



COVID-19 Flash Survey on Governance, Communication & Compensation

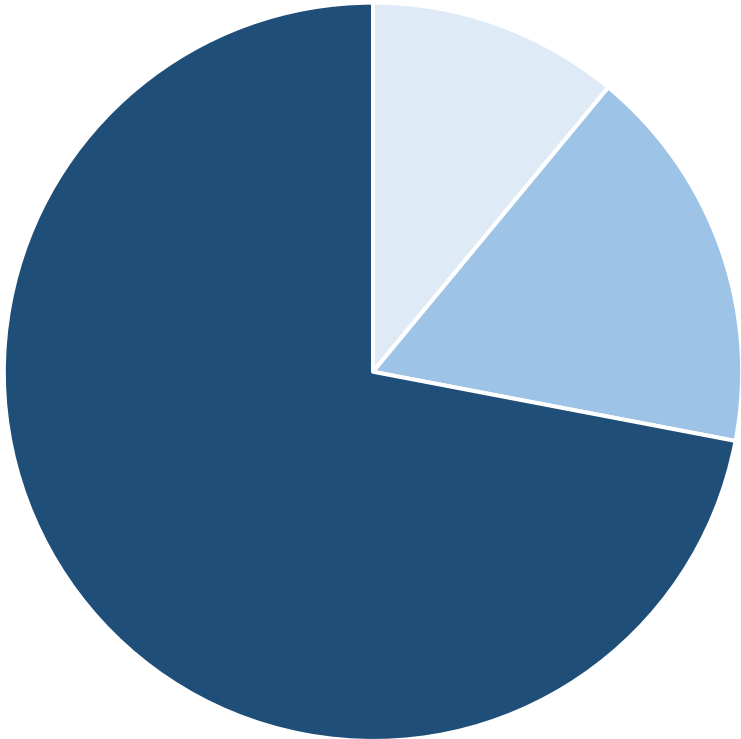


Introduction

Global Governance Advisors (“GGA”) and the National Conference on Public Employee Retirement Systems (“NCPERS”) have conducted a survey that covers how NCPERS member organizations are responding to the current COVID-19 crisis from a governance, communication and compensation perspective. On the following pages, there will be visuals that will display the data that we have received from the survey. The survey was constructed of 12 questions covering a wide variety topics to get a better understanding of the true impact and adaptation that has occurred during the pandemic. These are:

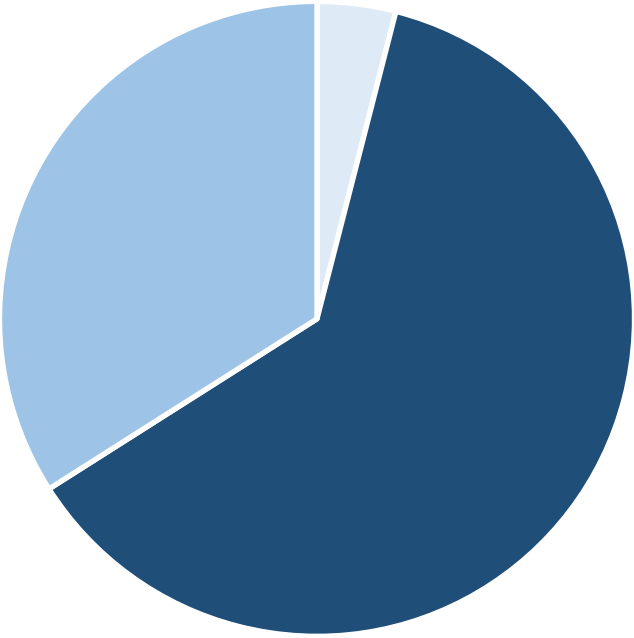
- 1) Describe the frequency with which your pension fund board is meeting during the COVID-19 situation.
- 2) Does your state currently have Sunshine/Open Meeting laws that prevent you from proactively governing and overseeing your fund during this unique pandemic situation?
- 3) How has the COVID-19 pandemic situation impacted your Board operations/responsibilities?
- 4) If your pension fund board is meeting virtually, which virtual meeting service are you using to conduct meetings?
- 5) Does your pension fund currently use a board portal or secure document repository for accessing Board/ Committee meeting documents?
- 6) What has your pension fund considered/implemented on a temporary basis, before any other HR decisions?
- 7) Did your fund implement changes from what it learned during the 2008 economic crisis that has recently protected your fund from a larger downfall? If you answered Yes to this question, please share the areas you have made changes in since the 2008 economic crisis.
- 8) What alternatives are you considering/approved to manage compensation costs in the current environment?
- 9) Do you currently offer incentive pay to any of the following types of staff members?
- 10) Are you currently considering any changes to your incentive pay plan?
- 11) When do you feel like markets and the economy will return to normal?
- 12) With remote needs expanding, in which ways are you looking to stay better connected to your plan members remotely?

