



MOSAIC
Governance Advisors

Strategic Plan Continuation: Second Reading

TMRS Board of Trustees

October 25, 2017

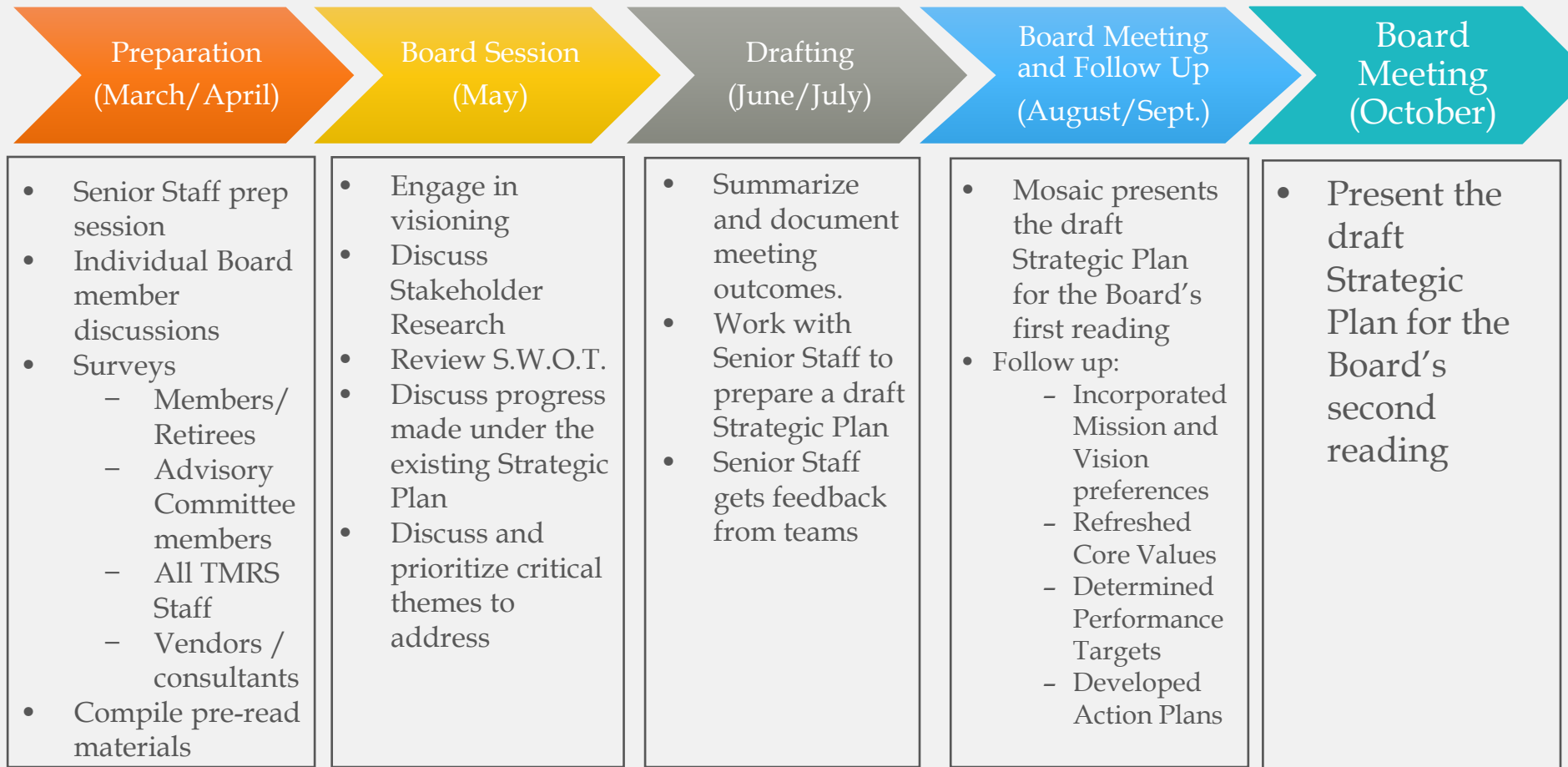


Agenda

- Recap of the Strategic Planning Process and Activities Undertaken to Date
- Feedback Discussion
 - #1: Mission and Vision Alternatives
 - #2: New Proposed Core Values
 - #3: Goals, Objectives, Timing and Performance Measures
 - #4: Implementation and Reporting
- Closing Comments and Next Steps

Process Timeline and Activities

Where Are We Now?



