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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

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Held on Thursday, January 19, 2023 via
Videoconference

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3:39 p.m.

10 ATTENDEES:

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DEBRA PENNY, Chairperson, Trustee

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DAVID KAZANSKY, Trustee

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ALISON HIRSH, Trustee, Comptroller's Office

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THOMAS BROWN, Trustee

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BRYAN BERGE, Trustee, Mayor's Office

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RUSSELL BUCKLEY, Trustee

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VALERIE BUDZIK, Teachers' Retirement System

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THAD McTIGUE, Teachers' Retirement System

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LIZ SANCHEZ, Teachers' Retirement System

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ISAAC GLOVINSKY, Teachers' Retirement System

21

KAVITA KANWAR, Teachers' Retirement System

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KATE CHEN, Teachers' Retirement System

23

ANNETTE HANRAHAN, Teachers' Retirement System

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REPORTED BY:

YAFFA KAPLAN

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JOB NO. 8936074

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ATTENDEES (Continued):

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PAUL RAUCCI, Teachers' Retirement System

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RON SWINGLE, Teachers' Retirement System

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NATARAJAN KRISHNAMOORTHY, Teachers' Retirement

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System

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ANTHONY MEZZACAPPA, Teachers' Retirement System

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RENEE PEARCE, Teachers' Retirement System

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MAREK TYSZKIEWICZ, Office of the Actuary

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ROSA POLANCO, Teachers' Retirement System

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ISAAC GLOVINSKY, Teachers' Retirement System

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MARTA ROSS, New York City Law Department

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JOHN DORSA, Comptroller's Office

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Proceedings
MS. REILLY: Welcome to the Board meeting of the Teachers' Retirement Board for January 19, 2023. I will start by calling the roll. Bryan Berge.
MR. BERGE: Bryan Berge representing Mayor Eric Adams present.
MS. REILLY: Thomas Brown?
MR. BROWN: Present. Good afternoon.
MS. REILLY: Good afternoon. Russell Buckley?
MR. BUCKLEY: Here for Educational Policy Chair Dr. Angela Green and DOE Chief Financial Officer Sarita Scotts.
MS. REILLY: Alison Hirsh?
MS. HIRSH: Here, representing Comptroller Brad Lander.
MS. REILLY: David Kazansky?
MR. KAZANSKY: Present.
MS. REILLY: Debra Penny?
MS. PENNY: Present.
MS. REILLY: We have a quorum. So we are going to start with an update on TRS operations, and Kavita Kanwar is going to give us that update.

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MS. KANWAR: Thank you, Patricia. Good afternoon, everyone. The 1099 forms for tax year 2022 are being mailed in January. As part of this effort, TRS is also sending an informational brochure to approximately 4,200 new retirees who are receiving a 1099 form for the first time. By early February, all 1099 forms will also be available for members to review and download on the TRS website.
On December 27th, TRS filed its 2022 Annual Comprehensive Financial Report with the GFOA, the Government Finance Officers Association. The report is also available for viewing on the TRS website. Thank you.
MS. REILLY: Thank you, Kavita. Next is the executive director's report. And the first item on that is the matter of the next meeting, and it's been suggested that the next regular meeting of the Teachers' Retirement Board be held on the second Thursday of the month, February 9, 2023. Mark your calendars.
Next on the executive director's report is the Board chair nomination. So the position of chairperson will be vacant

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beginning February 1, 2023 because the

3 chairperson is retiring. In accordance with
4 Section 13-509 of the Administrative Code of
5 the City of New York and Article 3 of the
6 bylaws, in the event of a vacancy, the
7 Teachers' Retirement Board shall elect a
8 chairperson to serve the remainder of the
9 annual term ending in May. We therefore open
10 the floor for nominations.

11 MS. PENNY: I would like to nominate Tom
12 Brown, the most senior trustee and an amazing
13 person.

14 MS. REILLY: Do we have a second?

15 MR. KAZANSKY: Second.

16 MS. PENNY: In accordance with Article 6
17 of the TRS bylaws, I make a motion to suspend
18 the requirement in Article 3 of the bylaws to
19 wait until the next regular board meeting to
20 vote on Mr. Brown's nomination and that we
21 instead vote today. I have made the motion.
22 Do I have a second?

23 MS. HIRSH: Second.

24 MS. PENNY: Thank you, Ms. Hirsh. All
25 those in favor, please say aye.

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2 Aye.

