



## Regular Meeting

### Item number 12 – Open session

**Subject:** Chief Executive Officer Report

**Presenter(s):** Cassandra Lichnock

**Item type:** Information

**Date and time:** September 26, 2024 – 15 minutes

---

**Attachment(s):** None

**PowerPoint presentation(s):** None

---

#### **CalSTRS Recognized at the 2024 California Government Innovation Summit**

The annual California Government Innovation Summit honors exceptional achievements in technology through the ‘Best of California Awards,’ recognizing top state IT leaders and significant recent IT projects. On August 20, 2024, CalSTRS was awarded three ‘Best of California Awards’ for two IT projects and one IT leader.

In the category of Innovative Use of Data Analytics, CalSTRS was recognized for two initiatives under the broader Business Intelligence & Data Warehouse project: Cloud IVR with Sentiment Analysis and Predictive Analytics to Forecast Staff Workload. Additionally, in the category of Excellence in Customer Experience, David Liao, CalSTRS’ Director of Enterprise IT Solutions and Innovation within the Technology Services branch, was honored for his leadership.

#### **Update on the 2025-28 CalSTRS Strategic Plan**

Since the board’s July 2024 strategic planning discussion, Mosaic Governance Advisors, LLC, and executive staff have been refining future success statements and developing and refining draft objectives for the board’s consideration. The strategic plan builds on the framework that was agreed upon in July and incorporates board and executive feedback that was provided during and after that meeting.

In support of the current objective to grow our capabilities and culture to support a strategic and innovation mindset (*2022–25 CalSTRS Strategic Plan* Goal 2, Objective B), we are enhancing cost-awareness and prioritization for the strategic plan itself. As part of this initiative, for the first time, CalSTRS staff are developing a three-year roadmap projecting tactical plans and resources

needed to achieve each objective. The three-year roadmap will be used to provide the board with a cost estimate for the strategic plan.

The board will engage in a first reading of the strategic plan in January 2025 as an information item. That presentation will provide an opportunity to review, ask questions and suggest changes. The plan will be presented for a second reading in March 2025, alongside a presentation of the cost estimate. At that time, the board can take action to approve the plan, if it feels comfortable doing so. Should further information be needed, the plan can be presented for adoption again in May 2025.

### **2023-24 Annual Ombuds Report**

The CalSTRS Office of the Ombuds provides assistance in resolving problems and conflicts that are not solved through the usual CalSTRS channels. Established by law in 1984, the ombuds position was created to serve as an advocate for CalSTRS members and participants. Pursuant to Education Code section 22302, the CalSTRS Ombuds is required to make recommendations to the CEO regarding complaints made by school employees, members, employee organizations, the Legislature, or the public regarding actions of the employees of the system. The office is staffed by an ombuds (Mark Gini) and associate ombuds (Christina Nguyen) who practice in accordance with professional and ethical standards.

The *Annual CalSTRS Ombuds Report* (attached) provides the public with information regarding services provided by the office and demonstrates how this office serves the CalSTRS membership. The report will be posted on the CalSTRS Ombuds webpage ([CalSTRS.com/ombuds](https://www.calstrs.com/ombuds)).

One of the roles of the ombuds is to provide feedback to executive leadership to proactively address service delivery questions, concerns and issues. In this way, the office serves as a valuable early warning system for CalSTRS to identify trends and systemic matters to help leadership successfully manage risk and ensure CalSTRS' values and mission are not compromised.

As the Office of the Ombuds celebrates its 41<sup>st</sup> year, it remains committed to serving CalSTRS and its stakeholders in a capacity that reflects their guiding principles—Independence, Impartiality, Confidentiality, and Informality.

### **CalSTRS DEI Update**

Our DEI enterprise project with Guidehouse has begun work in Phase 3: Implementation. In this phase, CalSTRS will begin to implement a plan of action for the two Structural Inclusive Culture recommendations, and three Behavioral Inclusive Culture recommendations from Phase 2: Design and Evolve. In August and September, staff in partnership with Guidehouse began drafting a new internal DEI strategy, established a guiding change management plan, and incorporated DEI learnings throughout new staff onboarding.

To observe and celebrate International Day of the World's Indigenous People in August, [CalSTRS Voices featured Pablo Bermudez](#), a West Sacramento Member Service Center staff in Benefits and Services, discussing his indigenous roots. [August's CEO video message](#) focused on Women's Equality Day and encouraged staff and leaders to embrace their authenticity and unique perspectives. This was also supported in the Summoning Confidence: How to Navigate Career Uncertainty panel with CalSTRS' CEO, as well as CalPERS' CFO and Deputy Executive Officer, during the CalPERS Pathways for Women conference in Anaheim.

