**OSURA Executive Board Meeting Minutes**

Tuesday, September 14 2021

Zoom Conference Meeting

Present: Lynne Bonenberger, Sandra Bell, Karen Bruns, Sue Burge, David Crawford, Jerry Dare, Sally Dellinger, Evie Freeman, Rai Goerler, Michele Hobbs, Gemma McLuckie, Harold Moellering, Jerry Newsom, Hallan Noltimier, Marie Taris, Darian Torrance, Elenore Zeller Alabelle Zghoul. This constitutes a quorum of the Board. Also attending was Michele Bondurant

The meeting was called to order by President Gemma McLuckie at 9:40 AM.

Approval of August 8, 2021 Board Minutes: A motion was made by Hal Noltimier and seconded by Carol Newcomb to approve the August 8, 2021 minutes. Motion passed.

**Treasurer’s Report** – Nancy Ingold reported the following:

OSURA Summary of Investment and Related Cash Accounts For the Month ended July 31, 2021 Cash Principal Cash Principal Account Balances, 6/30/21 498,244 16,353 25,292 29 159,461 2,910 294,200 Increase (Decrease) in Checking (1,046.99) (1,047) . Investment - Life Memberships - Investment - Donations - Transfers - Earnings 20,627 7,286 13,341 Withdrawals - Account Balances,7/31/21 517,824 15,306 25,292 7,315 159,461 16,251 294,200 Less: Checking Account 15,306 Subtotal 502,518 Less: Investment Cash Accounts (48,858) Total Investment Accounts 453,661 These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them. Substantially all disclosures and the Statement of Cash Flows are omitted. These financial statements are in accordance with accounting principles generally accepted in the United States of America. TOTAL Fifth Third Bank Checking Account, OSU DEVELOPMENT FUND Endowment, Quasi Endowment Fifth Third Bank Savings Account.

**Filling Vacancies**:

The following committees need new chairs replaced: Travel (Alabelle Zghoul), Social (Elenore Zeller), Web Master (Sally Dellinger) and a replacement for the secretary (Michele Hobbs).

Report of Committees:

**Benefits Committee**:

**Personals and Update from Chair Newcomb-Alutto—**Carol introduced the new membesr of the Benefits Committee, including:

Sandy Bell – new representatiave for the Membership Committee (replacing Devb Zang)

Marilyn Blackwell – New represenative for FCBC (Replacing Hal Moellering)

Darian Torrance – New representative for OSURA (replacing Bev Maselli)

Carol also annonunced that the first OSURA Dinner Series event in over a year is scheduled for October 28. Rick Hermann, Social and Behavioral Sciences Distinguished Professor Emeritus, will present on the topic of “The Middle East: Where to next?”

**Update from President Gemma McLuckie—**Gemma was unable to join the zoombut sent a short text announcing that Alabelle Zghoul will be retiring as chair of the Travel committee in January and that Marilyn Blackwell has been confirmed for the open Faculty Compensation and Benefits Committee (FCBC) position; that the board meeting will be via zoom for September but return to in-person in October; and that the *New York Time*s reported that the daily risk of vaccinated people getting a breakthrough Covid infection is 1 in 5,000.

**Elder Care – Meg Teaford** shared arecentreport from the world Health Organization (WHO) highlighting the international problems of dementia. The report calls for countries around the world to develop (or update) national strategies to help dementia patients and their caregivers. The U.S. has a plan developed in 2010, and is updating annually. The 2020 update highlights the significant impact of Covid-19 upon those with dementia and their caregivers. “For example, at least 80,000+ persons living in nursing homes died of COVID-19 last year. Given the crowded nature of such facilities and caregivers who care for many residents daily, it is not surprising that the disease spread quickly there.” Currently, 5.1 million older Americans are living with dementia: about 2/3 are older women and 1/3 older men. Older African Americans and Hispanics are more likely to suffer from Alzheimer’s than their white peers. It is the sixth leading cause of death. Family and friends provide an estimated $17.9 billion in unpaid care yearly. Over 60% of the caregivers report that they are highly stressed.

