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1 TEACHERS' RETIREMENT SYSTEM OF THE CITY OF NEW YORK

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BOARD MEETING

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6

January 18, 2024

7

3:38 p.m.

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Remote Proceeding

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New York, New York

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William Montague

Digital Reporter

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Notary Commission No. 01MO0009174

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APPEARANCES:

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PATRICIA REILLY, TRS EXECUTIVE DIRECTOR

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THAD MCTIGUE, TRS DEPUTY EXECUTIVE DIRECTOR

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THOMAS BROWN, CHAIR, TRUSTEE

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BRYAN BERGE, MAYOR'S OFFICE, TRUSTEE

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ALISON HIRSH, OFFICE OF THE COMPTROLLER, TRUSTEE

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DAVID KAZANSKY, TRUSTEE

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VICTORIA LEE, TRUSTEE

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EPHRAIM ZAKRY, TRUSTEE

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Also Present:

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LIZ SANCHEZ, TRS

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MAREK TYSZKIEWICZ, CHIEF ACTUARY

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PRISCILLA BAILEY, TRS

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RON SWINGLE, TRS

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VALERIE BUDZIK, TRS

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KEVIN BALAOD, TRS

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LOREN PERRY, TRS

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KAVITA KANWAR, TRS

20

ANTHONY MEZZACAPPA, TRS

21

ANDREW BRADFORD, DIRECTOR OF RISK MANAGEMENT, TRS

22

ANNETTE HANRAHAN, TRS

23

DARREN TROTTER, LAW DEPARTMENT

24

GATI DALAL, LAW DEPARTMENT

25

KATE CHEN, CHIEF AUDIT EXECUTIVE, TRS

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1 MATT LASKOWSKI, TRS
2 AMEET CHAUDHURY, DEPUTY OF IT INFRASTRUCTURE
3 PAUL RAUCCI, TRS
4 ROSA POLANCO
5 RENEE PEARCE
6 MATT TOLEDO
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1 (The proceedings commenced at 3:38 p.m.)
2 MS. REILLY: Good afternoon. Welcome to the
3 Board Meeting of the Teachers' Retirement Board for
4 January 18th, 2024.
5 I'll start by calling the roll.
6 Bryan Berge?
7 MR. BERGE: Bryan Berge representing Mayor
8 Eric Adams. Present.
9 MS. REILLY: Thomas Brown?
10 CHAIRMAN BROWN: Present. Good afternoon,
11 Patricia.
12 MS. REILLY: Good afternoon.
13 Ephraim Zakry?
14 MR. ZAKRY: Present virtually due to an
15 illness.
16 MS. REILLY: Alison Hirsh?
17 MS. HIRSH: Present on behalf of Comptroller
18 Brad Lander.
19 MS. REILLY: David Kazansky?
20 MR. KAZANSKY: Present.
21 MS. REILLY: Victoria Lee?
22 MS. LEE: Present.
23 MS. REILLY: We have a quorum.
24 And the next item on the agenda is an update
25 from TRS Operations given to us by Kavita Kanwar.

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1 MS. KANWAR: Thank you, Patricia.
2 Good afternoon, everyone. The 1099 forms for

3 tax year 2023 are being mailed in January. TRS will
4 notify the affected members by email when their 1099
5 forms are available for viewing on the TRS website.

6 On December 28th, TRS filed its 2023 Annual
7 Comprehensive Financial Report with the GFOA, the
8 Government Finance Officers Association. The report is
9 also available for viewing on the TRS website.

10 In an effort to reduce operational costs as
11 well as environmental impact, TRS is adopting an
12 electronic first communication strategy. Our first
13 focus is to reduce the amount of correspondence that we
14 physically mail and we have stopped mailing certain
15 confirmation letters and notifications. All
16 correspondence is available for members to view securely
17 on our website, and we alert members by email whenever a
18 new letter has been posted. Thank you.

19 MS. REILLY: Thank you. Next on the agenda is
20 an Update From the Actuary.

21 MR. TYSZKIEWICZ: Good afternoon. Last year,
22 I was asked to continue the tradition of having the
23 actuary update the board on fiscal notes that impact
24 TRS. And so we're in a new legislative session, so I
25 thought I'd first stop -- start and quickly recap the

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1 three bills signed by the governor last month as Chapter
2 711, the Dual Membership bill that I am sure you're all
3 familiar with, Chapter 716, the OWBPA, Older Workers'
4 Benefit Protection Act that changed the 5 percent
5 actuarial reduction to 3 percent for certain death
6 benefits, and then Chapter 717, the reinstatement of the
7 reserve transfers for teachers who move back and forth
8 between the city and state systems.