Translating the Board's Feedback

W H A T / W H E N

High-level strategic direction:

- What is our purpose?
- Where are we going?
- What actions are needed to get there?
- What are the Board's expectations?

- Mission and Vision Statement
- Goals & Objectives
 - Carry Over Objectives
 - Critical Issues
- Timing
- Performance Measures

More detailed direction:

- What should be looked into?

H O W / W H O

- Strategies and Action Plans (Staff Management Tool)

Goal 4: Transform the TMRS culture to one of innovation, collaboration, and open communication.

Objective C: Elevate employee engagement levels across the organization.

Strategies/Action Plans	Responsibility	Start Date	End Date
1. INSERT	Name of Person(s)	Mo/ Yr	Mo/ Yr
2. INSERT			
3. INSERT			
4. INSERT			
5. INSERT			

Performance Measure:

Target:

Activities Undertaken as a Result of the First Reading

- Incorporated Board feedback regarding the Mission and Vision Statements
- Developed new Core Values (vis-à-vis the Engagement Taskforce)
- Developed specific targets for the Performance Measures
- Proposed a schedule to address the 2018 Strategic Plan objectives

*Today's discussion is structured as an information item.
We are seeking additional feedback and input from the Board.*

Key Documents for Today's Discussion

Red-lined Draft Strategic Plan

2018 Preliminary Board/Committee Workplan



TEXAS MUNICIPAL RETIREMENT SYSTEM Proposed 2018 Board Work Plan - Full Board								
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Plan Overview	Executive Director Update	Executive Director Update; Executive Director and Staff Reports	Executive Director Update	Executive Director Update; Executive Director and Staff Reports	Executive Director Update	Executive Director Update; Executive Director and Staff Reports	Executive Director Update	Executive Director Update; Executive Director and Staff Reports
Investments	Private Equity Manager Search Recommendations (2)	Real Estate Manager Search Recommendations (2)	Private Equity Manager Search Recommendations (2)	Real Return Manager Search Recommendations (3)	Private Equity Manager Search Recommendations (2); Investment Program Transition Management; Provider Search Recommendations	Private Equity Consultant Search; Absolute Return Consultant Search; Real Return Consultant Search	Real Estate Manager Search Recommendations (2); Real Return Manager Search Recommendations (3)	Private Equity Manager Search Recommendations (2)
	Portfolio Risk Report	Fixed Income Asset Class and Securities Lending Annual Review	Annual Economic Outlook Presentation	Asset Allocation Study	Real Estate Asset Class and Real Return Asset Class	Absolute Return Annual Asset Class Review	Private Equity Asset Class Annual Review	Public Equity Asset Class Annual Review
	Investment Staff Quarterly Report / Asset Class Updates	RVK Quarterly Investment Report	Investment Staff Quarterly Report / Asset Class Updates	RVK Quarterly Investment Report	Investment Staff Quarterly Report / Asset Class Updates	RVK Quarterly Investment Report	Investment Staff Quarterly Report / Asset Class Updates	2019 Systemwide Pacing Plan; Annual IPS Review; RVK Quarterly Report
	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update
Funding & Actuarial Matters		2017 Interest Credit Allocation to the Benefit Accumulation Fund and Interest Reserve Account	2017 Actuarial Valuation and Approval of 2019 Contribution Rates and Supplemental Death Benefit Contribution Rates			Actuarial Services Contract Recommendation		
Operations & Finance/Accounting		External Audit Plan for 2017 and Service Organizational Control		2017 External Audit Results and Audit Report; 2018 CAFR; SOC-1 Report	Selection of External Auditor		2019 Preliminary Operating Budget	2019 Proposed Operating Budget; Transferring Moneys from Interest Reserve Account to Expense Fund; 2019 Audit Plan
Benefits & Services	Ratification of Ordinances Adopting USC and/or Annually Increases Effective 1/1/19							
Governance/Trustee Education	TMRS Trustee Orientation/Training; Strategic Plan Update		Public Pension Trends Presentation		Board Self-Assessment	TMRS Trustee Orientation/Training; 2019 Board Meeting Dates and Locations; Strategic Plan Update		Appointments to the Advisory Committee; Election of Board Officers; Annual Fiduciary and Ethics Education