**Financial Matters – Doug Jones’** report indicated that there has been a surprising and deep drop in last month’s hiring report -- 235,000 which is half of what was expected.  Delta variant surge is probably a large part of the explanation. Still, a 5.2% unemployment rate is a very good number at this time in the recovery. Consumer spending was down to 4.5% for the third quarter, a sharp deceleration from the 11.8% rate seen in the second quarter. On the inflation front the Federal Reserve and many economists are confident that most of the pricing pressures will moderate as the labor market and supply chains return to normal.  The Consumer Price Index is up 5.4% from a year ago overall, but some components have risen much higher, e.g., gasoline and used cars 45% and car and truck rentals 88%.  On the bright side the betting is that the annual cost-of-living adjustment for Social Security benefits for 2022 might be as high as 6%, which would be the largest jump since 1982.

**Budget/Finance** – Jerry Newsom reported the following: We are in good shape. Have a very strong return in endowment earnings in FY 2021.

**Annual Conference**: Sally Dellinger reported the following:

There are 180 people registered to attend, and OPERS will be sending a representative.

**Membership Committee** – Sandra Bell reported the following:

There are 2,442 members and will have a table at the Conference for participants to renew their membership.

**Social Committee** – Elenore Zeller reported the following:

The Social Committee has planned two programs which will be presented this fall. The first will be in November, and the second in December. Both of these programs will be virtual via Z00M. Details are below. If the virus numbers improve, we are hoping to have in person luncheons next year starting in January. We will keep you informed.

November 3, 2021 (Wednesday) at 11:30 a.m.

Topic: Campus Construction

Speaker: Keith Myers, Vice-President Construction Planning. Members will be given information about the purpose of construction on campus and how it will enhance the area.

December 2, 2021 (Thursday) at 11:30 a.m.

Topic: Football rally OSURA style

Speaker: Jeff Logan, Former Co-Captain OSU Buckeyes and TV sports color analyst. Members will enjoy an exciting talk about football immediately before the play-offs. A bit of Holiday Cheer will be included.

**Cultural Arts and Travel Committee** – Alabelle Zghoul reported the following:

Marietta and the Ohio River Riverboat Tour –we have 50 registrants. The Trip went very well; we have gotten a lot of complements.

Union Terminal and Cincinnati Reds Stadium Tours –cancelled since nobody had returned our call from the Union Terminal

Underground Railroad in Ripley, Ohio-The Trip will be this Thursday, September 16, 2021, we have 36 registrants

Amish Adventure Trip- November 4, 2021 so far we have 10 registrants deadline to register is October 25th.

La Comedia-December 10, 2021- I’m still waiting for the contract from them.

**The Greece Trip is scheduled for October 3-17, 2021**. From 30 registrants, it went down to 13. A lot of people cancelled because of uncertainty with the pandemic.

**Cultural Arts Committee**

Marilyn Blackwell will handle Ballet Met this year.

Ohio State University Veterinary Medical Center Tour - November 19, 2021 10AM.

We will have our combined in person meeting on September 27, 2021.

There are new members of both CA and Travel Committees.

Regina Harper and Evelyn Freeman for CA.

Judith Brandt and Mary Maloney for Travel

**Bucks for Charity** – David Crawford reported the following:

The campaign started on September 16 and goes until November 5, 2021. The goal for retirees will be the same as 2020, which was a near record year.

**Campus Campaign**

The event will be held in the RPAC at 9:30 am prior to the noon kickoff with Maryland. The cost is a discounted rate of $25 for OSURA members.

**STRS Report** – Jerry Newsom reported the following:

Bill Neville, STRS Executive Director, was at the HPA meeting on 10 June 2021, and since compensation paid to investment staff has been heavily criticized, I asked him how I could see the comparison of salaries paid to investment staff by STRS vs. the private sector. He referred me to a policy statement [Performance-Based Incentive Compensation], which I requested and received from STRS. The relevant section says “the total compensation (base salary and Incentive Compensation) for PBI (Performance-Based Incentive)-eligible investment associates ... will utilize the benchmark of the median compensation of a blended peer group weighted 50% of large/leading public funds and 50% to national private sector firms. The Executive Director is responsible for ensuring this objective is met ...” The wording could use a bit of tightening up, but Neville said the compensation for investment staff is set by this guidance. However, with the PBI bonuses determined by how well the investment fund does (both absolute and relative return are included), PBI should go up in a good year but the median compensation of the comparison group seems unlikely to be available when the PBI is determined, so I don’t see how STRS can maintain their goal.

