

MAY 2024

TARGETING

Strategic Planning Committee Meeting



Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES
AND
STRATEGIC PLANNING COMMITTEE**

*(Committee Chair and Members: Brittney Allred., Chair; Michael Ball, David Corpus,
John Elliott, and Dick Nance)*

*All or part of the May 2, 2024, meeting of the TRS Strategic Planning Committee and Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum and the presiding officer of the meeting physically present at the following location, which will be open to the public during the open portions of the m **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.***

The open portions of the May 2, 2024, meeting are being broadcast over the Internet. Access to the Internet broadcast and agenda materials of the meeting is provided at www.trs.texas.gov. A recording of the meeting will be available at www.trs.texas.gov.

**AGENDA
May 2, 2024 – 2:00 p.m.**

1. Call roll of Committee members.
2. Consider the approval of the proposed minutes of the December 2023 committee meeting – Committee Chair.
3. Receive an overview of the Strategic Planning Committee’s Calendar Year 2024 Work Plan – Don Green.
4. Consider adoption of the proposed Fiscal Year 2025 – 29 TRS Strategic Plan Goals, Objectives and Strategies – Don Green and Michelle Pagán.
5. Discuss and receive an update on the Fiscal Year 2023 – 27 TRS Strategic Plan – Don Green and Michelle Pagán.
 - A. Achieve the Investment Rate of Return;
 - B. Improve the Customer Service Experience; and
 - C. Improve Timeliness and Accuracy in Employer Reported Data.

NOTE: The Board of Trustees (Board) of the Teacher Retirement System of Texas will not consider or act upon any item before the Strategic Planning Committee (Committee) at this meeting of the Committee. This meeting is not a regular meeting of the Board. However, because the full Committee constitutes a quorum of the Board, the meeting of the Committee is also being posted as a meeting of the Board out of an abundance of caution.

TAB
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**Minutes of the Strategic Planning Committee
December 7, 2023**

The Strategic Planning Committee of the Board of Trustees of the Teacher Retirement System of Texas met on December 7, 2023, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

Committee Members Present:

Ms. Brittany Allred, Chair
Mr. Michael Ball
Mr. David Corpus
Mr. John Elliott
Mr. James D. Nance

Other TRS Board Members Present:

Mr. Jarvis V. Hollingsworth
Ms. Nanette Sissney
Mr. Robert H. Walls, Jr.
Mr. Elvis Williams

Others who participated:

Brian Guthrie, TRS
Andrew Roth, TRS
Heather Traeger, TRS
Jase Auby, TRS
Don Green, TRS
Michelle Pagán, TRS
Sunitha Downing, TRS
Katherine Farrell, TRS
Suzanne Dugan, Cohen Milstein

Dr. Rene Paulson, Elite Research

Strategic Planning Committee Chair, Ms. Allred, called the meeting to order at 1:30 p.m.

1. Call roll of Committee members.

Ms. Farrell called the roll. A quorum was present.

2. Consider the approval of the proposed minutes of the September 2023 Committee meeting – Committee Chair Ms. Brittany Allred.

On a motion by Mr. Nance, seconded by Mr. Elliott, the proposed minutes for the September 2023 Strategic Planning Committee meeting were approved as presented.

3. Discuss and review the Results Forum of the fiscal 2023 through 2027 TRS Strategic Plan Objectives – Don Green and Michelle Pagán:

A. Attract, retain and develop a diverse and highly competent staff;

- B. **Execute on TRS facilities needs;**
- C. **Improve strategic communications; and**
- D. **Evaluate automation and technology solutions to enhance existing processes.**

Mr. Don Green provided a brief summary of the status and accomplishments within the strategic plan review. He said the objective related to a highly competent staff was covered in Mr. Brian Guthrie's report announcing the Top Workplace Award, and Organizational Excellence's discussion of the staffing dashboard providing real-time information on staffing. For the facilities strategies, Mr. Green stated the evaluation of the El Paso office and any recommendation to the Board regarding any new Regional Office proposals remained to be done. He stated the three strategies for improving strategic communications were also previously reviewed in other committees. He noted the major website redesign initiative that is in progress. He reported one of the most important accomplishments for the year was the development of the TRS Artificial Intelligence Policy.

Ms. Michelle Pagán concluded by reviewing the Enterprise Stoplight Report. She reported there were four changes since the September meeting. The pension funding category had a trend change from stable to increasing; talent continuity had a risk level decrease from elevated orange to caution yellow. She said there were two categories that were removed: legislative implementation and supply chain disruption.

4. Receive an update on the Member Satisfaction Results – Sunitha Downing; and Dr. Rene Paulson, Elite Research.

Ms. Sunitha Downing introduced the report on the 2023 Member Satisfaction Survey. She reported the member satisfaction survey is a sample of TRS membership conducted annually by Elite Research to gauge satisfaction with TRS services. She reviewed the changes that were made to this year's survey. She noted that all questions were now on a five-point scale and that open ended questions were added for additional qualitative feedback where a negative response was provided.

Dr. Rene Paulson reviewed the results of the member satisfaction survey. She said the results were from more than 4,000 active members and nearly 4,000 retirees, with the majority of both groups completing the survey online via an email invitation. She said this year continued to see increases in the rates of the emails being opened by members, increased total responses, and increased completion rates, particularly by retirees. She reported overall satisfaction with TRS retiree ratings had a minor decrease, while active member ratings increased. She said there was an increase in positive text responses to a variety of questions, more so than prior years. She said challenges remain and negative comments were brought up. She said as in past years both groups report a secure retirement as their most important value item, followed by operating in their best interest. She said in response to what TRS can do most to improve satisfaction with TRS services, common answers related to technology and media communications, needing more information and easier access to information, retirement information and services, as well as unresponsive or long wait times, and the cost-of-living raises.

Dr. Paulson reported that 86 percent of retirees were satisfied with the overall services received with TRS. She said the same percentage of active members were satisfied with TRS health care

services as compared to last year. She said 90 percent of retirees read a TRS publication compared to only 70 percent of active members. She concluded that the combined satisfaction levels were comparable to last year, both member types had significant increases in being very satisfied with TRS' interactions overall, 7 percent increase for active members and 17 percent increase for retirees.

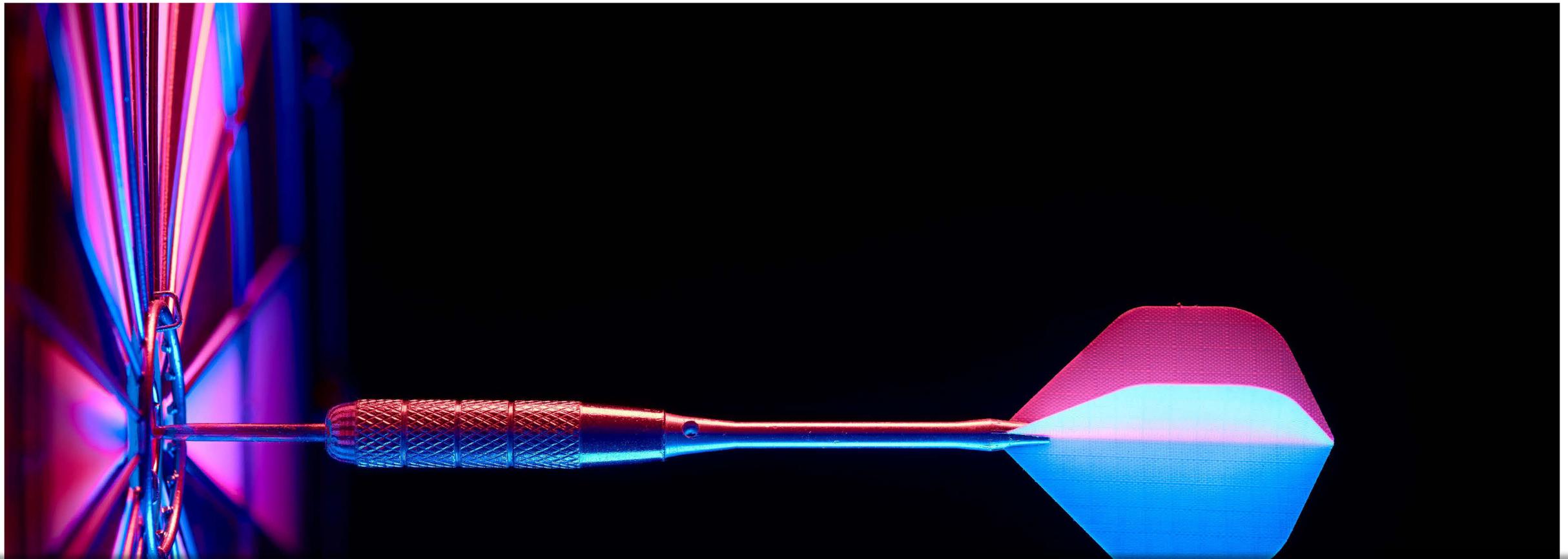
At 2:02 p.m., Chair Allred announced there being no further business before the Strategic Planning Committee, it was adjourned.

