

The Board of Trustees of the Omaha School Employees' Retirement System held a Regular Meeting on Thursday, August 6, 2020, at 4:00 p.m. at 3215 Cuming Street, Omaha, Nebraska.

Pursuant to Section 84-1411 of the Nebraska Statutes, notice of this meeting was given on June 4, 2020.

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Vice President Roger Rea announced, pursuant to Section 84-1411 of the Nebraska Statutes, the next regular meeting of the Board of Trustees is scheduled for Thursday, September 3, 2020 at 4:00 p.m., at the Teachers Administrative Center, 3215 Cuming Street, 2nd floor, Omaha, Nebraska. The agenda will be kept current and available for public inspection in the Retirement Office at the Teacher Administrative Center during regular working hours. He further announced that pursuant to Section 84-1412 of the Nebraska Statutes, the public is hereby informed that a current copy of the Nebraska Open Meetings Act is posted in the Board of Education meeting room on the north wall.

Mr. Rea called the meeting to order at 4:01 p.m.

Present at roll call: Bourne – Havlovic – Herchenbach – Johnson – Logan – Placzek – Rea – 7 present. Absent: - 0

Staff Present: Cecelia M. Carter, Executive Director, James Ellis, Retirement Specialist.

Others Present: Robert J. Bothe, Esq. and Peter Langdon, Esq. McGrath North (via telephone)

- 5324 -

Mr. Rea next announced that the OSERS Board of Trustees holds public comment four times a year. Mr. Rea read the Board's adopted policy regarding giving public comment before the OSERS Board of Trustees. There was one public comment:

Therese Laux, Omaha, NE 68124

- 5325 -

Mr. Rea next called for approval of the minutes to the June 4, 2020 regular meeting of the Board of Trustees. Dr. Logan made a motion to approve the minutes. Mr. Bourne seconded the motion. The motion passed with the following roll call: Aye: Bourne – Havlovic – Herchenbach – Johnson – Logan – Placzek – Rea – 7. Nay – 0.

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Mr. Havlovic made a motion the OSERS' Board of Trustees go into closed session for the protection of public interest and for the prevention of needless injury to the reputation of individuals to discuss with legal counsel, and Cecelia Carter, James Ellis, Keith Duvall and Leslie Duvall, litigation matters and disability retirement matter, and financial matters of retirees in the System. Dr. Logan seconded the motion and the motion was adopted by the following roll call: Aye: Bourne – Havlovic – Herchenbach – Johnson – Logan – Placzek - Rea - 7. Nay: – 0.

The Board entered into closed session at 4:30 p.m.

The Board reconvened in open session at 5:26 p.m. Present at roll call were: Bourne – Havlovic – Herchenbach – Johnson – Logan – Placzek – Rea – 7.

Mr. Placzek made a motion the Board ratify July pension payroll in the amount of \$10,967,414.47 to 5,056 payees; ratify August pension payroll in the amount of \$11,016,553.66 to 5,047 payees; ratify July staff payroll in the amount of \$31,441.44; ratify August staff payroll in the amount of \$31,441.44; ratify 6 new retirements effective July 1, 2020 – first pension payment August 3, 2020; approve 43 new retirements effective August 1, 2020 – first pension payment September 3, 2020; ratify the suspension of 14 retirements due to the death of the retiree for the month of July; ratify the suspension of 15 retirements and the continuation of two joint & survivor annuities due to the death of the retiree for the month of August; ratify the processing of 16 refunds to former OSERS members in the aggregate of \$186,828.10 in the month of July; approve the processing of 16 refunds to former OSERS members in the aggregate of \$248,199.22; and, approve accounts payables for August in the aggregate of \$12,235.00. Mr. Havlovic seconded the motion. The motion passed with the following roll call: Aye: Bourne – Havlovic – Herchenbach – Johnson – Logan – Placzek – Rea – 7. Nay: - 0.

