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1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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3 BOARD MEETING

4

5 PUBLIC SESSION

6

7 Thursday, December 21, 2023

8 3:38 p.m.

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10 Remote Proceeding

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23 Sophian DeFrance

Digital Reporter

24 Notary Commission No. 01DE0006274

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1 APPEARANCES:

2 PATRICIA REILLY, TRS EXECUTIVE DIRECTOR

3 THAD MCTIGUE, TRS DEPUTY EXECUTIVE DIRECTOR

4 THOMAS BROWN, CHAIR, TRUSTEE

5 BRYAN BERGE, MAYOR'S OFFICE, TRUSTEE

6 JOHN DORSA, OFFICE OF THE COMPTROLLER

7 ANTHONY GIORDANO, PANEL FOR EDUCATIONAL POLICIES

8 DAVID KAZANSKY, TRUSTEE

9 VICTORIA LEE, TRUSTEE

10

11 Also Present:

12 LIZ SANCHEZ, TRS

13 KAVITA KANWAR, TRS

14 MAREK TYSZKIEWICZ, CHIEF ACTUARY

15 PRISCILLA BAILEY, TRS

16 RON SWINGLE, TRS

17 EPHRAIM ZAKRY, TRS

18 VALERIE BUDZIK, TRS

19 ISAAC GLOVINSKY, AGENCY ATTORNEY

20 DAVID LEVINE, GROOM LAW GROUP

21 ANTHONY MEZZACAPPA, TRS

22 ALEX JUNG

23 ANDREW BRADFORD, DIRECTOR OF RISK MANAGEMENT, TRS

24 ANNETTE HANRAHAN, TRS

25 BARBARA OWCZARCZYK

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1 NEVENA PLATCHKOVA, TRS
2 SHARON CAMPBELL, GRANT THORNTON
3 BRYAN ABANILLA, GRANT THORNTON
4 DAN WHITMAN, LAW DEPARTMENT
5 DARREN TROTTER, LAW DEPARTMENT
6 DINA SIMON, CHIEF HUMAN RESOURCES OFFICER, TRS
7 GATI DALAL
8 JOANNE LENNON
9 KATE CHEN, CHIEF AUDIT EXECUTIVE, TRS
10 KIRA GREENLEE, GRANT THORNTON
11 MARTA ROSS, LAW DEPARTMENT
12 MATT LASKOWSKI, TRS
13 NATARAJAN KRISHNAMOORTHY, TRS
14 PATSY IACONO, GRANT THORNTON
15 MITCHELL FRUCHTER, DEPUTY CHIEF ACCOUNTANT

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1 (The proceedings commenced at 3:38 p.m.)
2 MR. MCTIGUE: Good afternoon, everyone, and
3 welcome to the board meeting of the Teachers Retirement
4 Board. Today's date is December 21st, 2023. I will
5 take the roll call.
6 Bryan Berge.
7 MR. BERGE: Bryan Berge representing Mayor
8 Eric Adams, present.
9 MR. MCTIGUE: Thomas Brown?
10 CHAIRMAN BROWN: Here. Thank you. Good
11 afternoon, Thad.
12 MR. MCTIGUE: Anthony Giordano?
13 MR. GIORDANO: Tony Giordano representing PEP
14 Chair Gregory Faulkner.
15 MR. MCTIGUE: John Dorsa?
16 MR. DORSA: John Dorsa, designee for
17 Comptroller Brad Lander.
18 MR. MCTIGUE: David Kazansky?
19 MR. KAZANSKY: Present.
20 MR. MCTIGUE: Victoria Lee?
21 MS. LEE: Present.
22 MR. MCTIGUE: We have a quorum, Chairman and
23 Board Members.
24 CHAIRMAN BROWN: Thank you.
25 MR. MCTIGUE: The first item is an update on

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1 TRS operations and I'll turn that over to Kavita Kanwar.
2 MS. KANWAR: Yes, good afternoon, everyone.

3 On January 1st, a new plan year goes into
4 effect for Tier 6 members, which means their
5 contribution rates are subject to change. TRS is
6 currently reviewing updated salary and wage information
7 for these members and will adjust the contribution rates
8 for about 13,000 members for January.

9 TRS has also completed the latest member
10 newsletters, in-service news, and benefits report. The
11 newsletters are available for viewing on the website and
12 members should receive their copies in the mail in early
13 January. Thank you.