3 MR. BERGE: Aye.

4 MR. BROWN: Aye.

5 MR. BUCKLEY: Aye.

6 MR. KAZANSKY: Aye.

7 MS. HIRSH: Aye.

8 MS. PENNY: Any opposed? Any
9 abstentions? Okay. That motion carries. We
10 have a unanimous consent to suspend the bylaws
11 to allow the vote today on Mr. Brown's
12 nomination to fill the TRS Board vacancy.

13 All in favor of Mr. Brown to serve as
14 Board chair as of February and for the
15 remainder of the annual term ending in May,
16 please say aye.

17 Aye.

18 MR. BERGE: Aye.

19 MR. BROWN: Aye.

20 MR. BUCKLEY: Aye.

21 MR. KAZANSKY: Aye.

22 MS. HIRSH: Aye.

23 MS. PENNY: Any opposed? Any
24 abstentions? Okay. Point of personal
25 privilege, if I may. I have been a member of

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2 TRS since -- since 1982. I had a wonderful
3 career as an educator, wonderful second career
4 on the Board. I thank all of you.

5 I think the members should know how hard
6 TRS works for their members. Everything they
7 do is for the members to try to help them
8 navigate the system and take care of their
9 money. And for most of our members, all the
10 money they have is with TRS and it couldn't be
11 in a better place and I thank you all.

12 (Applause.)

13 MS. REILLY: Next on the agenda on the
14 EDR is the attendance at a conference. The
15 final resolution is presented for
16 consideration and possible adoption.
17 "Resolved, that the Trustees of the Teachers'
18 Retirement Board hereby approve the attendance
19 and participation of the Executive Director
20 and/or her designees and any interested
21 Trustee at the National Institute on
22 Retirement Security's 14th annual retirement
23 policy conference from February 27th to
24 February 28, 2023."

25 MS. PENNY: Do I hear a motion to

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2 approve the attendance at that conference?

3 MR. KAZANSKY: So moved.

4 MS. PENNY: Thank you. Do I hear a
5 second?

6 MS. HIRSH: Second.

7 MS. PENNY: Thank you, Ms. Hirsh. Any
8 questions? All those in favor, please say
9 aye.

10 Aye.

11 MR. BERGE: Aye.

12 MR. BROWN: Aye.

13 MR. BUCKLEY: Aye.

14 MR. KAZANSKY: Aye.

15 MS. HIRSH: Aye.

16 MS. PENNY: Any opposed, any
17 abstentions. Motion carries.

18 MS. REILLY: Next on the agenda for the
19 EDR, we are adding a resolution. That is
20 going to pass that out.

21 MR. KAZANSKY: This is one resolution
22 where I will make you read the whole thing.

23 MS. REILLY: So we have a resolution on
24 Debra Penny. "Whereas, Debra Penny, Trustee
25 of the Teachers' Retirement Board since 2016

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2 and Chair of the Board since 2019, is retiring
3 from City service after 40 years of
4 distinguished service to the people of the
5 City of New York and the members of the
6 Teachers' Retirement System; and

7 whereas, Debra Penny taught for decades at
8 P.S. 32 in Staten Island, becoming chapter
9 leader at the school, and then taking on
10 greater roles with the United Federation of
11 Teachers, including Staten Island borough
12 representative and her current role of UFT
13 Treasurer; and whereas, Debra Penny
14 distinguished herself through advocacy and
15 leadership in several national organizations
16 that promote and protect public pensions,
17 including the American Federation of
18 Teachers Trustee Council, the New York State
19 United Teachers Board, the National Council on
20 Teacher Retirement, and the National
21 Conference on Public Employee Retirement
22 Systems; and whereas, Debra Penny, while
23 consistently upholding high fiduciary
24 standards, has tirelessly advocated for
25 members of the Teachers' Retirement System,

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2 most recently helping to establish automatic
3 enrollment in TRS for paraprofessionals, and
4 an accidental death benefit provision for
5 members lost to COVID-19; and
6 whereas, Debra Penny, in her role as Chair of
7 the Teachers' Retirement Board, has provided
8 valuable guidance, effective partnership, and
9 principled leadership to TRS executives and
10 staff; and whereas, Debra Penny has always
11 coupled her tremendous professional skills
12 with kindness, compassion, and good nature
13 that she showed to everyone she encountered;
14 and whereas, Debra Penny has been blessed to
15 draw on the love and support of her family,
16 including her husband John, her sons Justin,
17 Christian, and Brandon, daughter-in-law Kelly,
18 and the newest addition, her granddaughter
19 Camryn; therefore, be it
20 resolved, that the Trustees of the Teachers'
21 Retirement Board and the staff of TRS express
22 their deep appreciation and gratitude to Debra
23 Penny. We will miss her leadership and
24 dedication; and with great respect and
25 affection, we extend to Debra our best wishes

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2 for the fulfilling and joyous retirement that
3 she deserves."
4 MR. BUCKLEY: So moved.
5 MS. REILLY: Do I have a second?
6 MR. KAZANSKY: Second.
7 MS. REILLY: All those in favor?
8 MR. BERGE: Aye.

