

Developing the Strategic Vision Plan

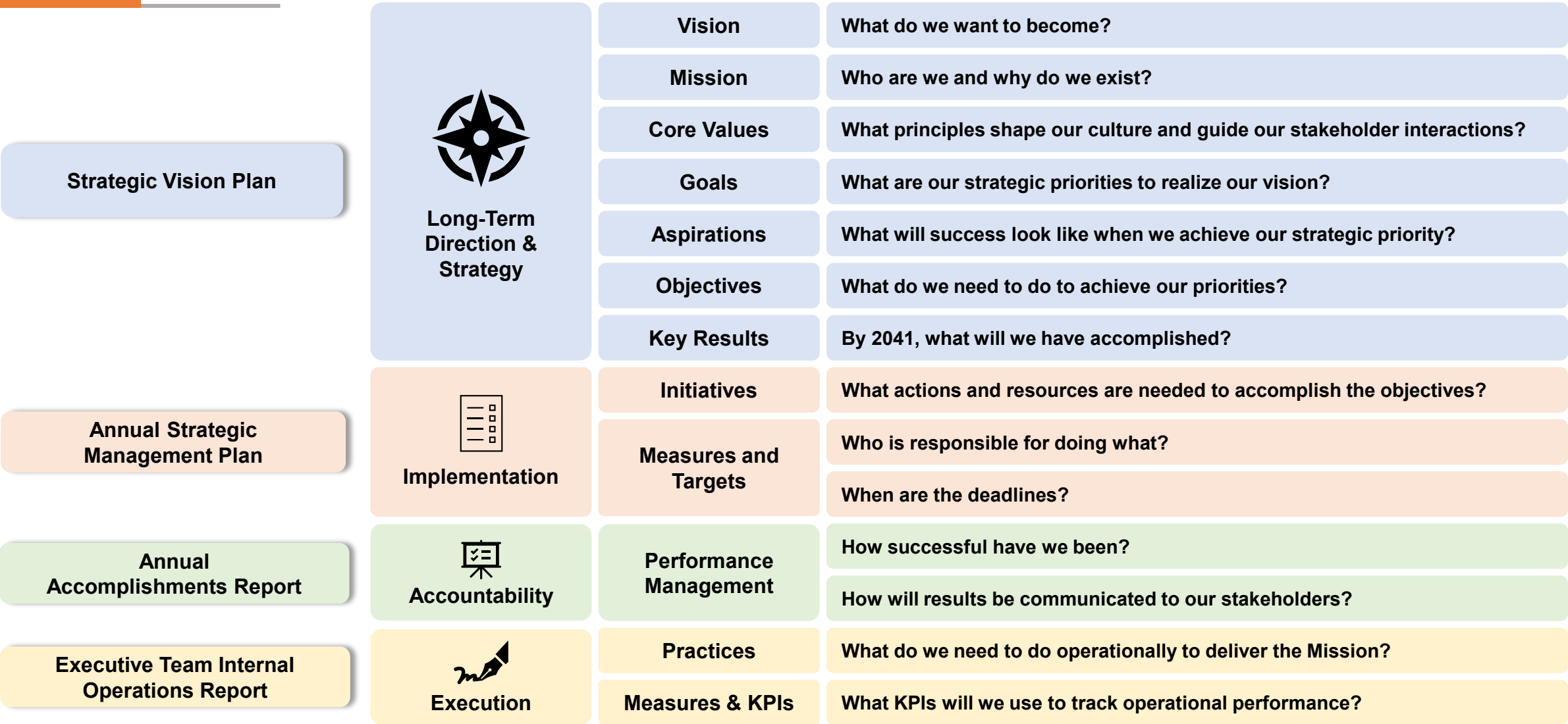
SCERS Board Strategy Visioning Session | July 30-31, 2025

Amy McDuffee | Debra Smith | Natasha Smith

Day 1 Agenda

10:00 – 10:10 a.m.	Welcome, Opening Remarks and Discussion Objectives
10:10 – 10:40 a.m.	Organizational Purpose Discussion
10:40 – 11:30 a.m.	Executive Team Insights: Visioning Exercises, SCERS Mission Statement and Core Values
11:30 – 12:15 p.m.	Working Lunch: Stakeholder Research Review and Discussion
12:15 – 12:30 p.m.	<i>BREAK</i>
12:30 – 1:55 p.m.	Consultant Panel: Assessing SCERS' Current and Future States
1:55 – 2:00 p.m.	Closing Remarks and Preview of Day 2

Strategic Performance Management Framework



Strategic Vision Plan: Process & Timeline

1

Jan. – May 2025

- Initiate strategic vision planning process.
- Conduct stakeholder research, including staff focus groups (April 2-3).
- Analyze sentiment and summarize results.