Describe the frequency with which your pension fund board is meeting during the COVID-19 situation:



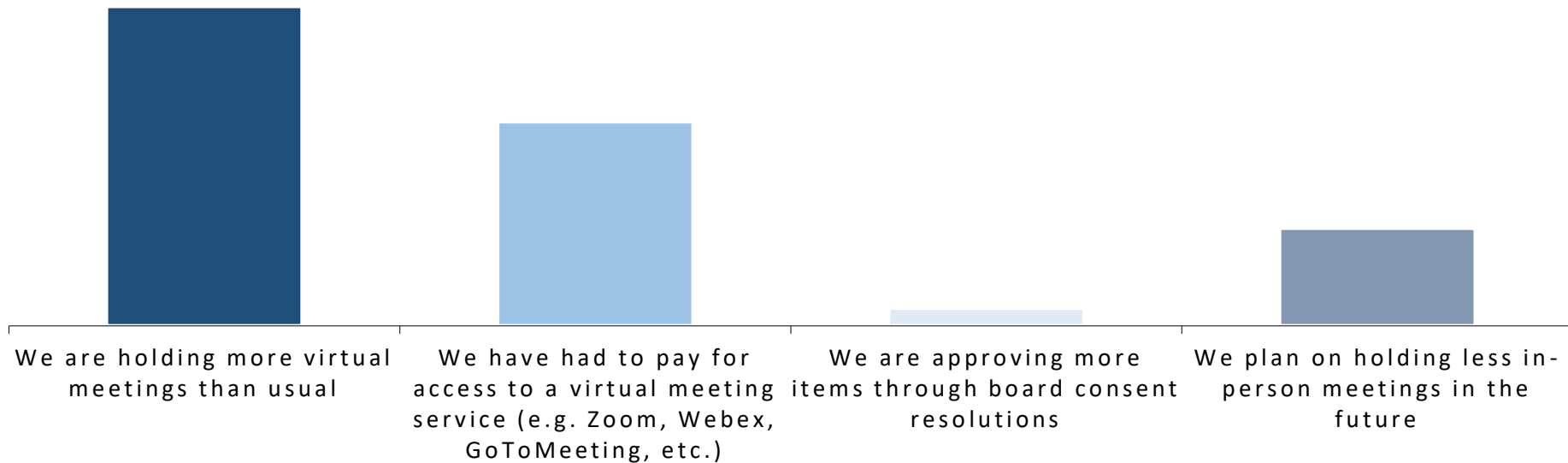
Answers		
1	Meeting more	11%
2	Meeting less	17%
3	Meeting the same amount	72%

Does your state currently have Sunshine/Open Meeting laws that prevent you from proactively governing and overseeing your fund during this unique pandemic situation?



