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1 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
2 REGULAR BOARD MEETING
3 Held on Thursday, February 28, 2019
4 at
5 55 Water Street
6 New York, New York
7

8 ATTENDEES:

9 JOHN ADLER, Chairperson, Trustee, Finance
10 PATRICIA REILLY, Executive Director, TRS
11 THADDEUS MCTIGUE, Deputy Executive Director, TRS
12 DAVID KAZANSKY, Trustee, TRS
13 THOMAS BROWN, Trustee, TRS
14 DEBRA PENNY, Trustee, TRS
15 SUSANNAH VICKERS, Trustee, Comptroller's Office
16 CYNTHIA COLLINS, Mayor's Office
17 LINDSAY OATES, Trustee
18 VALERIE BUDZIK, TRS
19 RENEE PEARCE, TRS
20 LIZ SANCHEZ, TRS
21 SUSAN STANG, TRS
22 ROBERT BETHELMI, TRS
23 KAVITA KANWAR
24 ANNETTE HANRAHAN
25 ANTHONY MEZZACAPPA

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1 ATTENDEES (Cont'd)
2 CARMELA CRIVELLI
3 SHERRY CHAN, Chief Actuary
4 BRYAN BERGE, Corporation Counsel
5 MEL AARONSON
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1 P R O C E E D I N G S

2 (Time noted: 3:38 p.m.)

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4 CHAIRPERSON ADLER: Good afternoon,
5 everybody. Welcome to the Teachers'
6 Retirement System, City of New York,
7 regular board meeting of February 28,
8 2019.

9 Thad, please call the roll.

10 MR. MCTIGUE: John Adler?

11 CHAIRPERSON ADLER: I'm here.

12 MR. MCTIGUE: Thomas Brown?

13 MR. BROWN: Here.

14 MR. MCTIGUE: David Kazansky?

15 MR. KAZANSKY: Present.

16 MR. MCTIGUE: Lindsay Oates?

17 MS. OATES: Here.

18 MR. MCTIGUE: Debra Penny?

19 MS. PENNY: Here.

20 MR. MCTIGUE: Susannah Vickers?

21 MS. VICKERS: Here.

22 MR. MCTIGUE: We have a quorum.

23 CHAIRPERSON ADLER: Thank you, Thad.

24 Let me note for the record that

25 Ms. Reilly is a little under the weather

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1 today, so Mr. McTigue has agreed to pinch
2 hit. Please Thad, take us away.

3 MR. MCTIGUE: So, the first item of
4 business is an update on the TRS
5 operations. So, we'll turn it over to Ms.
6 Kanwar.

7 MS. KANWAR: Thank you, Thad.

8 TRS has begun a beneficiary awareness
9 campaign for members on our website and
10 social media. We are stressing the
11 importance of designating beneficiaries --
12 keeping the designations up to date.

13 We are also directly contacting over
14 36,000 members who don't have a
15 beneficiary designation on file for one of
16 their TRS accounts.

17 The TRS member education team has
18 ticked off its outreach efforts for 2019.
19 The team just concluded six in-house
20 educational programs during the DOE
21 midwinter recess.

22 On February 9 the team represented TRS
23 at the annual convention of New York City
24 Elementary School Principals Association.

25 Outreach for March includes events for

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1 the Middle School Principals Association,
2 CUNY staff and campuses, Department of
3 Education staff, and the annual UFT

4 paraprofessional festival on March 23.

5 Approximately 1,500 members elected to
6 increase their TD contribution rate in
7 advance of the retroactive payment they
8 received on February 15. Under the TSA
9 contract, the retroactive payment provides
10 the members a rare opportunity to make a
11 large one-time deposit into their TD
12 account.

13 TRS contacted eligible members by
14 e-mail with instructions for adjusting
15 their -- rate before and after the
16 payment.