Our DEI Specialist participated in a Community Conversation held by Stanford Women's Leadership Lab. This session offered participants a forum to share challenges, successes, and build collective DEI expertise. CalSTRS also added 15 new members to the Inclusion Council, further representing multiple diverse groups within the organization.

In August, CalSTRS Investments launched the implementation plan of the Diversity in the Management of Investments (DIMI) Work Plan. For the next 2-3 fiscal years, the DIMI Work Plan is made of three long-term strategic goals addressing: (1) DEI data collection and measurement; (2) internal programs promoting growth opportunities designed to improve sourcing, hiring and retention of staff and (3) portfolio due diligence, management, and engagement. The development of the implementation plan will detail specific actions that the organization will take to achieve each strategic goal, including the initiatives involved, timeline for completion, measurement criteria, monitoring processes, and reporting mechanisms. Staff is committed to providing regular updates to the CalSTRS Investment Committee on the progress of the work plan, with the first update scheduled for 2025 during the May Investment Committee meeting. By keeping the CalSTRS Investment Committee informed of the implementation and progress of the plan, staff aims to ensure ongoing engagement and collaboration between staff and the committee in order to successfully achieve the overarching strategic objective of expanding diversity across the total fund.

### **2024 CalSTRS Virtuosos**

The CalSTRS Virtuoso award is the highest honor a CalSTRS employee can receive and the apex of our day-to-day award-winning recognition program: Virtuosity. The Virtuoso award is reserved for those individuals who deliver superior, sustained performance with a demonstrated impact on the organization. Virtuosos consistently model our core values and competencies and support our mission and vision.

Nominations are supported by specific examples of how the nominee meets or exceeds the award criteria. A 12-member Recognition Council, made up of employees who represent different branches, levels and generations in the organization, review each nomination. They have the challenging job of rating each nomination individually and selecting the most compelling to receive the Virtuoso award.

I am pleased to introduce our 2024 Virtuosos - Ten individuals who have received CalSTRS highest honor:

### **Cariza Rapolla – Staff Services Manager I**

Cariza is responsible for leading the day-to-day administrative operations of the Investment Executive Unit supporting the Chief Investment Officer (CIO), Deputy Chief Investment Officer (DCIO) and the branch. She reviews, recommends and establishes internal administrative procedures to help control and monitor the extensive flow of work, assignments and requests for information from branch staff, board members, consultants and private sector executives. She provides consultation to branch senior leadership on resolving critical issues impacting the branch. Cariza also proposes and implements plans of action that influence successful outcomes to meet the business goals, objectives, and the mission and vision of the investment Branch. In addition, she also oversees the support and management of the CIO, DCIO and Senior Investment Directors working calendars and travel requirements.

### **Celene Cunningham – Pension Program Manager II**

Celene is the Audit, Compliance & Quality Assurance Manager in the disability and survivor benefits division (DaSB). In her role, she oversees the staff and activities of three teams responsible for complex case review and correction, priority account evaluation and reporting, benefit payment audits and business process evaluation. She directs and supervises multiple Pension Program Managers and high-level analysts who identify and mitigate risks to the system while performing complex level tasks associated with DaSB objectives. Her teams are responsible for processing all disability and survivor benefits payments, continuing allowances, legal, complex benefit adjustments, and special production workload projects. Celene is a vital member of the DaSB leadership team who guides the division in activities related to achieving CalSTRS goals, DaSB's strategic vision and business direction.

### **David Rice – Information Technology Specialist I**

David serves as the functional administrator of multiple Electronic Content Management Services (ECMS) environments and applications. He coordinates ECMS releases for test and production environments and supports the ECMS team with development and enhancement activities. David provides technical advice and support for production, testing, development, and training environments and performs post-implementation verification of system changes. As a subject matter expert, David validates system functionality and proactively monitors system performance and availability. While managing the ECMS Service Desk ticket queue, David ensures ticket responses are handled by the appropriate team members, with timely responses and issue resolution.

### **Jason Lira – Pension Program Manager I (Specialist)**

Jason, as the Telephony System Specialist, is responsible for the projects, modifications and upgrades for the Customer Service division. Jason works closely with the business and technical teams in all phases including requirement validation, detail design, development, testing, implementation, and support. He serves as the lead and subject matter expert on Contact Center

telephony system projects such as Interactive Voice Response, Pension Solution Integration, Customer Relationship Management and Knowledge Base projects. Jason is also the expert on all the business area's operational reports as they relate to our pension administration system and telephony system components.