- July New Retirement Annuitants (first check August 3, 2020) [6 count]

| EMPLOYEE | NAME | | EMP | | RET | YRS | AVERAGE | | CHOSEN BENEFIT | |
|----------------|---------|----------|----------|-----------|-------|-----------|-----------------|-----|----------------|-------------|
| NUMBER | First | Last | TYPE | AGE | MONTH | SERVICE | SALARY | OPT | OMAHA | STATE |
| | Rosario | Centorbi | Para | | 7 | 5 | | | | |
| | David | Lavender | Prin | | 7 | 27 | | | | |
| | Lance | Purdy | T | | 7 | 29 | | | | |
| | Deborah | Ward | T | | 7 | 35 | | | | |
| | Evelyn | Wehde | Nutri | | 7 | 12.8 | | | | |
| | Daniel | Witt | Para | | 7 | 8 | | | | |
| Count | | | 6 | | | | | | | |
| Average | | | | 62 | | 19 | \$55,616 | | \$2,315 | \$49 |
| Median | | | | 62 | | 20 | \$45,803 | | \$1,802 | \$42 |

| | | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|-----------------|
| Addition to Pension Payroll - July 2020 | | | | | | | | | | \$14,182 |
|--|--|--|--|--|--|--|--|--|--|-----------------|

- Approve August New Retirement Annuitants (first check September 3, 2020) [43 count]

| EMPLOYEE | NAME | | EMP | | RET | YRS | AVERAGE | | CHOSEN BENEFIT | |
|----------|-----------|------------|-------|-----|-------|---------|---------|-----|----------------|-------|
| NUMBER | First | Last | TYPE | AGE | MONTH | SERVICE | SALARY | OPT | OMAHA | STATE |
| | Denise | Adams | Para | | 8 | 14.1 | | | | |
| | Shelley | Bengston | Other | | 8 | 25.5 | | | | |
| | Cheryl | Brodkey | T | | 8 | 26.5 | | | | |
| | Carla | Browning | Para | | 8 | 22 | | | | |
| | Mark | Buell | T | | 8 | 14 | | | | |
| | Debbie | Churchich | Para | | 8 | 23 | | | | |
| | Andrea | Cooney | T | | 8 | 17 | | | | |
| | Linda | Davey | OP | | 8 | 27 | | | | |
| | Bridget | Donovan | T | | 8 | 28 | | | | |
| | Edward | Drelicharz | CMO | | 8 | 18 | | | | |
| | Janet | Dyer | Other | | 8 | 10.9 | | | | |
| | Sandra | Gilliam | OP | | 8 | 11 | | | | |
| | Mary Anne | Hathaway | Other | | 8 | 21 | | | | |
| | Gene | Haynes | Prin | | 8 | 53 | | | | |
| | Janet | Hula | Other | | 8 | 8 | | | | |
| | Steven | Jacobsen | Trans | | 8 | 6 | | | | |
| | Anton | Jensen | CMO | | 8 | 12.1 | | | | |
| | Tami Sue | Kuenning | T | | 8 | 14.7 | | | | |
| | Kathy | Mainelli | Other | | 8 | 17 | | | | |
| | Gaye | Lannan | Prin | | 8 | 27 | | | | |