Answers		
1	Yes, and we are unable to effectively meet to make important decisions	4%
2	Yes, but laws have been relaxed during this time to allow us to meet virtually	62%
3	No	34%

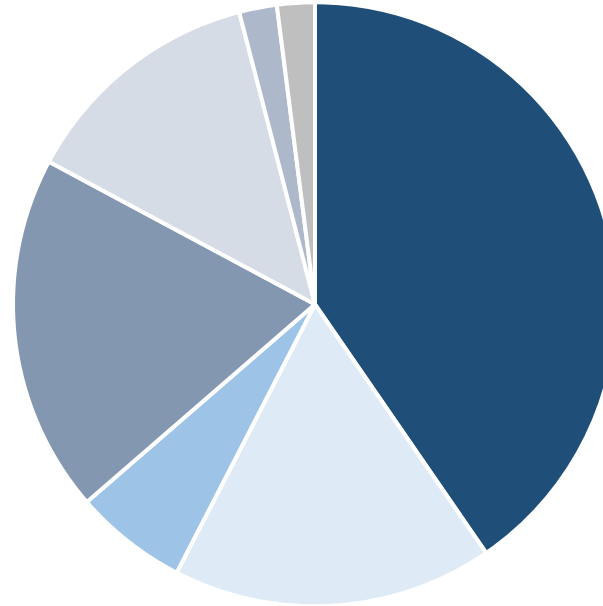
How has the COVID-19 pandemic situation impacted your Board operations/responsibilities?



Answers (respondents could select multiple answers)

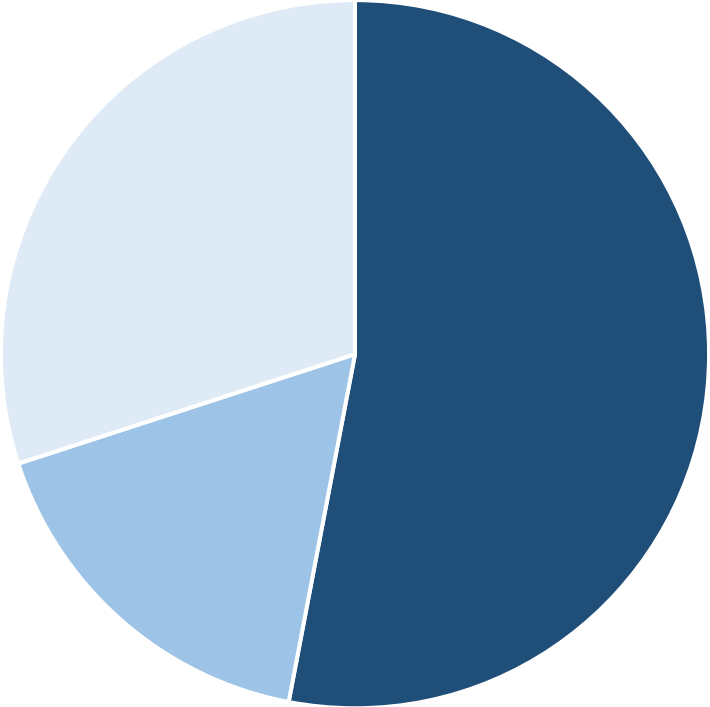
1	We are holding more virtual meetings than usual	77%
2	We have had to pay for access to a virtual meeting service (e.g. Zoom, Webex, GoToMeeting, etc.)	49%
3	We are approving more items through board consent resolutions	4%
4	We plan on holding less in-person meetings in the future	23%

If your pension fund board is meeting virtually, which virtual meeting service are you using to conduct meetings?