17 Thank you.

18 CHAIRPERSON ADLER: Thank you.

19 MR. MCTIGUE: The third item on the
20 agenda is the executive director's report.
21 It has been suggested that the next
22 regular meeting of the Teachers'
23 Retirement Board be held on the third
24 Thursday of the month, March 21, 2019.
25 Kindly mark your calendars.

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1 The following resolution was laid over
2 at the January 24, 2019 board meeting, and
3 is again presented to the Teachers'
4 Retirement Board for consideration: The
5 resolution regarding proposed changes to
6 actuarial assumptions and methods.

7 MR. KAZANSKY: Please skip to the
8 resolves.

9 MR. MCTIGUE: "Resolved, that the
10 Board accept the Actuary's January 17,
11 2019 report and supports the proposed
12 changes in the actuarial assumptions and
13 methods;

14 "And be it further resolved that the
15 Board adopts those actuarial assumptions
16 requiring Board approval, i.e., the
17 demographic and economic assumptions
18 presented as Appendix B of the January 17,
19 2019 report;

20 "And be it further resolved that the
21 Board requests that the Corporation
22 Counsel develop, with review and
23 assistance of the Actuary, and that the
24 New York State Legislature and Governor
25 enact, legislation to continue components

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1 of the Actuary's proposed changes in
2 actuarial assumptions and methods that
3 require legislation, e.g., actuarial
4 interest rates."

5 CHAIRPERSON ADLER: Thank you, Thad.

6 Is there a motion to adopt this
7 resolution regarding proposed changes in
8 actuarial assumptions and methods?
9 MR. BROWN: Motion.
10 MS. VICKERS: Second.
11 CHAIRPERSON ADLER: Discussion?
12 And I'll point out that the Actuary is
13 with us, as is a representative of
14 Corporation Counsel, if there are any
15 questions on either the actuarial proposal
16 or the piece involving the Corporation
17 Counsel.

18 (No response.)

19 Discussion?

20 I'd just say for the record that we are
21 supportive of these changes.

22 Anyone else?

23 The motion is made and seconded. All
24 in favor of the motion regarding proposed
25 changes in actuarial assumptions and

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1 methods, please say "Aye."

2 (A chorus of "Ayes.")

3 All opposed say "Nay."

4 Any abstentions?

5 (No response.)

6 Motion carries.

7 MR. McTIGUE: The third item on the
8 executive director's report: The
9 following was laid over at the January 24,
10 2019 board meeting, and is again presented
11 to the Teachers' Retirement Board for
12 consideration: Proposed changes in
13 options factors.

14 MR. KAZANSKY: Again, please skip to
15 the resolves.

16 MR. MCTIGUE: Thank you.

17 "Resolved, that in accordance with
18 Section 13-154 of the Administrative Code
19 of the City of New York, the Board of
20 Trustees hereby adopts, for the purposes
21 of computing maximum and optional
22 retirement allowances, the actuarial
23 assumptions recommended by the Actuary and
24 used to create the new option factors as
25 presented in the 2019 option factors

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1 report;

2 "And be it further resolved that the
3 2019 basis for computing retirement
4 allowances will become effective as of
5 April 1, 2019 for all retirements from TRS
6 that occur on or after such date, and
7 continue in effect until such time that

8 any new mortality tables or interest rates
9 are adopted to replace those presented in
10 the 2019 options factor report."

11 CHAIRPERSON ADLER: Thank you, Thad.

12 Just to clarify, that it is Section
13 13-514 of the Administrative Code.

14 Is there a motion to adopt this
15 resolution regarding the proposed changes
16 in option factors?

17 MS. PENNY: So moved.

18 CHAIRPERSON ADLER: Thank you, Ms.
19 Penny.

20 Is there a second?

21 MR. KAZANSKY: Second.

22 CHAIRPERSON ADLER: Thank you, Mr.
23 Kazansky.

24 Discussion?

25 (No response.)

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1 I have one question. I want to confirm
2 with TRS that the April 1, 2019 date is
3 not a problem for the system?