9 Of the three I mentioned, the one that will
10 give your staff the most work is probably the second
11 one, the OWBPA, because that's retroactive to July 1st,
12 2021. So potentially, any death benefits paid for
13 members 61 and older would have to be looked at again,
14 and if the 5 percent reduction is used in those
15 calculations, there will need to be a true-up with the 3
16 percent.

17 I sent Valerie, our office sent Valerie an
18 email or a letter, a memo describing, giving examples of
19 the recalculation, and our office is available to help
20 and provide assistance if you need any in reviewing
21 cases that we need to recalculate.

22 CHAIRMAN BROWN: Thank you.

23 MR. TYSZKIEWICZ: Yeah?

24 MR. BERGE: Is that retroactive date the same
25 as the date on which the Actuary's Office began costing

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1 that method --

2 MR. TYSZKIEWICZ: Yes.

3 MR. BERGE: -- city's contributions. Okay.

4 MR. TYSZKIEWICZ: So my predecessor included

5 the cost of that provision starting in that fiscal year
6 that started, so it was the fiscal -- '22 fiscal year,
7 so it starts July 1st, 2021. So the bill was made
8 retroactive to that, to be consistent with that.

9 So new fiscal notes, so one has gone out
10 already, and it happens to be a TRS fiscal note, and it
11 impacted a single member, and it was included in your
12 Board packets. I included it not to necessarily talk
13 about this fiscal note, but to point out the new format
14 of the fiscal notes going out this year.

15 So if you look at that fiscal note, in the
16 past, the fiscal notes, the costs were described in
17 narrative format. So if it impacted one member, if it
18 impacted retirees, a closed tier, an open tier, we would
19 put different paragraphs describing what the cost is,
20 and you kind of had to be an actuary or someone, at
21 least a finance person, to understand how to put the
22 different pieces together. And it was hard for us to
23 write those paragraphs and it was hard for the readers
24 to kind of absorb that.

25 So the goal for this year is to present every
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1 single fiscal note in the same format. So the first
2 page is always going to be a 25-year projection of the
3 impact on the employer contribution rate. So even
4 though this was a single person fiscal note that had one
5 number in fiscal year 2026, we showed the full 25 years
6 and you see a bunch of zeros and all the years after
7 2026, so the reader can quickly see what's the impact
8 and not really need to understand, they know there's a
9 one-time cost.

10 In other fiscal notes, you'll see the cost
11 going up over time and you'll get the idea for the
12 trend. In other ones, if the impact, if there's a
13 lesser cost for the newer tiers, you'll actually see
14 tier shifting in the cost, where it's more expensive
15 now, and then the delta will get cheaper in future
16 years. So we felt like this was a cleaner way of
17 presenting it and something that people can understand.

18 Go ahead.

19 MR. BERGE: As an avid reader of fiscal notes,
20 Marek, I want to make sure I understand the new table,
21 which I have enjoyed.

22 Does the entry for each year represent the
23 delta from the baseline of what the contributions would
24 have been, absent that bill?

25 MR. TYSZKIEWICZ: Exactly.

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1 MR. BERGE: So it's not -- it's cumulative,
2 then. So if you add, if you add up all the numbers, it
3 is --

4 MR. TYSZKIEWICZ: Well, it's --

5 MR. BERGE: -- cumulative?

6 MR. TYSZKIEWICZ: -- each row -- yeah, if you

7 add up all the numbers, that's the total increase,
8 right? And so, if you look at any particular row, that
9 tells you what that fiscal year's increase would have
10 been.

11 And then on the second page we go and we list
12 the actuarial numbers that went and developed the first.
13 So you'll see on the second page the delta and the
14 present value benefits. So if you -- if you took all
15 the deltas on the first page, extended them to
16 perpetuity past the 25 years, took their present value,
17 then you would get the present value that shows up on
18 the second page as the delta present value, if that
19 makes sense.

20 MR. BERGE: Sure. Yeah. So I guess maybe it
21 will help for my own mind, if I see like a table of
22 25-year projections, and in each row there's an entry of
23 1 million, is it accurate to say that, over those 25
24 years, there will be a cumulative increase of 25
25 million?

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1 MR. TYSZKIEWICZ: Yes.

