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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

3

REGULAR BOARD MEETING

4

Held on Thursday, January 20, 2022

5

Via Zoom Videoconference

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ATTENDEES:

8

DEBRA PENNY, Chairperson

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PATRICIA REILLY, Executive Director, TRS

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THADDEUS MCTIGUE, Deputy Executive Director, TRS

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DAVID KAZANSKY, Trustee

12

THOMAS BROWN, Trustee

13

ALISON HIRSH, Trustee, Comptroller's Office

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JOHN DORSA, Trustee, Comptroller's Office

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CYNTHIA COLLINS, Trustee, Mayor's Office

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VALERIE BUDZIK, TRS

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RENEE PEARCE, TRS

18

PAUL RAUCCI, TRS

19

LIZ SANCHEZ, TRS

20

KAVITA KANWAR, TRS

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CARMELA CRIVELLI, TRS

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ANNETTE HANRAHAN

23

MICHAEL SAMET, Acting Chief Actuary

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ISAAC GLOVINSKY, TRS

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SUSAN STANG, TRS

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ATTENDEES (Cont'd)

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ANDREW BRADFORD, TRS

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KATE CHEN, TRS

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MARTA ROSS, Corporation Counsel

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BARBARA OWCZARCYK, TRS

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SUZANNE ALLEYNE, TRS

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MATT LASKOWSKI, TRS

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KEVIN BALAOD

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P R O C E E D I N G S

2 (Time noted: 3:30 p.m.)

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4 MS. REILLY: Good afternoon.

5 Welcome to the Board meeting of the

6 Teachers' Retirement Board for January

7 20, 2022.

8 I'll start by calling the roll.

9 Thomas Brown?

10 MR. BROWN: Present.

11 MS. REILLY: Cynthia Collins?

12 MS. COLLINS: Present.

13 MS. REILLY: Alison Hirsh?

14 MS. HIRSH: Present.

15 MS. REILLY: David Kazansky?

16 MR. KAZANSKY: Present.

17 MS. REILLY: And Debra Penny?

18 CHAIRPERSON PENNY: I am here.

19 MS. REILLY: We have a quorum.

20 So first on the agenda is an update

21 on TRS operations, and Kavita Kanwar will

22 give us that update.

23 MS. KANWAR: The 1099 forms for tax

24 year 2021 are being mailed in January.

25 As part of this effort TRS is also

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1 sending informational brochures to

2 approximately 4,300 new retirees who are

3 receiving a 1099 form for the first time.

4 Early February all 1099 forms will be

5 available for members to view and

6 download on the TRS website.

7 Thanks to the collaboration with

8 FISA the 1099 forms for pension and TDA

9 annuities will be displayed on the TRS

10 website for the first time this year.

11 On December 30, TRS filed its 2021

12 annual comprehensive financial report

13 with the GFOA, the Government Finance

14 Officers Association. The report is also

15 available for viewing on the TRS website.

16 In January TRS is completing an

17 outreach campaign to more than 2,600

18 paraprofessionals who became members of

19 TRS as a result of Chapter 525 last

20 October. The campaign included a special

21 meeting of FAQs plus the regular welcome

22 setup for new members, and four

23 informational sessions conducted on Zoom.

24 Thank you.

25 MR. BROWN: Thank you, Kavita.

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1 Can you send that to us

2 electronically as you always do?

3 MS. KANWAR: Sure, will do.

4 MR. BROWN: Thank you.

5 CHAIRPERSON PENNY: Thank you, TRS,  
6 on behalf of retirees. I think they'll  
7 be delighted that they can get their  
8 1099s online as well. Thank you for that  
9 upgrade.

10 MS. REILLY: Next on the agenda is a  
11 report from the Actuary.

12 MR. SAMET: I just want to make the  
13 Board aware that the fiscal year 2021  
14 valuation report was distributed at the  
15 end of December. There's no real new  
16 information in there. A few months ago  
17 the Board adopted a resolution to approve  
18 the employer contribution for fiscal year  
19 '21 of \$3.1 billion.

20 It's our annual report, includes all  
21 the details of the calculations,  
22 information such as the census data we  
23 used, assets of the plan, liabilities of  
24 the plan. It's primarily a reference  
25 document.

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1 And I want to let you know, copies  
2 of the report can be found on the Office  
3 of the Actuary website, and I'm available  
4 to answer any questions anybody has about  
5 the report.

6 Thanks.

7 MS. REILLY: Thank you.

8 Next on the agenda is the EDR,  
9 executive director's report. And the  
10 first item on the executive director's  
11 report is the matter of the next meeting.

12 It has been suggested that the next  
13 regular meeting of the Teachers'  
14 Retirement Board be held on the third  
15 Thursday of the month, February 17, 2022.

16 The next resolution is attendance at  
17 a conference. The following resolution  
18 is submitted for consideration and  
19 approval.

20 "Resolved that the Trustees of the  
21 Teachers' Retirement Board hereby approve  
22 the attendance and participation of  
23 executive director and/or her designees  
24 and any interested Trustee at the  
25 National Association of Security

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1 Professionals, NASC New York, 24th Annual  
2 Wall Street Hall of Fame on February 27,  
3 2022.