4 MS. REILLY: It is, from a system
5 change standpoint. From a system change
6 standpoint, it's going to take us quite a
7 few months to be able to make changes that
8 are necessary. We will be --

9 MR. MCTIGUE: We have operational
10 challenges, and I'll say they are not
11 minimal. And in order to service our
12 members we are looking at a number of ways
13 in order to do that, so that the service
14 date anticipated is not interrupted.

15 That may include finalizing them to an
16 extent that they would have, had these
17 changes not been made; and then revisiting
18 those situations once we have the capacity
19 to correctly calculate everything based on
20 these new option factors.

21 CHAIRPERSON ADLER: I have a question
22 about that. So, let's say a member goes
23 to retire on June 25, so it's after the
24 April 1 effective date. And at that point
25 they have to choose which option they are

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1 going to take; and that choice is based on
2 the calculation of the numbers that they
3 are provided. Presumably at that point
4 the numbers that they are provided will
5 not be based on the new option factors,
6 because that won't be in effect yet. And
7 if we want to make it cleaner, we could
8 say they go to retire on April 1.

9 So the new option factors, we don't

10 have the capacity to calculate them yet.
11 So, then, at some later date, let's say
12 they choose Option X. And then at some
13 later date you say -- actually, the
14 options have changed, and these are the
15 options. Or these are the options for
16 your options, because these employees can
17 either choose the old option factors or
18 the new option factors, right, the ones
19 that are working now but choose to retire
20 on or after April 1.

21 MR. KAZANSKY: They're actually going
22 to get the better of what the option
23 factors are.

24 MS. BUDZIK: Right.

25 CHAIRPERSON ADLER: Can I ask a

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1 question about that? Again, it's a
2 question to which I don't know the answer.

3 Part of what they are choosing is
4 whether to take a reduced pension like a
5 joint survivor or a full reduced or a
6 joint plus ten, whatever the different
7 options are --

8 And might that choice not be affected
9 by what the option factors are? And if it
10 is, can they change that choice later on?
11 No, Tom is shaking his head no.

12 MR. KAZANSKY: In our experience, UFT
13 members are generally picking a choice for
14 an option that is going to provide some
15 sort of benefit for their beneficiaries,
16 whether a spouse or whoever it is they
17 have.

18 And the option factor is not paramount
19 in their mind. What is paramount in their
20 mind is, what percentage of my total
21 salary is my spouse or whoever my
22 beneficiary is going to be?

23 So the option factor will obviously
24 show them how much of a reduction they are
25 going to see. But, if anything, the

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1 reduction is going to be a lesser
2 reduction with these new factors. So I
3 don't think it necessarily will impact.

4 CHAIRPERSON ADLER: Impact the
5 decision.

6 MR. KAZANSKY: That decision piece.
7 If anything, they'll get a nice surprise
8 when the option factor increases.

9 MR. MCTIGUE: Less expensive --

10 MR. BROWN: Most are choosing an
11 option to protect their pension for two

12 lifetimes based on need, and not
13 necessarily what the cost of that will be.
14 MS. PENNY: It's also a very ballpark
15 figure that we're given when they come for
16 a consultation, so we're not really
17 looking at the number to the fence,
18 they're just looking again, as David and
19 Tom said, how well they have to provide
20 for something else.

21 CHAIRPERSON ADLER: Is the system
22 giving them a ballpark figure?

23 MS. PENNY: No; the UFT.

24 CHAIRPERSON ADLER: Don't they also
25 meet with the system to find out what

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1 they'll get? If they're a non-UFT member,
2 they come to meet with UFT?

3 MS. REILLY: To get a benefit from
4 the Teachers' Retirement System.

5 CHAIRPERSON ADLER: That's what I
6 thought.

7 MS. REILLY: It's not really a
8 ballpark figure, it's basically a
9 calculation.

10 CHAIRPERSON ADLER: I just want to
11 confirm that nobody here is in a position
12 to know, which I am not, believes that not
13 being able to implement the option factor
14 on the day that it becomes effective is
15 going to be a problem in any situation for
16 any member.