9 MR. BROWN: Aye.
10 MR. BUCKLEY: Aye.
11 MR. KAZANSKY: Aye.
12 MS. HIRSH: Aye.
13 MS. REILLY: Congratulations.
14 (Applause.)
15 (Standing ovation.)
16 MS. REILLY: Now Alison Hirsh has
17 something she would like to present on behalf
18 of the Comptroller.
19 MS. HIRSH: Yes, so the Comptroller was
20 not able to be here this afternoon and we are
21 required to keep our commendations to 150
22 words or less so it will be a little short,
23 but this is for Debra and I am going to read
24 it off my phone. It's hard for me to read
25 this.

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2 "For over 37 years of service to the
3 City of New York, her dedication to public
4 service is exemplified through her role of
5 treasurer of the United Federation of
6 Teachers, for inspiring generations of
7 children as an active New York City teacher
8 for outstanding contributions to the lives of
9 teacher members and retirees of the City of
10 New York. Through diligent oversight of the
11 assets of the Teachers' Retirement System of
12 the City of New York. For the intelligence,
13 wit, and candor she brought to her role as
14 chair, for her devotion for both her work and
15 colleagues that has earned her the respect and
16 admiration of her peers. For her calming
17 nature and kind demeanor. For gaining the
18 trust, appreciation, and gratitude of her
19 colleagues, and for her tremendous
20 contribution to the City of New York, we give
21 you this commendation from Comptroller Brad
22 Lander.
23 (Applause.)
24 MS. PENNY: Oh, my gosh. A little
25 overwhelming.

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2 MR. BROWN: Point of personal privilege
3 as well. Deb, on behalf of ail the members,
4 the retirees, beneficiaries, the inservice
5 members, we thank you for all your devotion
6 and compassion, your expertise, your
7 knowledge, your wonderful people skills, your
8 patience with us, your guidance and most
9 importantly your friendship. We will miss
10 you, but you will be here. We want to thank

11 you. I thank you from the bottom of my heart.
12 You have been my best friend for all these
13 years, and we wish you the best.

14 MS. PENNY: Thank you, everyone. I just
15 -- you are all amazing and really blessed to
16 have worked with you. Still keep in touch.
17 Absolutely. I am going to be here every
18 Thursday for lunch.

19 MR. BROWN: She means it.

20 MR. BERGE: May I make some remarks as
21 an ominous floating head?

22 MS. PENNY: The floating head. Yes,
23 sir. Yes.

24 MR. BERGE: So I was certainly hoping to
25 be present for this very important event, and

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2 you know, at the very least be a person if not
3 a person holding a large plaque like Alison.
4 I was very impressed by that. But the
5 circumstances prevented that. I got a sick
6 kid in the other room, and there was just
7 nothing to be done. But I do regret it very
8 deeply because I have enjoyed every meeting
9 that I have been to at TRS in which Debra
10 Penny was the chair because she was a very
11 effective chair, a very compassionate chair,
12 and just a very pleasant person to deal with.

13 And I always thought when I had a chance
14 to talk with Debra and share ideas and
15 positions that she was really willing to
16 entertain thoughts on a very open-minded and
17 very thoughtful basis, and I gather that
18 everyone else at this table -- I am not at the
19 table but everyone else has had the same
20 experience and this board will miss you
21 tremendously, Debra, but wherever you go, they
22 will benefit greatly by your presence. So
23 thank you so much for gracing us at the TRS
24 Board for this last time today.

25 MS. PENNY: Thank you, Bryan.

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2 (Applause.)

3 MS. PENNY: On with the show.

4 MS. REILLY: So next on the agenda is
5 the calendar. The first item on the calendar
6 is the approval of the following minutes:
7 October 6, 2022 investment meeting minutes,
8 December 1, 2022 investment meeting minutes,
9 and December 15, 2022 Board meeting minutes.