APPROVED BY THE STRATEGIC PLANNING COMMITTEE OF THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM OF TEXAS ON THE ____ DAY OF MAY, 2024.

Katherine H. Farrell
Secretary to the Board of Trustees
Teacher Retirement Systems of Texas

Date

TAB
3



Strategy

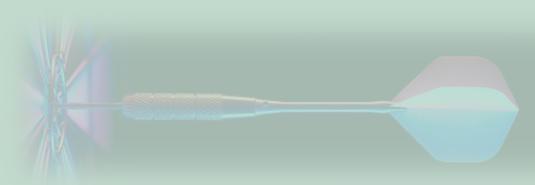
Calendar Year 2024 Work Plan

May 2, 2024

Don Green, Chief Financial Officer



Strategic Planning Committee – CY 2024



Committee Workplan

Schedule as of April 2024

Informative (Receive)

Pre-Action (Review)

Action (Consider)

*Approved by committee only

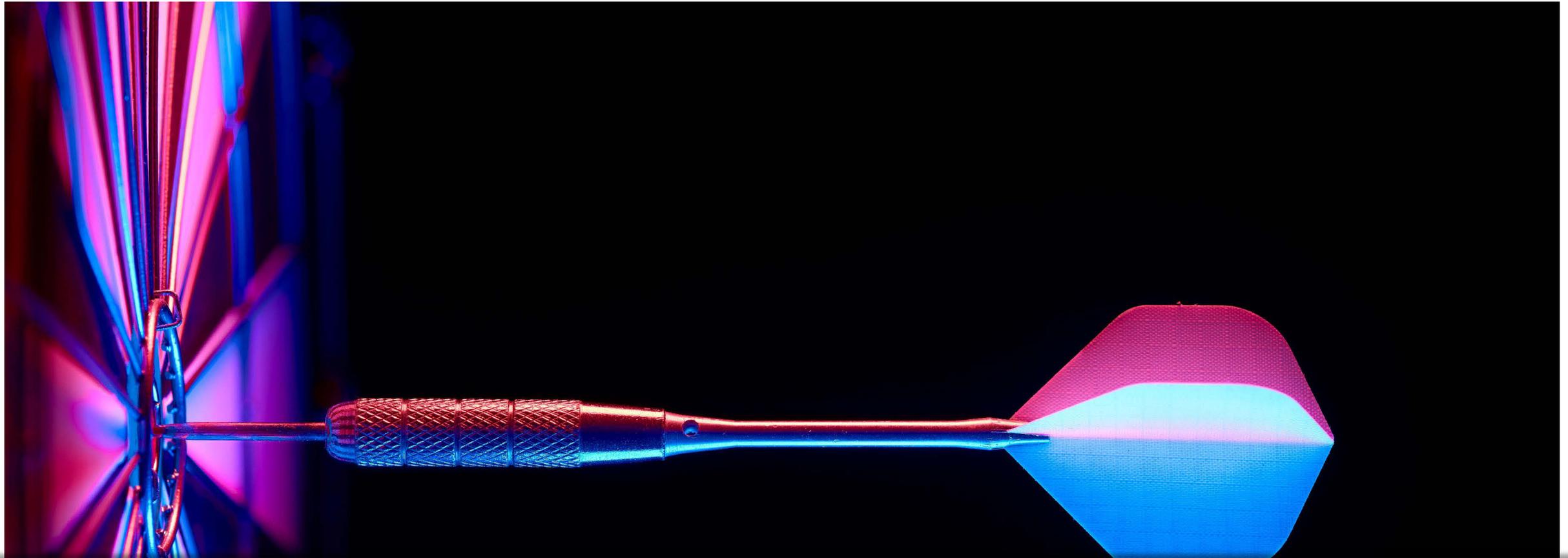


Fiscal Year 2024

Fiscal Year 2025

Note: All committee schedules are subject to change as year progresses.

TAB
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Strategy

Proposed FY 2025-29 Strategic Plan

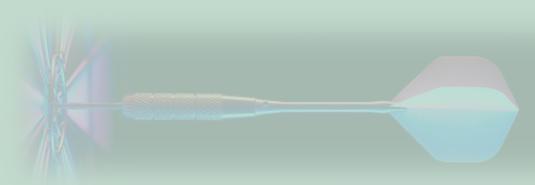
May 2, 2024

Don Green, Chief Financial Officer

Michelle Pagán, Director, Enterprise Risk, Strategy & Performance



Overview

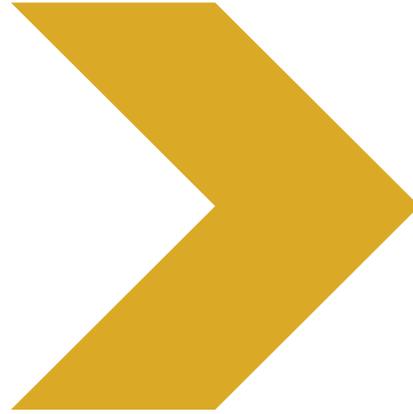
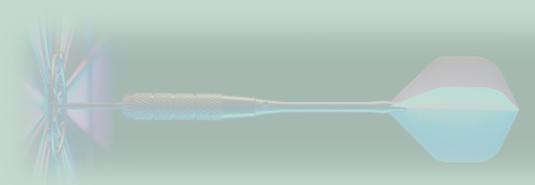


Agenda

- TRS Strategic Plan 2023-27 (Current)
- Current Plan vs. Proposed Plan
- TRS Strategic Plan 2025-29 Development
- Proposed Changes
- Appendix
 - Proposed TRS 2025-29 Strategic Plan
 - TRS Strategy & Budget Cycle



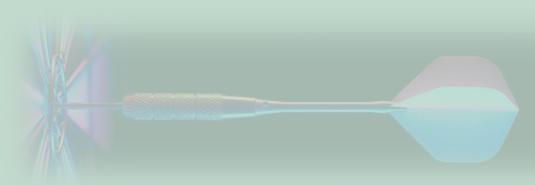
TRS Strategic Plan 2023-27 (Current)



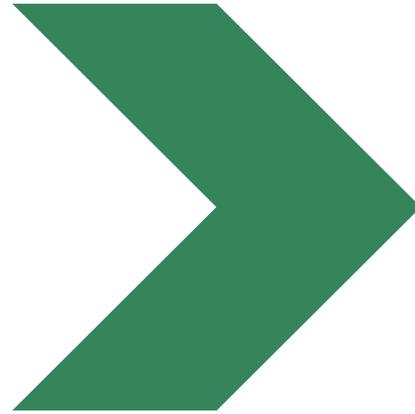
- 01.** Sustain a financially sound pension system.
- 02.** Continuously improve our benefit delivery.
- 03.** Facilitate access to competitive, reliable health care benefits for our members.
- 04.** Ensure that people, processes and technology align to achieve excellence in the delivery of services to members.



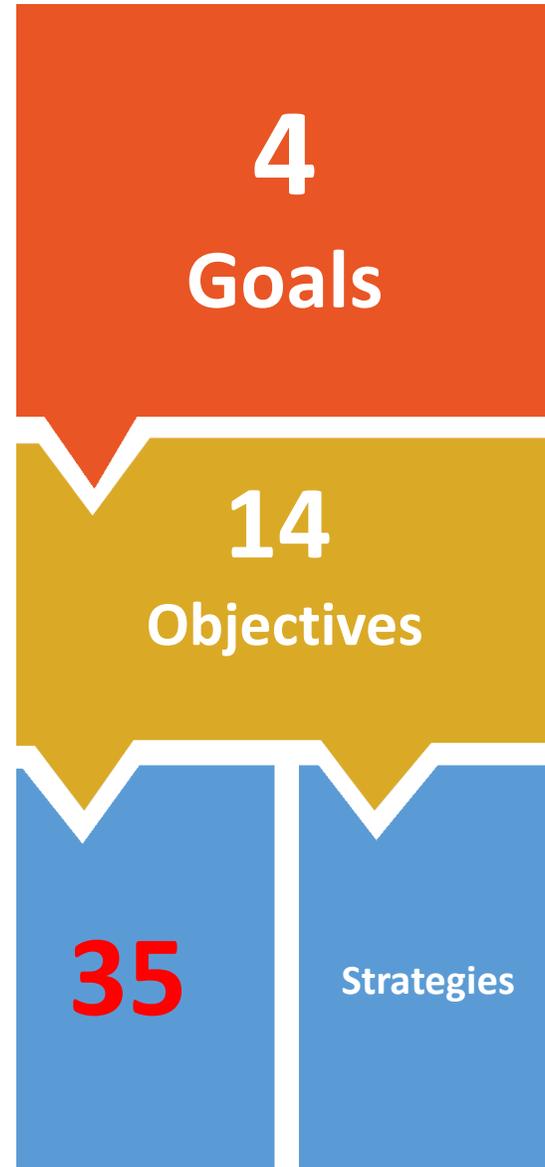
Current Plan vs. Proposed Plan



Current Strategic Plan



Proposed Strategic Plan

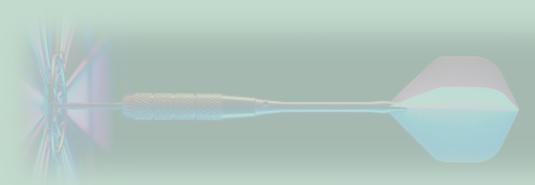


Reduced by 3

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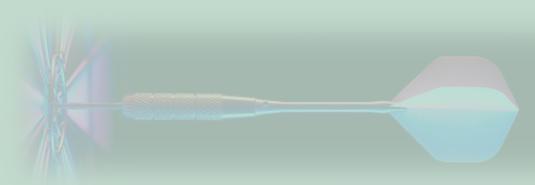
TRS Strategic Plan 2025-29 Development