| EMPLOYEE | NAME | | EMP | | RET | YRS | AVERAGE | | CHOSEN BENEFIT | |
|--------------|-----------|------------|-----------|-----|-------|---------|---------|-----|----------------|-------|
| NUMBER | First | Last | TYPE | AGE | MONTH | SERVICE | SALARY | OPT | OMAHA | STATE |
| | Mary Jo | Legon-Hall | Trans | | 8 | 16 | | | | |
| | Theodore | Lipari | T | | 8 | 9 | | | | |
| | Richard | Lohmeier | Other | | 8 | 28 | | | | |
| | Sarah | May | Other | | 8 | 14 | | | | |
| | Brenda | McGruder | Para | | 8 | 6.5 | | | | |
| | Stephanie | McMahon | OP | | 8 | 30.5 | | | | |
| | Richard | Molettiere | Other | | 8 | 13 | | | | |
| | Kathryn | O'Donnell | T | | 8 | 14 | | | | |
| | Ann | O'Neill | Other | | 8 | 30 | | | | |
| | Scott | Peterson | T | | 8 | 12.7 | | | | |
| | Tamara | Pietrzak | Other | | 8 | 10.4 | | | | |
| | Marion | Priesman | Para | | 8 | 30 | | | | |
| | Daniel | Pruch | Other | | 8 | 16 | | | | |
| | Burton | Rausch | Nutri | | 8 | 13.3 | | | | |
| | Patricia | Rudiger | Other | | 8 | 18.5 | | | | |
| | Cathy | Slauter | Other | | 8 | 29 | | | | |
| | Cynthia | Starks | Nutri | | 8 | 28 | | | | |
| | Chad | Swertzic | CMO | | 8 | 13 | | | | |
| | Douglas | Taylor | Other | | 8 | 24 | | | | |
| | Son | Tran | CMO | | 8 | 19 | | | | |
| | Elvett | Turner | CMO | | 8 | 23 | | | | |
| | Sherri | Wehr | Prin | | 8 | 25 | | | | |
| | Victoria | Wiles | T | | 8 | 31 | | | | |
| Count | | | 43 | | | | | | | |

| | | | | | | | | | | |
|--|--|--|--|-----------|--|-----------|--------------------|--|-------------------|--------------------|
| Average | | | | 64 | | 20 | \$54,896.73 | | \$1,934.26 | \$57.40 |
| Median | | | | 65 | | 18 | \$47,046.64 | | \$1,262.68 | \$53.68 |
| Addition to Pension Payroll - August 2020 | | | | | | | | | | \$85,354.18 |

o July Terminations of Annuitants' Payments Due to Death

| EMPLOYEE | | | RET | DATE OF | OSERS | Survivor | Survivor's | Overpayment | |
|--|----------|----------|-----------|---------|--------|--------------------|-------------|-------------|------------|
| NUMBER | NAME | | AGE | YEAR | DEATH | BENEFIT | Beneficiary | Benefit \$ | Benefit \$ |
| | Wilcox | Pauline | | 1983 | May-20 | | | | |
| | Clausen | Virginia | | 1996 | Apr-20 | | | | |
| | Belieu | Margaret | | 1991 | May-20 | | | | |
| | Teague | Barbara | | 1992 | May-20 | | | | |
| | Lich | Janet | | 2005 | May-20 | | | | |
| | Armbrust | Harry | | 1986 | May-20 | | | | |
| | Busse | Harriet | | 1998 | May-20 | | | | |
| | Morgan | Jim | | 2011 | May-20 | | | | |
| | Cronican | Virginia | | 1995 | May-20 | | | | |
| | Rhen | Rosco | | 2001 | May-20 | | | | |
| | Venditte | Joseph | | 2016 | May-20 | | | | |
| | Boro | Edmund | | 2015 | May-20 | | | | |
| | Schutz | Marcia | | 2012 | May-20 | | | | |
| Terminated from Retiree Payroll – July 2020 | | | | | | \$29,982.70 | | | |
| Average Age at Death | | | 82 | | | | | | |
| Average Years Retired | | | 20 | | | | | | |