2

May – July 2025

- Facilitate Executive Team Strategic Planning Sessions (*May 2025*).
- **Facilitate board Strategic Visioning Session (*July 30-31, 2025*).**

3

Aug. – Nov. 2025

- Draft Strategic Vision Plan.
- Collaborate with SCERS CEO and Executive Team on the draft.
- Present draft to board for first reading (*Oct. 2025*).
- Present final draft for second reading and board approval (*Nov. 2025*).

Group Agreements

- **Be fully present:** Limit distractions and stay engaged with the conversation and each other.
- **Discuss as Partners:** Board and Executive Team participate as partners in the strategic visioning discussions.
- **Keep It Purposeful and Future-Focused:** Stay grounded in the SCERS mission and keep focused on the future.



Organizational Purpose Discussion

First, a parable

*You come across three farmers working in a field,
and you ask each of them, **What are you doing?***



**I'm planting
a seed.**




**I'm growing
a crop.**



**I'm feeding my
community.**




How do you interpret SCERS' purpose?

1 

Fulfillment of a statutory mandate

- Vested with plenary authority and fiduciary responsibility for the investment of assets and the administration of the plan

Action-based and technical

2 

Retirement steward for members

- Member-focused pension plan
- Entrusted to deliver secure retirement benefits to public employees throughout Sacramento County
- Disciplined financial management and responsive service

Outcome-based and relational

3 

Partner in members' long-term financial wellbeing

- Membership-driven institution
- Advancing the long-term financial wellbeing of public servants throughout Sacramento County
- Contributing to the economic resilience of the Sacramento region