- Plan Submission Components
 - Mission
 - Goals and Action Plan
 - Redundancies & Impediments
 - Supplemental Schedules
 - Budget Structure – Goals, Objectives and Performance Measures
 - List of Measure Definitions
 - Historically Underutilized Business (HUB) Plan
 - Agency Workforce Plan
 - Report on Customer Service
 - *Certification of Compliance with Cybersecurity Training (NEW)*
- Due: June 1, 2024



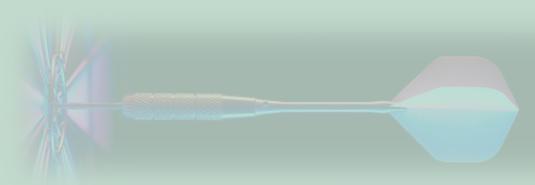
Proposed Changes



Member Focused	G1	Sustain an <u>actuarially</u> sound pension system. <i>(AMEND)</i>
	G1.03 G1.03.S1	Improve communication regarding <u>pension funding and</u> the impact of plan design <u>changes</u> . <i>(AMEND)</i> <ul style="list-style-type: none">○ Serve as a trusted resource and engage with policymakers on pension <u>funding and</u> plan design. <i>(AMEND)</i>
	G2.01 G2.01.S1-S3	Improve the customer service experience for <u>participants</u> and <u>reporting</u> employers. <i>(AMEND)</i> <ul style="list-style-type: none">○ Increase engagement with members/participants and reporting employers regarding TRS benefits. <i>(NEW)</i>○ Expand our services to meet members where they are. <i>(NEW)</i>○ Improve the reporting employer experience. <i>(NEW)</i>
	G3.01 G3.01.S1 G3.02.S4	Improve communication regarding health care funding <u>and the impact of plan design changes</u> . <i>(AMEND)</i> <ul style="list-style-type: none">○ Serve as a trusted resource and engage with policymakers on health care funding <u>and plan design</u>. <i>(AMEND)</i>○ Ensure access to competitive retiree health benefits, including dental and vision plans. <i>(NEW)</i>
	G3.03.S1	<ul style="list-style-type: none">○ Engage and educate plan participants to help them achieve better health outcomes. <i>(NEW)</i>
	G4.07	Provide effective communication to all stakeholders with a focus on continuous improvement. <i>(NEW)</i>



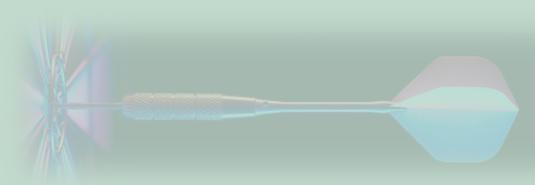
Proposed Changes



Workforce Planning	G4	<u>Align</u> people, processes and technology to achieve excellence in <u>service delivery</u> . (AMEND)
	G4.O1.S5	<u>Maintain</u> workforce planning <u>strategies which provide continuous improvement for</u> remote work, succession planning and knowledge transfer <u>initiatives</u> . (AMEND)
	G4.O2.S2	<u>Optimize the</u> hybrid work environment to provide greater <u>scalability</u> , flexibility and security. (AMEND)
	G4.O3.S2	<u>Expand the</u> governance, risk and compliance (GRC) program to include security and privacy management, risk/fraud forecasting and education. (AMEND)



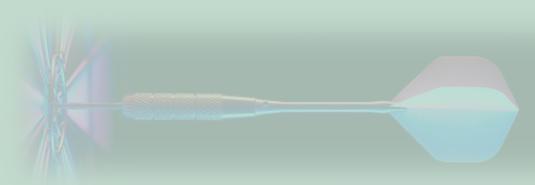
Proposed Changes



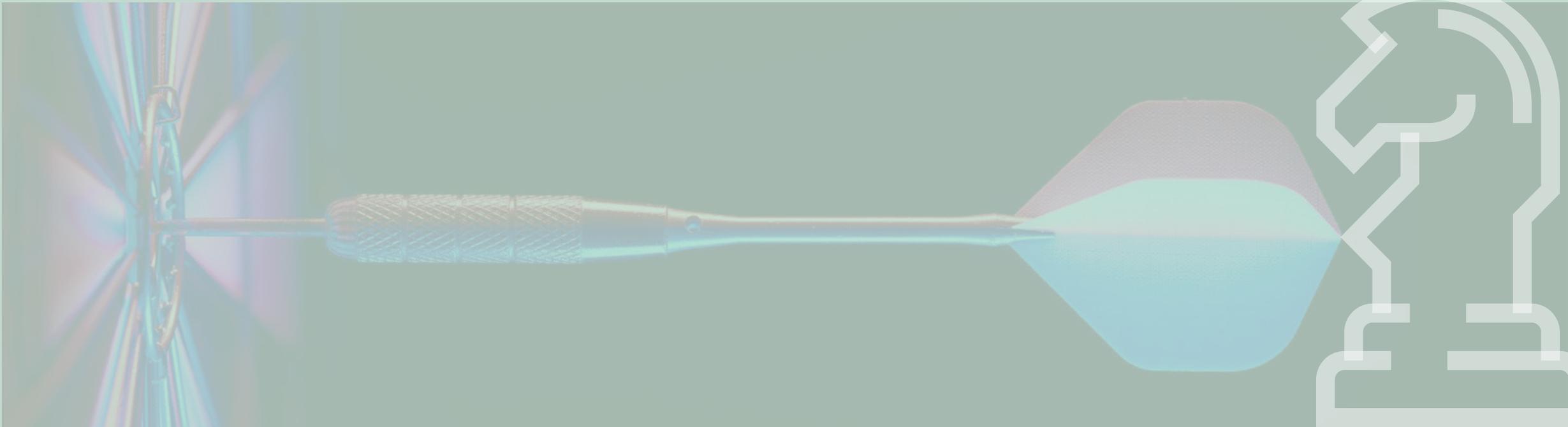
Cleanup -- Delete	G1.01 G1.01.S1	<ul style="list-style-type: none">• Improve communication regarding pension funding needs.<ul style="list-style-type: none">○ Serve as a trusted resource and engage with policymakers on pension funding.
	G2.01.S1-S6	<ul style="list-style-type: none">• Increase capacity to serve members.• Improve response time to reporting employers.• Provide additional online functionality.• Build and define operational support for Benefit Services.• Execute on the Customer Service Improvement Initiative. <i>(COMPLETE)</i>• Provide a seamless member experience.
	G2.02 G2.02.S1	<ul style="list-style-type: none">• Improve timeliness and accuracy in employer-reported data.<ul style="list-style-type: none">○ Improve and enhance the reporting employer portal.
	G3.03.S1-S2	<ul style="list-style-type: none">• Improve engagement of plan participants with an initial focus on populations with high impact conditions, such as diabetes.• Optimize disease management for high-risk populations.
	G4.01.S1	Position TRS as an employer of choice to meet the needs of our current and future workforce. <i>(COMPLETE)</i>
	G4.06.S1	Implement significant program recommendations related to the Purchasing & Contracts Enhancement Plan. <i>(COMPLETE)</i>



Proposed Changes



Cleanup – Delete (cont'd)	G4.07.S1-S2	<ul style="list-style-type: none">• Ensure that member-facing content is easily understandable, findable and accessible to readers, and fully meets members’ needs.• Map and verify the information needs of members and employers and how they interconnect so informational content can be delivered more seamlessly.
	G4.09 G4.09.S1-S2	<ul style="list-style-type: none">• Develop a centralized data management framework for digital and physical data. <i>(COMPLETE)</i><ul style="list-style-type: none">○ Establish a cross-functional data governance body to develop methods, responsibilities and processes to standardize, integrate, protect, and store organizational data. <i>(COMPLETE)</i>○ Analyze the current state of data governance and operationalize the review and assessment of proposed projects in accordance with the data management framework. <i>(COMPLETE)</i>



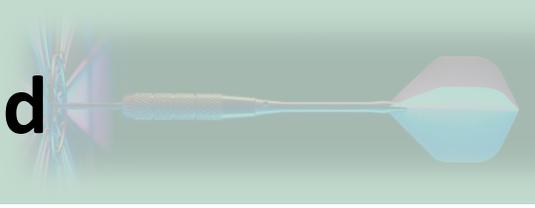
Appendix

Proposed TRS 2025-2029 Strategic Plan

TRS Strategy & Budget Cycle



Proposed TRS 2025-29 Strategic Plan - Untracked



GOAL 1: Sustain an actuarially sound pension system.