* Lump sum payment to beneficiary

○ August Terminations of Annuitants' Payments Due to Death

| EMPLOYEE | | | | RET | DATE OF | OSERS | Survivor | Survivor's | Overpayment |
|---|--------------|-----------|-----------|------|---------|--------------------|-------------|-----------------|-------------|
| NUMBER | NAME | | AGE | YEAR | DEATH | BENEFIT | Beneficiary | Benefit \$ | Benefit \$ |
| | Montgomery | Evelyn | | 1984 | Jun-20 | | | | |
| | Chizek | Rita | | 1991 | Jun-20 | | | | |
| | Niederhoefer | Edith | | 1984 | Jun-20 | | | | |
| | Williamson | Esther | | 1988 | Jun-20 | | | | |
| | Claycamp | Clara Mae | | 1995 | Mar-20 | | | | |
| | Dalgas | Betty | | 1989 | Jun-20 | | | | |
| | McGaugh | Pauline | | 2003 | Jun-20 | | | | |
| | Howard | Loma | | 1996 | Jun-20 | | | | |
| | Hazuka | Linda | | 2005 | Jun-20 | | | | |
| | Aguirre | Mercedes | | 1998 | Jun-20 | | | | |
| | Garrett | Shirley | | 1994 | Jun-20 | | | | |
| | Arndt | Leslie | | 2004 | Jun-20 | | | | |
| | Deegan | Michael | | 2005 | Jun-20 | | | | |
| | Blake | Donna | | 2003 | Jun-20 | | | | |
| | Yank | Stan | | 2011 | Jun-20 | | | | |
| Terminated from Retiree Payroll – August 2020 | | | | | | \$17,936.23 | | | |
| | | | | | | | | | |
| | Ganson | Kathleen | | 2011 | Jun-20 | | | | |
| | Erwin | John | | 2000 | Jun-20 | | | | |
| Continued Benefit Under Joint Survivor - August 2020 | | | | | | \$2,279.43 | | \$751.50 | |
| Average Age at Death | | | 85 | | | | | | |
| Average Years Retired | | | 23 | | | | | | |

- July Refunds [16 count]

| ID | First Name | Last | Gross Dist | Death Date | Term Date | Accrued Service | Dist Type |
|----------------------|---------------|-------------------|---------------------|------------|------------------|-----------------|--------------|
| | Anthony | Williams | | | 4/30/2020 | 0.4 | Direct |
| | Hailey | Cernin | | | 2/28/2020 | 0.7 | Direct |
| | Kimberly | Riffe | | | 4/10/2020 | 0.7 | Direct |
| | Shelby | Thompson | | | 4/30/2020 | 0.9 | Rollover |
| | Austin | Carmichael | | | 7/31/2016 | 1.0 | Direct |
| | Mary | Hurst | | | 10/7/2018 | 1.1 | Death |
| | Kayla | Trofholz | | | 2/26/2020 | 1.2 | Direct |
| | Sergio | Tello | | | 1/22/2020 | 1.6 | Direct |
| | Samuel | Butler-Hunziker | | | 7/31/2019 | 2.0 | Direct |
| | Paloma | Martinez Alvarez | | | 8/23/2018 | 2.9 | Rollover |
| | Preston | Grant | | | 3/23/2020 | 3.4 | Direct |
| | Emily | Nolan | | | 1/30/2020 | 3.5 | Rollover |
| | Elizabeth | Vokal | | | 3/2/2020 | 8.6 | Rollover |
| | Dennis | Meston | | | 11/7/2014 | 9.5 | Rollover |
| | Amy | Vavruska | | | 7/31/2013 | 12.0 | Rollover |
| | Zatina | Washington | | | 6/15/2020 | 12.9 | Death |
| COUNT | | | | | | | 16 |
| TOTAL Refunds | | | \$186,828.10 | | | | |
| AVERAGE | | | \$11,676.76 | | | 3.9 | |
| MEDIAN | | | \$4,510.12 | | | 1.8 | |

Bold entry indicates a distribution to a beneficiary due to the death of the active member.

- August Refunds [16 count]