Values-based and visionary



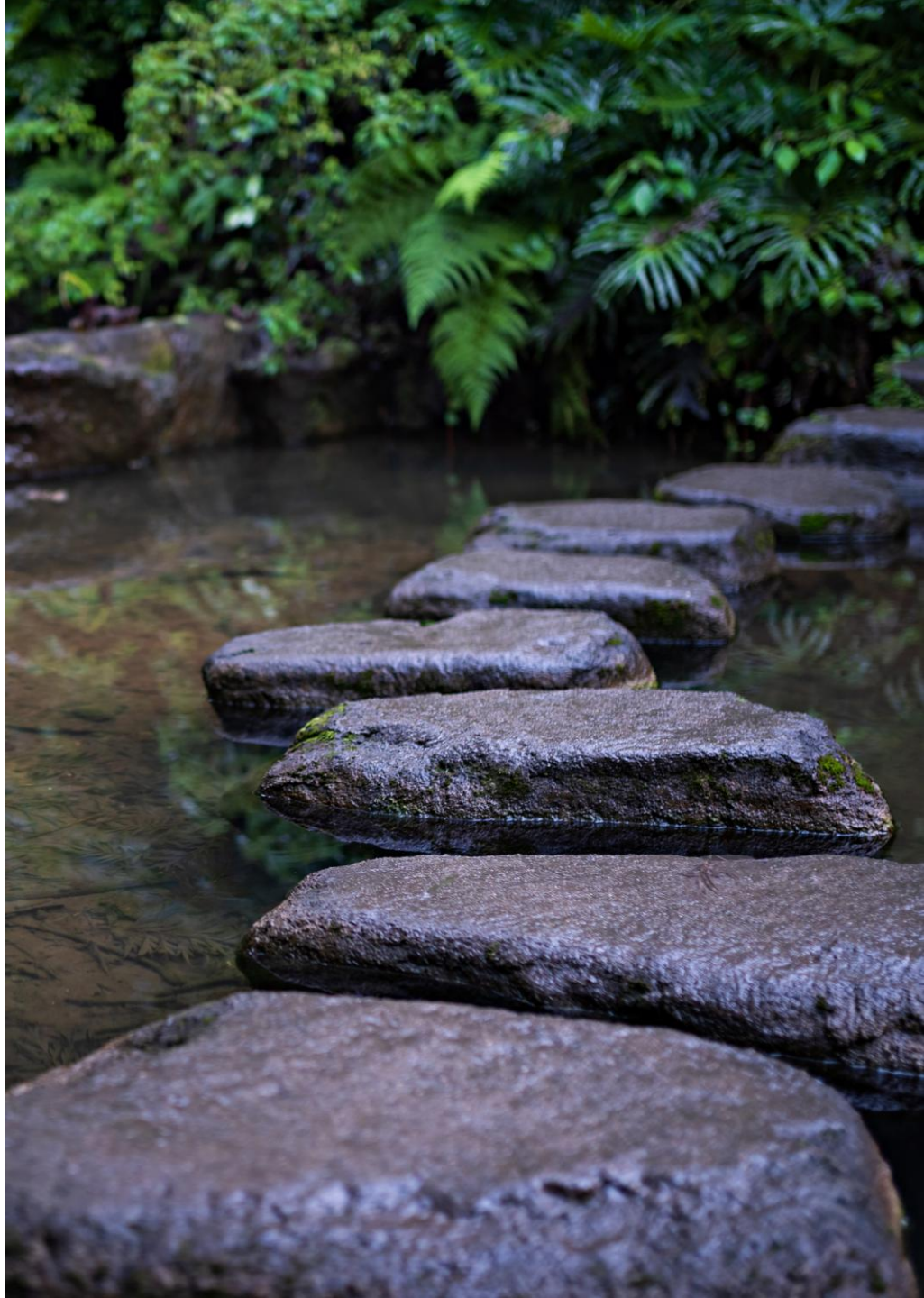
Discussion

- Where do you fall on the spectrum of narrow versus broad purpose?
- Which words or phrases resonated with you the most? The least?
- How does the SCERS Retirement Landscape (as described on the placemat in front of you) impact your choice?



Next Steps

Outcomes from this discussion will be used to inform the development of key elements of the Strategic Vision Plan for consideration at the October 2025 Retirement Board meeting.



Executive Team Insights: Visioning Exercises

Segment Objective

- In May, the Executive Team participated in a visioning exercise based on fictional future scenarios.*
- We'll ask the board to react to and build upon the Executive Team's insights and perspectives.
- Key themes from this discussion will help the board reflect on strategic priorities and seek alignment on a vision for SCERS.

**Please see the pre-read for the fictional future visioning scenarios.*



Executive Visioning Insights & Conclusions

- **Full Funding**

- Focus on internal resources and technology resulted in organizational stability and a great workforce culture
- The investment strategy remained disciplined, consistent, and diversified

- **Governance Roles Clarified**

- SCERS is seen as a trusted and technologically advanced fund
- Governance roles were clarified to create a more strategic relationship with the County
- Risks related to talent retention, cybersecurity, and a changing external environment were well-mitigated

- **Dissolution**

- SCERS explored consolidation to achieve greater economies of scale, efficiencies, and cost reductions
- Shared service agreements and partnerships were successfully established

Common Themes to be Successful Under Any Future Scenario:

- Be clear-eyed about identifying and mitigating organizational risks
- Take a proactive and forward-looking approach
- Be intentional in shaping success for SCERS
- Master change management
- Focus on people and technology