14 MR. MCTIGUE: Thank you. Any questions for
15 Kavita? If not, we'll move on to the Executive
16 Director's Report.

17 The first item is the next meeting, and the
18 next meeting is Thursday, January 18th, 2024. Please
19 mark your calendars.

20 Item Number 2 is a resolution Re: The
21 Authorization of the Comptroller of the City of New York
22 to Invest Certain QPP Funds.

23 MR. DORSA: Please waive the reading.

24 CHAIRMAN BROWN: All right. So we're ready to
25 have a motion to accept the resolution?

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1 MR. DORSA: So moved.

2 CHAIRMAN BROWN: And a second?

3 MS. LEE: Second.

4 CHAIRMAN BROWN: So we're voting for the
5 Authorization to the Comptroller of the City of New York
6 to Invest Certain QPP Funds. All those in favor, say
7 aye.

8 (Ayes were heard.)

9 CHAIRMAN BROWN: All those opposed, say nay?
10 Any abstentions?

11 I'll let the record show that the
12 Authorization to the Comptroller of the City of New York
13 to Invest Certain QPP funds has been passed. Thank you.

14 MR. MCTIGUE: Item Number 3 is a Resolution to
15 Authorization of the Comptroller of the City of New York
16 to Invest Certain Tax Deferred Annuity Funds.

17 MR. DORSA: Please waive the reading.

18 CHAIRMAN BROWN: And do I hear a motion for
19 the Authorization to the Comptroller of the City of New
20 York to Invest Certain Tax Deferred Annuity Funds?

21 MR. DORSA: So moved.

22 CHAIRMAN BROWN: And is there a second?

23 MS. LEE: Second.

24 CHAIRMAN BROWN: And all those in favor, say
25 aye?

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1 (Ayes were heard.)

2 CHAIRMAN BROWN: Those opposed, say nay? Any
3 abstentions?

4 So let the record show that Authorization to

5 the Comptroller of the City of New York to Invest
6 Certain Tax Deferred Annuity Funds has passed. Thank
7 you, again.

8 MR. MCTIGUE: Item Number 4 is an attendance
9 at a conference, specifically the Council of
10 Institutional Investors Spring Conference 2024, March
11 4th to 6, 2024.

12 CHAIRMAN BROWN: And do I hear a motion to
13 accept this resolution?

14 MR. DORSA: So moved.

15 CHAIRMAN BROWN: Do I have a second?

16 MS. LEE: Second.

17 CHAIRMAN BROWN: For the record, we're voting
18 for the attendance at a conference, the CII Spring
19 Conference in 2024. All those in favor, say aye.

20 (Ayes were heard.)

21 CHAIRMAN BROWN: All those opposed, say nay?
22 Any abstentions?

23 Let the record show that the attendance at
24 Conference CII Spring Conference 2024 has passed.

25 MR. MCTIGUE: Moving to Item Number 4, the

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1 calendar. First item is Approval of the Minutes,
2 specifically approval of the November 2nd, 2023
3 Investment Meeting minutes, and then the November 16th,
4 2023 Board Meeting minutes.

5 CHAIRMAN BROWN: Do I hear a motion to accept
6 the Investment Meeting minutes of November 2nd, 2023 and
7 the Board Meeting minutes of November 16th, 2023?

8 MR. DORSA: So moved.

9 CHAIRMAN BROWN: And is there a second?

10 MS. LEE: Second.

11 CHAIRMAN BROWN: So we're voting for the
12 approval of the Investment Meeting minutes and the Board
13 Meeting minutes. All those in favor, say aye.

14 (Ayes were heard.)

15 CHAIRMAN BROWN: All those opposed, say nay?
16 Any abstentions?

17 And let the record show that the Investment
18 Meeting minutes and Board Meeting minutes have been
19 approved.

20 MR. MCTIGUE: The next item is the calendar
21 items. I believe, Mr. Chairman and Board Members, you
22 all received an electronic copy?

23 CHAIRMAN BROWN: Yes. Thank you, Thad.

24 All those -- rather, do I hear a motion to
25 approve the calendar items?

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1 MR. DORSA: Let's waive the reading, first.

2 CHAIRMAN BROWN: Oh, sorry about that. The
3 reading has been waived. So do I have a motion to
4 accept? Do I have a to accept the resolution.