10 MS. PENNY: Thank you, Pat. Do I hear a
11 motion to approve the minutes of the October
12 6th, December 1st and December 15th investment

13 board meeting?
14 MR. BROWN: So moved.
15 MS. PENNY: Thank you, Mr. Brown. Do I
16 hear a second?
17 MS. HIRSH: Second.
18 MS. PENNY: Thank you, Ms. Hirsh. Any
19 questions? All those in favor, please say
20 aye.
21 Aye.
22 MR. BERGE: Aye.
23 MR. BROWN: Aye.
24 MR. BUCKLEY: Aye.
25 MR. KAZANSKY: Aye.

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2 MS. HIRSH: Aye.
3 MS. PENNY: Any opposed? Any
4 abstentions. Minutes are approved.
5 MS. REILLY: Next are the items on the
6 calendar, and you all received an electronic
7 version of the calendar and had an opportunity
8 to review it.
9 MR. KAZANSKY: Please waive the reading
10 of the calendar.
11 MS. PENNY: Thank you. Do I hear a
12 motion to approve the calendar?
13 MR. KAZANSKY: So moved.
14 MS. PENNY: Thank you, Mr. Kazansky. Do
15 I hear a second?
16 MS. HIRSH: Second.
17 MS. PENNY: Thank you, Ms. Hirsh. Any
18 questions? All those in favor, please say
19 aye.
20 Aye.
21 MR. BERGE: Aye.
22 MR. BROWN: Aye.
23 MR. BUCKLEY: Aye.
24 MR. KAZANSKY: Aye.
25 MS. HIRSH: Aye.

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2 MS. PENNY: Any opposed? Any
3 abstentions? Okay. Calendar is approved.
4 MS. REILLY: Thank you. Next item is
5 other business. And today we have a CEM
6 pension administration benchmarking report
7 presentation. That will be given to us by
8 Mike Heale. He is the head of global business
9 development for CEM.
10 MR. HEALE: Thank you, Patricia. It's a
11 pleasure to be here. Hopefully we get the
12 presentation on the screen shortly. You have
13 my congratulations. I don't think I can talk.
14 Some of your colleagues -- anyway, great

15 stuff.
16 And this is the first slide of the
17 presentation. Thank you for getting it up and
18 getting us going and just a reminder that I am
19 going to be speaking to the 2021 fiscal year
20 data that we collect from you and from other
21 benchmark administration systems in North
22 America and around the world and we collect
23 standardized data that allows us to compare
24 your cost, staffing levels in detail to other
25 pension administration systems, your service

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2 levels and that's what we will focus on today
3 in terms of the presentation of your results.
4 This also includes focus on global best
5 practices through a conference program,
6 research program, and networking with other
7 systems. Next slide, please.

8 These are the 69 leading global pension
9 systems that participate in the benchmarking
10 service. There are a large number of them are
11 from the US and north America. Also from
12 Europe in several countries, and the idea
13 behind having a global service is that you can
14 get best practices from all over the world
15 that you can choose to borrow from, but in
16 terms of comparing your results, we do that to
17 a custom peer group that's shown on the next
18 page. And these are systems that are close to
19 you in membership size and for comparing your
20 costs and analyzing them. It's cost per
21 member and that's active member and annuitant
22 and that's what drives the work that you have
23 to do. And by design, this peer group are US
24 systems and around your size and that's
25 neutralized, to the extent that we can, the

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2 common scale benefit that accrues to having
3 more members. So CalPERS is not in your peer
4 group because they are a million-plus member
5 system and they benefit from the scale.

6 You have a slight -- with 216,000
7 members, you have a slight scale disadvantage
8 relative to the average. We try to keep the
9 peer group consistent over or as consistent as
10 we can over time, so it's very similar to what
11 you have seen in prior years so that we are
12 not changing things too much in terms of the
13 comparisons. So on the next slide, we will
14 start looking at costs. It's hard for people
15 to see? I will try to speak to the points. I
16 can sort of see it so if people are

17 struggling, I will do my best to help out.
18 But here we are looking at -- from
19 fiscal year 2021, we are looking at your total
20 cost per member of 238 dollars for active
21 members. You are in the dark blue line bar
22 and the distribution of costs which go from
23 about your peer group from about 50 dollars to
24 over 400 dollars are shown in charts. We use
25 a total volume of 51 million, 51.4 million of

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2 total pension administration costs for you,
3 and here you can see the breakout in the key
4 categories. In the front office which are
5 those activities that face the members and
6 interact directly with the members and then
7 the governance and support type activities
8 that support your overall operation. And the
9 front office.