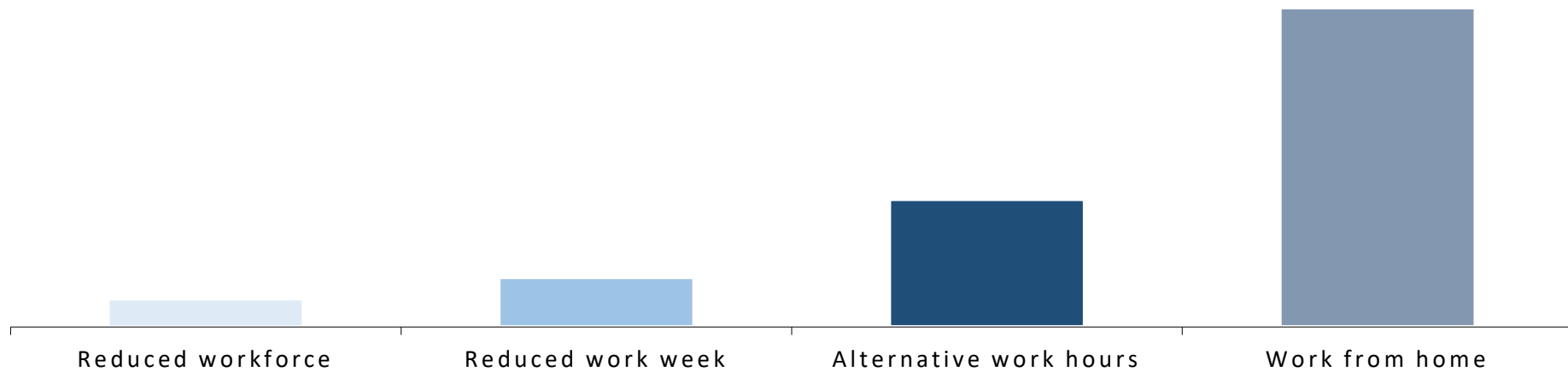
Answers		
1	Zoom	40%
2	Cisco Webex	17%
3	Microsoft Teams/Skype	6%
4	GoToMeeting	19%
5	Conference Call Provider Only (no video)	13%
6	Other	2%
7	Not Applicable	2%

Does your pension fund currently use a board portal or secure document repository for accessing Board/Committee meeting documents?



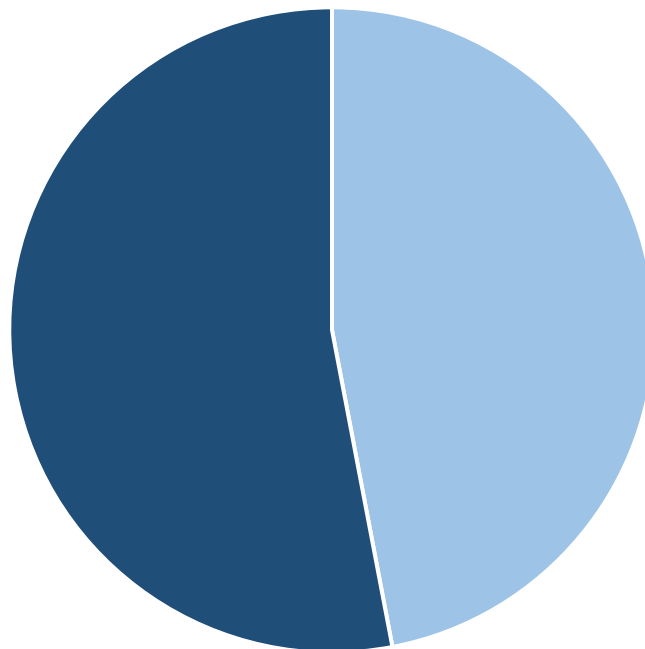
Answers		
1	Yes	53%
2	No, but we are considering it	17%
3	No, and we are not considering any changes to how we access documents and run meetings	30%

What has your pension fund considered/implemented on a temporary basis, before any other HR decisions?



Answers (respondents could select multiple answers)		
1	Reduced workforce	9%
2	Reduced work week	15%
3	Alternative work hours	38%
4	Work from home	96%

Did your fund implement changes from what it learned during the 2008 economic crisis that has recently protected your fund from a larger downfall?