5 MR. DORSA: So moved.

6 CHAIRMAN BROWN: And is there a second?

7 MR. GIORDANO: Second.
8 CHAIRMAN BROWN: All those in favor of
9 accepting the calendar items, please say aye.
10 (Ayes were heard.)
11 CHAIRMAN BROWN: All those opposed, say nay?
12 And let the record show -- oh, any abstentions?
13 Let the record show that the calendar items
14 have been accepted, approved.
15 MR. MCTIGUE: Item Number 5 is Other Business,
16 and we have today a presentation from Grant Thornton,
17 who will review the financials. And I believe Mitchell
18 Fruchter, our deputy chief accountant, is also with us
19 today.

20 So I will turn it over to Grant Thornton, if
21 that pleases the Board. Ms. Campbell I believe is with
22 Grant Thornton.

23 MS. CAMPBELL: Hello, yes. Good afternoon,
24 everyone. I'm Sharon Campbell. I'm a managing director
25 in Grant Thornton's Employee Benefit Plan Audit

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1 practice, and I was the lead engagement partner on this
2 year's audit, and the last four as well, for those who
3 are not familiar.

4 Liz, am I okay to share screens?

5 MS. SANCHEZ: Yes.

6 MS. CAMPBELL: Thank you.

7 Okay. Can everyone see my screen?

8 MR. MCTIGUE: Yes.

9 CHAIRMAN BROWN: Yes. Thank you.

10 MS. CAMPBELL: All right. So before I move
11 on, first and foremost, I appreciate the opportunity to
12 share with you our required communications for this
13 year's audit. I also want to take an opportunity to
14 thank management, specifically Mitchell, Barbara,
15 Nevenea, and George, and their team, for their
16 collaboration and their transparency, their commitment
17 to full disclosure and commitment to quality, which is
18 evidenced by their receipt of the GFOA Certificate of
19 Achievement in Financial Reporting for the 2022 ACFR.

20 Okay. This is just a list of some of my
21 engagement team managers with me today. I have Patsy
22 Iacono, Kira Greenley, and Bryan Abailla. This is not,
23 by any means, all of my team, just the leaders of my
24 team.

25 Okay. This is just an audit timeline, how we

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1 get to the deliverable in October. We released our
2 opinion in October on the financial statements, October
3 26th. And then for the ACFR that goes out, that the
4 opinion was released this morning.

5 Okay. All right. So responsibilities. So
6 you as the Board of Trustees are responsible for
7 overseeing the financial reporting process, setting a
8 positive tone at the top, and challenging the plan's

9 activities in the financial arena, discussing
10 significant accounting and internal control matters with
11 management, and informing us of any fraud or suspected
12 fraud, including your views of any fraud risks, and any
13 other matters that may be relevant to our audit.

14 Management is responsible for preparing and
15 fairly presenting the financial statements and any
16 required supplementary information, designing and
17 implementing and maintaining internal controls relevant
18 to the preparation of the financial statements,
19 maintaining sufficient records with respect to
20 participants, and then there's a full list of
21 management's responsibilities included in the engagement
22 letter.

23 We, as your independent auditors, are
24 responsible for obtaining reasonable assurance about
25 whether the financial statements as a whole are free

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1 from material misstatement, whether due to fraud or
2 error, and then issuing an auditor report that includes
3 our opinion.

4 All right. We approach our audit using a
5 risk-based approach, and first and foremost, we identify
6 significant risks. One of the more pervasive
7 significant risks, which is inherent in all audits, not
8 just this audit or this type of audit, just all audits,
9 is management override over internal controls over
10 financial reporting. This is a presumed fraud risk and
11 it's based on the presumed risk and professional
12 standards of manipulating the financial reporting
13 process by recording inappropriate or unauthorized
14 journal entries or making adjustments to amounts that
15 are reported in the financial statements, either
16 omitting, obscuring, or otherwise misstating disclosures
17 by manipulating the financial reporting process.

18 So we approach this risk by obtaining an
19 understanding of the financial reporting process and
20 controls over journal entries and other adjustments and
21 the suitability of design and implementation of such
22 controls. We make inquiries of any individuals involved
23 in the financial reporting process about any
24 inappropriate or unusual activity that they may be aware
25 of relating to the processing of journal entries and

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1 other adjustments. And we consider any fraud risk
2 indicators, the nature and complexity of accounts, and
3 the entries that are processed outside of the normal
4 course of plan operations.