10 On the next slide, this is the cost
11 model that we use to compare your cost and to
12 evaluate what drives your cost relative to
13 your peers. And there is four factors and you
14 -- the first one is the number of front office
15 staff you have for 10,000 members and you do
16 have quite a bit more. 7.6 full-time
17 equivalent staff versus 4.2 for the peer
18 average, and that contributes to 42 dollars of
19 higher costs relative to your peer group. The
20 next two factors you come in below your peer
21 group in terms of the amount of third-party
22 costs that you have supporting the front
23 office to deliver service to your members and
24 your somewhat surprising, as we will see in a
25 few slides, you have -- given that you are New

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2 York City which is a high cost environment,
3 you have lower cost overall per FTE in your
4 operation. You do have higher support cost
5 per member and that contributes 83 dollars of
6 higher costs for you.
7 The next slide looks at one of the key
8 reasons why we would expect you to have higher
9 costs than your peers. Costs in the number of
10 FTE are driven by system complexity, and you
11 have the third highest complexity in our North
12 American universe of systems. And complexity
13 is driven by the multiplicity of rule sets
14 that you have to administer by having multiple
15 plan types and just differences and choices
16 that are available to members that have to be
17 accommodated by your IT systems and that have
18 to be administered by your staff. So that

19 explains some -- that is one of the reasons
20 why we would expect you to have higher staff
21 and higher costs in support activities like IT
22 and major projects. Next slide.

23 So I already spoke to this and we will
24 keep moving, but it shows you where you are at
25 that 7.6 staff in the range from around 2 to

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2 about 12 across your peer groups and you are
3 above that average. Next slide. You also
4 have a lot more work. You have much higher
5 transaction volumes across many activities and
6 it's hard to see, but we quantify this on this
7 slide in terms of workload. So you can see
8 the difference in the volumes for key
9 activities costs, and next slide we will see
10 some of them in a simpler format in a graph
11 that's much easier to see. But the key point
12 I wanted to point out the weighted total at
13 the bottom, if you go back one more, basically
14 you have almost four times as much work that
15 your system has to accommodate because your
16 members are so engaged and are so active and
17 you have such high transaction costs and the
18 next slide really illustrates that in terms of
19 key transaction costs.

20 MR. BROWN: As much work as our peers?

21 MR. HEALE: Yes. It's all relative to
22 your peers that we are talking about. So you
23 have a lot more work when we standardize work
24 by applying the peer median costs to your
25 transaction volumes and their transaction

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2 volumes. That's how we calculate the weighted
3 total which is the workload if you will. Next
4 slide, if we could.

5 And this just shows, this is quite a
6 stark chart to me and somewhat unusual one.
7 Your members are just very engaged across all
8 channels. You have got high web visits, and
9 you can see -- you are the dark blue bar in
10 these charts versus the peers and the universe
11 average in the light blue and the all average.
12 You have got very high web volume, but you
13 have also got incoming calls and e-mails that
14 are about twice your peers. They have come
15 down somewhat which is a good thing. Even
16 physical mail you are about twice -- twice the
17 volume. Members counseled one on one which
18 you have some control on and over in terms of
19 proffering it, but you also obviously have
20 good takeup. So the key thing is just your

21 members are very engaged, unusually so
22 relative to peers and what I have seen from
23 other clients. Next slide.
24 Your overall costs per FTE were lower
25 than peers, and this is salaries and benefits

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1 Proceedings
2 and other direct costs for supporting FTE.
3 With one exception. Buildings and utilities.
4 Where you are about twice -- twice the cost
5 but overall you come in under and this is
6 quite surprising and if we go to the next
7 slide, you will see why.

8 This is using the US Bureau of Labor
9 standardized costs for public administration
10 in the counties where your peer groups reside
11 as well as you. You have the highest cost
12 environment. You are 50 percent above the
13 peer average, and you know, the expected cost
14 differential for you compared to Cole County,
15 Missouri at the extreme at the other end is
16 like double. You have double the operating
17 costs to do the same kind of work that's
18 necessary, so it's quite surprising that your
19 costs per FTE are where they are given this
20 factor. Next slide.

21 You pay more for back office activities.
22 We have all seen the overall number. What I
23 really want to point out here is that your
24 major project costs is a key contributor to
25 that and you are at 71 dollars versus 15

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2 dollars for the peer average and that's a
3 56-dollar difference so it's a big factor in
4 driving this. I think complexity contributes
5 to that. The state of your system renewal and
6 maintenance can contribute to it and if we go
7 to the next slide, I just want to show you how
8 much of an impact it has in percentage terms,
9 your major project costs. That's the biggest
10 driver of IT costs for you and everybody else
11 and for you it's 25 percent of your total cost
12 where it's 5 percent for the peer median. So
13 it's a big driver of your costs currently.
14 Next slide.