### **Joanna Leong – Associate Governmental Program Analyst**

During the 2023 nomination period, Joanna served as a CalSTRS Benefits Specialist (AGPA) at our Irvine Member Service Center, but has since received a promotion to a Pension Program Manager I. As a Benefits Specialist, Joanna independently performed a wide variety of the more complex tasks associated with providing retirement benefits planning to our members.

Exercising a high degree of discretion, diplomacy, confidentiality and initiative, Joanna conducted individual and group benefits planning interviews with CalSTRS members. She was an expert in the research and analysis of member data used to ensure the utmost accuracy of information provided, as well as the programs used to determine retirement benefit calculations. She also conducted retirement planning workshops throughout the Orange and Los Angeles County for groups ranging from 15-100 people.

### **Leanna Friedrich – Staff Services Manager I (Specialist)**

Leanna serves as the subject matter expert on Employer Services workloads and priorities related to CalSTRS membership and contribution reporting, person and account maintenance, and employer reporting partner support. She develops and maintains an ongoing knowledge of key business drivers including key performance indicators, the roles and behaviors of employer reporting partners, and the functionality of tools and resources. Leanna evaluates service level agreements and objectives and makes recommendations for adjustments in collaboration with leadership. She also partners with leadership to evaluate stakeholder engagement and develop strategies for improvement. She oversees the integration of all workforce planning and manages change throughout the division.

### **Ryan Russell – Staff Services Manager II**

Ryan has oversight of the creation, maintenance, and intra-day management of the schedules for the Customer Service Contact Center as the Senior Manager over Workforce Management. He provides strategic and tactical planning, schedule adjustments, and trend analysis to ensure the Contact Center achieves service level objectives. Ryan oversees the data mining, extraction, collection and analysis of Contact Center metrics and relevant data points within the division, as well as the mapping of performance metrics, resource allocation, and line of business objectives against the division's operational business plan, service level agreements, and tactical and strategic goals. He works in close partnership with the Senior Managers over the Contact Center, Learning & Quality Assessment, and Production Support to run the day-to-day operations of the Customer Service division.

### **Sheridan Smith – Associate Governmental Program Analyst**

Sheridan leads our CliftonStrengths program through customized sessions using methodology, tools and resources to help teams/leaders understand how teams work together effectively, enrich employee engagement, and enhance CalSTRS culture and performance. He tracks success metrics to provide in Executive reports and conducts best practice research to keep up to date on trends of Strengths-based development and the implications on the organization. Additionally, Sheridan leads the Mentorship program, in which he is responsible for the marketing, communication, training and presentations in support of sustaining the mentorship program.

### **Van Dang – Information Technology Manager II**

Van serves as the Director of IT Infrastructure and Operations (IT I&O) in Technology Services. She is responsible for managing, overseeing and leading the direction of the technical programs within the IT Infrastructure and Operations organization. The services provided by her team include functions such as: Service Desk, client deployments and fixes, system and security administration, and network and server administration. Van's responsibilities are to plan, organize and direct the activities of the IT I&O, which has over 50 CalSTRS employees and over 10 contractors. Additionally, Van helps support our culture of appreciation by being one of the organization's top users of the recognition program.

### **Vincent Li – Information Technology Specialist II**

Vincent provides mentorship to other developers, troubleshoots complex system issues, and performs code review for all development activity on our custom web applications as the lead web developer for CalSTRS. Vincent was originally hired as one of four developers who were responsible for maintaining and enhancing our Secure Employer Website but is now the only remaining developer on that team – he single-handedly provides support to more than 1200 employers and all our Employer Support teams. Vincent uses his troubleshooting and system admin expertise to ensure that systems operate reliably. He has also taken on the role of Application Architect for custom web apps and shared services where he guides system integration design, manages technical debt, and ensures system security.

### **Headquarters Expansion (HQE) Construction Update**

The Office of the State Fire Marshal issued a Certificate of Occupancy on July 1, 2024, allowing CalSTRS the ability to occupy 200 Waterfront Place and to finalize a move in schedule. The move schedule commenced on July 22 and concluded August 30, with the last group moving into the new headquarters expansion. The move groups included staff from Administrative Services Branch, the Financial Services Branch, the Benefits and Services Branch, the Communications Division, Audit Services and the Ombuds Office. The Corner Café also opened for dining August 1 with full coffee bar services and breakfast and lunch offerings. The Waterfront Café will continue to offer coffee services as well as grab and go breakfast and lunch options. KinderCare Learning Center welcomed their first group of children August 26. The building is a buzz with activities

and its occupants are settling in nicely and all employees are taking advantage of the amenities that 200 Waterfront Place offers, including various types of conference and collaboration spaces, a new fitness center, outdoor terraces with conversational seating and multiple break rooms.

