



# TEXPERS | PENSION OBSERVER

THE OFFICIAL MAGAZINE OF THE TEXAS ASSOCIATION OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS | VOL. 2, 2020

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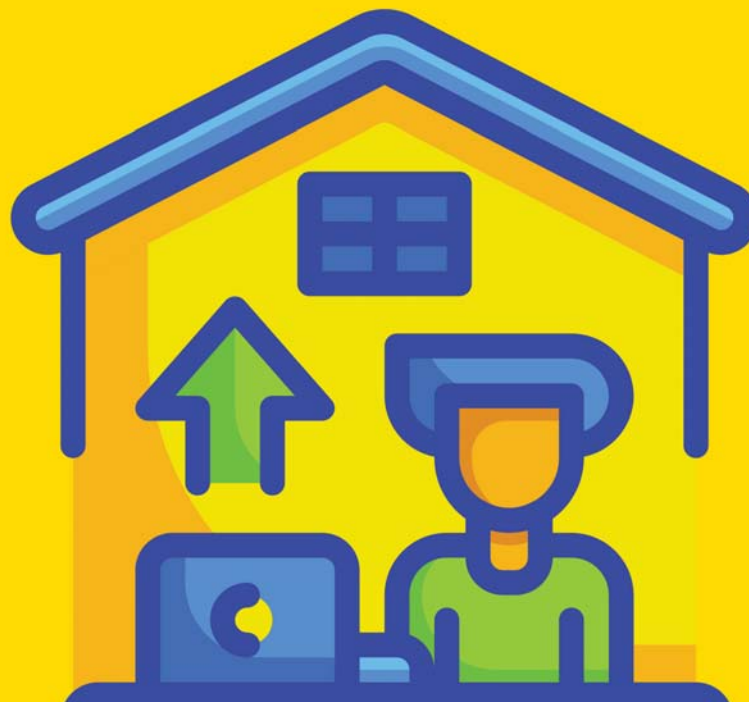
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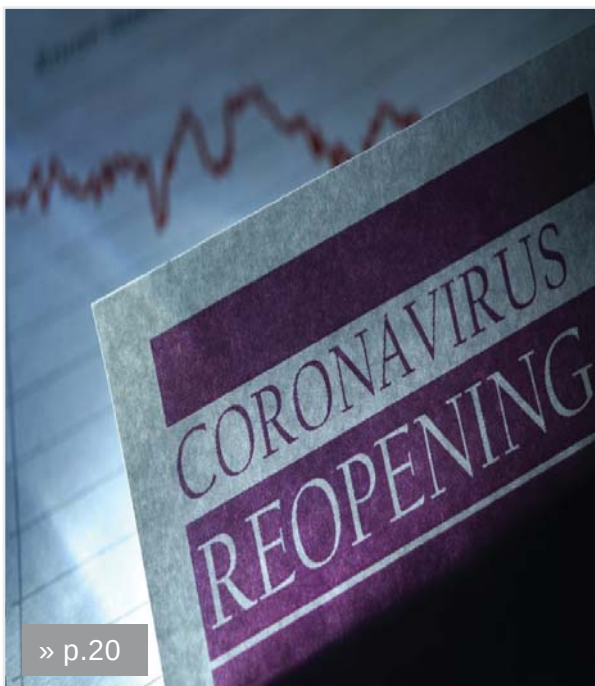
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Visit our website to sign up for members-only access to events and trustee training programs. You'll also find digital copies of our print publications, pension industry studies and research guides, and updates on state and national legislation impacting defined-benefits. It's our way of keeping you informed about Texas public pensions.

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Follow us to see a mix of state and national pension news on the association's Twitter channel.

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## COLUMN



# COVID-19 HAS TEXPERS STAFF AND MEMBERS WORKING IN UNCERTAIN TIMES

by **Paul Brown**  
President, TEXPERS

As I write this column, more cases from the novel coronavirus, a respiratory illness that causes COVID-19, are being reported globally. The staff and Board of Directors of the Texas Association of Public Employee Retirement Systems are monitoring the situation to ensure we address the needs of our members. Some may be infected, quarantined, or isolated due to exposure.

As the community copes with the spread of COVID-19, we hope you and yours are in good health during these stressful times. With that in mind, we hope to keep the dialogue open and stay in touch as we start to move forward for a safe and successful return to normalcy.

We are moving through staggering days, the kind of which many of us have been lucky to have never experienced before. This illness, COVID-19, will

affect everyone — maybe you know a friend who is sick, a family member who has lost their job, or a nurse on the front lines. It's inconsiderate to yourself to think you won't feel emotionally affected. It's okay, it's completely normal to be affected by something like this.

Over the last few weeks, state leaders have taken drastic but necessary actions to halt the spread of this new coronavirus. The state of Texas is directing vendors, volunteers, and those in need to visit [www.texas.gov/covid19](http://www.texas.gov/covid19) for COVID-19 information and resources.

Our world is in turmoil as the US is virtually shut down to prevent the spread of the virus. Americans are stressed, businesses are closed, and unemployment is rampant as people shelter in place. Health concerns are this country's highest priority. As individuals in all walks of life sacrifice normalcy in an attempt to stay safe, concern for the country's economy also is growing.

While we are all social distancing and working remotely, we understand your need to connect with potential business partners. To keep everyone safe, consider live virtual conferences

that combine market information, timely ideas, and industry-specific topics to connect like-minded individuals and companies. This can help expand your reach and connect with potential prospects amidst the world's current climate.

The Association's Board and staff are working remotely at this time, too.

