



Office of Retirement Services

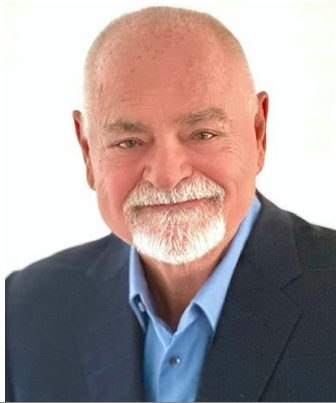


Proposal to Provide Governance Consulting Services

March 14, 2022

Our Team to Serve ORS

Rick Funston



Randy Miller



Bill Neville



Chris Waddell



- Founder and CEO of FAS
- Former National Practice leader for Deloitte's Governance and Risk Oversight Services
- Created the concept of risk intelligence and author of "Surviving and Thriving in Uncertainty: Creating The Risk Intelligent Enterprise"
- Founder and CEO of Board Smart and Board Insights
- Author "Transforming the Dialogue: Fiduciary Essentials" Amazon, March 2025

- Co-founder and COO of FAS
- Former Deloitte Consulting partner in Strategy & Operations
- Has led our fiduciary and operations reviews
- Leads FAS's InGov® peer benchmarking for public retirement systems

- Former public retirement system executive (25 years)
 - Executive Director and Chief Legal Officer of the \$95 billion State Teachers Retirement System (STRS) of Ohio
 - Business Counsel for the \$120 billion Ohio Public Employees Retirement System (OPERS)
 - Former Ohio Assistant Attorney General

- Senior Counsel at Olson Remcho LLP
- Currently outside general counsel for three California retirement systems
- Former General Counsel for two California public retirement systems
 - California State Teachers' Retirement System (CalSTRS)
 - San Diego City Employees' Retirement System (SDCERS)
- Lead author for the Clapman 2.0 Report

Our Team Roles

Rick Funston

Randy Miller

Bill Neville

Chris Waddell

	Project Leader	Project Manager	Senior Advisor	Legal Advisor
1. CEO / CIO evaluation		Support	Lead	
2. Board self-assessment		Support	Lead	
3. Strategic planning	Lead	Support	Support	
4. Policy review and development			Support	Lead
5. Board retreat	Support		Support	Lead
6. Enterprise risk management	Lead	Support	Support	
7. Board education	Lead		Support	Support

Our Expert Team Network (FASNET) & Faculty

Team (T) / Faculty (F)	Experience
Randall Miller, MBA (T) (F)	Chief Operating Officer, Funston Advisory Services, Board Smart LLC
Kenneth Bertsch, JD (F)	Former Executive Director Council of Institutional Investors
Steven Case, MBA, CFA (T) (F)	Former partner at Mercer Investments. Expert witness.
Michael Flaherman, MCP (F)	Former member CalPERS Board of Administration
William "Flick" Fornia, FSA (T) (F)	President, Pension Trust Advisors Inc.
Bernie Gallagher, MBA (T) (F)	Senior Policy Analyst with the State Fiscal Policy team at the Center for Budget and Policy Priorities.
Michael Gold, MSc (T) (F)	Former Senior Managing Director & Head of Asset Management Services TIAA-CREF
Larry Jensen, CIA, CISA, CRMA, CCEP (T) (F)	Former Chief Risk Officer and Chief Audit Officer, CalPERS, and Chief Audit Officer, CalSTRS.
Keith Johnson, JD (F)	Former Head of Reinhart Law Institutional Investor Legal Services
Ken Johnson, MPA (F)	Former Chief Operating Officer State of Wisconsin Investment Board
Sharmila Kassam, JD (F)	Investment Industry Executive and Mutual Fund Board Director
Susan Lau, BSc (T) (F)	Former CIO Montgomery County Public Schools
Clive Lipshitz, MBA (F)	Managing Partner of Tradewind Interstate Advisors
Jon Lukomnik, BA (F)	Managing Partner for Sinclair Capital, Former NYC Deputy Comptroller for Pensions
Lisa Morris, JD (F)	Former Executive Director of the School Employees Retirement System
Bill Neville, JD (T) (F)	Former Executive Director Ohio State Teachers Retirement System
Tiffany Reeves MA, JD (T) (F)	Former Deputy ED & Chief Legal Counsel Chicago Teachers' Pension Fund (CTPF); partner Faegre Drinker
Steven J. Ross, CISSP, MBCP, CDPSE, CISA (T) (F)	Executive Principal Risk Masters Int'l. Former Deloitte Director and Global Practice Leader
Chris Waddell, JD (T) (F)	Senior Counsel at Olson Remcho, Former CalSTRS General Counsel
Nickolas Zuiker, JD (T)	Shareholder Reinhart Boerner Van Deuren s.c. (Reinhart Law) on the Institutional Investor Services (RIIS) Team.