5 Based on the procedures performed, the
6 controls appear to be designed and implemented
7 appropriately and individuals appear to have appropriate
8 authorization rights. There were no significant
9 exceptions identified.

10 Okay. Other areas of focus include investment

11 and investment income. So we confirm the investment
12 positions. We evaluate the reasonableness of the fair
13 value of the disclosures on a sample basis. We test the
14 fair values as of year end to determine the
15 reasonableness of those fair values. We also, on a
16 sample basis, test the fair value of purchases and sales
17 selected throughout the year to test the reasonableness
18 of those fair values as well. And then we test the
19 reasonableness of the investment related income and the
20 investment related expenses.

21 There were audit adjustments related to
22 investments that were identified and communicated,
23 similar to prior years. There was an unrecorded
24 adjustment related to the prior year reversing impact --
25 or the reversing impact of a prior year adjustment in

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1 the current year. And there were certain
2 reclassification adjustments made to the footnotes
3 for -- related to the investments.

4 Another area of focus is member contributions.
5 So we test the completeness of the population of member
6 contributions, and then, on a sample basis, we select --
7 we test the sample testing eligibility to contribute and
8 whether the contribution amounts were appropriately
9 calculated and withheld in accordance with plan
10 provisions.

11 Another area of focus is benefit payments.
12 Again, we test the completeness of the population of
13 benefit payments, and then, on a sample basis, we test
14 that the member was eligible for the type of withdrawal
15 that they have requested, that the benefit payment was
16 appropriately authorized, and that the benefit payment
17 was calculated based on plan provisions. There were no
18 exceptions noted in that area.

19 The next area is total pension liability. We
20 test the completeness and accuracy of the census data
21 using our automated census tool. We then, using the
22 assistance of our in-house actuaries, we assess the
23 reasonableness of the actuarial assumptions, methods,
24 and inputs used in the calculation of the pension
25 liability. And then, on a sampling basis, again, using

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1 our census automation tool, we test the completeness and
2 accuracy of selected demographic information for those
3 members.

4 Other areas of focus include employer
5 contributions, member loans, information technology,
6 general controls, and adequacy of disclosure.

7 Does anyone have any questions before I move
8 on? Okay.

9 All right. As mentioned before, we use our
10 in-house actuaries, the Human Capital Services practice,
11 to assist us in the reviewing of the actuarial
12 assumptions and methods used. We use our New York

13 pricing group for investment valuation assistance, and
14 then we use Galleros Robinson as our subcontractor.

15 Okay. Going back to the significant risks
16 that I spoke about earlier, we use Whole Ledger
17 Analytics in order to perform that area. So what we do
18 is we pinpoint transactions that appear to have a higher
19 risk of management override over internal control, an
20 accumulative risk score is generated based on how
21 individual transactions perform against 38 routines.
22 This basically spits out certain transactions that we
23 then subject for testing. For those entries, we obtain
24 underlying support, we evaluate the validity of the
25 journal entry in the normal course, and then we obtain

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1 evidence of approval. Again, there were no exceptions
2 noted in that testing.

3 This slide is simply to just remind everyone
4 of the importance of cybersecurity, internal controls
5 over systems, and the segregation of duties. So in
6 scope, information technology, general, this slide
7 basically goes over the in scope systems in the areas of
8 focus that we had over ITGCs. Areas of focus included
9 security administration, program maintenance, program
10 execution, technology operations, and cybersecurity.

11 All right. We issued an unmodified, clean
12 opinion this morning for the ACFR as well as an
13 unmodified clean opinion for the financial statements
14 issued back in October, which was included in the ACFR
15 for this year. There were no scope limitations. We had
16 open and effective communication with management and any
17 internal control and best practice recommendations have
18 been discussed and/or will be discussed with management.

19 We expect, after issuing the opinion this
20 morning, that the ACFR will be filed within the next few
21 days and it will include the GFOA Certificate of
22 Achievement for the 2020 ACFR.

23 As mentioned earlier, there were audit
24 adjustments related to investments that were identified
25 and communicated, and they are included in the

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1 attachments with the management rep letter.