The TEXPERS' Board of Directors held a conference call on Wednesday, March 18, in place of an in-person meeting to comply with state social distancing orders. After much discussion, the board took action to reschedule TEXPERS' Annual Conference in Galveston, ini-

Board staff and board in regards for guidance to the systems regarding upcoming due dates for required annual reports. The following reply is from the executive director of the PRB:

"Given the situation surrounding the COVID crisis is fluid, we promptly responded by first sending out a general communication to our systems back in mid-March, noting that we would work with them to address delays in reporting."

You can read more about this in the magazine.

As a member of this Association, you have a voice. You may be following us on social media,

going to our website, checking emails from TEXPERS, or reading this magazine. We know that every member cannot agree with the decisions that TEXPERS or its leadership makes. Not everyone is going to be happy with every determination

or every resolution. These decisions are made on behalf of the membership. Our job is to protect our members and your retirement.

If any of our system members and affiliate members have questions, please feel free to contact TEXPERS staff or me for assistance. Please, share your thoughts on best practices and directions your plan has made to continue the flow opportunities.

On behalf of the staff and the Board of Directors, thank you for your continued support. Please stay safe and well. ■



*As the community copes with the spread of COVID-19, we hope you and yours are in good health during these stressful times.*

*- Paul Brown, TEXPERS president*

tially scheduled for May. The conference will now be held on Aug. 16-18 in San Antonio and will be held in place of our Educational Conference, which was previously set for that date and location. We did not take this action lightly; much information was obtained in communication with legal counsel, other state affiliate groups and national organizations.

The Board also adopted a resolution extending current terms of board officers due to the spread of the COVID-19 virus and declaration of emergency by federal, state, and local officials. Texas law governing not-for-profit organizations such as TEXPERS permits the exercise of certain powers in times of emergency, including the extension of terms of office when an election cannot be held until the emergency passes.

This action assures the continuation of the business of the Association. The terms of office of all members of TEXPERS' Board of Directors and its officers are extended until the Association can convene and conduct the electoral process as provided in the association's bylaws.

Also, know that TEXPERS has taken the initiative to contact the Texas Pension Review

*Paul Brown*  
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# NEW PLAYBOOKS NEEDED FOR POST-PANDEMIC INVESTING

by Joe Gimenez, Guest Contributor

Investment managers build their strategies on keen observation of the status quo, with projections and assumptions about the future. But when a new, massive change emerges, those strategies must change as well. The trick now is determining what the new normal will be, according to three managers assembled for a recent conference call with journalists.

Craig Stapleton, a senior vice president for Securian Asset Management, says that just months ago world market prices did not in any way predict that the novel coronavirus, the respiratory illness that causes COVID-19, would become a pandemic, shutting down the global economy and dramatically changing the business landscape for 2020 and beyond. So, no one really knows now what the investing horizon looks like. That uncertainty may continue for the next 18-24 months, he says.

Stapleton also says that the recent market volatility has been exacerbated by a lack of risk takers, like market makers and hedge funds who in past downturns might have stemmed the quick downward price movements. He advises that a “stable hand” approach is needed to assess current portfolios and then begin re-positioning assets as a new global economic picture emerges. Portfolios with retail holdings, casino operators, travel and energy concerns will likely be underperformers for some time to come, so the task will be to find replacement investments as new trends in entertainment and world trade emerge. Stapleton is hopeful that warmer weather might tamp down the spread of the virus and that the economic downturn won't be prolonged. He notes that bond yields will continue to be abysmal and that new risk management strategies for equities must be developed.

Clive Gilmore, the CEO of Mondrian Investment Partners, notes how personal this market event is to those who work in them every day. The fear factor is being fed to some degree by managers' knowledge that the virus may impact them or their families, in ways that are totally unpredictable. Gilmore calls the economic disruption a 'revenue event' where some businesses' steady stream of monthly income could trend toward zero. Political dynamics will change as governments will tend toward more socialization and taxes are raised. The past 30 years' development of global supply chains may be re-examined as disruptions emerge.

Norm Conley, the CEO of JAG Capital Management, notes the unprecedented dislocating events in capital markets and how there has been dysfunction in every trading market. On the bright side, Conley believes it is impossible to



overstate the amount of fiscal stimulus which global central bankers have committed to addressing various problems. No one really knows how high the final figures will go. He expects a temporary deep recession because all the instigating factors – stay-at-home orders, border closings, etc. -- are self-imposed and therefore temporary. This recession,

Conly says, is like a valley even though some might think of it as the Grand Canyon. He continues to believe in technology plays, like Microsoft, PayPal, and Amazon, and even semiconductor companies which will benefit from pent-up demand

on the other side of pandemic fears. He points to 5G technology as a major positive feature spurring that demand, even if its rollout is delayed some. Conley believes there are good reasons to believe the world economies will move past this global lockdown. ■

*About the Author: Joe Gimenez is a public relations professional who specializes in pension fund communications. He has assisted TEXPERS and several Texas pension funds in crisis situations and public affairs.*



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# PUBLIC EMPLOYEE PENSION CHECKS WILL SUPPORT TEXAS ECONOMY AS RECESSION LOOMS

by Joe Gimenez, Guest Contributor

The Texas Association of Public Employee Retirement Systems has confirmed that retirement checks for retirees will be delivered on time as expected in coming months and will serve to bolster local economies in the recession likely to occur because of the COVID-19 pandemic.

"Defined benefit plans are the best retirement system for retired public employees, as we are clearly seeing now," says Art Alfaro, the executive director of TEXPERS. "Public sector retirees across the state can count on the monthly retirement checks they earned after decades of service to their communities. Our system members – the 80+ plans for police, firefighters and municipal employees – would report any foreseeable problems to us and so far we have heard of no interruptions to their payments."

The association keeps tabs on its 80-plus member systems' investment portfolios through a yearly survey of asset allocations. Last year's study found that typically the pension systems keep about 1.5 percent of their total portfolio in cash and short-term securities and another 20 percent in bonds.

