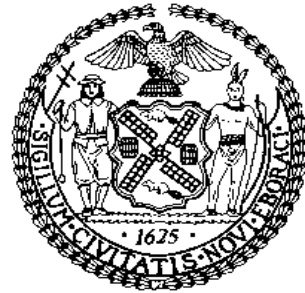




# COMMON INVESTMENT MEETING Public Session



THE CITY OF NEW YORK  
OFFICE OF THE COMPTROLLER

January 29, 2020

# STRATEGIC INITIATIVES

## Update on Reform



# 2016 Funston Overall Dashboard and Status

Overall Dashboard from 2016 Funston Review				Current Status	Status and Detail at Year End 2019
DIVISION / FUNCTION	Rating	Criticality	Key Implementation Focus		Detail
1B. Investment Control	1	Critical	Critical need to transition from general ledger, redeploy resources and build back-office capabilities	Completed	Retired QED GL and migrated to SSB GL; reorganized Investment Control into Investment Operations Support (IOS) with dedicated functional responsibilities
1E.2. Risk Management	1	Critical	Create an ERM framework and provide tools/training	Designed	Risk Register created; Must be used within current operating environment
2J. Information Systems Performance	1	Critical	Optimize my.statestreet.com capabilities, identify and plan for critical application needs, automate key manual processes to improve quality	Completed	Maximized use of MyStateStreet; automated numerous interfaces to State Street including payments and expense manager; reconciled IM positions at SS; Early adopter of StateStreet DataGX service;
1H. Financial Reporting	1.5	Critical	Build a middle office which leads internal and external reporting as well as planning and budgeting	Underway	Certain functions already in place within IOS (e.g. KPI reports); broader reporting project kicked off Dec 2018
1A. Investment Strategy / 2B. Investment Team Performance	2	Critical	Build staffing, obtain/utilize analytical tools and improve due diligence, esp. portfolio fit	Completed	Many positions filled; standards set for Investment Committee, CIM; Risk Ribbon and Risk System leveraged to manage portfolio analysis and fit
1C. Cash Management	1.5	Important	Complete eCFM implementation	Completed	Additional bulk upload functions in place to maximize value from eCFM platform.
1E.1. Compliance	1.5	Important	Continue to build capabilities	Underway	Leveraging SSB compliance capabilities; will evaluate Charles River functionality when available
2A. Investment Performance	1.5	Important	Improve analytical capabilities/ review benchmarks	Completed	Investment Performance presented at monthly and quarterly portfolio reviews to the Investment Committee and quarterly to Trustees; Benchmarks reviewed and agreed by IS and Risk
1I. Contracts Division	2	Important	Add staffing and build contract management system	Underway	Staffing added; team restructured; contract management system in implementation phase
1J. Bureau of Accountancy	2	Important	Complete transition to State Street as book of record	Completed	
1D. Short-Term Trading	2	Important	Focus on reducing "cash drag"	Completed	Reduction in STIF and Short Term Cash Balances reduced cash drag by significant percentage
1G. Administration and Pensions / 2I. BAM Interaction with the Systems	2	Important	Work with the Systems to streamline reporting and meeting schedules	Completed	Process controlled by Pensions unit and reporting streamlined with the adoption of the Convene application
2C. Master Custodian Services	2	Important	Leverage implementation of my.statestreet.com platform, esp. reporting capabilities, assign lead responsibility for day-to-day relationship	Completed	Use of MyStateStreet significantly increased for all asset classes; early adopter of StateStreet DataGX; weekly oversight of SSB relationship and deliverables by BAM staff; membership on the StateStreet Client Advisory Council
2F. Consulting Services	2	Important	Change the focus of consultants from day-to-day business of the funds to higher value added areas	Improved	Specialist consultants operational work verified and overseen by IOS and State Street.
2G. Transition Management Services	2	Leading Practice	Refine the Transition Management selection process	Completed	Transition playbook in place to determine need for transition managers and to oversee the transition process
2H. Transition Management Evaluation Services	2	Leading Practice	Improve learning from evaluations	Completed	Evaluations discussed following transitions
2D. Foreign Exchange Services	2.5	Leading Practice	Select performance monitor and renegotiate Russell fees	Partially Completed	Russell performance is monitored
2E. Securities Lending Services	2.5	Leading Practice	Assign day-to-day oversight responsibility and obtain benchmarking data	Completed	Hired staff with Securities Lending experience to oversee the portfolio
1F. Corporate Governance	3	Leading Practice	Improve proxy voting platform/statement of purpose	Completed	Migrated to Proxy Access and expanded proxy voting activity



# Ongoing Efforts

- **Front/Middle/Back Office Structure**
  - Oversight model implemented
  - Buildout continues to additional asset classes
  - Additional front office activities moving to Middle Office
- **Alternative Assets System**
  - Decision made to improve/expand State Street alternative service model plus functions available via the risk system changed business requirements
  - Limited available staff and intensive work needed to validate alternative portfolio made new technology implementation extremely risky
- **CRM**
  - Implementing Microsoft Dynamics CRM
- **FX Hedging Strategy**
  - Analysis and delivery method evaluation complete
  - Hedging dependent on strategic asset allocations
- **State Street**
  - Challenges with technology deliverables



# STRATEGIC INITIATIVES Update

# 2019 Accomplishments

- **Account Master Rollout**

- Technology build to manage >3000 existing funds and onboard new funds using standardized data model
- >140 fund and manager attributes supports analysis and reporting
- Side benefit of creating information consistency across multiple systems and users
- Across the board usage by BAM staff

- **Data GX implementation**

- Access to fund data supports reporting and other analytic activities
- Platform helps expose data inconsistencies

- **CRM**

- Contracts signed and project planning underway

- **Middle Office Rollout and Operational Improvements**

- Additional front office activities being moved to Middle Office
- Decommingling continues
- Manager Report Cards
- Fee transparency service for alternatives including additional fund and fee validation

- **Retirement System Support**

- Improved oversight of funds and communications with System's staff
- Well received new Fund List delivered to the Systems



# 2020 Objectives

- **Continued technology rollout and integration**
  - Data GX
  - Account Master
  - Risk Applications
  - CRM
  - Charles River for Compliance team
  - Optical Scanning and Reconciliation
- **Operational Improvements**
  - Continued rollout of Middle Office functions
  - Leverage technology tools to allow staff to focus on more value-added functions
  - Complete decommingling initiative
- **Reporting**
  - Assess support and interest in revising current reporting delivered via Convene and the Comptroller's website
- **Contracts**
  - Improve turnaround of contracting process
  - Leverage iContracts and other technology tools
- **Retirement System Support**
  - Open dialog in support of System requirements



**QUESTIONS?**