 102%.

The challenge is that this past year the State Health Plan gave 25 million dollars to fund government general operations. In addition, claims are increasing with large claims over $100,000 and three claims last year were over 1.5 million dollars.

Open enrollment presentation postcards will be sent out and members can do their enrollment paperwork online. For those not interested in the online format there is still a paper form option. Patty Mott asked that this information be posted on our website.

OLD BUSINESS

Jim Penner, former CIO of the Board of Investments presented some options for investing AMRPE’s excess funds.

Jim recommended to research US treasuries, Brokered CD’s or short-term CDs from a local bank for a better return on investment. Each option depends on much funds can be invested and how available the fund needs to be for the association’s future expenses. Jim Penner also recommended an Investment Policy to be written and adopted by the board.

The board discussed and asked James Driggers to develop an investment policy and research US Treasuries, Brokered CD and the short-term CD for the board to review at the next board meeting. In the meantime, there is a $40,000 CD expiring in September. The board discussed temporarily placing this money in the savings account until an investment decision is made.

Patty Mott moved that the expiring CD of $40,000 be moved to the Rocky Mountain Credit Union savings account until an investment decision can be made. Dale Boespflug seconded the motion, and the motion was approved unanimously.

REPORTS

**Treasurer’s Report**

The Treasurer’s report was reviewed by the board. It was discussed to move the purchase of the $30,000 CD out of the other expense category because it is not an expense to the organization.

**Membership**

Patty Mott stated that she is still receiving membership renewals. The total member renewals received is 1,173 out of 1,492. The breakdown of renewals is as follows: Lifetime 73 (6%); 1 year 783 (67%); 2 year 177 (15%); 3 year 140 (12%). The September new retiree solicitation letter will be mailed tomorrow to retirees that retired from January 2017 to August 2018.

**State Employee Group Benefits Advisory Council**

John McEwen stated that his term is up at the end of the year and he will be stepping down from the retiree board member position. John asked the board for help in finding a replacement. Connie Welsh said she would be interested in the position.

Cathy Kendall moved that Connie Welsh replace John McEwen on the SEGBAC board. Jan Brown seconded the motion, and the motion was approved unanimously.

Meeting was adjourned at 11:27am.

The next meeting will be held in the MPERA conference room at 100 North Park Avenue in Helena on

October 16th, 2018, 9:30 a.m.