



Fort Worth Employees' Retirement Fund Strategic Plan

Q4 2022 Update
January 25, 2023

Mission

Dedicated to providing Retirement Benefits and Exceptional Services while Sustaining Trust with our Stakeholders.

Vision

To be a Leader in Public Pension Fund Management on behalf of our Members and Stakeholders.

Guiding Principles

- Act for the sole benefit of members and beneficiaries
- Conduct business with honesty, integrity, and with excellence
- Demonstrate prudence in decision making and be accountable for our actions
- Act strategically, be innovative, and pursue continuous improvements
- Maintain trust, transparency, and educational outreach through diversified methods
- Value diversity of our employees and in our investment strategies
- Empower our employees through a supportive work environment that encourages the ability to act through leadership, respect, trust, and personal ownership of decisions

Strategic Goals

Goal 1 – Enhance Board governance to achieve trust and collaboration between Board, Staff, and Stakeholders.

Objective 1 – Conduct regularly scheduled briefings between the Executive Director and Trustees to ensure role clarity, relationship building, feedback, and information sharing.

Objective 2 – Enhance education offerings for our members to understand and evaluate their retirement options.

Objective 3 – Maintain high visibility, and information sharing with stakeholders.

Objective 4 – Operate in a manner that demonstrates trust and accountability in our actions.

- Begin pre-Board meeting briefings with Board Chair and Vice Chair.
- Offer pre- or post-Board meeting briefings to Trustees, depending on interest/scheduling.
- Host seminars and educational classes for retirees.
- Build and maintain relationships with City department heads to assist us in developing the best methods of active member education.
- Cascade Compliance provided an annual report to the Board on January 26, 2022, reviewing investment program compliance and Board education compliance.

Goal 2 – Utilize technology to improve performance and efficiency in the organization.

Objective 1 – Deploy system safeguards to deal with cyber threats, data security, and privacy concerns.

- New building system in place with increased safeguards for security of staff and physical data.
- New backup internet system taken live in November 2018 assuring access to pension administration system and custody bank systems in event of primary provider outage.
- Two-factor authentication process initiated in the Member Portal.
- New reporting in email for phishing and spam allowing IT to block more potential issues.
- Cyber Insurance instituted.
- Staff Cyber Security training implemented.
- Signed contract (October 2020) with Sagitec for new Pension Administration System (PAS) with stronger security controls.
- Staff computers refreshed with laptops that include cameras to make online collaboration with other staff and members easier.
- Successful go-live of the new Pension Administration System (PAS) in December 2022, which provides stronger security controls.
- Move to cloud-based infrastructure to improve security and reduce cost of hardware replacement cycle.

Objective 2 – Use technology to enhance and improve member experience.

- RingCentral installed and live in August 2018. Reporting and data analysis reviewed for improved membership communication.
- Implementation of, and continued use of, online appointment scheduling.
- Reporting of remaining pay periods of additional Blue contributions for General Tier I employees on the Member Portal in August 2019.
- Website and electronic member handbook updated for benefit changes effective July 20, 2019.
- Implementation of, and continued use of, Mail Hippo for secure emails.
- Implementation of, and continued use of, telephonic and video retirement counseling for members.
- Facebook live and YouTube used for online education with members for the Retirement Basics classes and Retirement Seminar.
- Phone system audio/video conferencing for meetings implemented for Board meetings.
- Started project for new Pension Administration System (PAS) October 2020 to provide better access to information, calculations, and correspondence with members.
- Special emails and communication with members regarding the COLA change for January 2021.

- Implementation of MS Teams for online meetings, collaboration, and file sharing with outside entities (Sagitec, Cascade).
- Implemented Oracle Net Suite accounting software and went live in November 2022.
- Integrate cloud-based Net Suite solution with custodian Northern Trust and Pension Administration System to streamline accounting records, transaction activity, and reporting functions.
- Successful go-live of a new, robust Member Self Service Portal in December 2022, which allows members to submit applications and personal documents through portal.
- Successful go-live of the new Pension Administration System (PAS) in December 2022, which enhances member access to information, calculations, and correspondence.
- Successful deployment of the new Pension Administration System (PAS) in December 2022.

Objective 3 – Improve technology of investment program to enhance risk and performance reporting in support of the Board of Trustees Investment Policies.

- Albourne process review of investment operations.
- Completed contract negotiations to add Bloomberg terminal.
- Implementation of two Bloomberg terminals in February 2021.
- Establish Teams site to share investment documents and diligence reports with compliance consultant (Cascade).
- Aksia Maxx research site consolidates fund manager information for all alternative investments.