O1: Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

S1: Maintain an effective investment governance structure.

S2: Enhance current competitive advantages and total returns.

S3: Manage cost structures to increase net alpha generated.

O2: Improve communication regarding pension funding and the impact of plan design changes.

S1: Serve as a trusted resource and engage with policymakers on pension funding and plan design.

GOAL 2: Continuously improve our benefit delivery.

O1: Improve the customer service experience for participants and reporting employers.

S1: Increase engagement with members/participants and reporting employers regarding TRS benefits.

S2: Expand our services to meet members where they are.

S3: Improve the reporting employer experience.

GOAL 3: Facilitate access to competitive, reliable health care benefits for our members.

O1: Improve communication regarding health care funding and the impact of plan design changes.

S1: Serve as a trusted resource and engage with policymakers on health care funding and plan design.

O2: Increase the value of health care benefits.

S1: Engage the best health care vendors through competitive procurement to ensure our members have the highest value health care.

S2: Reengineer TRS-ActiveCare to better meet employer needs.

S3: Use data analytics tools to provide assurance on health care claims compliance.

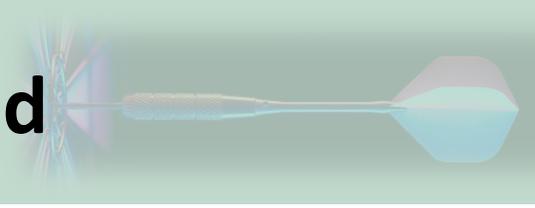
S4: Ensure access to competitive retiree health benefits, including dental and vision plans.

O3: Improve the health of our members.

S1: Engage and educate plan participants to help them achieve better health outcomes.



Proposed TRS 2025-29 Strategic Plan - Untracked



GOAL 4: Align people, processes and technology to achieve excellence in service delivery.

O1: Attract, retain and develop a diverse and highly competent staff.

S1: Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

S2: Improve diversity representation at all levels of the organization.

S3: Expand learning and development opportunities.

S4: Maintain workforce planning strategies which provide continuous improvement for remote work, succession planning and knowledge transfer initiatives.

O2: Advance and enhance IT systems and services.

S1: Develop, maintain and enhance IT systems and infrastructure in support of TRS business needs.

S2: Optimize the hybrid work environment to provide greater scalability, flexibility and security.

S3: Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.

S4: Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.

S5: Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.

O3: Enhance the information security program to effectively counter current and emerging threats and risks facing TRS.

S1: Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.

S2: Expand the governance, risk and compliance (GRC) program to include security and privacy management, risk/fraud forecasting and education.

O4: Execute on TRS facilities needs.

S1: Complete build-out and move-in activities for the new TRS headquarters buildings.

S2: Identify resource needs and develop project plans associated with opening additional regional offices.

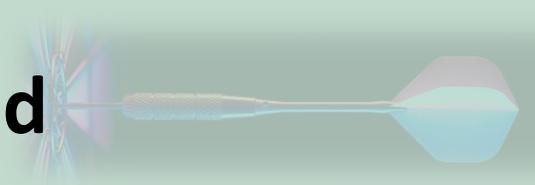
O5: Foster a culture of fiduciary responsibility and ethical conduct.

S1: Embed/Integrate culture of ethics and compliance within the business process.

S2: Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.



Proposed TRS 2025-29 Strategic Plan - Untracked



GOAL 4: Align people, processes and technology to achieve excellence in service delivery. (cont'd)

O6: Improve and maintain effective procurement and contract management practices.

S1: Increase the number of utilized Historically Underutilized Businesses (HUBs).

S2: Mature third-party risk management processes.

O7: Provide effective communication to all stakeholders with a focus on continuous improvement.

S1: Improve strategic communications with a customer-centric focus.

S2: Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed postretirement.

O8: Evaluate automation and technology solutions to enhance existing processes.

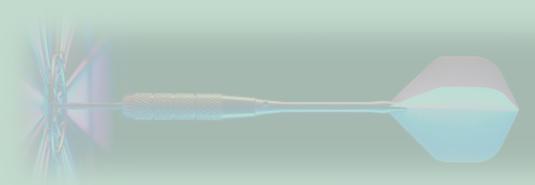
S1: Investigate best practices and feasibility of incorporating artificial intelligence into organizational processes.

S2: Identify opportunities for improved productivity, process efficiencies and performance monitoring.

S3: Implement Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 1 | Sustain an ~~actuarially~~ ~~financially~~ sound pension system.

~~Objective 1: Improve communication regarding pension funding needs.~~

~~Strategy 1: Serve as a trusted resource and engage with policymakers on pension funding.~~

Objective 21: Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy 1: Maintain an effective investment governance structure.

Strategy 2: Enhance current competitive advantages and total returns.

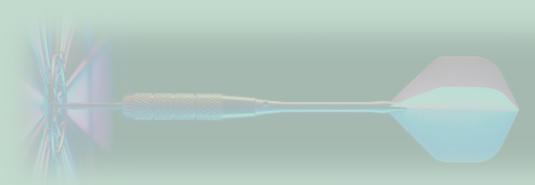
Strategy 3: Manage cost structures to increase net alpha generated.

Objective 32: Improve communication regarding ~~pension funding and~~ the impact of ~~changing~~ pension plan design ~~changes~~.

Strategy 1: Serve as a trusted resource and engage with policymakers on pension ~~funding and~~ plan design.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 2

Continuously improve our benefit delivery.

Objective 1: Improve the customer service experience for ~~members~~ participants and ~~reporting~~ employers.

~~Strategy 1:~~ Increase capacity to serve members.

~~Strategy 2:~~ Improve response time to reporting employers.

~~Strategy 3:~~ Provide additional online functionality.

~~Strategy 4:~~ Build and define operational support for Benefit Services.

~~Strategy 5:~~ Execute on the Customer Service Improvement Initiative.

~~Strategy 6:~~ Provide a seamless member experience.

Strategy 1: Increase engagement with members/participants and reporting employers regarding TRS benefits.

Strategy 2: Expand our services to meet members where they are.

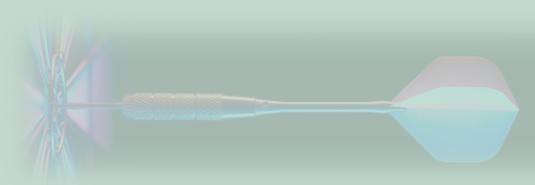
Strategy 3: Improve the reporting employer experience.

~~Objective 2:~~ Improve timeliness and accuracy in employer-reported data.

~~Strategy 1:~~ Improve and enhance the reporting employer portal.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 3

Facilitate access to competitive, reliable health care benefits for our members.

Objective 1: Improve communication ~~efforts~~ regarding health care funding ~~needs~~ and the impact of plan design changes.

Strategy 1: Serve as a trusted resource and engage with policymakers on health care funding and plan design.

Objective 2: Increase the value of health care benefits.

Strategy 1: Engage the best health care vendors through competitive procurement to ensure our members have the highest value health care.

Strategy 2: Reengineer TRS-ActiveCare to better meet employer needs.

Strategy 3: Use data analytics tools to provide assurance on health care claims compliance.

Strategy 4: Ensure access to competitive retiree health benefits, including dental and vision plans.

Objective 3: Improve the health of our members.

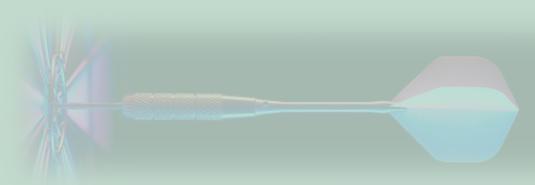
~~**Strategy 1:** Improve engagement of plan participants with an initial focus on population with high impact conditions, such as diabetes.~~

~~**Strategy 2:** Optimize disease management for high-risk populations.~~

Strategy 1: Engage and educate plan participants to help them achieve better health outcomes.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 4

~~Ensure that~~ Align people, processes and technology ~~align~~ to achieve excellence in ~~the service~~ delivery ~~of services to members~~.