2 MR. BERGE: Okay, good. I'm just -- yeah, I'm
3 making sure that -- I know that that's kind of an
4 elementary comprehension question, but I get asked a lot
5 of questions about what fiscal notes mean and I just
6 want to make sure I have a baseline on this new format.

7 MR. TYSZKIEWICZ: No, you've got it.

8 MR. BERGE: Really acing my reading comp 101.

9 MR. TYSZKIEWICZ: So that was the first
10 change. So one of the -- one of the things I like about
11 this, regardless of the format of the fiscal note, say
12 you have five fiscal notes in front of you, you can just
13 line them all up side by side and compare each one
14 across the board and see the financial impact, without
15 trying to, in your mind, figure out, well, this one is
16 amortized over five years and this one is amortized over
17 17 years. It's all right there on the first page. So
18 that was part one of the -- we made three changes. So
19 that was the first one, the new format.

20 The second change was a new process. So in
21 the past, we would wait until the preliminary
22 contribution letter went out for the current fiscal
23 year. So we do our preliminary contribution letters,
24 publish those in March, and then all the fiscal notes
25 would start going out after March, based on those final

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1 numbers.

2 But we realized that, when you do a fiscal
3 note, it's really the difference between two numbers,
4 the baseline number and the new number, the new result
5 based on the proposed legislation. And then we round it
6 to the nearest million, we round it to the nearest
7 billion sometimes, and little tiny discrepancies in the
8 data don't impact, they're not material in the overall

9 results.

10 We said, well, instead of waiting until
11 everything is done in March, if we take the snapshot of
12 the data as of December 31st, which just ended, and use
13 that as our basis for the fiscal note, it doesn't matter
14 that we fly spec some of the retiree benefits, maybe
15 tweak some benefits, when we take the delta, it's not
16 going to make a material impact on the fiscal note.

17 So what that means is, now, we can start
18 producing the fiscal notes about two to three months
19 quicker than we have done in prior years. So in the
20 past, you would get this rush of fiscal notes in March
21 and April. We expect to release them mostly in the end
22 of January and February this year. So we're on track to
23 start shooting out all these fiscal notes. We have
24 already received like 50 or so requests. And in the
25 next several weeks, you'll start getting this deluge of

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1 fiscal notes coming out of our office months early.

2 And the last change -- and Liz, if you could
3 share the document.

4 So in the past, when we released a fiscal
5 note, it was always in PDF format, and then the
6 Legislative Bill Drafting Commission would somehow
7 convert that into text format 72 Characters wide. So
8 they could append it to the bill. It would have to be
9 justified and all that. And so we always took great
10 care not to put in fancy graphics to explain things
11 because we knew those couldn't get converted and put
12 into the bill.

13 Now, we're creating these 25-year tables on
14 the front page and we want to make it a little easier to
15 incorporate those into the statute, to attach them to
16 the bill. So one of the actuaries wrote a program that
17 it takes each fiscal note and converts it into the
18 proper 72 character wide format that's justified how it
19 should be.

20 So this is fiscal note one. So now, when we
21 release the fiscal notes, we provide two versions, a PDF
22 version and a text version of the same fiscal note. So
23 this is the text version of the one that's in your Board
24 packets, and it's actually kind of visually appealing.
25 You know, it's got all the spaces, everything lines up,

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1 and even though it's in text format.

2 Now, one thing we noticed that -- and by the
3 way, this is more complicated than you'd think. This
4 took 300 lines of code to write this program.

5 (Crosstalk.)

6 MR. TYSZKIEWICZ: Because everything is
7 right -- fully justified, so you've got to decide where
8 to put the extra spaces and how to line up the columns,
9 and if you have got five retirement systems, you've got
10 to get all five columns to line up. So we were so

11 excited to see how it worked, and we saw that the text
12 got attached to the bill, and we looked at what was
13 attached, it wasn't what we gave them.
14 We did a digital comparison and some of the
15 spaces were slightly different, and then we noticed and
16 what was attached to bill, the last zero was missing.
17 And so it does not a material impact because whether,
18 for 2049, you have a zero or a blank space, it's still
19 implying zero. But we're reaching out to the LBD and
20 let them know, you know, we're sending you both
21 versions, we're sending you the PDF and a
22 programmatically text-friendly version of that same
23 bill. So to the extent you don't have to type, you can
24 use that text version, which hopefully will speed up
25 their process a little bit and make it less error free.