| ID | First Name | Last | End Balanc | Death Date | Term Date | Accrued Service | Dist Type |
|----------------------|----------------|-------------|---------------------|------------|------------------|-----------------|--------------|
| | Briar | Watson | | | 5/18/2020 | 0.5 | Direct |
| | Ryan | Larson | | | 7/31/2019 | 1.0 | Rollover |
| | Susan | Davis | | | 7/31/2019 | 2.0 | Rollover |
| | Alexandria | Filipowicz | | | 7/31/2019 | 2.0 | Rollover |
| | Jeffrey | Murray | | | 5/13/2020 | 2.0 | Direct |
| | Hope | Tarrant | | | 8/23/2019 | 2.8 | Direct |
| | Therese | Burks | | | 8/31/2017 | 3.3 | Rollover |
| | Sharmel | Chavez | | | 5/15/2020 | 3.9 | Direct |
| | Maria Merce | Miro Porta | | | 5/31/2020 | 4.0 | Direct |
| | Lindsay | Stobbe | | | 7/31/2012 | 4.0 | Rollover |
| | Joanna | Johnson | | | 7/31/2007 | 5.0 | Rollover |
| | Timothy | Tiller | | | 3/2/2020 | 5.9 | Direct |
| | Therese | Laux | | | 9/15/2015 | 7.2 | Death |
| | Amberly | Turner | | | 5/15/2020 | 9.5 | Direct |
| | Wilford | Jackson | | | 12/31/2017 | 18.1 | Rollover |
| | Denise | Keavy | | | 4/10/2020 | 19.0 | Rollover |
| COUNT | | | | | | | 16 |
| TOTAL Refunds | | | \$248,199.22 | | | | |
| AVERAGE | | | \$15,512.45 | | 5.6 | | |
| MEDIAN | | | \$9,661.47 | | 4.0 | | |

Bold entry indicates a distribution to a beneficiary due to the death of the active member.

Accounts / Payables for August 2020 = \$12,235.00

Legal Services

| | | |
|----------------------------|------------|--------------------|
| McGrath North - Litigation | \$7,515.00 | |
| McGrath North - General | \$4,718.00 | \$12,235.00 |

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Dr. Logan made a motion the Board approve the engagement of DOAR consulting firm in the matter of AGYOF. The motion was seconded by Mr. Bourne. The motion passed with the following roll call: Aye: Bourne – Havlovic – Herchenbach – Logan – Placzek – Johnson – Rea – 7. Nay: - 0.

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The Board next moved to a discussion on the findings from the study conducted as a result of LB 31(2019). LB 31(2019) was a year-long study conducted under the oversight of the Nebraska Public Employees' Retirement Board. Mr. Rea asked Ms. Carter to give the Board an overview. Ms. Carter indicated the study was filed with the Clerk of the Nebraska Legislature by June 30, 2020 as required. The study was presented from two perspectives; the first being from an administrative perspective as written by the Nebraska Public Employees' staff, and the second perspective written by a firm named Linea Solutions. The study can be found on the Nebraska Legislature's web site at

https://www.nebraskalegislature.gov/FloorDocs/106/PDF/Agencies/Retirement_Plans_Administrator_of/728_20200626-165940.pdf

Ms. Carter indicated the Nebraska Legislative Retirement Committee has set September 18, 2020 as a date for public hearing on the filed report. The hearing is set by Legislative Resolution 318 which can be found at

https://www.nebraskalegislature.gov/bills/view_bill.php?DocumentID=41761

Ms. Carter asked the Board to review the study and to bring any questions they may have to her and at the September 3rd meeting of the OSERS Board of Trustees.

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Next, Ms. Carter gave the Board an overview of the OSERS financial statements for the months of May and June 2020. For the month of May, the fund had a fund value of \$1,183 million and cash on hand of \$13.7 million. For the month of June, the fund had a fund value of \$1,227 million and cash on hand of \$13.2 million.

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Ms. Carter gave a brief Executive Director's report. The Form C was filed with the Nebraska Accountability Commission in July for 2Q 2020. Additionally, Ms. Carter indicated to the Board there has been a slight increase in inquiries to retire with an effective date of October, November, and January. Although we are not sure who will actually follow through on the retirement, the inquiries have ticked up enough to make note to the Board.

- 5331 -

Mr. Rea gave the Board two written reports as part of his Trustee report. Both relating to conference he recently attended. He indicated he appreciated the workshop which was held via Zoom. Mr. Rea's comments are incorporated into the minutes by reference. There were no other trustee reports.