Objective 1: Attract, retain and develop a diverse and highly competent staff.

~~Strategy 1:~~ ~~Position TRS as an employer of choice to meet the needs of our current and future workforce.~~

Strategy 21: Promote a strong workplace culture that is inclusive and fosters creativity and innovation.

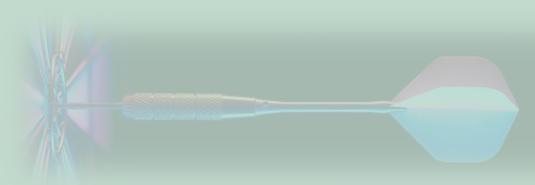
Strategy 32: Improve diversity representation at all levels of the organization.

Strategy 43: Expand learning and development opportunities.

Strategy 54: ~~Develop and implement a~~ Maintain workforce planning ~~strategiesy that includes expanded~~ which provide ~~continuous improvement for~~ remote work, succession planning and knowledge transfer ~~initiatives~~.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 4

~~Ensure that~~ Align people, processes and technology ~~align~~ to achieve excellence in ~~the service~~ delivery ~~of services to members~~.

Objective 2: Advance and enhance IT systems and services.

Strategy 1: Develop, maintain and enhance IT systems and infrastructure in support of TRS business needs.

Strategy 2: ~~Expand and evolve from an office-centric design to a~~ Optimize the hybrid ~~remote~~ work environment ~~that to~~ provides greater ~~fluidity scalability~~, flexibility and security.

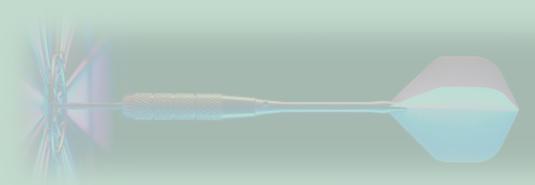
Strategy 3: Provide advanced data analytics tools and data management practices to gain business intelligence and improve decision-making.

Strategy 4: Implement modern information systems across all lines of business with priority on modernization of legacy systems and strategic digital transformation.

Strategy 5: Improve digital operating technology models to enhance continuous business process improvement and provide operational efficiencies.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 4

~~Ensure that~~ Align people, processes and technology ~~align~~ to achieve excellence in ~~the service~~ delivery ~~of services to members~~.

Objective 3: Enhance the information security program to effectively counter current and emerging threats and risks facing TRS.

Strategy 1: Optimize security architecture and operational capabilities to thwart advanced threats and mitigate vulnerabilities.

Strategy 2: ~~Develop a comprehensive~~ Expand the governance, risk and compliance program to include security and privacy management, risk/fraud forecasting and education.

Objective 4: Execute on TRS facilities needs.

Strategy 1: Complete build-out and move-in activities for the new TRS headquarters buildings.

Strategy 2: Identify resource needs and develop project plans associated with opening additional regional offices.

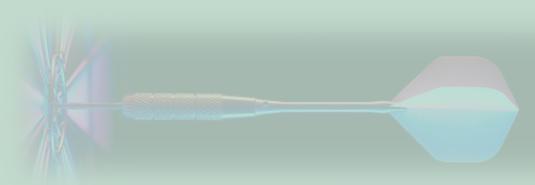
Objective 5: Foster a culture of fiduciary responsibility and ethical conduct.

Strategy 1: Embed/Integrate culture of ethics and compliance within the business process.

Strategy 2: Enhance visibility of, and accessibility to, Legal & Compliance throughout TRS.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 4

~~Ensure that~~ Align people, processes and technology ~~align~~ to achieve excellence in ~~the service~~ delivery of services to members.

Objective 6: Improve and maintain effective procurement and contract management practices.

~~Strategy 1:~~ Implement significant program recommendations related to the Purchasing & Contracts Enhancement Plan.

Strategy 21: Increase the number of utilized Historically Underutilized Businesses (HUBs).

Strategy 32: Mature third-party risk management processes.

Objective 7: ~~Improve strategic communications with a customer-centric focus.~~ Provide effective communication to all stakeholders with a focus on continuous improvement.

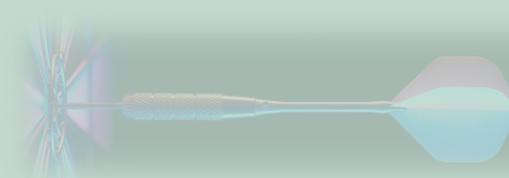
~~Strategy 1:~~ ~~Ensure that member-facing content is easily understandable, findable and accessible to readers, and fully meets members' needs.~~ Improve strategic communications with a customer-centric focus.

~~Strategy 2:~~ Map and verify the information needs of members and employers and how they interconnect so informational content can be delivered more seamlessly.

Strategy 32: Implement and monitor the Member and Employer Outreach Plan to better help members and employers fully know and utilize benefits, engage with TRS, plan for retirement, and remain informed postretirement.



Proposed TRS 2025-29 Strategic Plan - Tracked



GOAL 4

~~Ensure that~~ Align people, processes and technology ~~align~~ to achieve excellence in ~~the service~~ delivery of services to members.

Objective 8: Evaluate automation and technology solutions to enhance existing processes.

Strategy 1: Investigate best practices and feasibility of incorporating artificial intelligence into organizational processes.

Strategy 2: Identify opportunities for improved productivity, process efficiencies and performance monitoring.

Strategy 3: Implement Investment Data Modernization Program to improve trust asset monitoring and fiduciary oversight.

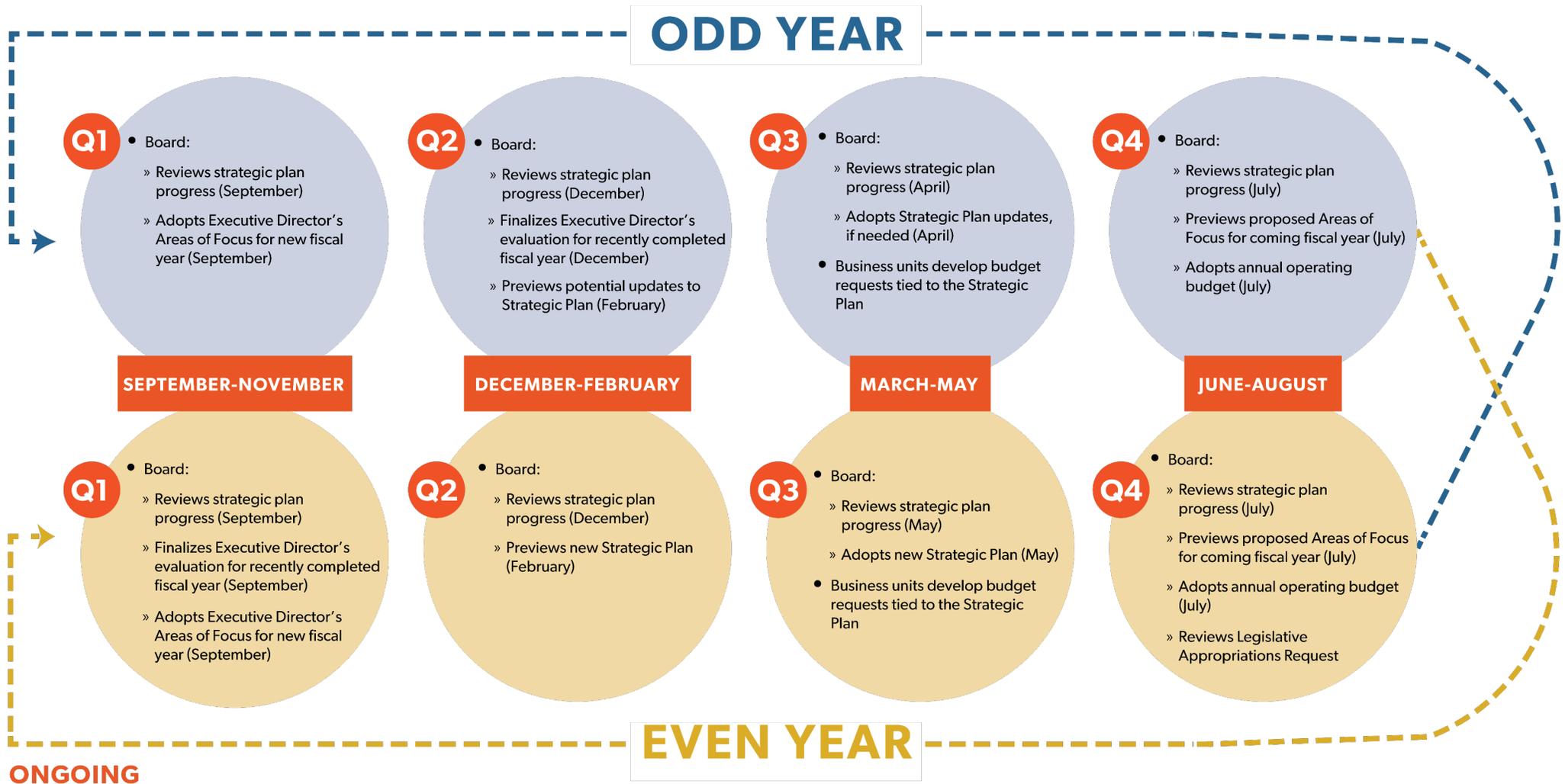
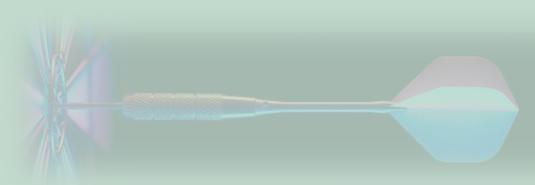
~~**Objective 9:** Develop a centralized data management framework for digital and physical data.~~