Objective 4 – Complete the implementation of the new Pension Administration System.

- Reprogramming for benefit changes effective July 20, 2019 have been successfully implemented in Arrivos. Calculator and COLA processing have been moved to Arrivos 2.0.
- New PAS project started October 2020 with a 30-month timeline for implementation. Regular reports will be provided to the board as the project progress. Project timeline October 2020 to April 2023. System planned to be online December 2022.
- Data conversion and reconciliation of member information from Arrivos to Neospin has begun and is being review. Data for member benefit payments, calculations, death processing, and COLA will be converted and reconciled in summer of 2022.
- Successful go-live of stand-alone Enterprise Content Management (ECM) system effective June 2022. ECM allowed staff to start digitizing paper records and indexing for faster retrieval of FWERF's electronic records. This system does integrate with Sagitec's Neospin.
- Successful go-live of the new Pension Administration System (PAS) in December 2022, with ancillary functions to be released in 2023.
- Go-live date of December 2022 was successful in implementation of the new Pension Administration System (PAS). Anticipated go-live of ancillary functions to release in 2023.

Goal 3 – Fortify the framework and competencies in Retirement Fund operations.

Objective 1 – Review and revise (if necessary) organizational policies.

- The Board Self-Evaluation Policy was revised and adopted by the Board on May 17, 2022.
- The Accountability Charts were revised and adopted by the Board on June 22, 2022.
- The Board Travel Policy was revised and adopted by the Board on July 27, 2022.
- The Communications Committee Charter was revised and adopted by the Board on September 28, 2022.
- The Board Social Media Policy was revised and adopted by the Board on September 28, 2022.
- The Fort Worth Employees' Retirement Fund (FWERF) Communications Strategic Plan was revised and adopted by the Board on September 28, 2022.

Objective 2 - Re-assess Board governance concerning the investment program.

- Ad-hoc committee and Board selected consultant to provide report on investment program structure and operation with final report in April 2019.
- Report returned by consultant, reviewed by ad-hoc committee, and submitted to the Board for consideration.
- Amended consultant contract to evaluate CIO Executive Recruiting Firms / CIO compensation.
- Information returned by consultant, reviewed by Personnel Committee, and submitted to the Board in July for consideration.
- Interviewed potential CIO candidates in July 2020, and hired Derrick Dagnan as CIO effective October 1, 2020.
- November 2020 began working with Investment Committee on new IPS.
- Issued RFI for third party compliance services consultant in November 2020
- Hired Cascade Investment Compliance & Verification for outsourced compliance function in January 2021.
- New IPS approved January 2021 with new governance structure and asset allocation.
- Created Investment Implementation Procedures in March 2021.
- Revised IPS approved March 23, 2022.
- Revised IPS approved August 24, 2022.
- Engaged Verus in August 2022 to conduct and provide Investment Practices and Performance Report as required by Section 802.109 of the Texas Government Code.

Objective 3 – Re-evaluate target investment return assumption.

- GRS provided Experience Study refresher education at November 2018 Board meeting. Experience study presented to the Board during 1st quarter.

- GRS provided presentation regarding Experience Study recommendations.
- Board voted on assumptions for Experience Study.
- Hired Verus as General Consultant in August 2021.
- Verus completed Asset Liability Study in February 2022.

Objective 4 – Enhance New Trustee Orientation and onboarding.