"Many of our systems' bond portfolios saw 10 percent returns last year, and recent weeks' flight to income-producing investments have seen their bond portfolios appreciate by yet another 8-12 percent in some cases," Alfaro says. "In all likelihood many systems' investment managers are selling some of their bond holdings in order to rebalance portfolios and to raise cash for other investment opportunities or reserves."

Alfaro served as Treasurer for the City of

Austin for 13 years before becoming TEXPERS' executive director in July 2019.

He had served as a Trustee on Austin's three pension systems for police, firefighters and municipal employees. Alfaro was most proud of Austin's receiving and maintaining a AAA municipal bond rating since 2010.

While many people believe that the oil price deflation and COVID-19 economic slowdown could dramatically affect Texas, Alfaro points to reassurances found in a study by the National Institute on Retirement Security, "Pensionomics 2018: Measuring the Economic Impact of DB Pension Expenditures."

Using 2016 data for Texas, the research organization found that the average Texas pension benefit of \$1,956 per month, for 684,826 residents, added \$16.1 billion to the

state's economy. Retirees' expenditures supported 185,087 jobs and supported \$9.7 billion in income to other state residents.

"NIRS found that in a normal economic cycle, pension income accounted for \$29.4 billion in direct, indirect, and induced impact to the Texas economy. As we head into recession, these steady, consistent retirement earnings will support our retirees' families and their local economies," Alfaro says. ■

*About the Author: Joe Gimenez is a public relations professional who specializes in pension fund communications. He has assisted TEXPERS and several Texas pension funds in crisis situations and public affairs.*





# What to Communicate to Pensioners During a Pandemic

## TEXPERS STAFF REPORT



**PAYMENTS**

Reassure your retired members that pension payments will be made on time, in full, as promised



**LONG-TERM INVESTING**

Assert the fund's confidence in its portfolio structure as a long-term investment. Remind pensioners that the fund's investment committee always plans for and expects market downturns.



**DIVERSIFICATION**

Stress to fund members that the fund has a diversified structure and that even while stocks have retreated, other holdings, like bonds, have appreciated in value.

**LIQUIDITY**

Consider adding that your bond holdings provide an additional source of liquidity, both for ensuring pension payments and possible reinvestment in other discounted investment assets.



**AVAILABLE SERVICES**

Inform fund members about the pension office and the availability of staff for any services which members might need. Ask members to cooperate with precautions, like refraining from office visits.



**CONTACT INFORMATION**

Advise fund members of phone numbers and email addresses at which they can contact benefits advisors. Use the fund's website and Facebook pages as places where members can go for more information.



# PRB TO WORK WITH PLANS FACING DELAYS IN MANDATED REPORTING DUE TO PANDEMIC

by Allen Jones, TEXPERS Communications Manager

State and local public pension plans experiencing operational disruptions due to COVID-19, the novel coronavirus causing an outbreak of respiratory illness and workplace shutdowns worldwide, should reach out to the Texas Pension Review Board if state-mandated reporting deadlines cannot be met.

The Pension Review Board recently posted an update to its website stating the state agency understands interruptions caused by the current pandemic may affect the ability of plan administrators to submit reports. However, the message does not provide specifics on how agency staff will be able to work with pension plans.

"We understand that plans may be experiencing disruptions due to COVID-19, which may affect the ability to submit timely reports," the PRB states on its website. "The agency will work with any plans affected to address delays in reporting. Staff is available to assist in any way we can."

State and local public pension plans are facing a May 1 deadline to begin providing an analysis of each retirement system's investment processes. The new report is the result of Senate Bill 322, signed into law by Gov. Greg Abbott on June 10.

The bill requires pension plans to begin reporting how much each fund spends seeking returns through bonds, stocks, hedge funds, real estate, private equity, and cash.

Some TEXPERS members were hoping to have an extension on the new report's deadline, but because it is established by law, Pension Review Board staff are unable to change the reporting deadline.

TEXPERS contacted Texas Pension Review Board staff and board in regards to guidance for the systems regarding upcoming due dates for required annual reports.

The following reply is from the executive director of the PRB:

"Given the situation surrounding the COVID crisis is fluid, we promptly responded by first sending out a general communication to our systems back in mid-March noting that we would work with them to address delays in reporting."

Plan administrators may call the Pension



*Given the situation surrounding the COVID-19 crisis is fluid, we promptly responded by first sending out a general communication to our systems back in mid-March noting that we would work with them to address delays in reporting.*

*- Anumeha Kumar,  
PRB Executive Director*

Review Board's Austin office at 512-463-1736 or visit its website at [www.prb.texas.gov](http://www.prb.texas.gov) to obtain additional information.

*About the Author: Allen Jones is the communications manager for TEXPERS. ■*

## GOVERNOR APPROVES VIRTUAL AND TELEPHONIC OPEN MEETINGS

As Texans work to mitigate the spread of COVID-19, the Gov. Greg Abbott granted the Office of the Attorney General's request for suspension of certain open-meeting statutes.

This temporary suspension allows for telephonic or video conference meetings of governmental bodies, including public pension systems, that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. This temporary suspension will leave important open-meeting protections in place:

- Members of the public will be entitled to participate and address the governmental body during any telephonic or video conference meeting.
- To hold a telephonic or video conference meeting, a governmental body must post a written notice that gives the public a way to participate remotely, such as a toll-free dial-in number, and that includes an electronic copy of any agenda packet that officials will consider at the meeting.
- A governmental body must provide the public with access to a recording of any telephonic or video conference meeting. ■

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# TELECOMMUTING DURING A CRISIS

Tips to help your pension fund's staff work more productively

**BY ALLEN JONES, TEXPERS COMMUNICATIONS MANAGER**







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TELECOMMUTING, OR TELEWORKING, IS A WORK ARRANGEMENT IN WHICH EMPLOYEES DO NOT COMMUTE OR TRAVEL TO A CENTRAL PLACE OF WORK, SUCH AS AN OFFICE BUILDING, WAREHOUSE, OR STORE. THE NEW CORONAVIRUS THAT CAUSES COVID-19 HAS CREATED A PANDEMIC IN WHICH MANY WORKERS AROUND THE WORLD ARE WORKING FROM THEIR HOMES AS THEY ABIDE BY GOVERNMENT IMPOSED ISOLATION REGULATIONS.