~~**Strategy 1:** Establish a cross-functional data governance body to develop methods, responsibilities, and processes to standardize, integrate, protect, and store organizational data.~~

~~**Strategy 2:** Analyze the current state of data governance and operationalize the review and assessment of proposed projects in accordance with the data management framework.~~



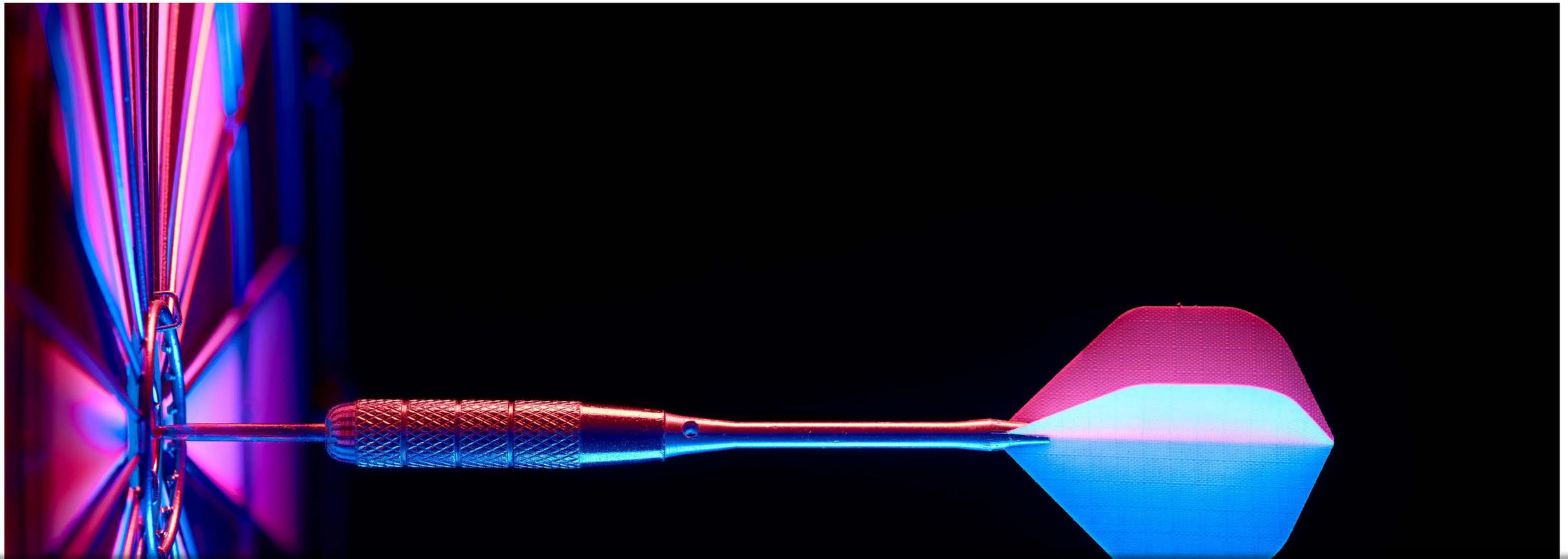
TRS Strategy & Budget Cycle



ONGOING

- Monthly Risk Oversight Committee meetings
- Biannual strategic alignment discussions by Executive Council
- Scheduled review of mission statement and core values every four years

**TAB
5**



Strategy

Update on FY 2023-27 Strategic Plan

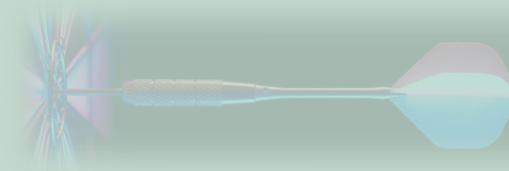
May 2, 2024

Don Green, Chief Financial Officer

Michelle Pagán, Director, Enterprise Risk, Strategy & Performance



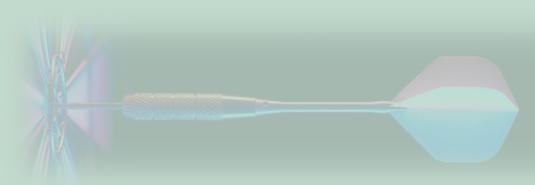
Agenda



- Strategic Plan Reporting Schedule
- 2023-27 Strategic Plan Status Update
 - Achieve the Investment Rate of Return
 - Improve the Customer Service Experience
 - Improve Timeliness and Accuracy in Employer Reported Data
- Summary of Changes – Enterprise Stoplight Report
- Enterprise Stoplight Report
- Risk Trending Dashboard
- Appendix – 2023-27 Strategic Plan Accomplishments

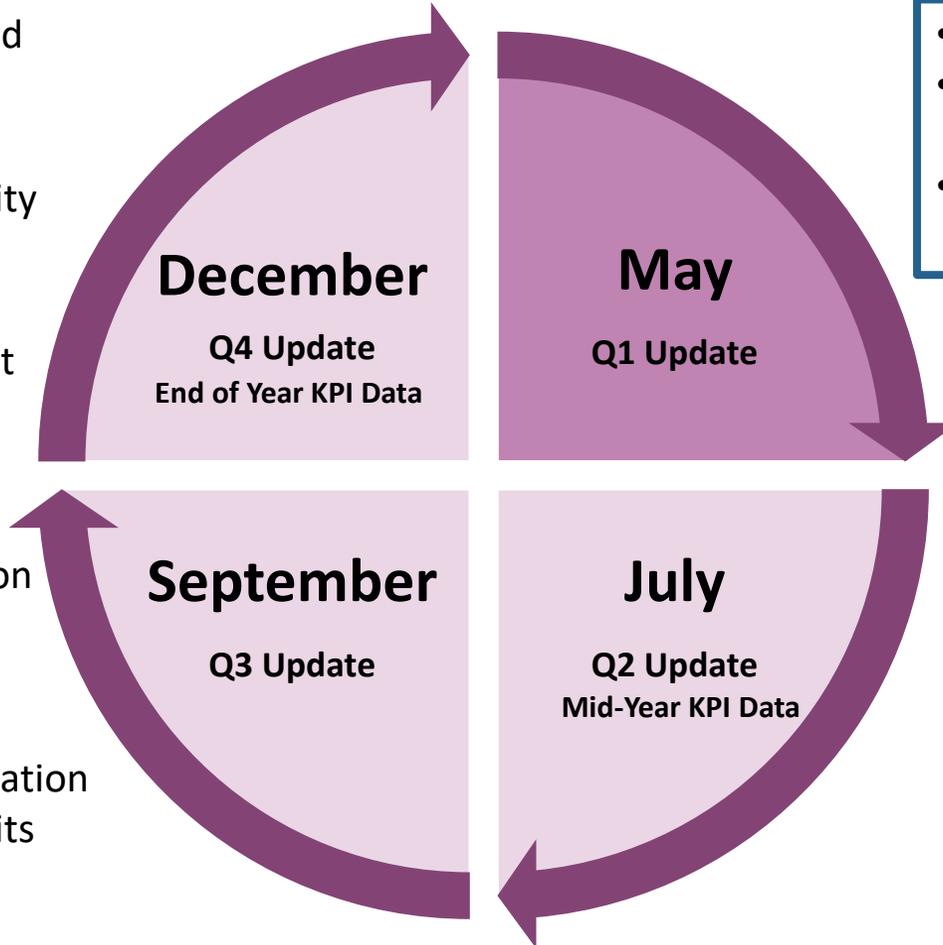


Strategic Plan Reporting Schedule



- Attract, retain and develop a diverse and highly competent staff
- Execute on TRS facilities needs
- Foster a culture of fiduciary responsibility and ethical conduct
- Improve and maintain effective procurement and contract management

- Improve pension funding communication
- Improve communication regarding the impact of changing plan design
- Improve strategic communications
- Improve health care funding communication
- Increase the value of health care benefits
- Improve the health of our members

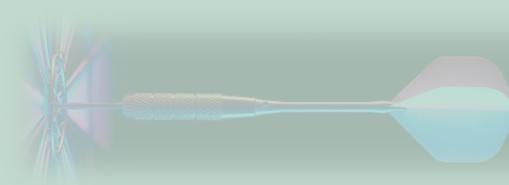


- Achieve the investment rate of return
- Improve the customer service experience
- Improve timeliness and accuracy in employer-reported data

- Advance and enhance IT systems and services
- Enhance the information security program
- Evaluate automation and technology solutions to enhance processes
- Develop a centralized data management framework for digital and physical data



2023-27 Strategic Plan Status Update

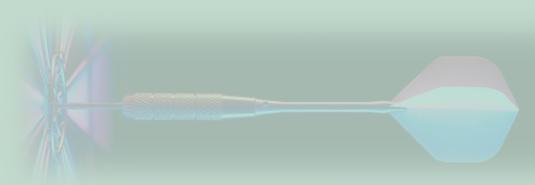


GOAL 1: Sustain a financially sound pension system.