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Next the Board moved to the election of Board officers. With the departure of Mr. Erikson, there is an opening for a Board President. Mr. Rea reviewed the procedure to be used and noted if only one member is nominated, there would not be need to cast votes. Mr. Rea called for nominations for Board President. Mr. Herchenbach offered the nomination of Patrick Bourne for President of the OSERS Board of Trustees. Dr. Logan seconded the nomination. Mr. Rea called for further nominations (three times). There being none, Mr. Rea closed the nominations and Mr. Patrick Bourne, Esq. was elected President of the OSERS Board of Trustees by common consent.

Mr. Rea then moved to Board Vice President. Mr. Rea nominated himself. Mr. Rea called for further nominations (three times). There being none, Mr. Rea closed the nominations and Mr. Roger Rea was elected Vice President of the OSERS Board of Trustees by common consent.

There was no further business to come before the Boards.

The meeting was adjourned by common consent at 5:22 p.m.

/s/

Cecelia M. Carter, Executive Director

MEMO

To: OSERS Board of Trustees

From: Roger Rea, OSERS Vice President

Re: New research findings on Pension Funding, Sustainability, and Affordability

Date: July 31, 2020

I recently participated in a conference call on NCPERS research regarding long-term sustainability and affordability of public pensions. Some notes on the research:

- Data clearly shows that public pensions are both sustainable and affordable
- Those who say otherwise manipulate assumptions and come up with huge pension liability estimates
 - They compare 30-year pension liability numbers with one-year state and local revenues, instead of 30-year revenues
 - Illinois pensions are a case in point. Illinois pension liabilities are claimed by one policy institute to be \$241 billion. They then compare this 30-year unfunded liability with one year of the state's resource revenue of \$67 billion. The comparison claims that the unfunded liability is 360% of the state's revenue, and hence is unsustainability and unaffordable
 - But when apples-to-apples comparisons are made – the 30-year unfunded liability with 30-year revenues – the liability is less than 9% of revenues!
 - And the study ignores the economic and revenue impact of public pensions
- A new approach to pension affordability and sustainability examines the relationship between pension liabilities and the economic capacity of state and local governments – as measured by GDP
 - This approach is recently outlined by the Federal Reserve Board of Governors, the Bank of England, and Brookings Institute
 - Their studies show that under low or moderate asset return assumptions and in the aggregate for the US as a whole, pension debt can be stabilized as a share of the economy with relatively moderate fiscal adjustments
- An NCPERS study, *In Tranquility or Turmoil, Public Pensions Keep Calm and Carry On*, measures sustainability by comparing pension liabilities with GDP
 - Comparing the trend line of 30-year pension liabilities and annual GDP growth show that the lines are almost parallel – almost no deviation between the two lines
 - So long as taxpayers get back more than they pay into the pension plan, pensions are affordable.
 - In 2018, public pensions were responsible for more than \$341 billion in tax revenues, and the taxpayer contribution to pensions was \$162 billion
 - Public pensions generate state and local revenues in two ways: (a) the state and local economy grows when pensions invest their assets; and (b) state and local economies grow when retirees spend their pension checks
 - If public pensions did not exist, taxpayers would have to pay more in taxes to get the same level of services as they get when public pensions are available
 - Why are there state and local budget pressures? Because tax policy makes that happen! Over the years, state and local governments have made their revenue systems regressive and more reliant on risky schemes (casinos, lotteries, excise taxes, user fees)
 - As a result, if the economy grows by 1% of revenues, revenues grow by only about 0.75%.
 - In other words, revenues will always be short, even if there were no pensions.

MEMO

To: OSERS Board of Trustees
From: Roger Rea, OSERS Vice President
Re: NCTR Annual Trustee Workshop
Date: July 31, 2020

The annual NCTR Trustee Workshop was held virtually this year because of concerns of safety of the participants and presenters. As has been the case for the past several years, the Workshop was designed and hosted by University of California Berkeley Center for Executive Education and the Haas School of Business. A wide variety of individual workshop sessions were held, with an impressive list of faculty and guest presenters. While I have participated in a number of virtual meetings, this was my first virtual conference/workshop. I was impressed at how seamless the workshop was. The one thing that would have made the Workshop better would to have been there in person so the participants and faculty/speakers could interact during breaks and meals. NCTR will host its Annual Convention later this year in a virtual format. Based on the experience from this Workshop, I recommend the NCTR Annual Convention to other members of the OSERS Board.