Projected total returns for FY 2022 are 6.84%, with a standard deviation of 14.46%, meaning there’s a 68% chance the returns will be between -8% and +21%. So that just tells us is they don’t expect a major recession in the next year. The Board voted to reduce the assumed rate of return for the next decade to 7.00%, although again on a split vote, with two members wanting a lower number and one wanting the 7.45% to continue for at least another year. The annual investment plan, which guides investment staff, was adopted for the coming year.

While predictions are sobering, reality for fiscal year 2021 continues remarkably good, with a total fund return of 27.01% through the end of May (that is 1.25% above the benchmark; the return was later updated to 29.28% for FY 2021 or 29.16% after all expenses were deducted). The year 1983 was the last time returns were this good. S&P 500 index funds were up 38.4% for the fiscal year. Of course, there is a connection between the high returns this fiscal year and lower returns expected in future years.

The Ohio Retirement Study Council (ORSC) met on **12 August 2021**, televised on ohiochannel.org. The business was to select which firms would do the actuarial audit and fiduciary audit of STRS and the retirement systems for the Highway Patrol and the Police and Firefighters. There was quick consensus; the STRS Actuarial Audit will be done by PTA/KMS for $99,109 and the Fiduciary Audit will be done by Funston for $759,000. (ORSC sends the bills to STRS.) It was noted in passing that STRS had been in the media recently. At the meeting’s end, a legislator brought up the Siedle report and asked about having it discussed at a future meeting, since she was getting communications about it. The Chair (Rep. Carfagna) felt the upcoming audits would provide relevant information if there were problems with STRS. When Gary Russell from STRS was asked about Siedle’s report, he said STRS would be responding at the 19 August Board meeting.

The 4% of salary increase in contribution by actives is more than the retirees’ loss of 2% or 3% of pension in the first year, but the loss of COLA costs retirees an increasing amount every year. After five years of no COLAs, one can make the case that retirees are bearing too large a share of the burden. But active teachers have a good case too. The “normal cost,” calculated by actuarial consultants, is the amount of a contribution to a retirement fund that is needed to pay for that person’s eventual pension; presumably it will be recalculated once consultants fold in the recently lowered expected return on investments. It’s not a hard and fast number, being heavily dependent on factors such as anticipated return on future investments. The graph below, using data collected by Boston College, shows the normal cost for many public pension plans across the country vs. the employee contribution to the fund. (I’m not sure that things were always calculated the same way for every fund, but still, it’s a useful comparison.) I added a line showing where employee contributions exactly equal the normal cost, and in nearly every fund the normal cost exceeds the employee contribution (i.e., the typical employee gets more from a pension than they paid in). One point is slightly below the line (that’s the School Employees Retirement System of Ohio) and one point is well below the line (that’s STRS Ohio). Why does STRS stand out like that? Partly it’s because teacher contributions are much higher than for nearly all other public pension funds, with less reliance on higher employer contributions as is done in other states.

**HPA meeting** on 9 September 2021-

Bill Neville, STRS Executive Director, reported that Alternative Investments had a net return of 45% last fiscal year, with Private Equity returning 64.5%. Siedle’s original report focused a lot on Alternatives, claiming that Alternatives had “massively underperformed,” so pointing out how spectacularly Alternatives did for STRS last fiscal year was likely a rebuttal to Siedle’s claim. Neville also noted that STRS will be doing their Asset-Liability study soon, where the Board decides on how investments should be allocated (how much to domestic stocks, etc.). Neville also agreed with the Chairman of ORSC that if allegations contained in Siedle’s report are valid, the fiduciary audit being undertaken by ORSC will find them.

**Next meeting is by Zoom on October 12, 2021**

Meeting adjourned at 11:30 AM.

Michele Hobbs, Secretary