As more workers face shelter-in-place orders in their communities to reduce the spread of the novel coronavirus, the respiratory illness that causes COVID-19, public pension systems are maintaining operations by having staff work remotely.

Retirement systems are busy operations. System staff work to administer pension benefits to employees of state and local governments. They communicate with active and retired pensioners, work with vendors to fulfill client services, conduct board meetings, ensure retirement checks are issued, manage investments, and collaborate on various other projects aimed at securing retirement for public employees. That work isn't over, even during a pandemic.

Remote working, or telecommuting, allows a pension plan's professionals to continue doing their work outside of a traditional office setting. During these disrupted times, Texas public pension systems are finding new ways to keep working.

With today's internet-based technology, remote employees can execute their projects and accomplish their goals practically wherever they please. During the current health crisis, that remote place is most likely their own home as they isolate themselves and loved ones from a new respiratory virus that has sickened more than 1.6 million people worldwide (as of April 13).

## Benefits of Remote Working

Remote working isn't a new concept. Technology has allowed various industries around the world to reduce office expenses while claiming improved worker satisfaction. According to the results of a 2017 Gallup survey, more American employees are working remotely and doing so for

more extended periods. At the time, 43 percent of 15,000 adults surveyed said they spent at least some time working remotely. It represented a 4 percent increase since 2012.

Some studies have pointed to increased productivity, lower employee turnover, and even a reduction in auto emissions as people spend fewer hours commuting to and from offices. However, the exact impacts of remote work have yet to be measured across industries and for an extended length of time, according to a report on vox.com.

## Who is Working Remotely, Now?

Regardless if your pension fund's staff were already taking part in the remote work lifestyle, most likely, they are doing it now as governments enact social distancing policy to combat COVID-19. As of April 2, all of Texas is under a stay-at-home mandate that looks to last until April 30. Before then, the governor left stay-at-home orders up to individual counties and cities. That's because many of the state's more rural counties were reporting zero evidence of the disease.

Residents from the Dallas, Houston, Austin and El Paso areas are among some of the first workers in the state to receive orders to stay home unless they are employed in businesses deemed essential such as emergency services, sanitation, trucking, and grocery industries.

## How One Pension Fund is Operating During the Pandemic

Seven out of nine employees of the El Paso Firemen & Policemen's Pension Fund are working remotely, says Tyler Grossman, the retirement plan's executive director. The plan is maintaining regular hours of operation

## MENTAL HEALTH

# STAYING STRESS FREE DURING A CRISIS

This is the first pandemic set in a social media world. It is an unprecedented and stressful time for remote working. Your pension fund's staff are being bombarded with information, and much of it can be frightening. They are facing new ways of working while worrying about panic buying, staying healthy, and trying to communicate with loved ones they may be unable to visit.

Give remote workers time to check on loved ones - even if by phone or email. Allow them flexibility in their schedules so they have time to go get the food and supplies they may need to restock their pantries. Some grocery stores are reporting long lines as they limit the number of people shopping in stores at one time and ask shoppers to stay 6 feet away from each other.

And let your staff feel useful by encouraging them to give back during this pandemic. Some studies show that feeling empowered to do something in times of crisis can help lower stress. Here are a few ways remote workers can give back while social distancing:

## DONATE

Encourage remote workers to collect any extra supplies they have, such as disinfectants, hand sanitizers, paper towels, toilet paper, and bottled water for those in need such as the elderly and the homeless. Several nonprofits are working during the pandemic to locate these items and have set up collection sites. Of course, monetary donations can often be made directly through the websites of nonprofit organizations.



## VOLUNTEER

Many nonprofits are providing services to hard-hit and underserved communities impacted by COVID-19. If they are deemed essential services, through a shelter-in-place order, they may need additional people to help distribute food and emergency supplies.



## ADVOCATE

Ask your staff to consider expanding on their advocacy efforts by being a public voice for additional resources for their communities such as food, economic support, and expanded access to medical care. They can advocate through letter-writing campaigns to area officials, through social media posts, and through everyday verbal communication with family and friends.



and has taken several steps to ensure work continues as normal as possible.

"We took the virus seriously three weeks ago and started to talk about what could happen," Grossman says in a March 25 email to TEXPERS.

What began as casual conversations among administrators and board members turned into a disaster recovery plan. The decision to move to a work-from-home operation was made March 16. The plan's administrators began sending two employees home per day so they could start setting up their telecommuting workstations with computers assigned to each of them by the plan.

"Our board meeting room has 14 standalone computers, which enabled each of our staff members to take one," Grossman says. "Each is fully loaded with all the cyber security protections our office has. Our IT provider already has access to all the computer and can remote in no matter where the computer is located."

The El Paso retirement system utilizes VOIP technology, a telephone system that transmits voice communications over internet protocol networks. That enables the plan's office receptionist to transfer phone calls straight to an employee's computer at their home as if they were sitting at their desk.

The plan also closed the office to member visits and sent letters to members notifying them of the new operations. The El Paso plan also utilizes a web-based pension administration system that is equipped with a self-service portal allowing members to make changes to their accounts without coming into the plan's office.