15 So this is the cost trend over since
16 2014, so I think that's 8 years. Your costs
17 over the period have increased very slightly
18 at .6 percent per annum. That's less than the
19 cost increase of your peers and less than
20 inflation over the period and so that's good
21 and they did peak in 2015, 2016 and have come
22 down quite a bit since then. Next slide,

23 please.

24 Now we are going to change focus and
25 look at total service score, and we collect

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2 about 120 different measures of service
3 covering all the key interactions that you
4 have with your clients that go into this
5 composite score. You are at 71 which is below
6 the peer average of 80. And the message here
7 -- I don't want to say that having higher
8 services is necessarily the goal you need to
9 have. I mean, you are running a business and
10 you have to do what's best for your clients,
11 best for your fiscal environment and there is
12 no right or wrong answer to that. But there
13 are some very -- it's sort of the tale of two
14 cities in terms of your service story. In
15 many areas your service is aligned or above
16 with service levels of your peers but you have
17 one key area that's been challenging and
18 that's been the contact center, the call
19 center area, and we will see that in the next
20 few slides. So go to that.

21 This shows the weights basically and
22 your scores for these sort of aggregated areas
23 that build up the total service measure and I
24 will just point out here because we are going
25 to go to some specific examples, but if you

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2 look at the call center, it's weighted 21
3 percent currently. Your score is 45 versus a
4 peer median of 75. So this is the area that
5 overall has really pulled your service level
6 down recently, and we will get to look at some
7 of the measures as we advance to the next
8 slide.

9 These are some examples to help bring
10 the service measure scores to life and member
11 contacts is at the top and you 2019, 2021
12 versus the peer average so undesired outcomes,
13 busy signals messages, hang ups, a bad thing.
14 So a bigger number is not good.

15 So you went from 21 percent to 17
16 percent so some improvement in 2021, but the
17 peer average is 11 percent. Quite a bit
18 lower. Average total wait time, a smaller
19 number is obviously better. In 2021 you had
20 901 seconds. Fifteen minutes. That's a long
21 wait time. It was 4 minutes or 240 seconds in
22 peer average. Almost everyone's call center
23 experience was hurt by COVID, so I know you
24 had issues but it's very common systems took a

25 hit. Big problems retaining staff and keeping
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1 Proceedings

2 call centers up and running efficiently over
3 the period. Seems like it's starting to
4 rebound but that's the reality what happened.

5 You see we look at some things about
6 your website, and your website is very well
7 aligned now. You have 14 tools available, for
8 example, versus 15 for your peers that are
9 available to your members to do, to self-serve
10 kind of transact. Your one-on-one counseling
11 and member presentation volumes are high, and
12 that's one of the elements that reflected in
13 the service score. So that's a good thing.

14 Your pension inceptions are very good.
15 Ninety-nine percent of retirees go from the
16 paid payroll to the annuity payroll with no
17 interruption of cash flow month on month and
18 that's the gold standard, so that's very good
19 versus 87 percent for peers. And on the next
20 slide, I just tried to highlight some of the
21 areas where you had higher service scores than
22 your peers, so again, it's sort of a tale of
23 two cities for what we just talked about. I
24 won't go through them all, but you can see
25 some of them, but it's true in several areas

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2 you have better scores, service scores than
3 your peers.

4 The next slide highlights the challenges
5 in your call center area. So there is
6 basically -- if you would get to a perfect
7 score and I am not saying that's necessarily a
8 goal that you should aspire to or a practical
9 goal, but you basically get to median service
10 with big improvements in your call center.
11 That's the area again that's very meaningful.
12 Next slide.

13 Your service score did increase from 68
14 to 71 between 2014 and 2021. The improvements
15 were in the number of tools on your website.
16 One-on-one counseling, purchasing transferred
17 in, the turnaround times have improved, and
18 again the call center especially recently has
19 hurt your scores. Next slide, please.

20 And this is just to summarize what we
21 have already been through. I will just
22 reiterate, your costs of 238 dollars per
23 member was above the peer average. And there
24 is several interrelated factors and challenges
25 that you have that are driving that: High

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2 system complexity, high major project costs,
3 your members are very engaged, you have got
4 very high transaction volumes in all channels,
5 and your location is a high cost business
6 environment. Some of these things are jobs
7 that are difficult to do much about.
8 Certainly at the operating level, some of them
9 are difficult to do very much about. Despite
10 that, your costs have increased over the past
11 eight years less than your peers. Your
12 service score was 71, below the peer median of
13 80 and there is two story lines. Across many
14 of the areas, your service levels are
15 comparable, some cases better than your peers.
16 Your call center has really struggled in this
17 period recently.

