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1 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
2 REGULAR BOARD MEETING
3 Held on Thursday, March 21, 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 JOHN DORSA, Trustee, Comptroller's Office
16 LINDSAY OATES, Trustee
17 VALERIE BUDZIK, TRS
18 RENEE PEARCE, TRS
19 LIZ SANCHEZ, TRS
20 SUSAN STANG, TRS
21 ROBERT BETHELMY, TRS
22 KAVITA KANWAR, TRS
23 ANNETTE HANRAHAN, TRS
24 ANTHONY MEZZACAPPA, TRS
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1 ATTENDEES (Cont'd)
2 CARMELA CRIVELLI, TRS
3 SHERRY CHAN, Chief Actuary
4 MARTA ROSS, Corporation Counsel
5 MEL AARONSON, Emeritus
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1 P R O C E E D I N G S

2 (Time noted: 3:37 p.m.)
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4 CHAIRPERSON ADLER: Good afternoon.
5 Welcome to the Teachers' Retirement System
6 general board meeting for March 21, 2019.
7 Patricia, please call the roll.
8 MS. REILLY: John Adler?
9 CHAIRPERSON ADLER: I am here.
10 MS. REILLY: Thomas Brown?
11 MR. BROWN: Present.
12 MS. REILLY: David Kazansky?
13 MR. KAZANSKY: Present.
14 MS. REILLY: Lindsay Oates?
15 MS. OATES: Present.
16 MS. REILLY: Debra Penny?
17 MS. PENNY: Present.
18 MS. REILLY: John Dorsa?
19 MR. DORSA: John Dorsa for the
20 Comptroller.
21 MS. REILLY: We have a quorum.
22 CHAIRPERSON ADLER: Thank you so
23 much.
24 Let's proceed.
25 MS. REILLY: Next is an update on TRS

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1 operations. Kavita will give us that.
2 MS. KANWAR: TRS began work on the
3 efforts to notify members required to take
4 a minimum distribution from the TDF
5 account in 2019.
6 In late April, TRS will begin providing
7 RMD notifications to an estimated 3,300
8 first time RMD recipients.
9 In addition, approximately 30,000
10 members and 1,000 TD beneficiary
11 participants who received RMDs last year
12 will be notified of the requirements to
13 receive another RMD in this calendar year.
14 TRS is now on Instagram. We hope to
15 engage with a different segment of our
16 membership, increasing awareness of TRS
17 and driving traffic to our website.
18 Instagram is our fourth social media
19 channel, joining FaceBook, Twitter and
20 U-Tube. Follow us on Instagram at TRSNYC.
21 MS. REILLY: Thank you.
22 CHAIRPERSON ADLER: Thank you.
23 MS. REILLY: Next is a report from
24 the Actuary.
25 MS. CHAN: Thank you, Patricia.

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1 The first memo in the packet is the
2 Chapter 41 2016, the reimbursement that
3 TRS should be -- from the state, because

4 this law allows statewide benefit
5 enhancements, and allows members to
6 purchase military service to count towards
7 their pension benefit.

8 Because it is a statewide enhancement,
9 it does allow the retirement system to
10 seek reimbursement from the state.

11 For fiscal year 2018, this amounts to,
12 after members pay their portion, would be
13 about \$1.67 million. This represented 41
14 participants who bought a total of 96
15 years of service.

16 CHAIRPERSON ADLER: Any questions for
17 Sherry about the Chapter 41 reimbursement?
18 (No response.)

19 MS. CHAN: The second item is a
20 fiscal note, the fiscal note season has
21 started. There are two that were issued
22 that affected TRS by the time board
23 materials went out.

24 The first one is an extension of the
25 interest rate used to calculate the

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1 employer contribution. There is interest
2 legislation to propose to have this
3 discount rate remaining at 7 percent for
4 two upcoming fiscal years, fiscal year
5 2020 as well as 2021. Because we are
6 keeping the same rates, there is no change
7 in cost.

8 The second fiscal note is a picture
9 bill for a gentleman named Jonathan
10 Grossman. He wants the lump sum value of
11 his vacation time before he retired to
12 count toward his retirement benefit. And
13 this is a Tier 1 member with a retirement
14 date of September 2010.

15 And including this additional vacation
16 time in his final salary would increase
17 the funded accrued liability by \$234,000.
18 Because he is retired, there is no
19 amortization for this amount. And if the
20 legislation passed, it would be called in
21 one year. Everything would be paid in one
22 year.