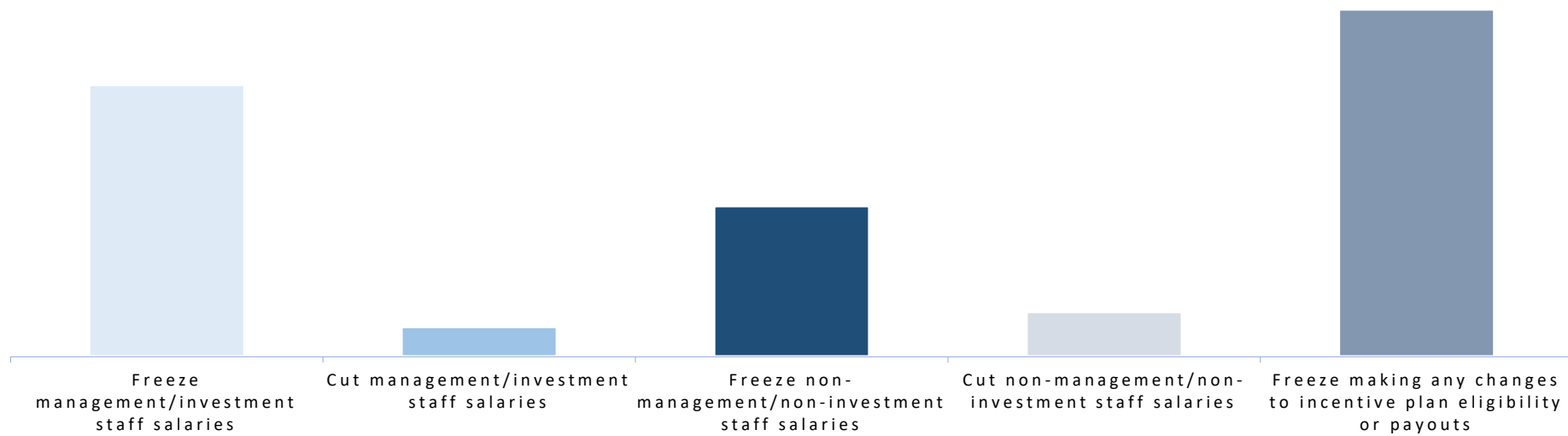
Answers		
1	Yes	47%
2	No	53%

If you answered Yes to the previous question, please share the areas you have made changes in since the 2008 economic crisis.

Areas identified include:

- ❖ Updated asset allocation
- ❖ Diversified through increased weighting on Alternative Investments
- ❖ Diversified globally with less reliance on U.S. equities.
- ❖ Made pension benefits variable such as COLA adjustments
- ❖ Being more conservative with investments while markets are at a high and aggressive during downturn
- ❖ Enhanced attention to liquidity
- ❖ Increased weighting on Fixed Income
- ❖ Created Business Continuity Plan which provided staff with the ability to work remotely
- ❖ Stronger vetting of managers and being more conscious of risk and volatility
- ❖ Focus on managers that could implement better downside protection to help de-risk the portfolio
- ❖ Setting of Rebalancing Policy and Dedicated Risk Management Program
- ❖ Created Volatile Markets Policy
- ❖ Generally stayed the course as a long-term investor, but have kept larger amount of cash on hand to cover benefits

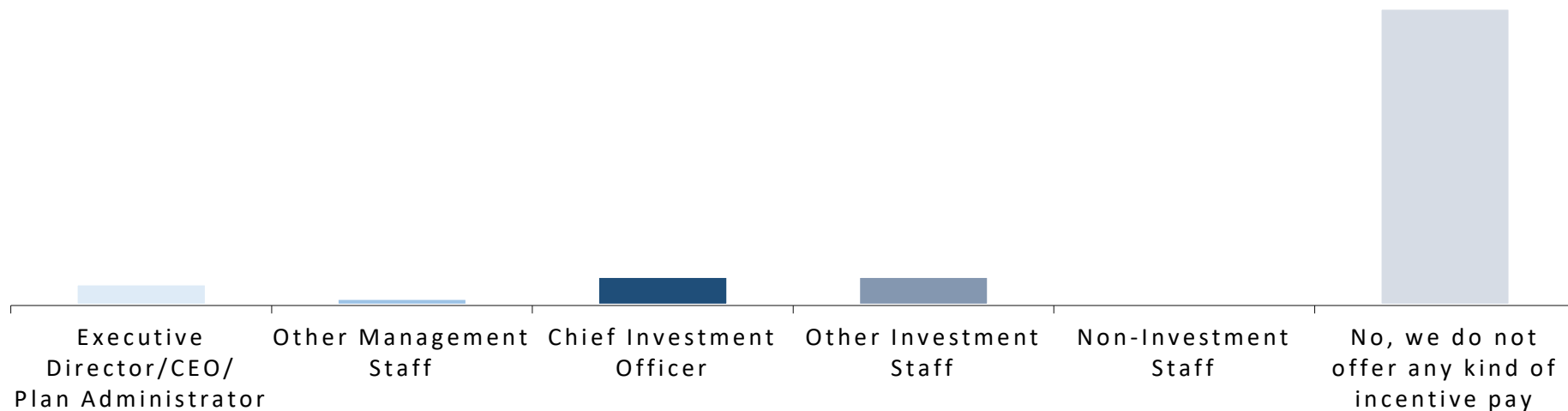
What alternatives are you considering/approved to manage compensation costs in the current environment?