17 MR. MCTIGUE: From an operational
18 standpoint, the time wouldn't be great,
19 but we will work with folks to make sure
20 the members are not impacted negatively.

21 MS. REILLY: And that they have some
22 understanding that it can change for the
23 better.

24 MS. BUDZIK: And they will ultimately
25 get the best.

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1 MS. VICKERS: From a timing
2 standpoint, we're trying to confirm that
3 no one will be disadvantaged because of
4 timing.

5 MS. BUDZIK: Right.

6 CHAIRPERSON ADLER: I'm mostly
7 thinking about irrevocable decisions that
8 are made based on incomplete or not up to
9 date information. And I don't really want
10 members to make irrevocable decisions --

11 MR. BROWN: The decisions which are
12 irrevocable -- decision at their
13 retirement, but to protect their pension

14 for a lifetime or two lifetimes. It's not
15 a question of whether they're choosing the
16 option or not; it's just the cost of that
17 option which they need time to calculate

18 CHAIRPERSON ADLER: There's more than
19 one way to protect the pension for two
20 lifetimes, right? There's different
21 things based on how long people think
22 they're going to live and what other
23 income they have and all that.

24 MR. KAZANSKY: Most people will make
25 that decision prior to coming here to

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1 submit their paperwork. They'll know they
2 want their beneficiary to receive half of
3 whatever their pension is going to be, a
4 quarter or three-quarters.

5 And from our understanding in listening
6 to the Actuary's comments and reading the
7 reports, while there will be a difference
8 in how much the pension is reduced or not
9 reduced, it's not material enough we
10 believe to make a difference in any one
11 actual decision making process.

12 MS. BUDZIK: Implementing by the
13 April 1 date, which we will effectively do
14 with re-running these to give them the
15 best of is better than waiting a longer
16 period of time.

17 CHAIRPERSON ADLER: Okay.

18 Anyone else have a comment to make on
19 this?

20 (No response.)

21 So, we have a motion on the floor to
22 approve the changes in the option factors.
23 That change will take place effective
24 April 12, 2019.

25 All in favor of the motion please say

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1 "Aye."

2 (A chorus of "Ayes.")

3 All opposed say "Nay."

4 Any abstentions?

5 (No response.)

6 Motion carries. Thank you.

7 MR. MCTIGUE: Item number 4,
8 attendance at a conference. The following
9 resolution is presented for consideration
10 and possible adoption.

11 "Resolved, that the Trustees of the
12 Teachers' Retirement Board hereby approve
13 the attendance and participation of the
14 executive director and/or her designees
15 and any invited Trustees to the Mayor's

16 Office of Pension Investment Conference on
17 Fiduciary Duties and Collaboration
18 Conference on March 26, 2019."

19 CHAIRPERSON ADLER: Is there a motion
20 to approve?

21 MR. BROWN: So moved.

22 CHAIRPERSON ADLER: Is there a
23 second?

24 MS. VICKERS: Second.

25 CHAIRPERSON ADLER: The motion's been
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1 made and seconded.

2 Any further discussion?

3 (No response.)

4 All in favor of the motion to approve
5 attendance at this conversation please say
6 "Aye."

7 (A chorus of "Ayes.")

8 All opposed say "Nay."

9 Any abstentions?

10 (No response.)

11 Motion carries.

12 MR. MCTIGUE: Item Number 5,
13 resolution regarding the attendance at a
14 conference. The following resolution is
15 presented for consideration and possible
16 adoption.

17 "Resolved, that the Trustees of the
18 Teachers' Retirement Board hereby approve
19 the attendance and participation of the
20 executive director and/or her designee and
21 any interested Trustee at the National
22 Conference on Public Employee Retirement
23 Systems and NCPERS 2019 annual conference
24 and exhibition, from May 18 through the
25 22, 2019."