Objective		Strategy		Status
O2	Achieve the trust's actuarial assumed rate of return as measured on rolling 20-year periods.	O2.S1	Maintain an effective investment governance structure.	In Progress Slide 11
		O2.S2	Enhance current competitive advantages and total returns.	In Progress Slide 12
		O2.S3	Manage cost structures to increase net alpha generated.	In Progress Slide 12



2023-27 Strategic Plan Status Update

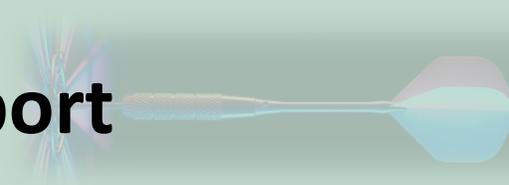


GOAL 2: Continuously improve our benefit delivery.

Objective		Strategy		Status
O1	Improve the customer service experience for members and employers.	O1.S1	Increase capacity to serve members.	In Progress Slide 13
		O1.S2	Improve response time to reporting employers.	In Progress Slide 13
		O1.S3	Provide additional online functionality.	In Progress Slide 13
		O1.S4	Build and define operational support for Benefit Services.	In Progress Slide 14
		O1.S5	Execute on the Customer Service Improvement Initiative.	Complete Slide 14
		O1.S6	Provide a seamless member experience.	In Progress Slide 14
O2	Improve timeliness and accuracy in employer-reported data.	O2.S1	Improve and enhance the reporting employer portal.	In Progress Slide 15



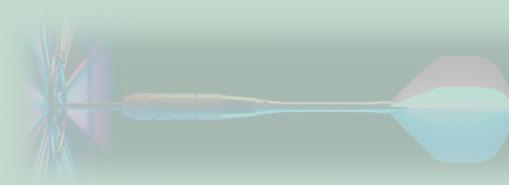
Summary of Changes – Enterprise Stoplight Report



Risk Level Color/Trending Changes	December 2023	May 2024
Pension Funding	● ↑	● ↑



Enterprise Stoplight Report* – May 2024



Budget	Business Continuity	Communications & External Relations	Cybersecurity	Data Privacy & Confidentiality
Employer Reporting	Enterprise Information Systems	Ethics & Fraud Prevention	Facilities Management & Planning	Global Operations
Headquarters Project	Health Care Plans Administration	Market	Open Government	Pension Benefit Services
Pension Funding	Procurement & Contracts	Records & Information Management	Regulatory, Compliance & Litigation	Talent Continuity
TEAM Program	TRS-ActiveCare Affordability	TRS-Care Funding		

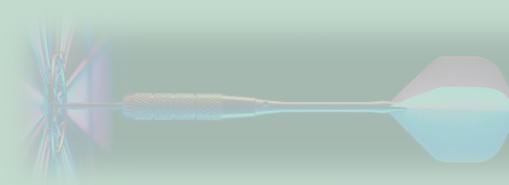
RISK CATEGORY LEVEL - Threat to Achieving TRS Goals & Objectives									
HIGH		ELEVATED		CAUTION		GUARDED		LOW	

EXPECTED RISK CATEGORY TREND - NEXT 12-24 MONTHS					
INCREASE		DECREASE		NO CHANGE	

*Risk category ratings are based on a point in time and independent of other risk categories.



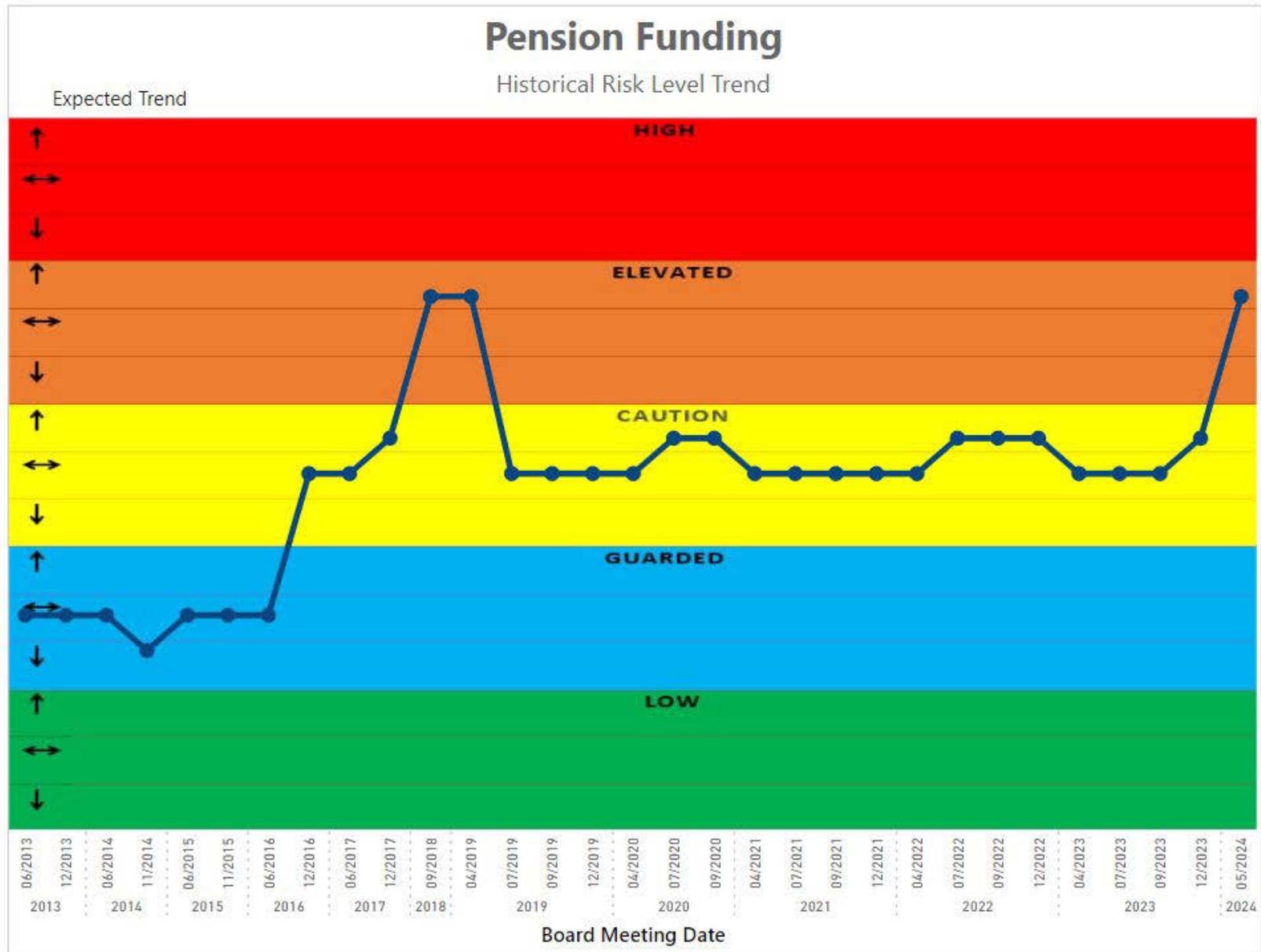
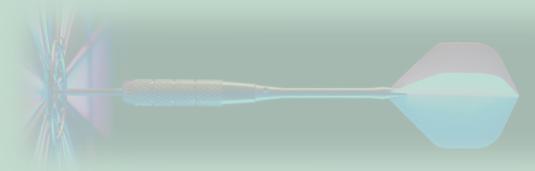
Risk Trending Dashboard – May 2024