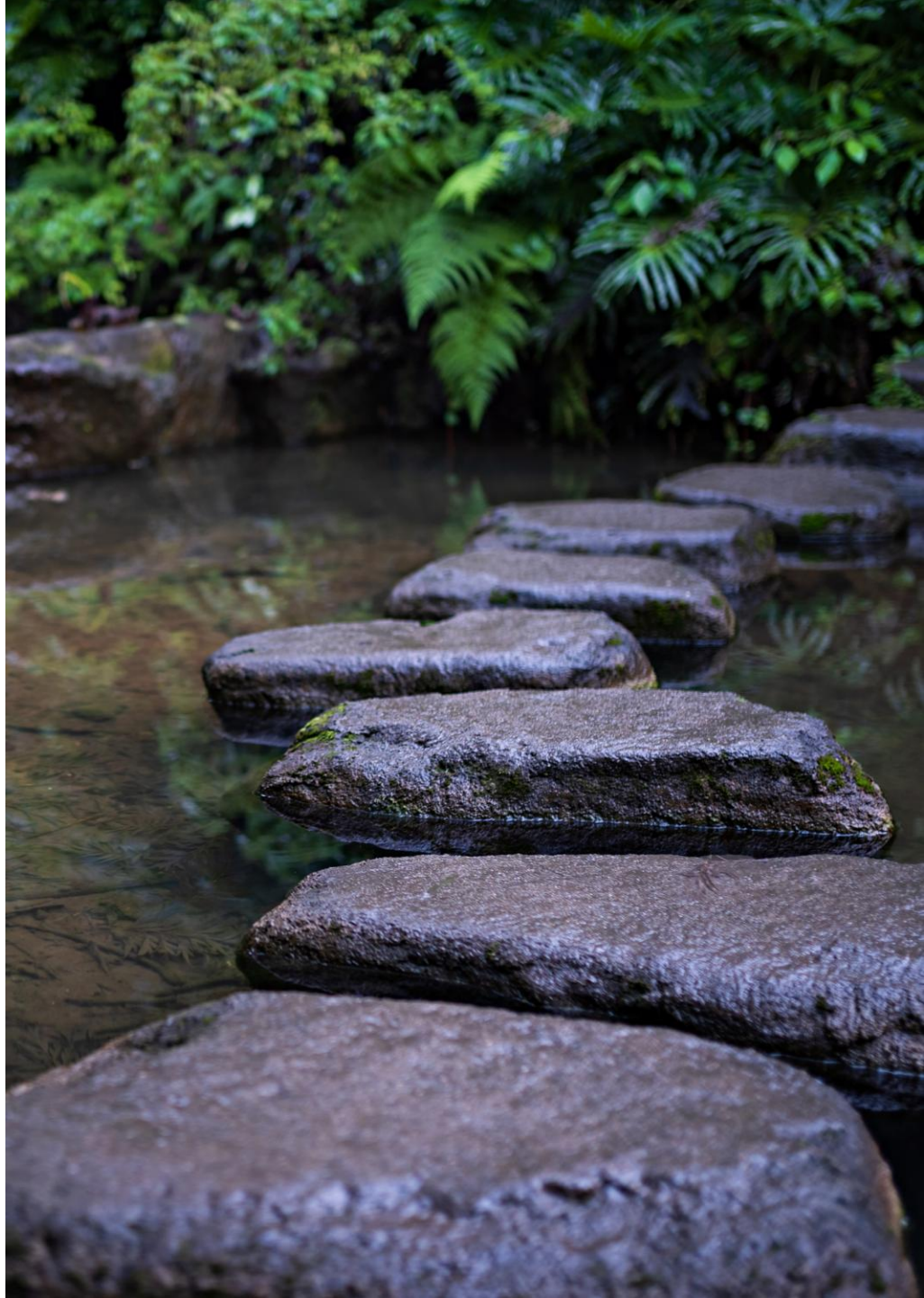
Discussion Questions

- What is your reaction to the Executive Team insights and conclusions identified through the visioning exercise?



Next Steps

Outcomes from this discussion will be used to inform the development of key elements of the Strategic Vision Plan.



Executive Team Insights: SCERS Mission Statement

Segment Objective

- Review stakeholder feedback (including the Board's) on the current SCERS Mission Statement.
- Ensure understanding of and alignment with Executive Team's feedback on the Mission Statement.
- Support the Board and Executive Team in reaching consensus on next steps with the Mission Statement.



Mission Statement Feedback from Stakeholder Research

OVERALL	<ul style="list-style-type: none">• Opportunity exists to go from “good to great”• Create more specificity• Highlight fiduciary responsibility and sustainability
Board Members	<ul style="list-style-type: none">• State the beneficiaries (members) and the intended outcome (retirement security)• Add a reference to fiduciary responsibility
Staff	<ul style="list-style-type: none">• Keep references to “highest level” service and “effective and prudent” resource use
Executive Team	<ul style="list-style-type: none">• Emphasize the security and sustainability of the system’s assets• SCERS’ name should be included• Specify “services <i>to members</i>”
Members	<ul style="list-style-type: none">• Lacks some clarity• Needs words related to accountability, transparency, and efficiency• Financial performance and security should be called out• Mention the long-term strategy and adaptability to future changes
Employers	<ul style="list-style-type: none">• Missing an element addressing transparency

Current Mission Statement:

We are dedicated to providing the highest level of retirement services and managing system resources in an effective and prudent manner.

Executive Team Conclusions – Mission Statement

- Although the Mission Statement received fairly high marks from all stakeholder groups, all stakeholder audiences appeared to feel that something was missing from the statement or that there was opportunity for improvement.
- Incorporate overall stakeholder feedback as follows:
 - Create more specificity
 - Highlight fiduciary responsibility and sustainability
- The Mission Statement should be:
 - Clear and easy to remember,
 - Member-focused/written from the voice of the member.
- ***The Mission Statement should be rewritten.***

Discussion Questions

- What stakeholder feedback resonates with you?
- Do you agree with the Executive Team's conclusion to rewrite the Mission Statement?



Next Steps

Outcomes from this discussion will be used to inform the development of key elements of the Strategic Vision Plan.



Executive Team Insights: SCERS Core Values

Segment Objective

- Review stakeholder feedback on the current Core Values.
- Ensure understanding of and alignment with Executive Team's feedback on the Core Values.
- Support the Board and Executive Team in discussing any changes needed to the Core Values.