18 That's the conclusion of my
19 presentation. Are there questions or
20 discussion points that you would like to?

21 MR. KAZANSKY: I have got a question.
22 If you go back to slide 18, you were talking
23 about changes to the website between 2019 and
24 2021. I know one of the things that TRS was
25 able to accomplish during the COVID era

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2 period, everybody locked up at home period was
3 the in-person application process went
4 completely digital. That's reflected in this
5 changing?

6 MR. HEALE: Yes. It's reflected in the
7 history of your scores. And I would say not
8 everything about COVID and the pandemic and
9 the reaction and the results are negative.
10 Longer term we talked about some service
11 measures that really suffered, but some
12 systems have found that replacing one-on-one
13 counseling, physical counseling with virtual
14 counseling forever worked quite well for some
15 of them and some members actually preferred
16 that. It's more convenient for them. So
17 there is something less -- some changes that
18 are positive despite all the challenges.

19 MR. KAZANSKY: Thank you.

20 MS. REILLY: One thing about CEM. It
21 doesn't include any of the work that TRS does
22 for the tax deferred. That's not -- this is
23 just the pension. That's typical so it
24 doesn't -- I mean, all those -- the calls that
25 we get about TDA don't get reported either.

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2 So when I am reporting, a lot of the work is

3 TDA, but the scores are just on the fund.
4 MR. HEALE: Other programs that you have
5 to administer will add indirectly to the
6 complexity.
7 MS. REILLY: And TDA is a complexity
8 that we don't get to see here.
9 MS. KANWAR: Or the loans program.
10 MR. HEALE: So that's to get
11 comparability.
12 MR. BUCKLEY: How are the costs
13 allocated out? You are excluding the TDA,
14 right, again loans? Is the cost that is
15 reflected in this presentation sort of
16 allocated based on the time studies.
17 MS. REILLY: Well, so we have, of
18 course, our allocation project.
19 MS. KANWAR: Yes, yes. We do exclude to
20 our best ability.
21 MS. REILLY: Why don't you mention how
22 we get the data?
23 MS. KANWAR: Right. So we have a whole
24 cost allocation application that we run and
25 has all these multiple areas that we have

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2 defined and allocate costs to each activity
3 under all those different per diem work areas
4 that we have and then we backtrack and exclude
5 the loans and we assign to FTEs to those areas
6 as well and then do exclusions using some
7 methods and that's how we try to get to the
8 point where we do the cost allocation, but
9 it's a very intensive, effort-intensive
10 process. Takes us three, four months to do
11 the overall collection of the data, allocation
12 of the costs and then submitting.
13 MR. HEALE: And we do appreciate it
14 because comparability is really important. To
15 get good quality comparisons, you need that
16 effort.
17 MS. REILLY: I also think something that
18 differentiates us -- and I won't say it does
19 or doesn't get reflected, but I think most or
20 all of our peers are state systems where we
21 are a city system. So you know, I guess that
22 will help us, sometimes will hurt us. We are
23 just a little different. We have the same
24 amount or comparable members but some of their
25 members are further out as opposed to -- our

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2 -- I don't think that we are being compared to
3 other teachers' retirement systems
4 specifically, so our members are a different,

5 you know, level of engagement.
6 MR. KAZANSKY: They are New Yorkers too.
7 MR. HEALE: That didn't make it into the
8 presentation. It's based on not just your
9 data. There is like -- there is a California
10 thing, and there is a New York thing.
11 MS. REILLY: Laid back.
12 MR. HEALE: Not to stereotype people too
13 much.
14 MS. PENNY: So I was going to ask about
15 the peer group if they were municipal -- if
16 they were city teachers.
17 MR. HEALE: We do have some but you
18 know, they are quite small and you are at the
19 size of many state level systems because New
20 York City is so big. So in an ideal world, we
21 would be able to have a teachers only peer
22 group for you that was similar in size, but we
23 just don't have the participants to make it
24 work.
25 MS. PENNY: So I think the nature of

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2 what our members do means a lot so our
3 president is always talking about most of our
4 members, 50 percent of our members leave in
5 the first five years. So I think there is a
6 lot of coming into the system, staying in the
7 system leaving the system, questioning should
8 I leave the system.
9 Years ago -- and I was a perfect
10 example. You became a teacher, and you knew
11 you were staying in it for at least 30 years.
12 Now our members -- more and more the biggest
13 question we get is how affordable, is the
14 pension affordable, what happens if I leave.
15 So I imagine there is a lot of change going
16 on, a lot of influx in and out, and that
17 certainly -- you know, as trustees and
18 certainly we run the pension department in our
19 union, we know all the questions and we know,
20 you know, the challenges that TRS has so I
21 just --
22 MR. HEALE: It's reflected in the
23 complexity.
24 MS. PENNY: It's unbelievable the
25 question and again, so I want to thank TRS