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1 So then, you know, that's the end of my
2 update. I'm happy to answer questions.
3 Go ahead.

4 MR. BERGE: I was curious, does your office
5 process fiscal notes just straight in order of
6 submission?

7 MR. TYSZKIEWICZ: We take requests to
8 prioritize them. So occasionally, we will process them,
9 we'll put them in the queue, and we'll work on them in
10 order of submission. But if someone calls up and says,
11 we need this right away, we'll bump it up into the
12 queue, depending on kind of the urgency of it.

13 MR. BERGE: Okay. And on this particular
14 fiscal amount, was the difference between the PV and the
15 one-time amortization payment just a function of like an
16 interest lag --

17 MR. TYSZKIEWICZ: Yes.

18 MR. BERGE: -- like on your interest lag --
19 Okay.

20 MR. TYSZKIEWICZ: Exactly. And this one was a
21 simple one. It was a one person one, so it was easy to
22 get it out the door first and then test the process, and
23 there were also people calling asking to accelerate this
24 one as well.

25 MS. SANCHEZ: Hey, Marek, Effi has a question.

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1 MR. TYSZKIEWICZ: Yes, Effi?

2 MS. SANCHEZ: Please unmute yourself, Effi.

3 MR. ZAKRY: Thank you. Effi Zakry here
4 virtually.

5 Marek, a couple of quick questions just on the
6 process, just to understand it better. When you use
7 present value, do you use one interest rate as a
8 discounted rate, or do you use the whole yield curve,
9 and depending how far out you go, you have different
10 rates for each year?

11 MR. TYSZKIEWICZ: We do not use the yield
12 curve. So the yield curve is mostly for corporate

13 pension work. In public sector, it's common to use one
14 discount rate. So we'll use 7 percent for the entire,
15 for all years for the present value.

16 MR. ZAKRY: So we're using 7 percent, okay.
17 What is it usually based on, like inflation or Fed rates
18 or what?

19 MR. TYSZKIEWICZ: Well, it's set in statute.
20 So the 7 percent is set in statute, so we have to use 7
21 percent, but it's used as a building block approach,
22 inflation, an estimate of inflation, an estimate of the
23 real growth. So it's kind of validated, smell tested,
24 but it's in statute, so we have to use what's in
25 statute.

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1 MR. ZAKRY: I understand. Also, do we take
2 any kind of actuarial life term expectation or any kind
3 of like potential death benefits to a spouse or anything
4 like that when we calculate the present value now?

5 MR. TYSZKIEWICZ: Yes, we -- we take into
6 account every cash flow we know of. So whatever
7 liability it is to the member, whether it's a refund of
8 contributions or a death benefit or continuing joint
9 survivor benefit to the spouse, that's all included in
10 the cash flow projections, which then get discounted.

11 MR. ZAKRY: All right. Last question. Are
12 there any circumstances under which you refuse such a
13 request?

14 MR. TYSZKIEWICZ: Yes. So if -- we have an
15 in-house attorney, general counsel who's an expert on
16 this, the pension laws impacting the plans, and if a
17 request comes in where we think it violates the
18 constitution, where it diminishes someone's benefits,
19 we'll reject it and not perform the fiscal note.

20 MR. ZAKRY: All right. Thank you very much
21 for answering my questions.

22 MR. TYSZKIEWICZ: So my plan going forward,
23 like for next month is, any new TRS fiscal notes, I'll
24 just submit them to the board. We already copy staff,
25 but I'll submit it to the board as an agenda item and

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1 briefly talk about any future fiscal notes, if that's
2 acceptable.

3 CHAIRMAN BROWN: Sure. Thank you, Marek.

4 MS. REILLY: Thank you. So next on the agenda
5 is the Executive Director's report, and first on the
6 report is the matter of the next meeting, which has been
7 determined to be February 15th, 2024. It's the third
8 Thursday of the month.

9 Next is the resolution for the CWA Union
10 increases for covered TRS employees.

11 MR. SWINGLE: Please skip to the resolve.

12 MS. REILLY: Resolve that the Board approves a
13 modification to the fiscal year budget 2024 to increase
14 such budget by \$290,996 to fund compensation increases

15 for eligible staff required by the new CWA Collective
16 Bargaining Agreements.
17 CHAIRMAN BROWN: Patricia, we will be voting
18 on the resolution entitled CWA Union increases for
19 covered TRS employees.
20 Do I have a motion?
21 MR. KAZANSKY: So moved.
22 CHAIRMAN BROWN: And is there a second?
23 MS. LEE: Second.
24 CHAIRMAN BROWN: Any discussion? All those in
25 favor, say aye.