Current Core Values

We are committed to:

- **STEWARDSHIP**, by recognizing the trust members put in us to manage assets and resources prudently, to sustain SCERS for future generations.
- **COMMUNICATING** clearly and concisely, recognizing that members and employers expect us to act with integrity, transparency, and honesty.
- **EXCELLENCE**, by taking pride in our work, maintaining high expectations, and focusing on results.
- **RESPONSIBILITY**, by taking ownership of work, following through, holding ourselves accountable, and embracing ethical behavior.
- **SOLUTIONS**, by working with urgency to help one another succeed, fostering teamwork and collaboration, and asking for help when needed.

Core Values Feedback from Stakeholder Research

Board Members	<ul style="list-style-type: none">• “Stewardship” resonated the most (6 of 9 selected it as the most meaningful) because it reflects SCERS’ primary responsibility to ensure sustainable retirement benefits• The emphasis on strong relationships and ethical behavior within the “Communicating” value also resonated
Staff	<ul style="list-style-type: none">• Staff feel personally aligned with all five core values• Enable fulfillment through additional resources and training• Ensure values are reinforced through organizational culture
Executive Team	<ul style="list-style-type: none">• “Stewardship” resonated the most (4 of 5 selected it as the most meaningful) for similar reasons as cited by the board• Opportunity to reinforce values in operations, with particular emphasis on “Excellence” and “Responsibility”

Core Values:

Stewardship

Communicating

Excellence

Responsibility

Solutions

Executive Team Conclusions – Core Values

- The current Core Values resonate well with the Board, Staff and Executive Team.
- Every stakeholder audience asked about the Core Values could see themselves reflected in one or more of the Core Values.
- Continued focus is needed on “living” the Core Values through SCERS operations.
- ***Only minor adjustments are needed at this time to strengthen the Core Values.***
 - These adjustments are reflected on the next slide.

Suggested Executive Team Core Values Changes

We are committed to:

- **STEWARDSHIP**, by recognizing the trust members put in us to manage assets and resources prudently, to sustain SCERS for future generations.
- **COMMUNICATING** clearly and concisely, recognizing that members and employers expect us to act with integrity, transparency, and honesty.
- **EXCELLENCE**, by taking pride in our work, maintaining high expectations, and focusing on results.
- **RESPONSIBILITY**, by taking ownership of work, following through, holding ourselves accountable, and embracing ethical behavior.
- **SOLUTIONS**, by working ~~with urgency~~ to help one another succeed, fostering teamwork and collaboration, and asking for help when needed.

Discussion Questions

- What feedback do you agree with? What feedback do you disagree with?
- What is your reaction to the Executive Team's conclusions?



Next Steps

Outcomes from this discussion will be used to inform the development of the Strategic Vision Plan.





**WORKING
LUNCH**

Stakeholder Research Summary Review and Discussion

Stakeholder Research Process

Mosaic supported SCERS in gathering feedback and input to inform the development of the Strategic Vision Plan.

The Board was provided with a detailed summary of those findings prior to this meeting.

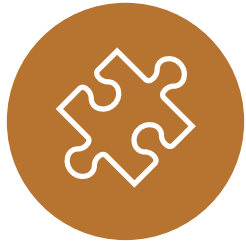
Audience	Format	Responses (Response Rate)
Board of Trustees	Survey	9 (82%)
Staff	Focus Groups	37 (62%)
Executive Team	Survey	5 (100%)
Members	Survey	1,509 (5%)
Employer Representatives	Survey	9 (9%)
Board Consultants	Survey	8 (89%)

Key Findings



Strengths to Build On

- Stewardship: an organization driven by its sense of duty and a focus on long-term sustainability
- Remain focused on delivering excellent member service and financial sustainability



Future Focus Areas

- Maintain stability in the face of external shifts, while embracing the internal evolution essential for long-term success
- Support a high-performing culture through enhanced tools, systems and processes
- Position organization to maintain member engagement and a positive member experience

Additional Audience-Specific Insights

Board Members	<ul style="list-style-type: none">• Sustain progress toward full funding• Clarify governance roles to support timely decision-making and innovation
Staff	<ul style="list-style-type: none">• Enhance organizational capacity to meet growing service demands• Build internal infrastructure to support a dedicated team deeply committed to serving the members
Executive Team	<ul style="list-style-type: none">• Build workforce resilience through greater alignment with organization's core values
Members	<ul style="list-style-type: none">• Feel supported by SCERS and are generally satisfied with benefit payment timeliness & accuracy, customer service, member education, and communications
Employers	<ul style="list-style-type: none">• Opportunity to further leverage partnership with SCERS to support enhanced member experiences
Board Consultants	<ul style="list-style-type: none">• Maintain strong investment strategy while identifying incremental improvements• Ensure resource and technology alignment for continued staff development and growth

Discussion Questions

- What is your reaction to the stakeholder research themes?
- What feedback most resonated with you?
- Which insights surprised you?
- What other themes did you find in the stakeholder research?
- How do these themes shape your ideas for SCERS' vision and mission?