23 CHAIRPERSON ADLER: Thank you.
24 Any questions for Sherry about the
25 fiscal note report?

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1 (No response.)

2 Thank you.

3 MS. CHAN: Thank you.

4 MS. REILLY: Next on the agenda is
5 the executive director's report. The

6 first item is the matter of the next
7 meeting. It's been suggested that the
8 next regular meeting of the Teachers'
9 Retirement Board be held on the third
10 Thursday of the month, April 18, 2019.
11 Mark your calendars.

12 The second item on the executive
13 director's report is the authorization to
14 the Comptroller of City of New York to
15 invest certain funds.

16 MR. KAZANSKY: Waive the reading,
17 please.

18 CHAIRPERSON ADLER: So we have the
19 quarterly authorization to the Comptroller
20 to invest QPP funds.

21 Is there a motion to adopt the
22 resolution?

23 MR. KAZANSKY: So moved.

24 CHAIRPERSON ADLER: Is there a
25 second?

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1 MS. PENNY: Second.

2 CHAIRPERSON ADLER: Discussion?

3 (No response.)

4 All those in favor of the motion to
5 approve the authorization to the
6 Comptroller to invest certain QPP funds,
7 please say "Aye."

8 (A chorus of "Ayes.")

9 All opposed say "Nay."

10 Any abstentions?

11 (No response.)

12 CHAIRPERSON ADLER: I believe it's
13 unanimous. Motion carries.

14 MS. REILLY: Next is the resolution
15 for authorization to the Comptroller of
16 the City of New York to invest certain tax
17 deferred annuity funds.

18 MR. KAZANSKY: Please waive the
19 reading.

20 CHAIRPERSON ADLER: So we have the
21 quarterly resolution to authorize the
22 Comptroller to invest certain TDA funds.

23 Is there a motion?

24 MR. BROWN: So moved.

25 CHAIRPERSON ADLER: Is there a

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1 second?

2 MR. DORSA: Second.

3 CHAIRPERSON ADLER: Thank you, Mr.
4 Dorsa.

5 Any discussion?

6 (No response.)

7 All in favor of the motion to

8 authorize the Comptroller to invest
9 certain tax deferred annuity funds please
10 say "Aye."
11 (A chorus of "Ayes.")
12 All opposed please say "Nay."
13 Any abstentions?
14 (No response.)
15 Motion carries.
16 MR. DORSA: Thank you.
17 CHAIRPERSON ADLER: Thank you.
18 MS. REILLY: Next is the resolution
19 for the New York City Office of the
20 Actuary's fiscal year 2018 reimbursement
21 calculation, resulting from Chapter 41 of
22 the laws of 2016.
23 MR. KAZANSKY: Please skip to the
24 resolves.
25 MS. REILLY: "Resolved, that the
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1 Teachers' Retirement Board of Trustees
2 approves a voucher in the amount
3 \$1,668,263 for fiscal year 2018 to be
4 submitted to the State Comptroller for
5 audit, warrant and payment to TRS as
6 reimbursement for carrying out the
7 provisions of Chapter 41."
8 CHAIRPERSON ADLER: Is there a motion
9 to approve the resolution for the Chapter
10 41, 2018 fiscal year reimbursement?
11 MR. KAZANSKY: So moved.
12 CHAIRPERSON ADLER: Is there a
13 second?
14 MS. PENNY: Second.
15 CHAIRPERSON ADLER: Any discussion?
16 (No response.)
17 All in favor of the motion please say
18 "Aye."
19 (A chorus of "Ayes.")
20 All opposed please say "Nay."
21 Any abstentions?
22 (No response.)
23 Motion carries.
24 MS. REILLY: So next is the calendar.
25 The first item on the calendar is the
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1 matter of approval of all the minutes for
2 the month of February, which is the
3 February 6 CIM meeting minutes, the
4 February 7 TRS investment meeting minutes,
5 and the February 28, 2019 TRS Board
6 meeting minutes.
7 CHAIRPERSON ADLER: Is there a motion
8 to approve the three sets of minutes for
9 the month of February?