"The biggest [technological] advantage our pension administration system has is DocuSign," says Grossman. "[The software allows us] to use virtual signatures for all our forms, so no member has to print, sign, notarize, or save anything to a PDF. We can conduct business as usual minus the face-to-face contact. The only thing a member needs is an email address."

Also, the plan's March 19 board meeting was canceled and rescheduled for March 31, due to relaxed Open Meetings Act laws that allow for use of teleconference meetings.

"Our board meetings are paperless, so each trustee has a BoardPaq account to view the agenda and support documents online," Grossman says.

Grossman says travel for staff was canceled through May, as well, to help employees adhere to social distancing mandates.

"To put it mildly, I am grateful our push towards current technology has paid off," Grossman says. "Unfortunately, it is most beneficial during times of crisis but that is why we are fiduciaries. We are bound to take care of the fund no matter what the conditions are. I am sad we are in this situation, but I am happy our members do not have to skip a beat in knowing we are on top of the situation and working as if we have always worked from home."

## Things to Consider While Remote Working During a Pandemic

A number of TEXPERS' member retirement systems are operating much the same way as the El Paso plan – in disruption. Many administrators and staff of public employee retirement plans large and small are working from makeshift workspaces at their homes. Administrators are learning how to remotely supervise employees while staff are learning how to continue their work at a time when face-to-face meetings are not permitted. It's a challenging time for everyone.

Natalie Simpson, an associate professor and chair of operations management and strategy in the University at Buffalo School of Management, also has years of experience volunteering with fire departments. She says there are a few best practices pension system administrators, trustees and staff can learn from first responders – many of the same people they may be working to provide with secure retirements.

"When I was volunteering with fire departments as a professor of operations management, people assumed I was working with the departments to show them how to be more efficient, but that wasn't the case," she says. "I wanted to give back to my community, but I started to realize that businesses could stand to operate more like first responders."

Normally, in business, efficiency and control are the stars operations steer by, Simpson says. Disruption throws people into a different hemisphere where those stars aren't helpful or may no longer be present in the sky above. During emergency situations such as the pandemic, people must navigate differently.

"Unless you have experience with emergencies, the rules for working in this new world will seem unfamiliar and even uncomfortable at first," Simpson says. "The good news is that you only need to follow these rules during the emergency – you can go back to your usual way of working when everything around returns to normal."

In an emergency, people never see the situation from front to back and that can be disorienting. Under normal circumstances, an employee works a 9 to 5 job, comes into an office, and has a team to work beside. Once those conditions are gone, efficiency doesn't mean anything anymore.

For now, Simpson suggests adapting as a situation unfolds. It is what she says emergency crews would do at the scene of a fire, for example. Firefighters evaluate the situation, act, see what worked or didn't, and evolve from there. At a hospital, nurses and doctors triage – they

tackle assignments based on degrees of urgency to get a patient stable.

"Decide what to do next, do it – and then decide what to do from there," Simpson says. "This is known as iterative planning. You will know you're finished when you see everything go back to normal."

It is okay to leave some things alone if the risk outweighs the benefit. For example, having a pension plan employee travel during a health emergency isn't worth the perceived benefit. There are times when circumstances are beyond a person's control and no matter what could be done, the outcome would be bad.

"Sometimes the best thing you can do is nothing, so you don't add yourself to a worsening situation," Simpson says. "For many people, nothing is often the hardest thing to do, so don't be surprised by that challenge."

There is often more than one way to accomplish a task. Under normal situations, the fastest and most efficient way is often chosen.

"Efficiency doesn't mean anything during disruption, so all other ways are back on the table, perfectly credible and ready to be part of your solution," Simpson says. "Also, those options include people in your social network, whom you normally never work with. Think about these folks – they may be able to contribute to your solution now."

Pension plan staff may have to do things in ways that normally they would never do. In an emergency, Simpson says, that is fine.

Staff may still need to collaborate on projects even though they are now separated from each other. That makes keeping an open channel of communication among co-workers critical. Simpson says teams need one clear channel, a forum where only the team communicates, and everyone on the team monitors that channel regardless of whether the last message was addressed to them or not.

Emails often fail in this role, she adds, because there is often a deafening amount of outside chatter mixing in with the team's internal communication.

"Consider group texts (text the entire team even when you ask one teammate a specific question) or setting up a space with a team productivity host like Slack or Microsoft Teams," she

says. "If you were a fire department, this would be your radio, and the rest of the city doesn't get to talk on your radio while you use it to fight your fires."

Make politeness a ritual. Show respect to those you communicate with.

"Pilots, emergency service workers and movie crews are all examples of professionals who often find themselves working with and dependent on somebody they've never met before," Simpson says. "One tip you can carry away from their world is 'ritual politeness.' Make an extra effort to speak in a calm and cheerful manner and take care to address your co-workers in a manner that signals your respect for them as people. This helps create a condition called 'swift trust, the glue that holds temporary, fast-moving teams together.'"



Also, remember to say "please" and "thank you." Doing so, Simpson says, helps clarify transactions. These words help signal requests and let people know they accomplished them.

If there is anything this health crisis is teaching public employee plan administrators, trustees and staff, it is that even as the populace distance themselves physically from each other, there are plenty of ways to carry on with the work of ensuring dedicated police officers, firefighters, and other state and local government employees earn secure retirements.