Consultant Panel: Assessing SCERS' Current and Future States

Assessing SCERS' Current and Future State



**TODD
TAUZER**

**Actuarial
Consultant**
Segal Company



**BRIAN
KWAN** CFA, CAIA

**General Investment
Consultant**
Verus Investments



**JOHN
NICOLINI** CFA

**General Investment
Consultant**
Verus Investments



**JAMES
FEIDLER**

**Alternative Investment
Consultant**
Cliffwater

Q&A

End of Day 1

See you again at 10:00 AM tomorrow!

Board Strategic Visioning Session: Day 2

Day 2 Agenda

10:00 – 10:05 a.m.	Welcome, Opening Remarks and Day 1 Recap
10:05 – 10:15 a.m.	Learnings from Day 1
10:15 – 11:15 a.m.	Consultant Panel: Envisioning the Future (Investments & Pension Administration)
11:15 – 11:45 a.m.	Consultant Presentation: Workspace of the Future
11: 45 a.m. – 12:00 p.m.	Learnings from Consultant Panels/Presentations
12:00 – 12:45 p.m.	Working Lunch: Review and Discuss S.W.O.T. Analysis
12:45 – 1:00 p.m.	<i>BREAK</i>
1:00 – 1:45 p.m.	Review and Discuss S.W.O.T. Analysis (continued)
1:45 – 2:00 p.m.	Closing Remarks and Next Steps

Identifying Future Opportunities

- What stood out from yesterday's consultant panel (*Assessing SCERS Current and Future State*)?
- Which topics merit board discussion on future board agendas?
- What additional concepts should be incorporated into SCERS' vision, mission and core values statements?



Consultant Panel: Envisioning the Future: Investments & Pension Administration

Envisioning the Future: Investments & Pension Administration



**CHRIS
AILMAN**

Founder & CEO
Ailman Advisers



**CHRIS
DOLL**

Co-Head, Client Coverage
CEM Benchmarking

Q&A

Consultant Insight: Workspace of the Future

Workspace of the Future



**CHRIS
STRAIN**

Vice Chairman
Cushman & Wakefield

Q&A

Shareback

- What stood out from today's consultant insights?
- Which topics merit board discussion on future board agendas?
- Do the visioning concepts discussed in Day 1 still hold based on what you heard today?
- Did these panels spark any additional thoughts on the SCERS mission statement or core values?





**WORKING
LUNCH**

S.W.O.T. Analysis & Strategic Priorities

Process Recap

- Mosaic developed an initial list of strengths, weaknesses, opportunities and threats based on the stakeholder research
- Insights and feedback from all audiences (board, consultants, executive team, staff, employers, and members) was incorporated
- The executive team refined the S.W.O.T. and voted on the highest priorities in each category



What is a S.W.O.T. Analysis?



Executive Team's S.W.O.T. Analysis Insights

TOP STRENGTHS

1. Mission-oriented staff
2. Organizational desire to modernize technology
3. Financial management & investment strategy
4. Employer & stakeholder relationships
5. Governance & fiduciary focus

TOP WEAKNESSES

1. Technology systems
2. Clarity of shared roles & responsibilities with the County
3. Staffing dynamics
4. Business processes & risk management
5. Staff morale