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1 CHAIRPERSON ADLER: Is there a motion
2 to approve this resolution for attendance
3 at this conference?

4 MS. VICKERS: So moved.

5 CHAIRPERSON ADLER: Is there a
6 second?

7 MS. PENNY: Second.

8 CHAIRPERSON ADLER: Discussion?

9 (No response.)

10 All in favor of the motion to approve
11 attendance at the NCPERS from May 18 to
12 May 22 please say "Aye."

13 (A chorus of "Ayes.")

14 All opposed say "Nay."

15 Any abstentions?

16 (No response.)

17 Motion carries.

18 Thad, does that concludes the executive
19 director's report?

20 MR. MCTIGUE: Yes, sir.

21 CHAIRPERSON ADLER: The next item is
22 the calendar.

23 MR. MCTIGUE: The first item is the
24 approval of minutes for the December 17,
25 2018 CIM meeting; the January 3, 2019 TRS

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1 investment meeting minutes, and the
2 January 24, 2019 TRS board meeting
3 minutes.

4 CHAIRPERSON ADLER: Okay. We can
5 take them all at once.

6 Is there a motion to approve the
7 minutes for these three meetings; the
8 December 17 CIM, the January 3, 2019 TRS
9 investment meeting, and the January 24,
10 TRS board meeting?

11 Is there a motion?

12 MR. KAZANSKY: So moved.

13 CHAIRPERSON ADLER: Is there a
14 second?

15 MR. BROWN: Second.

16 CHAIRPERSON ADLER: Any discussion?

17 (No response.)

18 All in favor of the motion to approve
19 the minutes for these three minutes please
20 say "Aye."

21 (A chorus of "Ayes.")

22 All opposed say "Nay."

23 Any abstentions?

24 (No response.)

25 Motion carries.

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1 MR. MCTIGUE: Reading of the
2 calendar.

3 MR. KAZANSKY: Please waive the
4 reading of the calendar.

5 MR. McTIGUE: Thank you, sir.

6 CHAIRPERSON ADLER: Do we have a
7 motion approve the calendar items for
8 February 28, 2019?

9 MS. PENNY: So moved.

10 CHAIRPERSON ADLER: Is there a
11 second?

12 MS. VICKERS: Second.

13 CHAIRPERSON ADLER: Discussion?

14 (No response.)

15 All in favor of the motion to approve
16 the calendar items for February 28, 2019
17 please say "Aye."

18 (A chorus of "Ayes.")

19 All opposed say "Nay."

20 Any abstentions?
21 (No response.)
22 Motion carries.
23 MR. MCTIGUE: Item Number 5, other
24 business.
25 CHAIRPERSON ADLER: Any other
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1 business before the Board this month?
2 (No response.)
3 Then we have questions and comments
4 from the public.
5 Any questions or comments from the
6 public?
7 Not today. Thank you.
8 I believe that concludes our business
9 for today.
10 Is there a motion to adjourn?
11 MS. VICKERS: So moved.
12 CHAIRPERSON ADLER: Is there a
13 second?
14 MR. BROWN: Second.
15 CHAIRPERSON ADLER: Discussion?
16 (No response.)
17 All in favor of the motion to adjourn
18 please say "Aye."
19 (A chorus of "Ayes.")
20 All opposed say "Nay."
21 Any abstentions?
22 (No response.)
23 We're adjourned.
24 (Time noted: 3:58 p.m.)
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C E R T I F I C A T I O N

I, Jeffrey Shapiro, a Shorthand Reporter and Notary Public, within and for the State of New York, do hereby certify that I reported the proceedings in the within-entitled matter, on Thursday, February 28, 2019, at the offices of the NEW YORK CITY TEACHERS RETIREMENT SYSTEM, 55 Water Street, New York, New York, and that this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of February, 2019.

JEFFREY SHAPIRO

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