Knowing What Questions to Ask

Since 2010

Institutional Investors Served



Governance and Risk Solutions

For clients with assets under management of over \$2.5 trillion (very different sizes and circumstances)

Board Smart Subscribers

- ▶ California Public Employees' Retirement System
- ▶ Connecticut Municipal Employees Retirement System
- ▶ Delaware Public Employees' Retirement System
- ▶ Employees' Retirement System of Rhode Island
- ▶ Employees' Retirement System of the State of Hawaii
- ▶ Indiana Public Retirement System
- ▶ Maryland State Retirement and Pension System
- ▶ Massachusetts Pension Reserves Investment Trust
- ▶ Missouri Department of Transportation & Missouri State Highway Patrol Employees' Retirement System
- ▶ New Hampshire Retirement System
- ▶ New Mexico Public Employees Retirement Association
- ▶ New York State Comptroller – Common Retirement Fund
- ▶ Ohio Police and Fire Pension Fund
- ▶ Ohio Highway Patrol Retirement System
- ▶ Ohio School Employees Retirement System
- ▶ Oregon Investment Council

State Systems

- ▶ Oregon Public Employees Retirement System
- ▶ Public School and Education Employees Retirement System of Missouri
- ▶ Pennsylvania Public School Employees' Retirement System
- ▶ Pennsylvania State Employees' Retirement System
- ▶ Public School Retirement System of Missouri
- ▶ Rhode Island State Investment Commission
- ▶ School Employees Retirement System of Ohio
- ▶ South Carolina Public Employee Benefit Authority
- ▶ South Carolina Retirement System Investment Commission
- ▶ State Board of Administration of Florida
- ▶ State Teachers' Retirement System of Ohio
- ▶ State of Wisconsin Investment Board
- ▶ Teacher Retirement System of Texas
- ▶ Utah Retirement Systems
- ▶ Washington State Investment Board
- ▶ Wyoming Retirement System

Kentucky Public Pensions Authority

Employees Retirement System of Georgia

County and Municipal Systems

- ▶ Cincinnati Retirement System
- ▶ District of Columbia Retirement Board
- ▶ Fairfax County (VA) Retirement Systems
- ▶ Los Angeles County Employees Retirement Association
- ▶ Milwaukee County Employees' Retirement System
- ▶ Montgomery County (MD) Public Schools Retirement Trust
- ▶ New York City Comptroller – Bureau of Asset Management
- ▶ San Francisco Employees' Retirement System

Sovereign Wealth and Economic Development

- ▶ Alaska Permanent Fund
- ▶ Trust Fund for the People of the Federated States of Micronesia
- ▶ New Jersey Economic Development Authority