Some highlights and ideas from the sessions are summarized below.

Guiding Pension Funds Through Turbulent Waters

- One general rule of risk applies to investments: what is comfortable is rarely profitable.
- Wide diversification in investment portfolio is only required when the investors do not know what they are doing!
- Creativity pays! Don't "follow the crowd," and don't be afraid of investment concentration
- Dealing with ESG (Environmental, Social, and Governance) issues is basically nothing more than risk management. If you invest in ways that are not aligned with ESG issues, other investors who value ESG issues will avoid the investments you have and the markets will not be as competitive/efficient as might otherwise be the case.

The Future of Education – What's Changed?

- Students learn by doing, not by listening and/or memorizing
- Universal access to broadband Internet is problematic across the country
- Students may live by their cell phones, but they do **not** learn by their cell phone!
- Need to promote "active learning" rather than "tested results." In other words, we need to develop new and creative ways to judge effective learning and not rely only on standardized tests to measure student learning

How to Expertly Navigate the Changing Workplace

- People who work from home need to be monitored for "burn-out!" Working from home makes it difficult to distinguish between "work" and "personal time."
- Students and teachers should use headsets (not desk speakers) with remote learning to focus attention and minimize distractions from what is being discussed/taught
- Need to take breaks in remote learning, just as you would during school/work
- Turn **on** the video camera with remote learning! Need to see faces to connect and judge when students "get it"

- People will go back to their office because they want to! They can interact with their colleagues etc. in the office, making a more productive workforce.
- Real estate investment has a significant role in pension funds, and that will continue. REITS provide liquidity and real estate exposure. The average pension fund has about 17% market weight in real estate
- Economic recovery will be based on “greed!” e.g. cruise ships will offer deep discounts to the first passengers willing to go on a cruise, and that will “look too good to pass up!”

Expecting the Unexpected: Risk Management and Governance

- 40% of the jobs that have been lost during the pandemic will never be replaced
- Jobs paying \$15 per hour or less give an economy that is unsustainable – too little money to have any discretionary spending and therefore stimulate economic development
- Need to “future proof” retirement systems to lessen the risk of future problems with the ability to pay pensions (examine investment assets, policies, procedures, etc.)
- ESG pressure will only increase in the future
- The #1 goal of a trustee should be to continue to defend defined benefit retirement plans! DB plans provide retirement security for all, something not true of other retirement (savings) plans
- Policy should be set in time of calm and peace, not chaos!
- The key to managing uncertainty is preparation, process, and discipline
- Beware of economic models – they may have false driving forces!
- Trustees should “reverse engineer” risk return – pick a “goal value” for the fund size in the future and work backwards to a current asset allocation that will meet that “goal value”
- Information is “*giving out;*” communication is “*getting through*”
- OSERS may be “leaving money on the table” because NIC does not participate in class action lawsuits through a firm that specializes in that product. Should ask NIC about doing so.

Federal Update

- New federal money for education may well be tied to having in-person school
- Even in a negative bond-interest environment, there will still be bond buyers!
- CARES Act has helped the market recovery since March. Another package is needed to do more.

Scenario Thinking: Developing New Business Ideas and Models for Rapidly changing Environments

- What do we need to know and question, and what kind of behavior is needed in the planning process?
- We tend to **underestimate** the impact of “___” (insert pandemic or other concern) in the short term, and **overestimate** it in the long term.
- Get a good “focal question” **before** beginning any scenario planning process
- PBI Company now provides access to pension systems regarding information from the Social Security death files, now that those files are no longer accessible. (OSERS uses PBI for this function)
- Don’t let the current crisis, “go to waste” – think about the future and where we might be going, and what that will mean for society and education