Simpson says trustees and staff of public pension plans are providing another important service to the community during this health crisis – they are providing a sense of continuity. And that, she says, helps ease some of the anxiety their active and retired pensioners may be feeling during this unprecedented time. ■

*About the Author: Allen Jones is TEXPERS' communications and public relations manager. He has been with the association since 2017.*



# On the Front Lines

## TRS SHIFTS MORE THAN 90% OF EMPLOYEES TO WORK-FROM-HOME

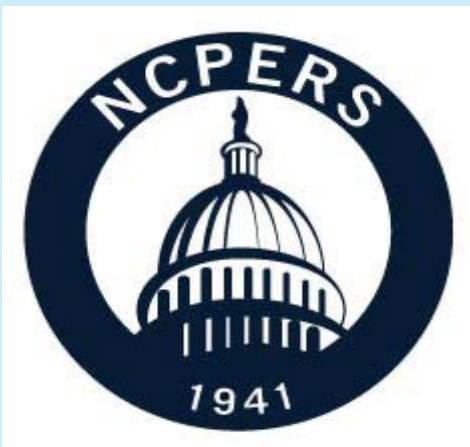
*Editor's Note: Across the US, states and localities are adjusting their practices in response to the outbreak of the new strain of coronavirus, COVID-19. The National Conference on Public Employee Retirement Systems, of which TEXPERS is a member, is reaching out to public employee retirement system leaders to understand how their organizations are being impacted, and to gain their insights into what the outbreak means for plan participants and employees. This article, part of NCPERS' "On the Front Lines" series, is a reprint of a blog post that appeared on [www.ncpers.org](http://www.ncpers.org).*

**T**eachers Retirement System of Texas has shifted more than 90 percent of its 800 employees to work-from-home arrangements since the Covid-19 outbreak took hold in March. The largest pension fund in Texas, TRS serves 1.6 million members across the state and manages approximately \$150 billion in assets.

Executive Director Brian Guthrie says that while no transition is truly seamless, the disruptions have been less challenging than expected. TRS uses videoconferencing to enable teams to collaborate and managers to lead, using different platforms depending on specific needs.

"A byproduct of this is that more and more people are going to be working from home in the future," Guthrie said. "That has implications for our long-term facilities planning. We never anticipated more than 25 percent of the workforce operating remotely, but we should see a larger percentage going forward."

When the city of Austin issued a



shelter-in-place order on March 24, it technically did not impact state agencies. However, Guthrie said, TRS made the decision to abide by the spirit of the order, Guthrie said. (A statewide stay-at-home order took effect April 2.)

In short order, everyone but 60 to 70 employees was operating from home. Those who remain at work in TRS's two Austin office buildings include people who handle the mail, those who manually process retirement applications, building security and maintenance teams. "We have a number of manual processes, and we are working every day to minimize those," he said.

Changes also coming to the board room. TRS's April board of trustees meeting is usually a two-day affair. Instead, it will be meeting virtually for approximately six hours on a Friday. While TRS has been streaming board meetings via the web, it required permission from the state to conduct a virtual board meeting by video. While a few people will be in the conference room, most of the nine trustees participate via video, as will

most presenters.

While shifting to a video board meeting is a big change, TRS has grown comfortable with the technology, Guthrie said. "We have been using videoconferencing for the past year or two because we opened a small office in London and needed a way to incorporate them into our investment meetings," Guthrie said. "We've also used it on a limited basis in board meetings when we had a presenter who couldn't make a trip." He has fielded calls from smaller retirement systems to discuss how such technology has worked for TRS.

While TRS employees adapt to a different way of working, TRS has also had to be flexible, given the extraordinary demands the Covid-19 outbreak has placed on home life. "We are allowing flex time and flexible schedules so people can work on weekends and in the evening to balance out other responsibilities," such as child care while schools are closed and day care arrangements are disrupted.

Technology shifts that have been under way at TRS for some time helped with the transition, Guthrie said. For example, TRS has moved away from having tower PCs in the workplace. Instead, employees have laptop that dock to a monitor at their desk, and that made work more portable. The Covid-19 outbreak coincided with the spring break from most schools in Texas. Teachers planning for retirement often take advantage of spring break to schedule visits to the TRS office, so the organization had a full slate of in-person appointments scheduled for the month of March. TRS asked them to reschedule to a later date or participate in a video conference that could be conducted from a smartphone. TRS also runs seminars across



the state, typically attended by 30 to 50 members. All of those had to be cancelled, and they will be rescheduled for later in the year.

TRS also put energy into creating an informative section on its website that includes a video for members that provides assurance that their retirement assets are safe. “Just because the market is down doesn’t mean their annuities are at risk,” Guthrie said. Social media has also been important. Guthrie has participated in Facebook Live events so that members can hear from him in person.

Guthrie said there are similarities between today’s crisis and member responses to the global financial crisis of 2008. “Back then, the main thing members were concerned about was, Will I get my check every month? Will I get my health care? We are doing everything to reassure them that there won’t be disruptions.”

When the Covid-19 threat has passed, pension systems will inevitably undertake reviews of their continuity of operations plans. Guthrie says that while the plan has operated well for the most part, some tweaks will be needed.

“We had contemplated natural disasters and weather events that

would displace us. But this situation—where the headquarters is fine, but we can’t go there—was something no one anticipated,” Guthrie said. “You usually assume there will be a limited time of working from home and then you’ll transition secondary location,” he added, but that transition isn’t feasible when social distancing is the goal.

“We need to contemplate what the workplace will look like a year from now and how does it look long-term,” Guthrie said. “Is working from home something we would prefer to do? Are we more efficient this way, or is it more efficient to be in an office together?”

One nut that still needs to be cracked is that many pension systems have manual processes, and automating them fully will require internal changes to systems, Guthrie added. Systems also need to be sensitive to what their memberships will and won’t accept. “We still have a fax machine,” and even though it gets light use, it’s there because TRS has decided to accommodate all forms, even paper ones that are faxed. “We continue to need to be able to offer our members paper forms they can fill out and sent to us until our population tells us they don’t need that option.” ■

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A photograph of the Austin skyline at dusk, with several skyscrapers illuminated. The buildings are reflected in the calm water of a river in the foreground. The sky is a mix of blue and grey, suggesting twilight. The overall mood is serene and professional.