Answers (respondents could select multiple answers)

1	Freeze management/investment staff salaries	38%
2	Cut management/investment staff salaries	4%
3	Freeze non-management/non-investment staff salaries	21%
4	Cut non-management/non-investment staff salaries	6%
5	Freeze making any changes to incentive plan eligibility or payouts	49%

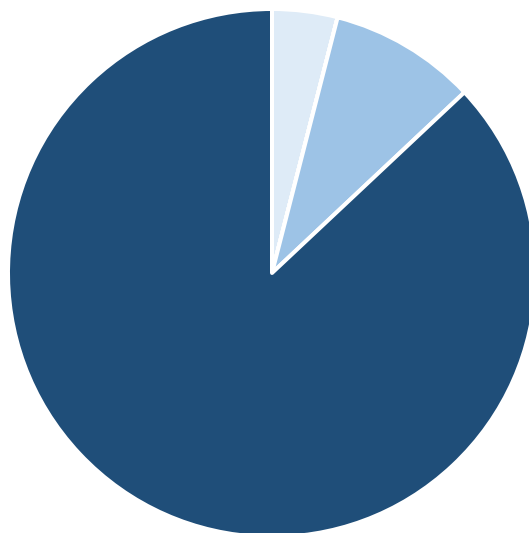
Do you currently offer incentive pay to any of the following types of staff members?



Answers (respondents could select multiple answers)

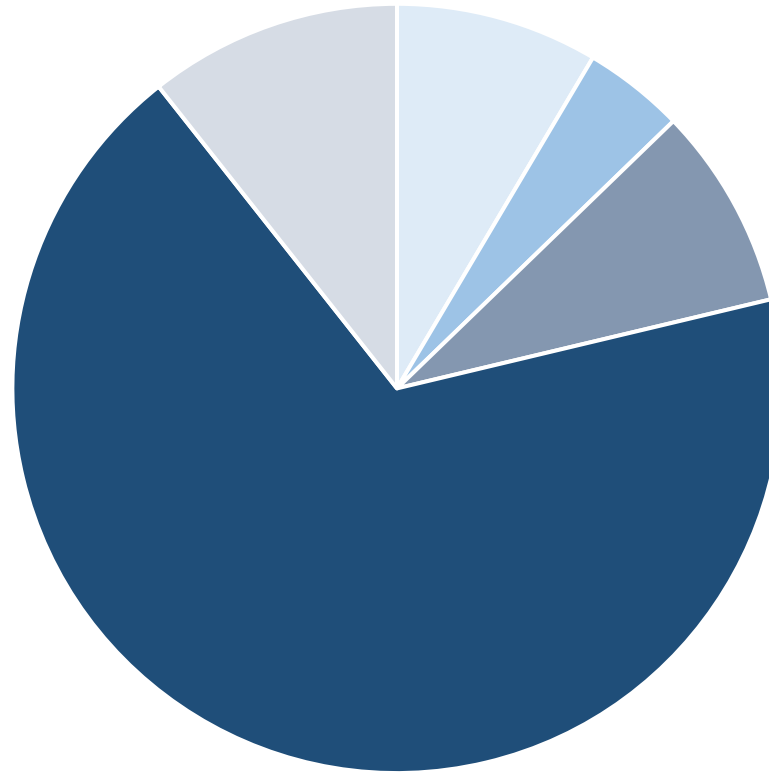
1	Executive Director/CEO/Plan Administrator	6%
2	Other Management Staff	2%
3	Chief Investment Officer	9%
4	Other Investment Staff	9%
5	Non-Investment Staff	0%
6	No, we do not offer any kind of incentive pay	87%

Are you currently considering any changes to your incentive pay plan?



