

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
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**MEMORANDUM**

DATE: July 7, 2006

TO: OPERS Retirement Board Members  
Blake Sherry, Interim Executive Director

FROM: Stephen Kell, Applications Manager – Information Technology  
Walt Knox, Assistant Director – Investment Accounting  
Roger Fox, Administration Manager – Investments

RE: **V. Discussion Items:**  
**B. Eagle System Update**

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**Purpose** – To update the Board on the progress toward implementation of the Eagle Star accounting system and the Pace data repository.

**Background** – The implementation of a new investment accounting system and data repository was necessitated by several key factors, including legislative reporting requirements and changes in investment strategies. An outdated architecture and an inability to handle multiple complex asset types were also driving forces behind changing the investment accounting system.

**Status** – The new operating model has created the flexibility to support the changing environment and the ability to provide a single data source for multiple analytic and trading systems. The new accounting system supports a wide variety of strategies and asset types.

**Next Steps**

- Unitization for plan accounting
- Fixed income and Equity attribution
- Total plan contribution and attribution



# Investment Operations

## Eagle Systems Update

July 18, 2006

Information Technology – Stephen Kell

Investment Accounting – Walter Knox

Investments – Roger Fox

# Eagle Systems Update

## Purpose

This update will:

- Provide background and implementation status
- Communicate current utilization and processes
- Discuss future related developments



# Background

- Dynamic & Growing Business Environment
  - Initiatives / Mandates
    - Compliance / Regulatory
      - Straight Through Processing
      - HB 133
    - Healthcare
    - Defined Contribution
  - Investment Strategies
    - External Managers
    - Multiple Asset Classes
    - Complex Investment Instruments
- Static & Non-Integrated Infrastructure
  - “Out Dated” Post Trade Applications & Operational Technology
  - Multiple Applications Exist in a Disjointed Infrastructure



# Investment Operations Model

## **Investment Repository**

A centralized Investment Data Warehouse providing an infrastructure to perform Investment Accounting, Reconciliation, Compliance, Performance and Reporting.