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A logo for the 2020 'We Hire Vets' initiative. It features a blue outline of the state of Texas. Inside the outline, the text '2020' is written in white, followed by a white star and the words 'WE HIRE VETS' in white capital letters. A red and white diagonal banner is positioned behind the '2020' text.



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## STRATEGIC MANAGEMENT



# 3 THINGS TO DO NOW TO GET READY FOR THE REOPENING OF YOUR PENSION PLAN'S OFFICE

by **Allen Jones**  
TEXPERS Communications Manager



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THERE HAS BEEN A LOT OF TALK REGARDING THE REOPENING OF THE US ECONOMY. EARLIER THIS MONTH, PRESIDENT DONALD TRUMP'S ADMINISTRATION OUTLINED ITS SUGGESTIONS TO GET THE COUNTRY BACK OPEN FOR BUSINESS, BUT THE PLAN LEAVES MOST ACTION UP TO GOVERNORS. ALTHOUGH AN EXACT PLAN WASN'T ANNOUNCED AT PRESS TIME, THERE ARE A FEW THINGS PUBLIC PENSION PLAN ADMINISTRATORS AND TRUSTEES CAN DO NOW TO GET READY FOR A POST-CORONAVIRUS WORLD.

The president's administration on April 16 released guidelines to "Opening Up America Again," which are to help governors determine their ability to restart their economies.

The guidelines outline three separate phases for individuals and employers with regional criteria before proceeding to a phased opening. The following day, Gov. Greg Abbott announced his executive order to reopen Texas in stages, including opening state parks and

stores for retail to-go sales, as well as allowing some elective medical procedures. The governor says plans to reopen must be guided by data and by doctors to put the health and safety of Texans first. Additional policies were to be released on April 27.

Although no one knows when Texas will be fully open for business, now is a good time for public pension plan administrators to start planning on the reopening of their offices and how they will keep their employees healthy and

productive. TEXPERS reached out to David Barron, a labor and employment attorney with Cozen O'Connor, a national law firm that has offices in Dallas and Houston, to find out what our pension system members should be thinking about in preparing to reopen their offices.

"Even though we don't know when this is going to be allowed to happen, employers should already be thinking about what they're going to do once their offices are open," Barron says. "There's going to be significant changes to the



workplace; it won't go back to the way things were before. And government plans to reopen may be different regionally or state to state. But I wouldn't be surprised to see social distancing continue in some form."

When business in Texas reopens will most likely depend on individual jurisdictions and the nature of business, Barron says. Employers should look to health departments and government for guidance on when to return to the office and for safety guidelines. Pension plan administrators and trustees can monitor the websites of their county and municipal health departments as well as the Texas Department of State Health Services at [www.dshs.texas.gov](http://www.dshs.texas.gov). Another state resource is the website of the Texas governor's office at [www.gov.texas.gov](http://www.gov.texas.gov).

Here are three steps Barron recommends pension system administrators or trustees can take now to get ready for the day when they can reopen their offices:



### Step 1: Enact Social Distancing Policy

The world is changing because of COVID-19, Barron says, and that includes how business is conducted as people continue to social distance themselves – something that could last for a year or more.

Plan administrators should consider what their office environment would look like with social distancing measures still in place. For example, desks and workstations are going to be spread further apart.

What would it take to keep staff apart while in the office?

Some questions to ask yourself: How can an office reduce customer visits? Are cubicles too close together? Should there be staggered lunchtimes? Should a certain percentage of your staff continue to work from home – especially those who are most vulnerable? Should you close off common areas such as lunch and break rooms? Should you continue utilizing video or audio conferences instead of group meetings? Should travel continue to be restricted?



### Step 2: Assess Workplace Precautions

Employers will need to be more conscious of the health of their employees.

"We are still going to have people getting sick," Barron says. "Public pension systems are essentially white-collar office environments. You can do employee and temperature scans. The CDC recommends being vigilant by keeping sick people out of offices."

Workplaces will need to increase sanitation and provide employees with antibacterial wipes, soap, and hand sanitizer. Management should consider instituting extra time for employees to clean their workstations, including high-touch objects such as touchscreen laptops, smartphone screens, and tablet devices; and computer peripherals such as keyboards, mice, touchscreen monitors, and printers. If your office has an IT, building maintenance, or cleaning team, find out what steps they will take to sanitize the workplace. They may want to focus on high-touch areas in offices such as doorknobs, arms of reception area chairs, elevator buttons, stair railings, common area telephones, restroom surfaces, coffee pot handles or dispensers, and water cooler handles.

Also, employers might consider if wearing face masks will be mandatory in common areas and if it will be okay for employees to take their masks off in the confines of their personal offices.

Pension plan administrators also need to think about what they will do if an employee becomes sick, Barron says. He says administrators should become familiar with workplace regulations and laws as contracting COVID-19 on the job could make an employer responsible and open them to lawsuits. He suggests following the Occupational Safety and Health Administration standards as well as the Americans with Disabilities Act and the Families First Coronavirus Response Act.

"And what if an employee feels uncomfortable returning to the office yet?" Barron says. "Management may have to make accommodations. And they will need to consider some of

their more vulnerable employees – those with underlying health conditions that make them more susceptible to contracting viruses, such as those with heart or lung conditions, cancer, or other autoimmune disorders. An employee might live with a loved one who has a compromised immune system. If work can be done remotely, then allow them to continue doing so. If that's not possible, look at your benefits package and see if you can arrange a leave of absence."



### Step 3: Consider Changing Staffing and Training

COVID-19 is changing the way the world does business, including how companies and organizations staff their offices, hire and train new employees. Barron says pension system administrators and trustees will need to take a hard look at the number of employees they currently have. Business may not snap back to the way things were before. Management needs to determine if they can operate with the same number of employees, less or even consider if they need more employees.