**Project Milestones:**

The Milestones Chart tracks the approved contract dates, as well as the actual Certificate of Occupancy issuance date of July 1, 2024. The building construction is now substantially complete with punch-list activities, building commissioning, and project close-out activities in process. The notice of substantial completion will not be issued until the OSFM signs off on the office level emergency lighting retrofit, which is the final OSFM sign-off.

Project Milestones	Start Date	Approved Schedule (dtd 08/29/22) Completion Date	Schedule Update As of 09.10.24
Exterior Envelope/inc. Garage All Complete		03/21/23	complete
Lobby Level Furniture Installation (café) ( <u>mezz/training room chairs</u> )	02/15/23	03/16/23	complete
Punch-list - only a few items remain			09/30/24
Kitchen Equipment – Cooler/Freezer start-up	01/04/23	01/18/23	complete
Bridge Construction including interiors	03/26/21	02/27/23	complete
Fitness Center Equipment Installation	01/12/23	01/26/23	complete
Office Level 04/Atrium Handrail Complete	06/17/21	12/28/22	complete
Fire rated Doors – Auto openers			complete
Furniture Final Clean/Placement	01/25/23	02/21/23	complete
Final Smoke Control Testing			complete
Start-Up and Commissioning ( <u>Final Report</u> )	11/08/22	03/24/23	07/02/24–09/30/24
Battery Test			complete
Fire Alarm IOR/OSFM Testing-Acceptance restart	02/07/24		complete
Fire Alarm Unification Testing			complete
Interior Emerg. Lighting Add's w/ final contractor testing			complete
Exterior Emerg. Lighting Add's			complete
Final Generator Drop Test			complete
FINAL AHJ Inspections for Cert of Occup.	03/01/23	03/28/23	Complete–07/01/24
AHJ Final Approval of Lighting			complete
Certificate of Occupancy			07/01/24
Substantial Completion Date–rev.		03/28/23	Pending: 08/16/24
CalSTRS stocks building/Tech set up			complete
CalSTRS Occupies Office Level 04			complete
CalSTRS Occupies Office Level 03			complete
CalSTRS Occupies Office Level 05			complete
CalSTRS Occupies Office Level 06-7			complete
Project Close-Out/Final Completion			10/15/24

**Budget Status:**

This budget status as of August 31, 2024, is summarized below:



Summary Period: 8/31/24				
Budget Categories	Total Project Budget	Costs to Date	% Complete	Balance to Complete
Hard Costs (*including retention)	\$ 265,337,613	\$ 264,911,762	99.84%	\$ 425,851
Hard Cost Contingency	\$ 15,000	\$ -	0.00%	\$ 15,000
Soft Costs	\$ 37,688,399	\$ 37,417,648	99.28%	\$ 270,751
Owner Costs	\$ 18,265,894	\$ 17,671,907	96.75%	\$ 593,987
Project Contingency	\$ 93,095	\$ -	0.00%	\$ 93,095
<b>Totals</b>	<b>\$ 321,400,000</b>	<b>\$ 320,001,317</b>	<b>99.56%</b>	<b>\$ 1,398,683</b>

**CHANGE IN HARD COST CONTINGENCY SINCE LAST REPORT:**

- Punch List Trade Damage-ISEC.....\$ 66,798
- Punch List Trade Damage-Service Metal.....\$ 89,299
- Punch List Trade Damage-Smith Co.....\$ 14,063
- Pipe protection in garage.....\$ 53,777

**Total Hard Cost Contingency Use from last report is: \$223,937**

**CHANGE IN PROJECT COST CONTINGENCY SINCE LAST REPORT:**

- I.O.R. Inspection Costs.....\$ 10,120
- OSFM Inspection Costs.....\$ 33,000
- Temp Power Costs.....\$ 39,477
- Owner GL Insurance Costs.....\$ 19,347
- CoWS Inspection Costs.....\$ 9,584

**Total Project Contingency Use from last report is: \$111,528**

**TRANSFER OF UNUSED SOFT COSTS TO PROJECT CONTINGENCY:**

- Professional Fees.....(\$ 5,688)
- Wayfinding/Graphic.....(\$ 288)
- Owner Moving Costs.....(\$ 86,526)
- Owner Break Room Appliances.....(\$ 21,726)
- Owner Janitorial Supplies.....(\$ 75,000)

**Total Soft Costs transferred to Project Contingency: (\$189,228)**

**Note:** At the July 2024 offsite board meeting, staff notified the board of its intent to utilize the CEO's spending authority, not to exceed \$1 million, for non-discretionary expenses. Once the Project Contingency balance is stabilized and an accounting for all non-discretionary expenses is complete, staff will report a final accounting of the total budget, that will include the portion of the \$1 million of additional spending authority that was utilized, to the board in November.