



# Draft Strategic Plan: Third Reading

Meeting of the TMRS Board of  
Trustees

December 8, 2017

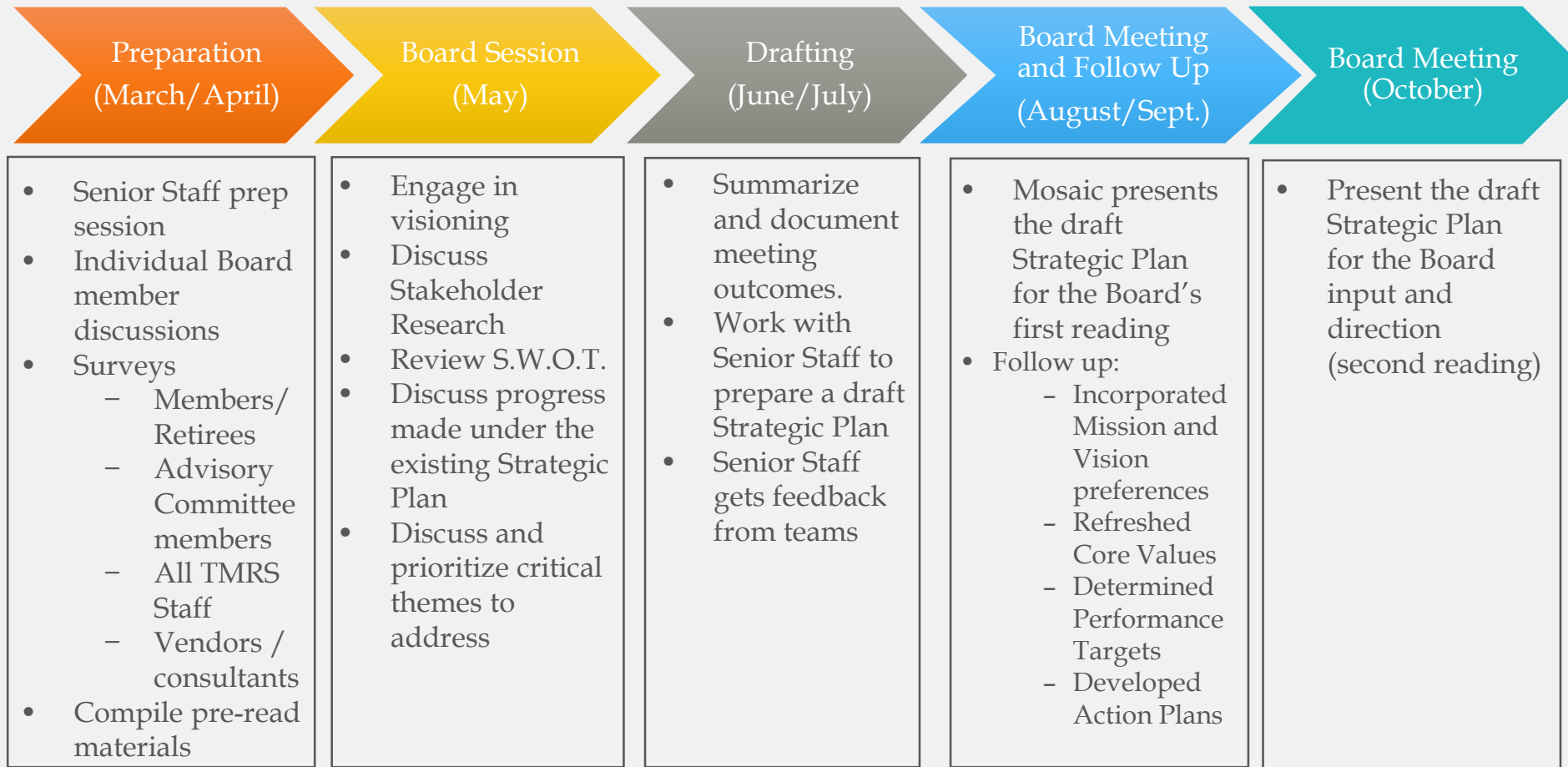


# Agenda

- Recap Strategic Planning Process
- Structured Discussions
  1. Core Values
  2. Specific Performance Measures
- Requested Board Action
- Next Steps

# Process Timeline and Activities

*(through October 2017)*



# October Discussion Recap

- Board approved the Mission and Vision Statements
- Additional Board direction:
  - Bring back the Core Values for a second reading\* in December
  - Further refine certain Performance Measures

\*Due to the timing of the Engagement Study, focused effort on the ACTIVE Principles/Core Values did not commence until after the August 2017 Board meeting. This placed the ACTIVE Principles/Core Values on a different and slightly delayed approval cycle than the other Strategic Plan elements.

