



VISION

The Office of the Arizona State Treasurer will be recognized as:

- A good and prudent manager of taxpayer dollars.
- A leader in financial transparency and clarity for the taxpayers of Arizona on how their tax dollars are invested and spent.
- A bridge with the private sector economy to encourage new and additional investment in Arizona's economy.

MISSION

The Office of the Arizona State Treasurer protects taxpayer money by serving as the State's Banker and Chief Investment Officer; providing investment management, financial information, and fiduciary services.

VALUES

Teamwork:	Achieving our greatest success by working together.
Leadership:	Motivating others through example.
Communication:	Informing the public on how we are managing taxpayer money.
Integrity:	Conducting ourselves with utmost ethics and honesty.
Service:	Prompt, courteous and professional service that exceeds expectations.
Excellence:	Providing exceptional value and improving processes.
Fun:	A work environment that attracts and retains employees.

STRATEGIC FOCUS

1. Develop and deploy an Employee Capital Enhancement System.
2. Leverage technology changes to improve efficiency and effectiveness of the State of Arizona Treasurer's office and statewide government agencies.
3. Provide proper risk-adjusted returns on investments.
4. Deliver excellent customer service and financial transparency for taxpayers of Arizona.
5. Promote Economic Development in the State of Arizona

ITEM #1

Develop and deploy an Employee Capital Enhancement System.

The Office of the Arizona State Treasurer has historically been a very small agency, and this fact adds to the importance of building and maintaining a strong group of employees. Specialized training and experience is vital to the successful operation of the office. This is why developing and maintaining a system to hire, train, and retain great employees is at the top of the strategic plan. As a large portion of the staff advances toward retirement age, systems must be in place that will create a dependable and evolving succession planning process.

Goals:

1. Support a culture of leadership and continuous learning

Objectives:

- a. Identify tools and processes to define the competencies that the Arizona State Treasurer must develop and retain to ensure that the agency has the right skills it needs to meet organizational goals.
- b. The Office will conduct an annual training assessment to ensure there is training in place that is designed to improve organizational and individual performance.
- c. Develop a leadership succession plan that includes a leadership gap analysis.
- d. The Office will pilot the implementation of at least one knowledge management tool to support knowledge sharing across the organization.

2. Sustain a productive workforce and achieve results by recognizing performance in an environment in which all employees are encouraged to contribute.

Objectives:

- a. Develop, in conjunction with the new personnel reform policies, a performance management system and award program using a new performance evaluation method (PASE).
 - b. Implement at least one reward based program that will encourage employees to share ideas that further strengthen the agency's mission and vision.
3. Maximize employee talent through recruitment, outreach, hiring and retention.

Objectives:

- a. Conduct a formal review of the Office's orientation process and develop and implement a plan to streamline and improve employee on-boarding.
 - b. Review the classification and qualification standards for mission critical positions within the office.
 - c. Provide ongoing Human Resources training to administration personnel to build experience and knowledge within the statewide HRIS system.
4. Monitor, evaluate and follow-up on results relating to the statewide personnel reform and the Office's management policies, practices, and programs.

Objectives:

- a. The office will work to develop an employee accountability system in line with the statewide HRIS personnel rules.
- b. The office will proactively engage external customers in the analysis of their workforce and identify weaknesses and address concerns.

ITEM #2

Leverage technology changes to improve efficiency and effectiveness of The State of Arizona Treasurer's office and government agencies statewide.

Technology has had an impact in the financial industry over the last several years and Arizona must position itself to take advantage of this change. The financial industry is moving away from any paper producing processes and making image and file transmission the standard practice. The Check Clearing for the 21st Century (Check 21 Act) was signed into law in October of 2003, and this enabled banks to handle more checks electronically, which should make check processing faster and more efficient.

Goals:

1. Complete development and implementation of a new financial operations system.

Objectives:

- a. Complete design of application modules.
 - b. Test and evaluate modules in real world test environment.
 - c. Implement transition to new operating system.
2. Facilitate the State of Arizona transition to electronic processing of financial revenue transactions.

Objectives:

- a. Implement a statewide image deposit process for all state agencies.
 - b. In cooperation with the Arizona Department of Administration, develop an electronic check collection system.
 - c. Facilitate the integration of these electronic processes into the Treasurer's new operating system.
3. Facilitate the integration of the new Treasurer's operating financial system with the planned statewide enterprise resource planning solution.

Objectives:

- a. Coordinate with state agencies to develop a paperless system to process financial data into both the statewide ERP system and the Treasurer's operational system with a single transaction.
- b. Develop synergies with financial partners to incorporate online report access capability.
- c. Increase security and fraud controls on financial transactions.

ITEM #3

Provide proper risk-adjusted returns on investments.

The investment environment is ever changing with new regulations, products and ideas being continually introduced. The challenge for the Treasurer's office is to navigate through these changes and continue to provide proper risk adjusted returns across the three investment mandates given to the office. Those mandates include: the State Land Endowment; state agency funds, including the general fund; and voluntary local government deposits.