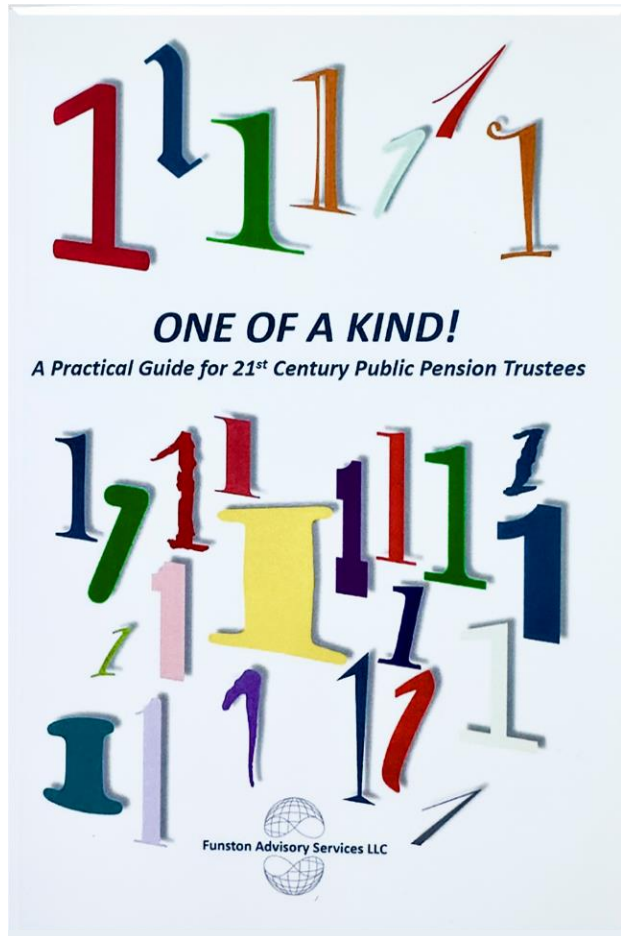
Taft-Hartley

- ▶ Sound Retirement Trust
- ▶ Central Pension Fund of the IUOE and Participating Employers

Faith-Based

- ▶ The Board of Pensions of the Presbyterian Church (U.S.A.)
- ▶ Regional Conference Retirement Plan Board of Trustees, 7th Day Adventists

Lessons Learned: Successes and Failures of Peers



One Size Fits One!

- Every system is different
- Rapidly changing environment & extreme uncertainty
- A lot of moving pieces / deluge of data
- Hard to stay situationally aware