Enterprise Risk Categories May 2024	Current Risk Level	Expected Trend 12-24 months	Historical Trend
Budget	Low	Stable	
Business Continuity	Caution	Stable	
Communications & External Relations	Caution	Stable	
Cybersecurity	Elevated	Increase	
Data Privacy & Confidentiality (i.e., Information Security & Confidentiality)	Caution	Stable	
Employer Reporting	Guarded	Stable	
Enterprise Information Systems	Elevated	Stable	
Ethics & Fraud Prevention	Guarded	Stable	
Facilities Management & Planning	Guarded	Stable	
Global Operations	Guarded	Increase	
Headquarters Project (i.e., Long-Term Facilities)	Caution	Stable	
Health Care Plans Administration	Caution	Stable	
Market	Low	Increase	
Open Government	Guarded	Stable	
Pension Benefit Services	Guarded	Stable	
Pension Funding	Elevated	Increase	
Procurement & Contracts	Elevated	Stable	
Records & Information Management	Elevated	Stable	
Regulatory, Compliance & Litigation	Guarded	Stable	
Talent Continuity	Caution	Stable	
TEAM Program	Guarded	Stable	
TRS-ActiveCare Affordability	Elevated	Increase	
TRS-Care Funding	Guarded	Stable	



Risk Trending Dashboard – Trend Chart



Current Risk Rating

Elevated

Expected Trend Next 12-24 Months

Increase

Last Risk Review

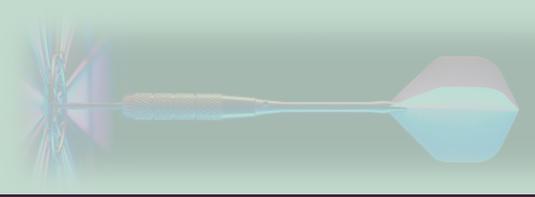
May 2024



Appendix: 2023-27 Strategic Plan Accomplishments



2023-27 Strategy Status and Accomplishments



GOAL 1: Sustain a financially sound pension system.

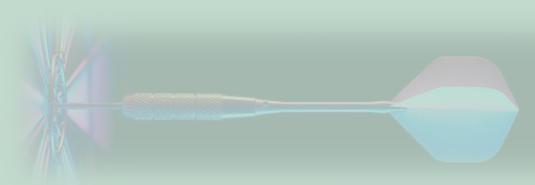
OBJECTIVE 2: Achieve the trust’s actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy		Status	Accomplishments
O2.S1	Maintain an effective investment governance structure.	In Progress	<ul style="list-style-type: none"> • TRS’ governance structure underwent its triennial review in 2024 per Texas Government Code §802.109 requirements to evaluate existing investment policies, procedures, practices, associated compliance, and comparison to industry best practices. The review was completed by Aon and concluded that TRS continues to perform in a manner consistent with best-in-class peers. The review included an evaluation of all items outlined in the Texas Pension Review Board (PRB) guidance, and that the system is exhibiting best practice functions inquired about within the guidance. • In 2023, Investment Management Division (IMD) obtained new legislative approval for four proposals including changes to the hedge fund limit, procurement, owning real estate directly, and trading of repurchase agreements. The TRS Board of Trustees subsequently voted to set the limit on hedge fund investments at 15% within the Investment Policy Statement (IPS).

*STATUS CHOICES: Complete, In Progress, Behind, Not Started

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2023-27 Strategy Status and Accomplishments



GOAL 1: Sustain a financially sound pension system.

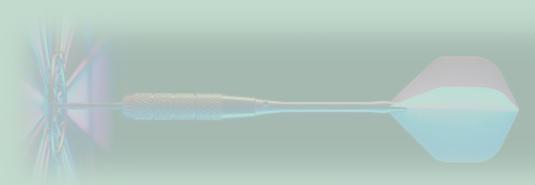
OBJECTIVE 2: Achieve the trust’s actuarial assumed rate of return as measured on rolling 20-year periods.

Strategy		Status	Accomplishments
O2.S2	Enhance current competitive advantages and total returns.	In Progress	<ul style="list-style-type: none"> • IMD obtained new legislative approval for four proposals including changes to the hedge fund limit, procurement, owning real estate directly, and trading of repurchase agreements. These new capabilities will provide greater investment flexibility and increases the trust’s competitive advantages against other public pension peers. • IMD completed the first phase of TRS’ headquarters move by transferring all operations and employees successfully to Mueller. The move provides a larger space with greater resources for future growth, an improved work environment for TRS employees, and a more accessible location for visitation by TRS members and external partners. • In an effort to support liquidity and expand TRS’ financing capabilities to effectively manage the trust, the Risk and Portfolio Management (RPM) team helped TRS achieve a significant milestone by becoming the first U.S. defined pension plan to complete a direct repurchase agreement with an industry leading money market fund.
O2.S3	Manage cost structures to increase net alpha generated.	In Progress	<ul style="list-style-type: none"> • For the year ended 12/31/23, IMD produced 211 bp of alpha relative to the fund benchmark. • The trust ended 12/31/23 with a 3-year alpha of 149 bp, the highest alpha achieved in the past 15 years. • Investment Operations completed priority focused on trust tax service enhancements. The project included reviewing the services provided by TRS’ tax partners in order to recoup investment dividend and interest withholding tax and reclaims and a continued focus to maximize tax savings opportunities going forward.

*STATUS CHOICES: Complete, In Progress, Behind, Not Started

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2023-27 Strategy Status and Accomplishments



GOAL 2: Continuously improve our benefit delivery.

OBJECTIVE 1: Improve the customer service experience for members and employers.

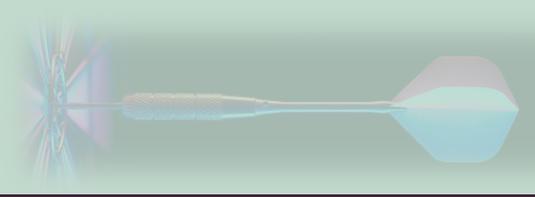
Strategy		Status	Accomplishments
O1.S1	Increase capacity to serve members.	In Progress	<ul style="list-style-type: none"> All new positions were filled, Benefit Services successfully onboarded and trained 91 new employees. Successfully opened the El Paso Regional Office. Exceeded the service level for Telephone Counseling Center and the available office visit target.
O1.S2	Improve response time to reporting employers.	In Progress	<ul style="list-style-type: none"> Increased the number of trained Reporting Employer (RE) coaches from 13 to 23. Split the RE teams adding an additional manager for oversight. Successfully conducted 54 virtual in-person training sessions for employers. Closed 99 tickets related to RE portal enhancements. Implemented chat for employers. Added co-browsing for RE coaches/employers .
O1.S3	Provide additional online functionality.	In Progress	<ul style="list-style-type: none"> Sick leave calculator added to benefit estimator in <i>MyTRS</i>. Defaulted new <i>MyTRS</i> registrations to use email as their preferred method of communication which will help reduce the number of physical mailings especially with annual statements. Added ability to submit W-4P tax withholding certificate during retirement application process.

*STATUS CHOICES: Complete, In Progress, Behind, Not Started

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2023-27 Strategy Status and Accomplishments



GOAL 2: Continuously improve our benefit delivery.

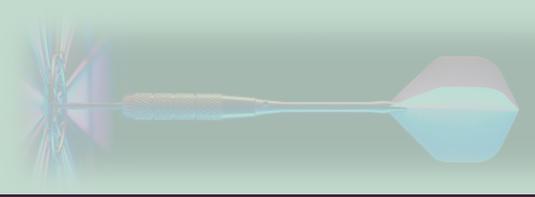
OBJECTIVE 1: Improve the customer service experience for members and employers.

Strategy		Status	Accomplishments
O1.S4	Build and define operational support for Benefit Services.	In Progress	<ul style="list-style-type: none"> • Filled the four new trainer positions authorized. • Assigned two trainers to each department in Benefit Services. • Completed 18 e-learning training courses. • Successfully trained 91 new Benefit Services employees.
O1.S5	Execute on the Customer Service Improvement Initiative.	Complete	<ul style="list-style-type: none"> • 91 new employees onboarded and trained. • All customer service initiative technology tickets have been completed. • Benefit Counseling service level (SL) was met in FY 2023 and continues to be met in FY 2024. • SL expectations met for death claims and benefit estimates backlogs eliminated.
O1.S6	Provide a seamless member experience.	In Progress	<ul style="list-style-type: none"> • Identified the call types transferred to Health from Benefits.

*STATUS CHOICES: Complete, In Progress, Behind, Not Started



2023-27 Strategy Status and Accomplishments



GOAL 2: Continuously improve our benefit delivery.

OBJECTIVE 2: Improve timeliness and accuracy in employer-reported data.

Strategy		Status	Accomplishments
O2.S1	Improve and enhance the reporting employer portal.	In Progress	<ul style="list-style-type: none"> • Closed 99 Tickets related to RE portal enhancements. • Updated over 80 validation messages. • Enhanced batch processing code to reduce slowdowns during validation processing.

*STATUS CHOICES: Complete, In Progress, Behind, Not Started

[Return to Summary](#)