Executive Team's S.W.O.T. Analysis Insights

TOP OPPORTUNITIES

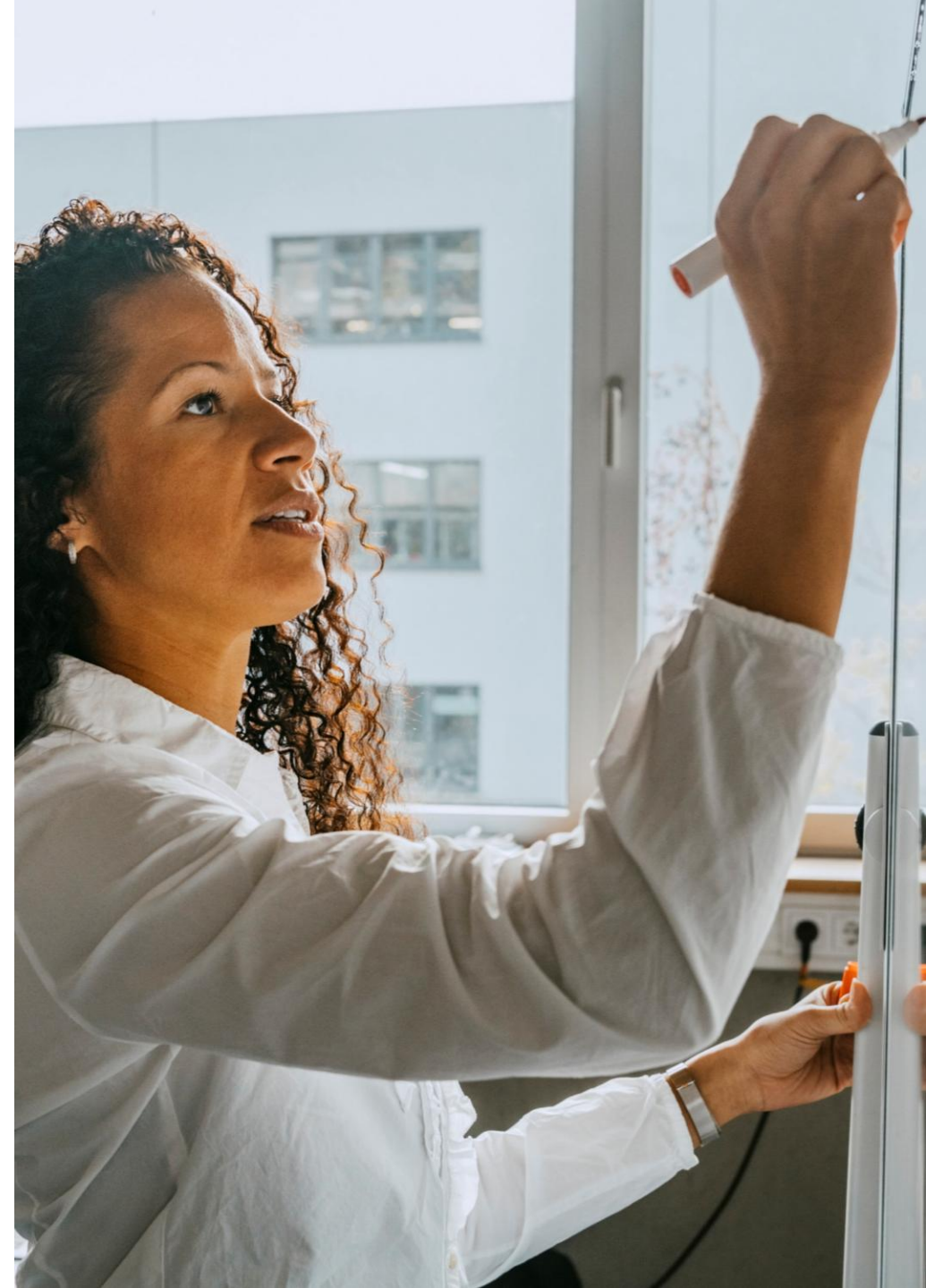
1. Adoption of new technology
2. Clarify roles & responsibilities with the County
3. Create a healthy, unified organizational culture
4. Strategic growth in investment sophistication
5. Formalize enterprise risk management
6. Organizational resilience

TOP THREATS

1. Market volatility & geopolitical instability
2. Legislative & regulatory uncertainty
3. Workforce change
4. Cybersecurity risks
5. Changing member demographics
6. High member expectations for service

Discussion

- What is your reaction to the Executive Team's S.W.O.T. Analysis Insights?



Building on the S.W.O.T.



Own Our Future

Embrace and drive change.

- Financial sustainability
- Member & employer engagement
- Organizational efficiency
- Administrative flexibility



Know, Face, & Mitigate Risks

Build smart systems.

- Enterprise risk management
- Business process improvement
- Strategic planning processes
- Cyber threat readiness



Invest in Talent & Technology

Equip ourselves to deliver.

- Technology modernization
- Workflow management
- Organizational culture
- Workforce planning practices
- Training and skills development

Putting it all together



Putting it all together



Own Our Future

Embrace and drive change.

- Financial sustainability
- Organizational efficiency
- Administrative flexibility
- Employer & member engagement

Example Initiative: Adopt a total fund management approach

Example Key Result: Reach full funding by 2041



Know, Face, & Mitigate Risks

Build smart systems.

- Enterprise risk management
- Business process improvement
- Strategic planning processes
- Cyber threat readiness

Example Initiative: Develop 2-year risk-based audit plan

Example Key Result: Reduce average residual risk score by 10%



Invest in Talent & Technology

Equip ourselves to deliver.