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Feedback Discussion 1

Mission Statement Alternatives

August Discussion Recap -- Mission Statement

- In August, the Board reviewed four possible Mission Statement Alternatives
- There was not a clear favorite; however, two preferences emerged:
 - We serve our members by making retirement secure, sustainable, and understandable
 - Making retirement secure, sustainable, and understandable
- Board direction was to refine the concepts

August Discussion Recap -- Mission Statement *(cont'd)*

- The following words were requested to be considered for possible inclusion:
 - Reliable or dependable
 - Attainable
 - Stakeholders
- Additional preferences captured:
 - “Sustainable” felt too much like a buzz word, but overall the Board liked what the word conveys or implies;
 - The word “understandable” didn’t resonate with the Board;
 - Preference for “retirement benefits” versus “retirement” generally; and
 - A suggested Mission Statement was offered by a Board member.

Current TMRS Mission Statement

To deliver secure and competitive retirement plans through a professionally managed organization that anticipates diverse needs; provides quality services; and openly and effectively communicates with members, retirees, and cities.

Refined Mission Statement Alternatives

1. Providing secure, reliable retirement benefits
2. Bringing secure, reliable retirement benefits within reach
3. Working together to bring secure, reliable retirement benefits within reach
4. The model for secure, sustainable retirement benefits*

* Suggestion offered during the August Board meeting.

*A Mission Statement answers the fundamental questions of:
Who are we? Why do we exist? What is our purpose?*

Feedback Discussion #1: Refined Mission Statements

- What comments does the Board have on the refined concepts?
- Is there a specific one that resonates better than the others?
- Are there concepts missing that ought to be expressed?
- Any other comments?





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Feedback Discussion 2

Vision Statement Alternatives

August Discussion Recap – Vision Statement

- The Board reviewed three possible Vision Statement Alternatives
- There was not a clear favorite; however, two preferences emerged:
 - To be the model for retirement industry practices
 - To be the leader in providing public employee retirement benefits
- Board direction was to refine the concepts

August Discussion Recap -- Vision Statement *(cont'd)*

- Preferences captured:
 - No need to include the word “practices”
 - Various meanings of the words “model” and “leader” were debated.
 - There was no consensus around either word
 - The Board favored the concept of having TMRS looked to by the industry as a standard-bearer.
 - The Board preferred a motivating vision that reflected the spirit or net result of innovation; the options offered fell flat.
 - It was agreed that the scope of the vision should encompass both the public and private sectors.

A Slight Detour...

Before discussing the refined Vision concepts, let's recap the discussion outcomes from the May 2017 Strategic Planning Session visioning exercise.



Current TMRS Vision Statement

TMRS will be the preferred provider of competitive retirement benefits and excellent customer service by improving plan funding, investment return, communication, and education.

Refined Vision Statement Alternatives

1. Inspiring tomorrow's retirement industry
2. The standard in delivering retirement benefits
3. The gold standard for empowering retirement

*A Vision Statement is future focused. It answers the fundamental questions of:
Where are we going? What do we seek to become?*

Feedback Discussion #2: Refined Vision Statements

- What comments does the Board have on the alternatives?
- Is there a specific one that resonates better than the others?
- Are there concepts missing that ought to be expressed?
- Any other comments?





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Feedback Discussion 3

ACTIVE Principles

What are Core Values or ACTIVE Principles?