Goals:

1. Provide optimal risk-adjusted returns for the Arizona Land Endowment funds with a goal of increasing returns above inflation and required distributions.

Objectives:

- a. Conduct an asset allocation study every 3 to 5 years to ensure the assets of the Endowment are invested in asset classes that provide the most optimal returns given the constraints of the Arizona Constitution and state law.
 - b. Implement recommendations of asset allocation studies after proper due diligence, research and evaluation by staff and the Board of Investment.
 - c. Determine if internal management staff can implement new asset classes or if external management is required.
 - d. Provide proper monitoring of performance of new asset classes and investment management
2. Modify the current distribution formula for Endowment Beneficiaries to provide consistent, reliable funding annually.

Objectives:

- a. Ask the Arizona Legislature to refer a measure to the ballot in 2012 so voters can approve necessary changes.
 - b. Educate beneficiaries and stakeholders on the reasons for the changes and gain their support
 - c. Educate the public on the benefits of the change in distribution formula.
3. Provide proper liquidity for the state's cash flow needs while maximizing returns of idle cash.

Objectives:

- a. Ensure the management of these funds adheres to the principals of safety first, followed by liquidity and then yield.
- b. Ensure that the State of Arizona has enough cash available each day to pay its bills through cash flow forecasting.
- c. Invest surplus cash that meets the daily, monthly, and quarterly liquidity needs for the State of Arizona and provides the appropriate investment return.
- d. Adopt and monitoring appropriate investment benchmarks for state's operating cash as it relates to safety and liquidity.
- e. Provide risk-adjusted returns on an annual basis that are no less than 25 basis points below the benchmark's annual return.

4. Provide appropriate risk adjusted returns for longer term funding needs of state agencies.

Objectives:

- a. Ensure the management of these funds adheres to the principals of safety first, followed by liquidity and then yield.
- b. Adopt and monitoring appropriate investment benchmarks for state agencies longer term funds.
- c. Invest longer term funds in a safe manner that meets the monthly, quarterly and annual liquidity needs for various state agencies.
- d. Provide risk-adjusted returns on an annual basis that are no less than 25 basis points below the benchmark's annual return.

5. Offer as a continued service investment management services to local governments.

Objectives:

- a. Ensure the management of these funds adheres to the principals of safety first, followed by liquidity and then yield.
- b. Provide a mix of investment funds that meet the daily, monthly, and yearly investment needs for local governments across the state.
- c. Provide risk-adjusted returns on an annual basis that are no less than 25 basis points below the appropriate benchmark's annual return.
- d. Explore new investment services for local governments to meet changing regulatory and investment environments such as separately managed accounts or external management of funds.

6. Ensure the appropriate level of staffing and technology to ensure the safety of all investments.

Objectives:

- a. Evaluate operations on annual basis to ensure proper utilization and maximization of existing resources.
- b. Utilize services of existing vendor's resources for research and analysis to assist in monitoring investments.
- c. Ensure employees are up to date on training of resources to better utilize existing tools.
- d. Provide for periodic outside review by a national organization to examine current investment division structure to determine if resources are properly deployed.

ITEM #4

Deliver excellent customer service and financial transparency for taxpayers of Arizona.

Customer service is an important part in every division of the State of Arizona Treasurer's office. Our employees deliver services to state agencies, municipal and county governments, distribution recipients, and taxpayers to the State of Arizona. Our Mission and Vision speaks directly to the importance of this strategic issue.

Goals:

1. Strengthen our customer service survey process to include all division touch points relating to customer service.

Objectives:

- a. Develop and complete a meaningful survey of customers on an annual basis that measures customer satisfaction with all touch points with the office.
 - b. Use survey to establish baseline and continual improvement annually.
2. Improve the Office's web page to provide more transparency of financial information.

Objectives:

- a. Ensure financial information created by the office is posted timely and in a manner easily understandable by the general public.
- b. Improve the graphical representation of AZCheckbook.
- c. Facilitate a one stop point for the public to access financial information of the State of Arizona.

ITEM #5

Promote Economic Development in the State of Arizona

The Treasurer of the State of Arizona is a statewide elected official that oversees tens of billions of dollars of transactions annually with an aggregate investment portfolio of \$11 billion. The Treasurer is in a unique position to leverage existing relationships with current investment partners and companies looking to expand or growth their operations in the state.

Goals:

1. Work closely with elected officials, private-sector leaders and economic associations to promote business friendly policies.

Objectives:

- a. Attract new business and grow existing businesses across the state.
 - b. Maintain good working relationships with the Governor, Commerce Authority, Chambers of Commerce, etc.
 - c. Visit Local Government Investment Pool clients on a regular basis to gain insight and perspective on what opportunities exist at the local level.
2. Communicate with key persons in the firms we invest with to promote growth opportunities for the state.

Objectives:

- a. Develop outreach plan to target investor relations contacts
- b. Research potential expansion opportunities of companies the state invests in.
- c. Conduct phone and in-person relationship building meetings as opportunities present themselves.