- Explore supplemental training for investment orientation component.
- Andrea Wright's election was approved by the Board on September 26, 2018, at which time she signed her Oath. Andrea attended the Fund's New Trustee Orientation on November 2, 2018.
- Kevin Gunn was appointed to the Board on October 30, 2018 by City Council. Kevin attended the Fund's New Trustee Orientation on November 2, 2018.
- Bryan Barrett was appointed to the Board on January 29, 2019 by City Council and signed his Oath with the Fund on February 14, 2019. Bryan attended the Fund's New Trustee Orientation on March 18, 2019.
- Jim Lacamp was appointed to the Board on January 29, 2019 by City Council and signed his Oath with the Fund on February 19, 2019. Jim attended the Fund's New Trustee Orientation on March 18, 2019.
- Reginald Zeno was appointed to the Board on June 25, 2019 by City Council. Reggie signed his Oath with the Fund and attended the Fund's New Trustee Orientation on July 10, 2019.
- Lloyd Cook's election was approved by the Board on October 28, 2020, at which time he signed his Oath with the Fund. Lloyd attended the Fund's New Trustee Orientation on November 13, 2020.
- Ethics Training was given during the August 25, 2021 Board Meeting.
- Doug Wilson was appointed to the Board on November 9, 2021 by City Council and signed his Oath with the Fund on November 10, 2021. Doug attended the Fund's New Trustee Orientation on December 3, 2021.
- Landon Stallings was appointed to the Board on May 17, 2022 by the Board and he signed his Oath with the Fund on May 19, 2022. Landon attended the Fund's New Trustee Orientation on June 30, 2022.
- Steve Purvis was appointed to the Board on June 14, 2022 by City Council and signed his Oath with the Fund on June 22, 2022. Steve attended the Fund's New Trustee Orientation on July 18, 2022.
- Enhanced actuarial section of orientation to include presentation by GRS including current status of Fund, PRB initiatives and answering questions.
- Stephen Stegint's election was approved by the Board on August 24, 2022 and he signed his Oath with the Fund on September 1, 2022. Steve attended the Fund's New Trustee Orientation on September 14, 2022.
- Ethics Training was given during the September 28, 2022 Board Meeting.

Objective 5 – Review the Active and Retiree Trustee election ordinance with the goal of shortening the process.

2022 Strategic Planning Retreat Outcomes

Pre-Retreat Issues Identified

- Pension Administration System is still rolling out.
- Sometimes our technology and ability to participate remotely/virtually has not gone as smoothly as desired.
- Some desire for enhanced and more frequent communications with Trustees.
- Post-COVID, we need to improve our communication with our members & stakeholders to include more face-to-face meetings.
- The process for electing Employee and Retiree Trustees seems cumbersome and takes a long time.
- Our online Employee Pension Portal seems to be taking longer than anticipated.
- We are still building relationships with City Hall leadership.
- 2017 Task Force to address unfunded liabilities – still more work to be done on that front.
- Reassess future Assumed Rate of Return.
- Still working on Emerging Managers Program to improve diversity vs. simply focusing on performance.

Mission / Vision Discussion

FWERF's Mission Statement

A Mission Statement should provide the FWERF's purpose and objectives in the present, i.e., the what and how. The Mission Statement should describe what the organization does, who it does it for, and the benefit that it provides. The current FWERF Mission statement reads as follows:

“Dedicated to providing Retirement Benefits and Exceptional Services while Sustaining our Members' Trust.”

Trustees reviewed the Mission Statement and commented that it generally only references its value to its Members versus including the City and the general public which are equally important partners in the Fund. As a result, the following option was provided for the Trustees' consideration as a possible revision to its Mission Statement:

“Dedicated to providing Retirement Benefits and Exceptional Services while Sustaining Trust with our Stakeholders.”

FWERF's Vision Statement

A Vision Statement should provide a clear and vivid description of what the FWERF seeks to create in the future, i.e., the why. The Vision Statement describes where the organization hopes it will be going in the future if it can fulfill its Mission. The current FWERF Vision Statement reads as follows:

“To be a Recognized Leader in Public Pension Fund Management.”

Trustees reviewed the Vision Statement and commented that it may not fully speak to the value to its members and is externally focused. As a result, the following option was provided for the Trustees' consideration as a possible revision to its Vision Statement:

“To be a Leader in Public Pension Fund Management on behalf of our Members and Stakeholders.”

Threats/Opportunities/Weaknesses/Strengths (TOWS) Themes

Strengths

- Value and benefit of the Fund
- City Hall is pleased with the Fund's leadership
- Efficiency of staff
- Customer service provided to our members and accessibility of our staff
- Expertise of staff
- Confidence in Investment staff and strategies

Weaknesses

- The perceived value of the Fund to its members is declining
- Challenges to maintaining quorums at Trustee meetings
- Engaging active General Members

Opportunities

- Improve communications to Members about City contribution rates
- How do we better reach employees who may not be interested in and/or vested in the Fund?
- Sell the benefits of funding the Plan for solvency and improve Member confidence in the Fund
- Improve engagement by the City as the Plan's Sponsor
- Better explaining the roles and the responsibilities of the Trustees versus those of the City as the Plan Sponsor

Threats

- Regulatory challenges
- Attack on Defined Benefit Plans (Active and Passive as well as Direct and Indirect)
- Volatility of financial markets
- Cyberthreats to the Fund and its operations
- Staff retention and recruitment