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2 because they are always supportive and always
3 willing to help our members and do what's best
4 for them and I just wish some of those numbers
5 really showed how hard they work for the
6 members because they really do and I think

7 just the nature of what we do, what our
8 members do, it makes it more of a challenge.
9 MS. REILLY: I mean, in this time frame
10 we are constantly working on our call center
11 so -- and -- but we are limited to hiring
12 people within the City of New York. We can't
13 say let's get, you know, people who are
14 working from home throughout the country and
15 bring them, so we are constantly -- you know,
16 we can't fill the positions we have. We are
17 limited to only people who live in the city of
18 New York and which is fine but the point is
19 that, you know, when you have a whole country
20 out there that could be answering people's
21 questions, but we are constantly struggling to
22 hire people and keep them and there is
23 constant rollover of people.
24 MR. HEALE: Your results are somewhat
25 lower in some areas, but you also have very

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2 big challenges. We try to quantify it and --
3 MS. PENNY: We have so many tiers and
4 the tiers are so nuanced that we have to train
5 the call center. They answer the question the
6 wrong way, and it impacts the person's life so
7 it's definitely complex. Do you find the
8 other pension systems have so many tiers?
9 MR. HEALE: So you are the third -- I --
10 we measure complexity across a lot of
11 different measures, but you are the third
12 highest in our North American universe.
13 MS. REILLY: We used to be second.
14 MR. BUCKLEY: Obviously. Then it will
15 be also above average complexity.
16 MR. HEALE: I think these things are
17 interrelated.
18 MR. BUCKLEY: More complexity drives
19 more calls. Vicious cycle. Could this
20 presentation be circulated after the meeting?
21 MS. REILLY: You want the presentation?
22 Well, the presentation and the report?
23 MR. BUCKLEY: Take it all.
24 MR. HEALE: Thank you very much.
25 MS. REILLY: So next on the agenda is

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1 Proceedings
2 questions or comments from the public. Seeing
3 none, okay. So --
4 MS. PENNY: Do I hear a motion to go
5 into executive session?
6 MR. KAZANSKY: So moved.
7 MR. BROWN: So moved.
8 MS. PENNY: Thank you, Mr. Kazansky, and

9 that was a second from Mr. Brown.
10 MR. BROWN: Yes.
11 MS. PENNY: Okay. Any questions. All
12 those in favor, please say aye. Aye.
13 MR. BERGE: Aye.
14 MR. BROWN: Aye.
15 MR. BUCKLEY: Aye.
16 MR. KAZANSKY: Aye.
17 MS. HIRSH: Aye.
18 MS. PENNY: Thank you. Any opposed?
19 Any abstentions? We are going into executive
20 session now.
21 (Discussion off the record.)
22 (Returned to public session.)
23 MR. SWINGLE: In the executive session
24 of the Board meeting, there was a discussion
25 on an investment matter. Consensus was

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2 reached.
3 MS. PENNY: Do we have anything else for
4 the Board meeting? Okay. Do I hear a motion
5 to adjourn?
6 MR. BROWN: So moved.
7 MS. PENNY: Thank you, Mr. Brown. Do I
8 hear a second?
9 MR. KAZANSKY: Second.
10 MS. PENNY: Thank you, Mr. Kazansky.
11 Any questions? All those in favor of
12 adjourning, please say aye.
13 Aye.
14 MR. BERGE: Aye.
15 MR. BROWN: Aye.
16 MR. BUCKLEY: Aye.
17 MR. KAZANSKY: Aye.
18 MS. HIRSH: Aye.
19 MS. PENNY: Any opposed? Any
20 abstentions? We stand adjourned.
21 (Time noted: 4:31 p.m.)
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2 C E R T I F I C A T E
3 STATE OF NEW YORK)
4 : ss.
5 COUNTY OF QUEENS)
6
7 I, YAFFA KAPLAN, a Notary Public
8 within and for the State of New York, do
9 hereby certify that the foregoing record of
10 proceedings is a full and correct

11 transcript of the stenographic notes taken
12 by me therein.

13 IN WITNESS WHEREOF, I have hereunto
14 set my hand this 31st day of January,
15 2023.

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YAFFA KAPLAN

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