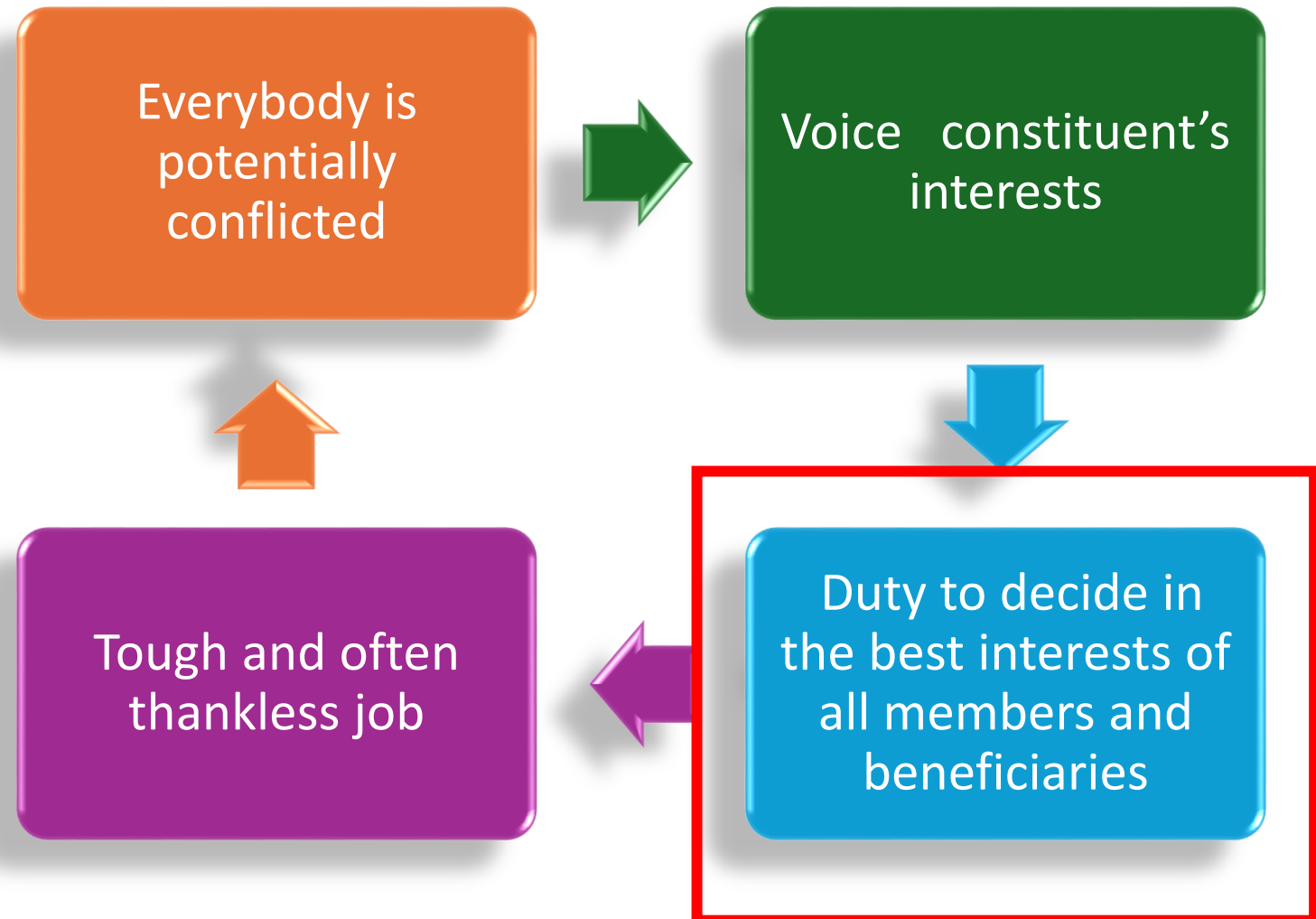
Common Needs

- A shared understanding of governance
 - Board / Executive
 - Consultant - Independent opinion
 - Stakeholders
- The best intelligence available
- Transparency and line of sight for insight
- An integrated organizing framework

The will to actually do it!

A Key Role of the Board: Collectively Resolve Group Conflicting Interests

Legislation puts the key stakeholders in the same room and authorizes you to collectively determine (in good faith) what is in the best interests of all members and beneficiaries within your mandate





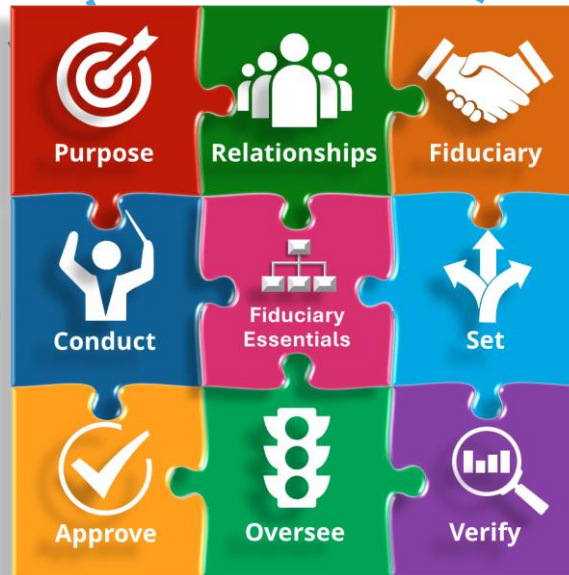
2010 Funston Advisory Services LLC



Situational Awareness / Risk Intelligence
Collective Decision-Making
Conflict Resolution



2019
Online Education



Integrated Governance
Framework



2023
Insights Portals



Integrated Governance Framework

Incorporates First Responder Principles

1. Proactive risk management mindset
2. Situational awareness
3. Clear roles and responsibilities
4. Structured decision-making protocols
5. Regular simulations and practice drills
6. Real-time information and communication clarity
7. Prioritization and focus
8. Empowered decision-making
9. Post-action reviews
10. Continuous improvement