Social distancing will probably change how new employees are hired and trained, too. Management will need to consider new ways of doing new hire interviews, possibly mainly over phone and video. And training programs that utilize group training will most likely need to follow the same route.

"Luckily, there is technology available to help with these things," Barron said.

Regardless of when businesses open back up in Texas, one thing is sure, it won't be business as usual. Attitudes about coming into the office sick will have to change, Barron says. And as organizations see remote work policies working, it likely means even in a post-pandemic world; operations may realize they no longer need expensive office spaces. ■

*About the Author; Allen Jones is the communications and public relations manager for TEXPERS. He has been with the association since 2017. Contact him at [allen@texpers.org](mailto:allen@texpers.org).*

## PERSONAL DEVELOPMENT



by **Kuriko Wong**  
Guest Contributor

# WHAT YOGA AND MINDFULNESS TEACHES US ABOUT LEADERSHIP

Several years ago, as I sat in front of my office computer, I caught myself taking ujjayi breaths. Translated from Sanskrit as victorious, ujjayi pranayama (breathing) is a common technique used in the physical yoga practice, believed to energize the body and calm the mind.

Like many Americans, I was experiencing the height of work-induced stress. Newly promoted, I had taken on new, important responsibilities while juggling old ones and pulling long hours. Perhaps, my inner wisdom — or more likely, the well-circulated medical advice — sounded the alarm that if I didn't take care of myself, I could break.

That's why a few months before I took yogic breaths at my desk, I found myself on a mat in a yoga studio trying to exercise for the first time. It was not for my fitness but for my mental wellbeing.

Yoga, which roughly translates as "union," is meant to connect the body, mind and spirit. Of course, I didn't know what that meant to me then. I just wanted a relief that seemed healthy, law-abiding, and affordable enough. Searching for refuge, I'd also been reading about meditation and its stress-reducing benefits. Memorably, I read the best-selling "10 Percent Happier" by Dan Harris, a journalist and self-proclaimed skeptic-turned-meditation-evangelist, following his panic attack live on ABC's "Good Morning America."

Since then, I have become a certified yoga teacher and a daily meditator. This journey has taken me well beyond stress-reduction to many profound teachings applicable to leadership and life.

## Knowing Our Limits

It took no time to see my limits on the yoga mat, and it usually doesn't take long for first-timers to come to the same realization. New practitioners' bodies often don't cooperate when they try to mimic the poses of experienced yogis with their strength and flexibility. This may feel discouraging or frustrating but can also be humbling and lead to important leadership lessons.

First, humility is a refreshing and welcome characteristic in leaders. By accepting our

inabilities and imperfections, we can also give grace to others when they fall short. In my organization, we talk about "assuming positive intent" on our teams. Coming to terms with my shortcomings helps me to avoid assuming malice or neglect and recognize that there could be many reasons why coworkers don't act in ways I expect.

Knowing our limits is not about giving up on ourselves, but rather having the courage to acknowledge where we are today. The sooner we can do that, the more time and energy we have left to channel our resources, creativity, and problem-solving skills to find alternatives. Fortunately, we don't each have to be the perfect, multifaceted symbol of leadership.

A responsible leader also knows how much they have to give, even to a mission she cares deeply about. If we deny our own needs and continue to push through, the deficit eventually comes back to bite us. It's worth remembering our limits aren't permanent. As most yogis experience, over time with practice, their bodies change, and so do their boundaries. Leadership basics tell us benchmarking is an essential first step to improvement.

## Knowing What's Happening

The aim of mindfulness meditation, a type popular in secular settings, is to see things in the present moment clearly without judgment. That sounds simple, but it isn't easy.

Most people that have attempted to meditate quickly realize how frustratingly busy their minds are. Counter-intuitively, that's good news. Bearing witness to the rises of our thoughts, feelings, and sensations — albeit sometimes unpleasant — is the practice, and those are the moments our thoughts do not otherwise absorb us.

The ability to take an accurate account of what's happening is critical for leaders. But, as the famous leadership book author Stephen Covey said: "We see the world, not as it is, but as we are conditioned to 'see' it," our ingrained patterns of thinking are powerful. We often resort to outsizing challenges or wishfully underestimating problems when convenient. Earlier in my career, I'd submit each project deliverable with fierce meticulousness as if my life depended on it. It did not.

## Breathing Through the Discomfort

"Seek first to understand then be understood," are other wise words by Covey, but ignoring our urge, whether to speak first or scratch an itch, feels bad. Our first instinct is so convincing that we may get fooled and think we have no other choice but to give in.

Taking a minute to breathe helps us reset, giving us margin to think more clearly and respond wisely. Today, teams increasingly look to leaders to exercise their emotional intelligence and compassion, and we need to center ourselves and apply our mental resources where they're needed.

Some yoga poses feel hard, and we want to get out of them. Whenever I felt anxious or angry, I often would think that I made a mistake or there was something wrong with me. The so-called "negative" emotions feel unpleasant in our bodies, and we tend to want to push them away. But, they're neither good nor bad and are a normal part of our lives. If we can consciously breathe and observe these feelings non-judgmentally, we can notice they're just emotions and sensations.

## Deepening Our Self-Knowledge

Above all, my journey as a yoga and meditation practitioner has taught me more about myself as a leader, colleague, friend, family member and a citizen of this world.

I've asked myself big questions I'd never thought to ask, challenged myself to question my familiar thought patterns, and dug into the why behind my feelings.

The new self-knowledge helps me ground myself as I encounter others. Despite the in-depth exploration thus far, however, I know I have much more to go. But, after all, I've come to believe that's what life is about — learning and re-learning who we are. ■

*About the Author: Kuriko Wong is a certified yoga instructor and a public relations and communications professional based in Houston. She teaches yoga and chair yoga in corporate and community settings.*

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