10 MR. BROWN: So moved.
11 CHAIRPERSON ADLER: Is there a
12 second?
13 MR. KAZANSKY: Second.
14 CHAIRPERSON ADLER: Thank you.
15 Any discussion.
16 (No response.)
17 All in favor of the motion to approve
18 the February minutes, please say "Aye."
19 (A chorus of "Ayes.")
20 All opposed say "Nay."
21 Any abstentions?
22 (No response.)
23 Motion carries.
24 MS. REILLY: The items on the
25 calendar have been electronically sent to
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1 all the Trustees.
2 MR. KAZANSKY: Please waive reading
3 of the calendar.
4 CHAIRPERSON ADLER: Is there a motion
5 to approve the calendar items for March
6 21, 2019?
7 MR. BROWN: So moved.
8 CHAIRPERSON ADLER: Is there a
9 second?
10 MR. DORSA: Second.
11 CHAIRPERSON ADLER: Discussion of the
12 calendar?
13 (No response.)
14 All in favor of the motion to approve
15 the calendar for March 21, 2019 please say
16 "Aye."
17 (A chorus of "Ayes.")
18 All opposed say "Nay."
19 Any abstentions?
20 (No response.)
21 Motion carries.
22 MS. REILLY: Next on the agenda is
23 other business. Patricia Reilly will do a
24 presentation.
25 CHAIRPERSON ADLER: Thank you.

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1 MS. REILLY: Good afternoon,
2 everyone. Today's presentation will be
3 some highlights of the thirty minute
4 presentation that I gave to the New York
5 City Office of the Actuary back in
6 January.
7 I was invited to be a guest speaker at
8 the monthly professional development
9 meeting. I appreciated it.
10 MS. CHAN: We appreciated you being
11 there.

12 MS. REILLY: First, I presented to
13 the Office of the Actuary information
14 about my career background; and then an
15 overview of TRS departments, roles and
16 responsibilities. I compared some TRS
17 history of financial statistics with them
18 to show who we were back in 1917 and who
19 we are today; my vision for modernizing
20 the agency and some challenge that we at
21 TRS have as part of being a retirement
22 system.

23 So, here I am (indicating screen).
24 Some of the highlights of my journey to
25 become the executive director of Teachers.

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1 I won't go back as far as my journey
2 began, pretty far back. In 1988 I did
3 become -- actually, in 1988 I actually
4 became the deputy director of the
5 information technology department for the
6 Mayor's Office, under Mayor Koch. I'm
7 dating myself there.

8 And then I was promoted to director of
9 information technology under the Dinkins
10 administration. I won't go through the
11 Giuliani administration.

12 In 1994 I became the deputy director of
13 information technology here at the
14 Teachers' Retirement System. And then in
15 2003 we created a new department, which is
16 called the Business Solutions Group; and
17 as I said at the Actuary's Office, behind
18 my back it was called the BS Group.

19 (Laughter.)

20 It's now our office of operations. I
21 became director of that group.

22 From there I was promoted to become the
23 deputy executive director of the Teachers'
24 Retirement System in 2010. And then in
25 2013 I was promoted to executive director.

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1 So, I just think that my career,
2 especially my career in New York, shows my
3 deep commitment to both the City of New
4 York as well as the Teachers' Retirement
5 System. And that's why I shared it with
6 you today.

7 Here I have -- I distributed a high
8 level organization chart, which you should
9 have. And it gives you the name of each
10 director and the department they direct.
11 I think that in most cases the name of the
12 unit gives you a clear indication of what
13 type of work is being provided by those

14 departments.

15 But if you are interested in knowing
16 about any one of these departments right
17 now, if you would like a little more
18 information I'm happy to talk to you about
19 it.

20 CHAIRPERSON ADLER: I have a
21 question. Why are there two rectangles in
22 blue and everyone else is in orange?

23 MS. REILLY: Because those are two
24 departments that are really units, not
25 departments. So we have departments and

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1 within departments are multiple units.
2 These two units report to Thad and I. So
3 they are different than most of the other
4 units in TRS, who report directly to the
5 director. These two report actually to
6 me.

7 One is the program management office,
8 and they manage the modernization project
9 for us. And then the quality center for
10 excellence is all of the testing, the
11 people who do testing of the new systems
12 prior to implementations into production.
13 So they both report to me, that's why they
14 are in blue.

15 So, this is a picture of the first
16 annual report of the Teachers' Retirement
17 System (indicating screen), and there's
18 some really interesting facts in that
19 report.

20 So, for instance, on August 1, 1917 the
21 Teachers' Retirement System was
22 established; and we had 20,796 teachers
23 who were enrolled as members here. And we
24 had 1,398 pensioners who were taken over
25 from the old pension fund brought in.