2 Okay. Other required communications, I'm not
3 going to go through everything here, just a few
4 highlights. We were not made aware of any fraud or
5 significant non-compliance with any laws or regulations.
6 We're not aware of any significant deficiencies. I'm
7 pleased to report that there were no significant or
8 unusual transactions or disagreements with management,
9 as well as any significant difficulties encountered
10 during the audit or any contentious matters that would
11 merit your attention. There were no modifications to
12 our audit report.

13 Okay. Other required communications. So the
14 significant accounting policies are detailed in the

15 notes to the financial statements and are considered
16 appropriate in all material respects and consistent with
17 the prior year. The most significant estimates are the
18 fair value of investments and the total pension
19 liability and related disclosures. And we have assessed
20 the financial statements and disclosures for clarity and
21 completeness. The footnote disclosures to the financial
22 statements appear to be informative, consistent, and
23 clear.

24 This is just a slide of the technology that we
25 have used throughout the course of this engagement.

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1 And then this slide is a reminder of our
2 independence. Our firm maintains a robust quality
3 control system supported by comprehensive policies and
4 procedures that meet or exceed regulatory requirements.
5 This enables us to evaluate and maintain our
6 independence, and our policies are designed to ensure
7 that we serve our audit clients with the requisite
8 integrity, objectivity, and independence.

9 Okay. And that concludes my presentation
10 today. I do include our commitment to promote ethical
11 and professional excellence. Does anyone have any
12 questions?

13 CHAIRMAN BROWN: Thank you, Sharon.

14 Any questions for Sharon, Patsy, or Bryan?
15 Thank you.

16 MS. CAMPBELL: Absolutely. Thank you very
17 much. And if I want to wish everyone a happy and
18 healthy holiday season and Happy New Year.

19 CHAIRMAN BROWN: Thank you, Sharon. Thank
20 you. Same to you.

21 MS. CAMPBELL: Thank you, everyone.

22 CHAIRMAN BROWN: Thank you. At this time, are
23 there any questions or comments from the public?

24 MS. SANCHEZ: You're good, Tom.

25 CHAIRMAN BROWN: Excuse me? You're good, oh.

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1 I thought we had -- does Thad want to check? One
2 second. I thought there was somebody.

3 (Crosstalk.)

4 CHAIRMAN BROWN: Okay. Okay. Thank you. So
5 we don't have anyone from the public.

6 And I guess I'd like to take this opportunity
7 to wish everyone a happy holiday and to thank Patricia
8 Reilly, our Executive Director, and to thank Thaddeus
9 McTigue, our Deputy Executive Director, and the entire
10 staff here at Teachers' Retirement System for all you do
11 for our members. You go above and beyond for our
12 members every single day and always have our members'
13 interests as your number one priority, and it is very
14 noticed and very much appreciated.

15 It's an honor and a pleasure to be able to
16 work with all of you to reach our common goals. So

17 thank you all here at TRS, and again, happy holiday to
18 everybody and Happy New Year.
19 And with that, do I hear a motion --
20 MR. MCTIGUE: I just want to say on behalf of
21 Patricia and myself, and our staff, thank you. It's an
22 honor to work with you all.
23 CHAIRMAN BROWN: Thank you, Thad.
24 Kavita, thank you.
25 MR. MCTIGUE: No, of course. Thank you so

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1 much.
2 CHAIRMAN BROWN: Thank you.
3 MR. DORSA: Thanks everybody, and happy
4 holidays. And I'd like to make a motion to adjourn.
5 CHAIRMAN BROWN: Oh, is there a second?
6 MS. LEE: Second.
7 CHAIRMAN BROWN: Any discussion? For those in
8 favor of adjourning, please say aye.
9 (Ayes were heard.)
10 CHAIRMAN BROWN: Those opposed, say nay? Any
11 abstentions? We are adjourned.
12 (The proceedings concluded at 3:59 p.m.)
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1 CERTIFICATE OF DIGITAL REPORTER
2
3 I, SOPHIAN DEFRANCE, a Digital Reporter and
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8 the above-titled matter, all to the best of my skills
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10 I further certify that I am not related to any
11 of the parties to this action by blood or marriage and
12 that I am in no way interested in the outcome of this
13 matter.
14 IN WITNESS THEREOF, I have hereunto set my
15 hand this 4th day of January 2024.
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CERTIFICATE OF TRANSCRIPTIONIST

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IN WITNESS THEREOF, I have hereunto set my hand this 4th day of January 2024.

Nancy Krakower, Transcriptionist

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