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1 (Ayes were heard.)
2 CHAIRMAN BROWN: All those opposed, say nay?
3 Any abstentions? And this resolution has passed. Thank
4 you.

5 MS. REILLY: Next is the attendance at a
6 conference. The following resolution is presented for
7 consideration of possible adoption. Resolved that the
8 trustees of the Teachers' Retirement Board hereby
9 approve the attendance and participation of the
10 executive director and/or her designees, and any
11 interested trustee, at the NASP-New York 2026 Annual
12 Wall Street Hall of Fame on February 6th, 2024.

13 CHAIRMAN BROWN: Thank you, Patricia.
14 We're going to be voting now on the
15 resolution, attendance at conference. Do I hear a
16 motion?

17 MR. KAZANSKY: So moved.
18 CHAIRMAN BROWN: And is there a second?
19 MR. ZAKRY: Second by Effi Zakry.
20 CHAIRMAN BROWN: Thank you, Effi.
21 And any discussion? All those in favor of
22 this resolution, please say aye.

23 (Ayes were heard.)
24 CHAIRMAN BROWN: Those opposed, say nay? Any
25 abstentions? Let the record show that this resolution

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1 has passed. Thank you.
2 MS. REILLY: Okay. Next on the agenda is the
3 calendar.
4 MR. SWINGLE: Please waive the reading of the
5 calendar.
6 MS. REILLY: Thank you. You all received an
7 electronic version of the calendar, so we can just move
8 to voting on the calendar.
9 CHAIRMAN BROWN: Thank you. So we're going to
10 be voting for the calendar. All those in -- oh, do I
11 have a motion?

12 MR. KAZANSKY: So moved.
13 MR. ZAKRY: So moved.
14 CHAIRMAN BROWN: Is there a second?
15 MS. LEE: Second.
16 CHAIRMAN BROWN: Great. All those in favor of

17 accepting the calendar, please say aye.
18 (Ayes were heard.)
19 CHAIRMAN BROWN: Those are opposed, say nay?
20 Any abstentions? Let the record show that the calendar
21 has been approved. Thank you.
22 MS. REILLY: So we don't have any other
23 business. And do we have questions from the public?
24 Seeing none.
25 CHAIRMAN BROWN: Okay. I guess this is the
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1 time that I will entertain a motion to go into Executive
2 Session.
3 MR. KAZANSKY: So moved.
4 CHAIRMAN BROWN: It has been motioned, and do
5 I hear a second?
6 MS. LEE: Second.
7 MR. ZAKRY: Second.
8 CHAIRMAN BROWN: Thank you. Thank you. All
9 those in favor of going into Executive Session, please
10 say aye?
11 (Ayes were heard.)
12 CHAIRMAN BROWN: Those opposed, say nay? Any
13 abstentions? And we're now in Executive Session.
14 (Exit Public Session; enter Executive
15 Session.)
16 (Exit Executive Session; enter Public
17 Session.)
18 CHAIRMAN BROWN: Okay. We're now back in
19 Public Session. Welcome back, everybody.
20 We'll have a readout from Ron Swingle.
21 MR. SWINGLE: Good afternoon. In Executive
22 Session of the January 2024 Board Meeting, an IT
23 presentation was made, and we received an update on an
24 audit item, details to be made public at the appropriate
25 time.
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1 CHAIRMAN BROWN: Thank you, Ron.
2 MS. REILLY: Thank you.
3 CHAIRMAN BROWN: Appreciate it.
4 Yes, we have finished our business. Is there
5 a motion to adjourn?
6 MR. KAZANSKY: So moved.
7 CHAIRMAN BROWN: And is there a second?
8 MS. LEE: Second.
9 MR. BERGE: All those in favor of adjourning,
10 please say aye?
11 (Ayes were heard.)
12 CHAIRMAN BROWN: Those opposed, say nay? We
13 are adjourn. Thank you, everybody.
14 (The proceedings concluded at 4:10 p.m.)
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CERTIFICATE OF DIGITAL REPORTER

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William Montague, Digital Reporter
Commission No.: 01MO0009174
Expiration Date: June 7, 2027

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of this matter.

IN WITNESS THEREOF, I have hereunto set my

19 hand this 30th day of January 2024.

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Nancy Krakower, Transcriptionist

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