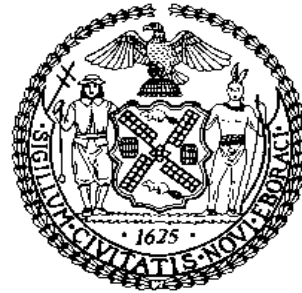




COMMON INVESTMENT MEETING – PUBLIC SESSION



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

May 19, 2021

STRATEGIC INITIATIVES

Update on Reform

2016 Funston Overall Dashboard and Status

Overall Dashboard from 2016 Funston Review				Status and Detail at Year End 2020	
DIVISION / FUNCTION	Rating	Criticality	Key Implementation Focus	Current Status	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 transitioned to verification model
1E.2. Risk Management	1	Critical	Create an ERM framework and provide tools/training	Technology In Place	Risk Register created; MSCI purchased and implemented; progress impeded by open positions
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	In Progress	Middle Office established for alternative assets; newly set up for Public Markets Equities
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; impacted by open positions on the Risk team
1C. Cash Management	1.5	Important	Complete eCFM implementation	Completed	Additional bulk upload functions in place to maximize value from eCFM platform. Cash need projection tool in place to support liquidity needs
1E.1. Compliance	1.5	Important	Continue to build capabilities	Completed	Implemented Charles River compliance engine
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; investment reporting requires revamping to address Trustee needs
1L. Contracts Division	2	Important	Add staffing and build contract management system	Needs Improvement	Staffing inadequate; procurement process is challenged to support Pension System's needs
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; Trustee reporting needs revision
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	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



2020 Progress

- Operational Improvements:
 - Middle Office in place for all alternative asset classes
 - Middle Office set up for Public Market Equities; Fixed Income planned for Q2
 - Provided tools and support for active rebalancing environment
- Alternative Assets Support
 - Implemented State Street Fee Transparency Service
 - Continued progress on alternative asset data validation with administrator and consultants
- CRM System
 - Implemented Phase I of Microsoft Dynamics CRM implemented
- Technology
 - Implemented the Account Master platform including integration with the Risk Ribbon and the CRM
 - In process to procure an optical scanning and reconciliation tool to support operational functions



The Road Ahead...

- Operational Efficiency
 - Leverage Account Master tool
 - Optical Scanning and Reconciliation tool implementation
 - State Street/Data GX

- IM and GP Oversight
 - CRM Phase II
 - State Street/Solovis for alternative asset reporting

- Information Access and Transparency
 - Potential to revert to Daily Audited data from State Street
 - Integrate Performance and Risk Data to improve quality and timeliness of reporting

- Master Custody Contract RFP for implementation 2022



Investment Operations Support Update

Investment Operations Support (IOS)

- IOS performs operational and oversight functions to facilitate the timely and accurate processing of investment events and performs verification of data
- Oversight of external service providers
- 8 Functional Groups Supporting the Investment Process
- Trust but verify philosophy
- Provide the Retirement Systems Accountants with support
- Create tools to automate operational & oversight processes



Key Accomplishments

Structural

- Restructured support function to provide value added functions with key oversight and professional development opportunities for staff (**Completed**)
- Created Middle Office and transitioned operational support functions from Investment staff to Middle Office staff. (**Alts Completed 2020, Public Markets – In- Process 2021**)

Operational/Automations

- Centralized payment of invoices and created a verification tool which reduced payment processing from several months to less than 15 days on average. (**Completed**)
- Designed and built with BIST an Account Master database application to maintain all account attributes and history and is used as a source for account information for various applications (**Completed**)
- Automated and standardized Account Opening process (**Completed**)
- Created a standard Operational Due Diligence process (**Completed**)
- Decommingling of accounts to provide Systems with the same transparency as separate accounts and reduces complexity (**In- Process**)



Key Accomplishments

Reporting

- Provided System Accountants with new reporting: Monthly Account List with attributes, Monthly Transfer activity details (**Completed**)
- Created biannual Investment Manager report card on key operational metrics (**Completed**)
- Created KPI's and a monthly review process with Custodian bank (**Completed**)
- Restructured accounting composites to improve financial reporting (**Completed**)

Oversight

- Created a process to review monthly Consultant transactional data to Alternatives Administrator data (**Completed**)
- Implemented a standard monthly Investment Manager to Custodian reconciliation template and created a review process (**Completed**)
- Created historical reconciliations of IRR & TVPI for Alternatives Administrator reporting to Consultants reporting (**In- Process**)
- Implemented a review process of the Alternative Administrator quarterly ILPA fee reporting (**Completed**)
- Provided Managers with monthly Custodian calculated performance and implemented a review process of manger to custodian performance (**In- Process**)
- Created oversight third party service providers: Custodian, Security Lending Agent and Foreign Exchange Provider. (**Completed**)



QUESTIONS?

If you would like to ask a question



When you're done, hit mute again