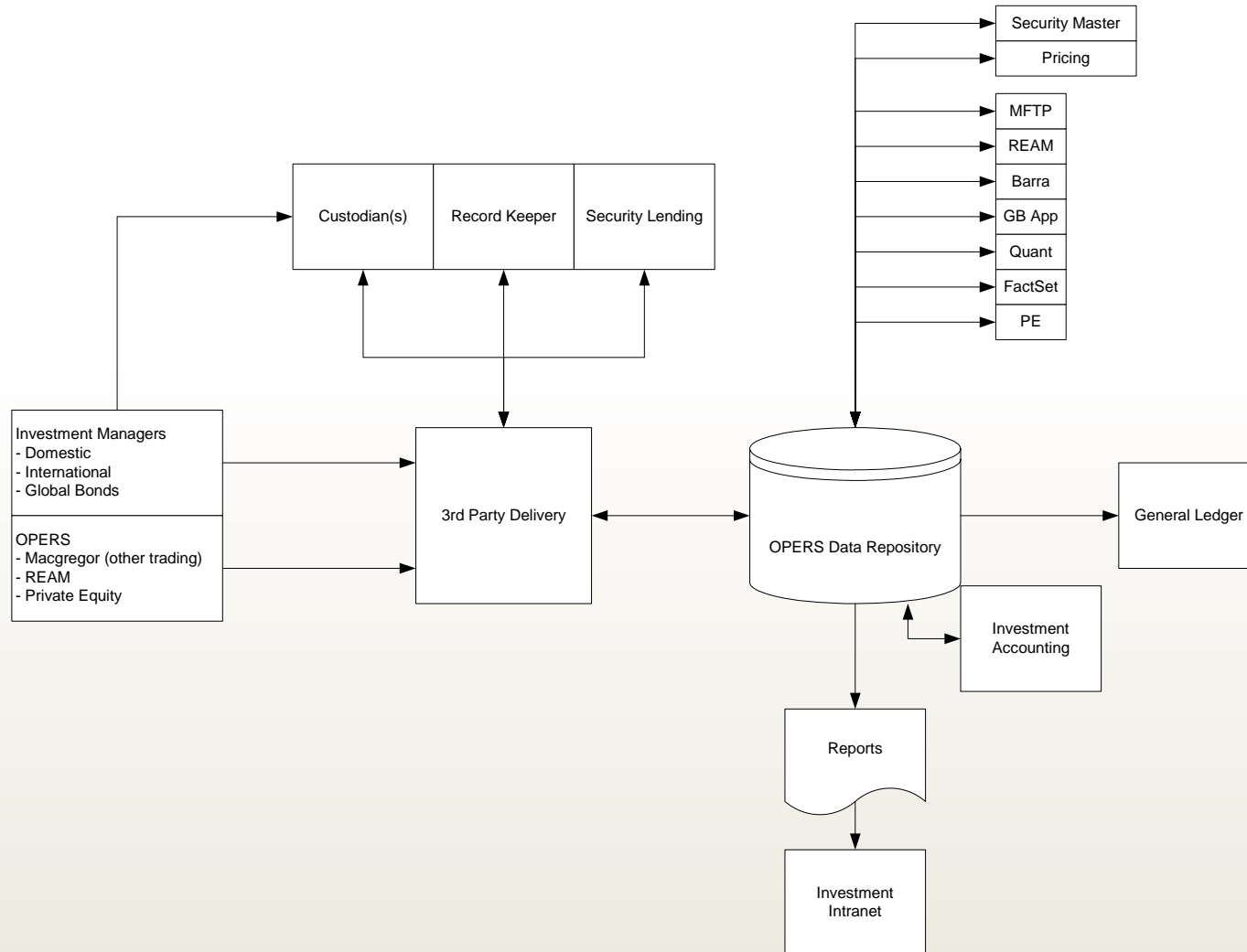
- Flexible Structure
- Single Investment Data Source
- Process/Functional Enhancements
- Enhanced Technology



# Selection and Implementation

- Eagle PACE and STAR software solution
- OPERS selected InvestTech as the implementation vendor
- Implementation Milestones
  - 4/1/2005 – Project start date
  - 1/1/2006 – Conversion and parallel - Complete
  - 4/1/2006 – Domestic Equity and Fixed Income - Complete
  - 6/1/2006 – International Equity and Real Estate - Complete
  - 7/1/2006 – Private Equity – Complete
  - 9/1/2006 – Monthly and daily performance – In progress
  - 9/30/2006 – Project end date
  - 12/1/2006- Targeted attribution start date
- All major milestones met on, or before, deadlines

# Flexible Architecture





# Process Enhancements

- Automated trade entry
- Automated retrieval of Security Master information
- Electronic update of rate schedules
- Automated updates to spot rates





# Functional Enhancements

- Ability to send and receive SWIFT-like messages
- Ability to support complex asset types more easily
- Interface with various ancillary systems
  - eliminates duplicate entry
- Robust performance measurement reporting capabilities

# Front Office Investments

## Future Related Developments

- Short-term: Reporting and analytics
- Intermediate-term: Unitization and attribution
- Long-term: Trading systems and compliance

# Short-term

## Reporting and Analytics

- Current through end of 2006
  - Cash and position reports
  - Daily performance
  - Automated compliance reporting
  - Automated feeds to analytical tools

# Intermediate-term

## Unitization and Attribution

- 1<sup>st</sup> half of 2007
  - Unitize funds, composites and portfolios
  - Fixed-income and equity attribution
- 2<sup>nd</sup> half of 2007
  - Total plan contribution and attribution

# Long-term

## Trading Systems and Compliance

- 1<sup>st</sup> half of 2007 (note Strategic Planning)
  - Independent assessment of trading systems
  - Detailed 3- to 5-year plan
- After June of 2007
  - Issue RFP's as necessary
  - Implement trading systems to meet requirements for non-US and derivatives trading, pre-trade compliance and other front office activities