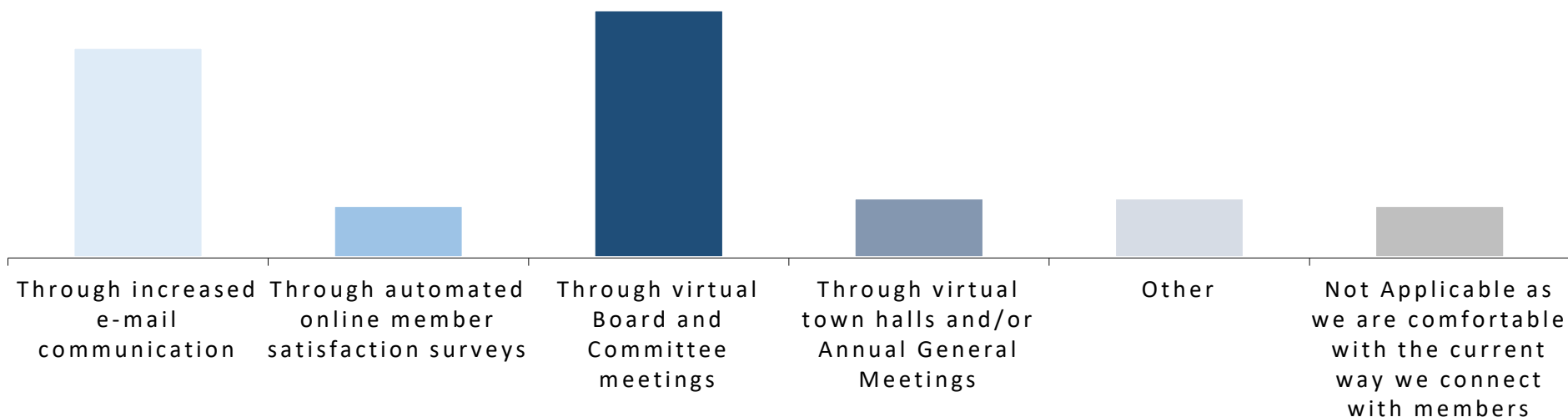
Answers		
1	Yes, we are reconsidering the metrics used under the plan	0%
2	Yes, we are reconsidering the performance expectations under the plan	4%
3	Yes, we are reconsidering who is eligible to participate in the plan	0%
4	Yes, we are considering an incentive plan for the first time	0%
5	Yes, we are considering introducing a long-term incentive plan to cover multiple years of performance	0%
6	No, we are making no changes to our incentive pay at this time	9%
7	Not Applicable as we do not currently offer or plan to offer incentive pay	87%

When do you feel like markets and the economy will return to normal?



Answers		
1	Q4 2020	9%
2	Q1 2021	4%
3	Q2 2021	9%
4	12 to 24 months from now	68%
5	Longer than 24 months	11%

With remote needs expanding, in which ways are you looking to stay better connected to your plan members?



Answers (respondents could select multiple answers)

1	Through increased e-mail communication	60%
2	Through automated online member satisfaction surveys	15%
3	Through virtual Board and Committee meetings	70%
4	Through virtual town halls and/or Annual General Meetings	17%
5	Other	17%
6	Not Applicable as we are comfortable with the current way we connect with members	15%

If you indicated "Other" on the previous question, please describe the other ways in which you are looking to stay better connected with plan members.

Areas identified include:

- ❖ Introducing a Member Web Portal for increased communication and access for members
- ❖ Webinars for member education and introducing virtual live streaming and virtual library for anytime viewing
- ❖ Increased emphasis on online member portals
- ❖ Electronic ballots for electing member trustees
- ❖ Kiosk desk in the lobby of office
- ❖ Increased phone call communications
- ❖ Enhanced web services
- ❖ Automated newsletter
- ❖ Considering more online newsletters, more website content and more virtual seminars for members
- ❖ Increased mailings
- ❖ Improved Member Self-Service through website
- ❖ Increased notices posted on website



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