Board Powers	Governance Services Requested	Funston Advisory Services An Integrated Approach
CONDUCT	Manage and support the annual Chief Executive Officer and Chief Investment Officer evaluation	<ul style="list-style-type: none"> • Annual / strategic performance objectives • Self-Evaluation → Board Survey → Report and Presentation
	Biennial board performance self-assessment	<ul style="list-style-type: none"> • Is the board keeping pace with the rate of change? • Performance criteria → Board Survey → Interviews → Report / Present
SET	Development of a 5-year strategic plan and annual monitoring and reporting	<ul style="list-style-type: none"> • Situational awareness: Issues and Options • Identify capabilities required (SWOT) Survey → Interviews → Offsite • Development plan & milestones
	Development, planning, and execution of an annual board retreat and operational plan	<ul style="list-style-type: none"> • Survey in advance to identify priorities → Discussion document • Expert facilitation to build consensus → Oversee execution
	Policy development and systematic review of existing board / city policies	<ul style="list-style-type: none"> • Model Governance Policy Manual (GPM), N3PR and InGov® • Prudent expert → Leading/prevaling/lagging policies vs. peers • Priorities → Links to educational resources
OVERSEE	Enterprise risk management: Oversight, Management, Monitoring, annual operational plan	<ul style="list-style-type: none"> • Risk Intelligence → Vital signs • Actual vs. expected performance dashboards → Exception-based • Portals for line of sight and insight
CONDUCT	Board Education, including: <ul style="list-style-type: none"> • Develop an on boarding program and educational plan for new board members & new city council members 	<ul style="list-style-type: none"> • Board Smart – 4 ways to learn and earn CE credits • ORS dedicated site / cornerstone docs / online / on demand • Individualized plans for trustees, council members and executives • Fiduciary Essentials • Progress reports
	<ul style="list-style-type: none"> • Curate educational seminars for the full board 	<ul style="list-style-type: none"> • Curated Open Source • Track CE credits from all sources

Searchable



Welcome John Flynn



C1.1 - Video - Purpose and Vital
Functions Essentials Overview...
Resume ▶



Calendar

See your scheduled events



Cornerstone Resources

Browse or download resources



In-House

Training



Essentials

Overview



Purpose

Vital Functions



Relationships

External/Internal



Fiduciary

Duties



Conduct

Board Business



Set

Direction & Policy



Approve

Delegate



Oversee

Execution within Policy



Verify

Trust

Board Smart

Four Ways to Learn & Earn CE Credits

Over 150 educational resources
More being added





Board's Eye View Enterprise Performance and Risk

Transparency and Line of Sight

Board Governance
and Administration

Organizational
Structure and
Staffing

Investment Policy
and Oversight

Legal and
Compliance

Risk Management
and Controls

IT Operations

Benefits
Administration

Other?



Board Insights Portal

Transparency and Line of Sight

IPS Policy Objective

Investment Performance Module

Time Period

Inception 1 yr. 3 yr. **5 yr.** 10 yr.

As At

June 30, 2024



Asset Allocation	Total Plan Performance	Total Portfolio Risk	Risk Adjusted Net Return
Public Domestic Equity	Public Int'l Equity	Fixed Income	Real Estate Q1 Lagged
Commodities	Infrastructure	Priv. Equity Q1 Lagged	Priv. Credit Q1 Lagged
	Risk Parity	Cash	
Public Domestic Equity	Public Int'l Equity	Fixed Income	Real Estate Q1 Lagged
Commodities	Infrastructure	Priv. Equity Q1 Lagged	Priv. Credit Q1 Lagged
	Risk Parity	Cash	Parametric Overlay

■ Exceptional
 ■ Expected
 ■ Concern
 ■ Alert

Why Choose FAS?

- The Board is comprised of busy, part-time volunteers.
- The Board is looking for a long-term relationship for governance advice, support and constructive challenge.
 - Achieve the mission
 - Find ways to help you make better decisions faster
 - Make the highest and best use of your time
- The Board is the client.
 - We need to effectively engage with the Board.
 - We need to work collaboratively with the executive and staff.
 - We all need to be on the same page quickly.

Does our style and integrated approach to governance match your needs?

Questions and Discussion?