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1 On December 31, 1917, our total assets
2 were \$758,538.72. Today the Teachers'
3 Retirement System has over 209,000 in
4 service or retirement. And in fiscal year
5 2018, we had \$54.5 billion in total assets
6 in our QPP program, and \$33.3 billion in
7 our TDA program.

8 There are approximately 153,800 members
9 who have TDAs. So we've come a long way
10 from 1917.

11 In-service we have 95,000 members; and
12 then 56,000 deferred retirees, and 2,800
13 annuitants. So our total percentage of
14 all members with TDAs is 73.6 percent,
15 which is a pretty high rate.

16 CHAIRPERSON ADLER: How many
17 annuitants?

18 MS. REILLY: 95,000 in service,
19 56,000 deferred and total annuitants
20 2,800.

21 CHAIRPERSON ADLER: 2,800?

22 MS. REILLY: People don't really
23 annuitize their TDAs that much.

24 CHAIRPERSON ADLER: I'm surprised
25 it's so low.

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1 MS. REILLY: -- roll it over.

2 We have a 73.6 percent enrollment,
3 which is pretty high. And our average
4 service retirement allowance for members
5 is \$51,108. That overall allowance goes
6 down a little bit when you include
7 disability retirees and continuing
8 beneficiaries, to 49,422.

9 Something else I went over with the
10 Actuary was my vision for modernizing the
11 Teachers' Retirement System. And I was
12 envisioning how to modernize the agency
13 around what is our primary goal of being
14 member-centric.

15 I considered many questions such as,
16 What information technology and
17 infrastructure changes should we invest
18 in, in order to benefit the agency and our
19 members today, that will sustain us well
20 into the future.

21 I also thought about what kind of
22 changes were needed in our business
23 processes to align with the changes in
24 technology. And one way of achieving this
25 goal was to provide self-service features

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1 through our updated website.

2 And it's actually mobile friendly, and
3 we also are now doing a lot communicating
4 with our members through --
5 communications. That's one of the ways
6 that we're allowing the system to be
7 available to our members 24/7.

8 In regard to staff, I asked the
9 question, What kind of skills and
10 knowledge and competences do people have
11 presently, and what will they need in the
12 future to meet the ever-changing needs of
13 our members?

14 We're working with HR to document the
15 skills and competencies necessary to be
16 successful at TRS, and we're evaluating
17 where the staff are against those skills

18 and competencies in order to help us
19 determine what the gaps are, so we can
20 provide training and mentoring to help
21 staff fill those gaps.

22 Modernization, which is the project,
23 affects every aspect of our business. As
24 a form of modernizing we communicate with
25 our members. In an effort to become more
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1 eco-centric, we switched over to supplying
2 our statements electronically; which
3 certainly saves a lot of the trees, and
4 actually saves us a lot of money.

5 Our members are able to get all of
6 their statements through our member portal
7 on the website.

8 For the first time in 2018 our annual
9 benefits statements were available only
10 online through a secure portal.

11 We also strengthened and expanded our
12 social media efforts, including what we
13 talked about this morning, for those
14 members who prefer to communicate with us
15 through using this platform. So now we're
16 on Twitter, FaceBook and U-Tube, and also
17 on Instagram.

18 As far as the modernization project is
19 concerned, we'll soon be implementing
20 Phase 4 of our Aspen system. And Phase 4
21 focuses primarily on death benefits,
22 online payments and the Office of the
23 Actuary death benefit certifications and
24 death valuation processes.

25 Some of the Office of the Actuary staff
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1 have really been instrumental in helping
2 us with the design of Phase 4, for those
3 processes, as well as helping us to test
4 them, and we really appreciate and are
5 thankful for making that a reality.

6 As you might imagine, staff training is
7 a critical component of the success of
8 this phase and all phases of our
9 modernization efforts.

10 We have an operational readiness team,
11 where subject matter experts and external
12 and internal trainers are training on the
13 new functionality of Phase 4. They're
14 preparing for that, because training will
15 start soon, and staff will learn how to
16 operate a new operating model that allows
17 member requests.

18 So when a member goes online, makes a
19 request through the website for, for

20 instance, a loan, it goes straight
21 through. The system checks to make sure
22 they have the right balances, that
23 everything is in order. It goes straight
24 through to sending that check to the
25 member's EFT account, best case scenario

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1 for us.