# Objectives for Today's Discussion

- Engage the Board in a second reading of the Core Values
- Receive Board feedback on the updates made to certain Performance Measures
- Seek Board approval of the Strategic Plan, if possible, so that it may move into implementation
- Others?



**MOSAIC**  
Governance Advisors

# Discussion 1

Proposed Core Values – Second Reading

# Process for Developing Core Values

- The Taskforce met in September to refresh the ACTIVE Principles
- Proposed new draft Core Values to the Board in October
- The Board was appreciative of the time the Taskforce took to thoughtfully review and propose alternatives
- Specific Board direction captured:
  - Preferred no separation between all employees and leadership
  - Thought that key concepts, such as integrity, ought to be discussed and reconsidered for inclusion
  - Requested that the Core Values be further refined, infusing Board and Senior Staff input into the process

# Activities Since the October Board Meeting

- Spoke with each Board member individually via telephone to solicit additional feedback on the Core Values
- Engaged in analysis of prior strategic planning discussion output to identify possible Board Core Values concepts
  - Visioning Exercise
  - S.W.O.T. Analysis
- Facilitated a working session with Senior Staff and two Taskforce representatives
- Refined Core Values are now being proposed for a second reading that reflect input from the Board, Senior Staff and the Taskforce representatives



# 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.

# Taskforce Draft Core Values – First Reading

## All Employee Core Values

<b>Excellence</b>	Strive for exceptional performance
<b>Innovation</b>	Improve service, communication and operations
<b>Accountability</b>	Proactive ownership

## Additional Leadership Core Values

<b>Communicate</b>	Cultivate transparency and accountability
<b>Support</b>	Encourage innovation and teamwork
<b>Reward</b>	Recognize employees for excellence

# Proposed Core Values – Second Reading

<b>Accountability</b>	We build trust by taking proactive ownership and inviting feedback in all we do
<b>Excellence</b>	We go above and beyond to drive superior performance, innovation, and continuous improvement
<b>Integrity</b>	We operate ethically by doing the right thing even when no one is watching
<b>Respect</b>	We treat others as they would like to be treated
<b>Teamwork</b>	We perform better when we work together toward a common goal

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

# Discussion 1: Proposed Core Values

- What comments or questions does the Board have regarding the refined Core Values?
- Are there additional concepts to consider?
- Any other comments?





**MOSAIC**  
Governance Advisors

# Discussion 2

## Performance Measures

# Performance Measures: October Board Direction and Process for Developing Refinements

- The October Board discussion touched on the difference between quantitative and process-based performance measures.
- Discussion summary and direction:
  - Not every objective lends itself well to measurement
  - For those objectives in the Strategic Plan with process-based measures, ensure all steps are captured
- Since October, Mosaic has worked with Staff to further refine specific Performance Measures.
- They are highlighted in the Board's materials for consideration and discussion.

## Discussion 2: Performance Measures

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



*Performance Measures reflect an agreement between the Board and Staff. They answer:  
How successful have we been? What changes, if any, do we need to make?*



**MOSAIC**  
Governance Advisors

# Requested Board Action



# Requested Board Action

- Mosaic and Staff recommend that the Board approve the remaining elements\* of the Strategic Plan.
  - Core Values
  - Goals and Objectives
  - Proposed Timing
  - Performance Measures



\*The Board approved the Mission and Vision Statements at the October 25, 2017 meeting.



**MOSAIC**  
Governance Advisors

# Next Steps

# Next Steps

- Mosaic will compile and integrate final feedback into the Strategic Plan.
- Staff will begin, and in some areas, continue implementation.
- The Board will receive quarterly progress updates.
- Objectives scheduled for 2018 that require the Board's involvement have been tentatively scheduled.

TEXAS MUNICIPAL RETIREMENT SYSTEM Proposed 2018 Board Work Plan - Full Board								
Agenda Topic	February	March	May (Joint AC Mtg)	June	August	September	October	December
<b>Plan Overview</b>	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
<b>Investments</b>	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 Annual Review	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
<b>Funding &amp; Actuarial Matters</b>		CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update	CIO Management Update
		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		
<b>Operations &amp; Finance/Accounting</b>		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
<b>Benefits &amp; Services</b>	Ratification of Ordinances Adopting USC and/or Annuity Increases Effective 1/1/19							
<b>Governance/Trustee Education</b>	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

*Preliminary 2018 Board and Committee Workplan*





**MOSAIC**  
Governance Advisors

THANK YOU FOR  
YOUR TIME!

**Contact:**

Amy McDuffee

Founder and CEO

O: 720.316.1919

E: [Amy.McDuffee@MosaicGovernance.com](mailto:Amy.McDuffee@MosaicGovernance.com)