- Core Values are the set of attitudes, beliefs, and behaviors that define TMRS and its employees
- Answer the fundamental questions of:
 - What do we believe in?
 - What principles guide us?
 - How do we do business around here?
- TMRS currently has ACTIVE Principles which are the organization's core values
- Board direction was for Staff to discuss the ACTIVE Principles and suggest modifications, if desired

Staff's Process for Reviewing the ACTIVE Principles

- The Engagement Taskforce is a group of 17 employees that represents a cross-section of the TMRS employees
- Taskforce met three times to discuss and refresh the ACTIVE Principles
- Unanimous decision: develop a new set of Core Values in lieu of the ACTIVE Principles
- Senior Leadership has reviewed and provided feedback to the Taskforce; slight adjustments were incorporated into today's proposal
- New Core Values suggested by Staff include two parts, one for all employees and additional values for Leadership

Current TMRS ACTIVE Principles

ACTIVE Principles

<u>A</u> ccountability	We operate with transparency, learn from our mistakes, and accept responsibility for our actions.
<u>C</u> ontinuous Improvement	We continually evaluate our operations and measure customer satisfaction to make our internal work processes and services better.
<u>T</u> eamwork	We foster a collaborative, respectful environment and promote open communication among Board, staff, members, and cities.
<u>I</u> ntegrity	We conduct our business and ourselves in an honest and ethical manner.
<u>V</u> ersatility	We proactively adapt and respond to our environment and the changing needs of our members and cities.
<u>E</u> mployer of Choice	We maintain a culture that recognizes the value of each employee; inspires creativity, mutual respect, and professionalism; and rewards employees for excellence.

NEW Proposed TMRS Core Values

All Employee Core Values

Excellence	Strive for exceptional performance
Innovation	Improve service, communication and operations
Accountability	Proactive ownership

Additional Leadership Core Values

Communicate	Cultivate transparency and accountability
Support	Encourage innovation and teamwork
Reward	Recognize employees for excellence

*Core Values are the attitudes, beliefs, and behaviors that define TMRS. They answer the fundamental questions of: What do we believe in? What principles guide us?
How do we do business around here?*

Feedback Discussion #3: Proposed Core Values

- What comments or questions does the Board have for Staff on the proposed Core Values?
- Are there additional concepts that Staff ought to consider?
- Any other comments?





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Feedback Discussion 4

Performance Measure Targets and
Implementation/Reporting Schedule

August Discussion Recap – Goals, Objectives, Proposed Timing and Performance Measures

- At the August meeting, the Board reviewed the Goals, Objectives, proposed Timing and Performance Measures.
- Some Performance Measures were under development; specific targets were needed to complete the idea.
- The Board requested no changes to the Goals, Objectives, Timing, or Performance Measures.
- Since August, Staff has worked to further flesh out the Performance Measure Targets.
- They are included in the Board's materials for consideration and discussion.

Feedback Discussion #4a: Performance Measure Targets

- What comments or questions does the Board have on the new performance measures?
- Are there additional concepts that staff ought to consider?
- Any other comments?



Feedback Discussion #4b: Implementation and Reporting

- As the conclusion of the strategic planning process nears, three remaining questions for the Board are:
 1. What is the Board's desired frequency to receive strategic plan progress updates?
 2. What type of reporting is desired (e.g., verbal report, written report, etc.)?
 3. What questions does the Board have about the strategic planning objectives to be addressed in 2018?

Feedback Discussion #4b: Implementation and Reporting *(cont'd)*

A Preliminary Workplan for 2018 has been provided in the Board's materials

- Delineates routine items and those strategic planning objectives that are scheduled to be addressed.
- Demonstrates how strategic plan topics flow into Board and Committee agendas in 2018.

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2018 Board and Committee Preliminary Workplan





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Closing Comments and Next Steps

Next Steps

- Mosaic will:
 - Compile and integrate the feedback from today's discussion into the draft Strategic Plan and 2018 Workplan.
- A final draft will be presented to the Board in December for consideration and approval.
- Other desired areas for discussion?



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THANK YOU FOR
YOUR TIME!

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