2 If there's a problem with that, with
3 any part of that, then it comes out of
4 that straight through process and it goes
5 to our fulfillment group, who then deals
6 with whatever issues prohibited it from
7 going straight through, and then gets the
8 member or contacts the member to let the
9 member know what the problem was.

10 So, I think in the future we will be
11 very efficient, very automated, which
12 really will allow us to provide our
13 members with a higher level services for
14 when they do have a problem; because we
15 will be able to have the staff who will be
16 problem solvers. Instead of being paper
17 pushers, they'll become problem solvers.
18 We will be able to do all the work to insure
19 that the members have the services they
20 need.

21 So, what we talked about at the
22 Actuary's Office was that, we have a very
23 big challenge, we've always had this
24 challenge, and it continues today in our
25 modernization project. And that's, it's

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1 very difficult for Teachers' Retirement
2 System to obtain employment information
3 accurately and in a timely manner from our
4 employers.

5 For our problematic employers, CUNY,
6 because they don't really have one
7 consolidated feed to send payroll data
8 through. The information comes to us from
9 individual colleges. It's actually
10 service data, not payroll. All that
11 information comes up from the individual
12 colleges, and it's not in any type of
13 standard format. So that makes that
14 process very manageable.

15 We continue to work with CUNY to be
16 able to achieve the modernized file
17 transfer that will help us in our --

18 Lastly, the key points that I did
19 emphasize when I presented to the Office
20 of the Actuary, is ongoing supportive
21 relationship between our office and the

22 Office of the Actuary. The assistance
23 that we received is really invaluable,
24 particularly with valuations, revisions,
25 and the Office of the Actuary death

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1 benefit calculations and debt -- as well
2 as certification of our retirements.

3 We really appreciate the working
4 relationship we have with the Office of
5 the Actuary. We believe we will continue
6 to work well together well into the
7 future.

8 So, that was my condensed version of
9 the 30 minute presentation. Opening up
10 for any questions.

11 CHAIRPERSON ADLER: Any questions for
12 Patricia?

13 (No response.)

14 Thank you.

15 MS. REILLY: Thank you.

16 CHAIRPERSON ADLER: That takes us to
17 questions and comments from the public?
18 Any questions or comments from the public?

19 (No response.)

20 No questions.

21 It appears that we have an executive
22 session item. So a motion to enter
23 executive session would be in order.

24 MS. PENNY: I move, pursuant to
25 Public Officer Law Section 105, to go into

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1 executive session for discussions
2 regarding specific contract matters.

3 CHAIRPERSON ADLER: Is there second?

4 MR. DORSA: Second.

5 CHAIRPERSON ADLER: Any discussion?

6 (No response.)

7 All in favor of the motion to enter
8 executive session please say "Aye."

9 (A chorus of "Ayes.")

10 All opposed say "Nay."

11 Any abstentions?

12 (No response.)

13 Motion carries.

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1 (Whereupon, the Board entered
2 executive session.)
3 MR. DORSA: Can I make a motion to go
4 into public session?
5 CHAIRPERSON ADLER: Please do.
6 Is there a second?
7 MS. PENNY: Second.
8 CHAIRPERSON ADLER: Discussion?
9 All in favor of the motion to exit
10 executive session and return to public
11 session please say "Aye."
12 (A chorus of "Ayes.")
13 All opposed say "Nay."
14 Any abstentions?
15 (No response.)
16 (Whereupon, the Board returned to
17 public session.)
18 CHAIRPERSON ADLER: We're back in
19 public session.
20 Susan, would you please report out of
21 executive session?
22 MS. STANG: In executive session an
23 investment matter was discussed.
24 Consensus was reached, which will be
25 announced at the appropriate time.

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1 CHAIRPERSON ADLER: Thank you.
2 I believe that concludes our business
3 for today.
4 Is there a motion to adjourn?
5 MR. BROWN: So moved.
6 CHAIRPERSON ADLER: Is there a
7 second?
8 MR. KAZANSKY: Second.
9 CHAIRPERSON ADLER: Any discussion?
10 (No response.)
11 All in favor of the motion to adjourn
12 please say "Aye."
13 (A chorus of "Ayes.")
14 All opposed say "Nay."
15 Any abstentions?
16 (No response.)
17 We're adjourned.
18 (Whereupon, at 4:05 p.m. the matter
19 was concluded.)
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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, March 21, 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 25th day of March, 2019.

JEFFREY SHAPIRO