- Technology modernization
- Workflow management
- Organizational culture
- Workforce planning practices
- Training and skills development

Example Initiative: Implement a new Pension Administration System

Example Key Result: Earn above-median CEM total service score

Discussion

- What is your reaction to the three strategic priorities?
- Are there any missing elements?
- What questions do you have about how this content fits into the Strategic Vision Plan?

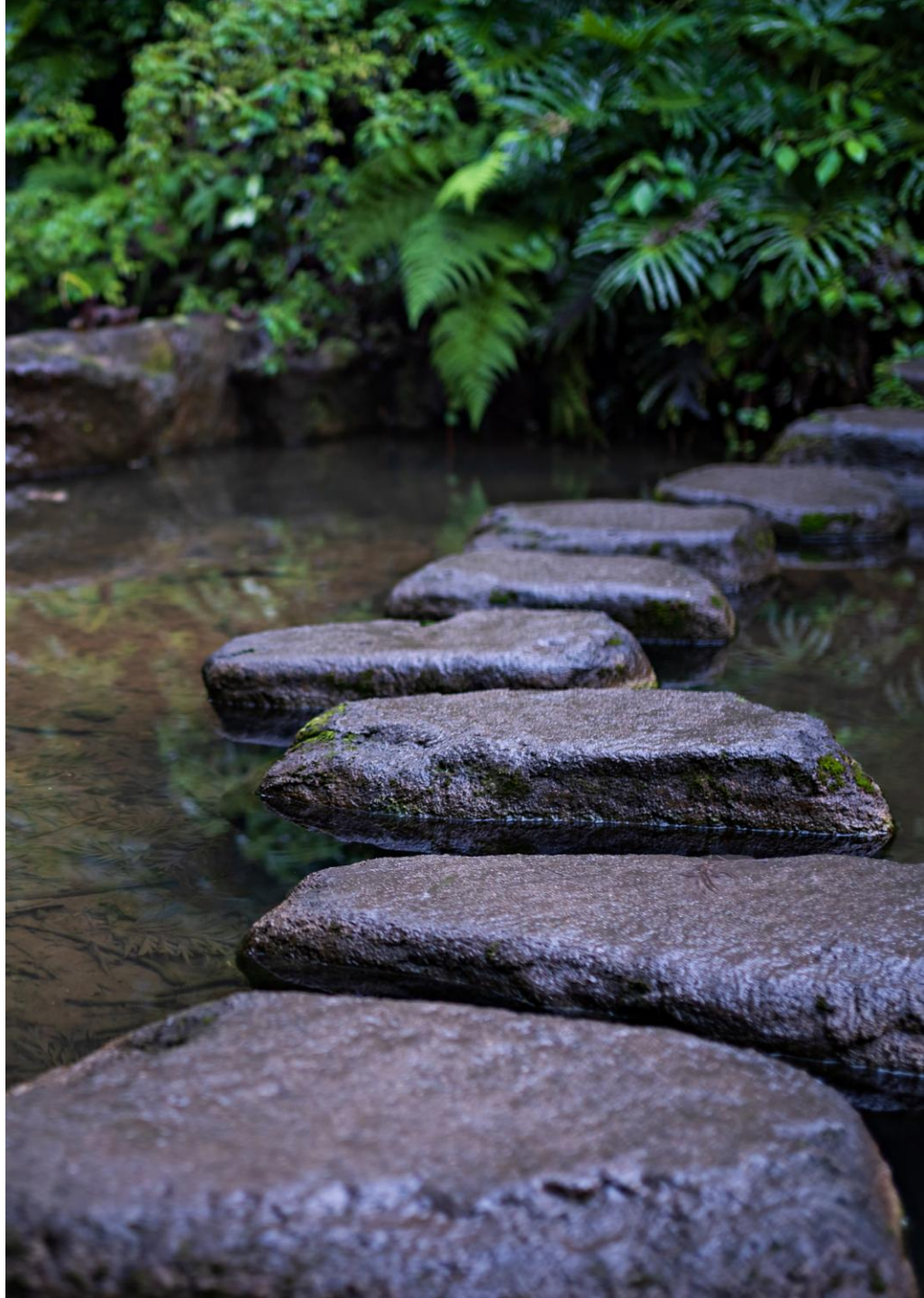


Closing Remarks & Next Steps

Next Steps

Mosaic will collaborate with the CEO and Executive Team to begin drafting the Strategic Vision Plan:

- Develop options for the vision and mission.
- Incorporate the updates to the Core Values statements.
- Draft strategic goals, objectives, key results, and initiatives.



Next Steps in the Process



**To the extent the board is comfortable doing so.*

Questions/Open Discussion

Thank you for your time.

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