4 CHAIRPERSON PENNY: Thank you,  
5 Patricia.

6 Do I hear a motion to approve  
7 attendance at the conference?  
8 MR. BROWN: So moved.  
9 CHAIRPERSON PENNY: Do I hear a  
10 second?  
11 MR. KAZANSKY: Second.  
12 CHAIRPERSON PENNY: Any discussion?  
13 (No response.)  
14 All in favor please say "Aye."  
15 (A chorus of "Ayes.")  
16 All those opposed?  
17 Any abstentions?  
18 (No response.)  
19 Motion carries. Thank you.  
20 MS. REILLY: The next item on the  
21 agenda is the calendar and the approval  
22 of the following minutes. That's the  
23 first item on the calendar.  
24 So, it's the approval of the  
25 December 2, 2021 investment meeting  
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1 minutes; the December 16, 2021 board  
2 meeting minutes. Those are the items up  
3 for approval.  
4 CHAIRPERSON PENNY: Do I hear a  
5 motion to approve the December 2 and  
6 December 16 meeting minutes?  
7 MR. KAZANSKY: So moved.  
8 CHAIRPERSON PENNY: Do I hear a  
9 second?  
10 MR. BROWN: Second.  
11 CHAIRPERSON PENNY: Any discussion?  
12 (No response.)  
13 All those in favor of the resolution  
14 please say "Aye."  
15 (A chorus of "Ayes.")  
16 Any opposed?  
17 Any abstentions?  
18 (No response.)  
19 Minutes are approved. Thank you.  
20 MS. REILLY: The next item are the  
21 items on the calendar, and you all  
22 received an electronic copy of the  
23 calendar.  
24 MR. KAZANSKY: Please waive the  
25 reading of the calendar.  
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1 MS. REILLY: Thank you.  
2 CHAIRPERSON PENNY: Do I hear a  
3 motion to approve the calendar?  
4 MR. BROWN: So moved.  
5 CHAIRPERSON PENNY: Do I hear a  
6 second?  
7 MS. HIRSH: Second.

8 CHAIRPERSON PENNY: Any discussion?  
9 (No response.)  
10 All those in favor please say "Aye."  
11 (A chorus of "Ayes.")  
12 Any opposed?  
13 Abstentions?  
14 (No response.)  
15 Calendar is passed.

16 MS. REILLY: Next on the agenda is a  
17 presentation from TRS staff, TRS Business  
18 Transformation Journey. The presentation  
19 is being given by Suzanne Alleyne and  
20 Barbara Owczarczyk. So I'm going to turn  
21 it over to them to go through their  
22 presentation.

23 MS. ALLEYNE: Good afternoon,  
24 everyone. My name is Suzanne Alleyne,  
25 manager of the Employer Management Group.

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1 Transformation has always been an  
2 important part of TRS, and in my 20 years  
3 I've had the pleasure of being a part of  
4 many business transformations. Whether  
5 it was working as a benefit specialist --  
6 related service -- or as a product owner  
7 on an organization project, and now --  
8 relationships with -- progress.

9 MS. OWCZARCYK: Good afternoon. My  
10 name is Barbara Owczarczyk and I'm the  
11 manager of Banking Financial Reporting  
12 unit, working in the accounting  
13 department.

14 I have been actively involved in the  
15 process of modernizing the system to all  
16 my unique features, including QPP  
17 processing -- the functionality and  
18 system controls.

19 Thank you. I'm returning back to  
20 you, Suzanne.

21 MS. ALLEYNE: Thank you, Barbara.

22 Today my colleague Barbara and I  
23 will be presenting TRS Business  
24 Transformation Journey. In today's  
25 presentation we will be highlighting the

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1 business transformation of processing and  
2 AFT service requests in our legacy system  
3 versus our modernized system.

4 But first, let's talk about the  
5 three principles of TRS' business  
6 transformation framework.

7 When people interact with process we  
8 scale -- instead we process, we  
9 accelerate growth. One person armed with

10 great processes could be as impactful as  
11 ten people in a less process-driven  
12 organization.

13 When people interact with technology  
14 we innovate. We create new ways of doing  
15 -- and then we open our minds to ways of  
16 doing new things.

17 When processes interact with  
18 technology we automate. Machines can  
19 execute processes far faster than any  
20 human could. When we successfully manage  
21 the interactions with all three we grow,  
22 we win.

23 If we're not fast enough we should  
24 look at what we're failing to automate  
25 well between the interaction of process

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1 and technology. If we're not efficient  
2 enough we should look at what we're  
3 failing to scale between the interaction  
4 of people and process. If we're not  
5 creating new value we should look at what  
6 we're failing to innovate between the  
7 interaction of people and technology.

8 To excel in business transformation  
9 our organizations must truly be agile.  
10 Change is more rapid today and will  
11 accelerate in the future. To enable the  
12 rates of change, technology must meet the  
13 challenge. For example, cloud services,  
14 remote work technology and EFT, to name a  
15 few.

16 Crucial to transformation is our  
17 people, both members and staff.  
18 Technology needs people who have the  
19 tools, skills and training to enable  
20 transformation.

21 When businesses effectively converge  
22 people, process and technology, they can  
23 streamline operation by giving users all  
24 the data they need when and where they  
25 need it.

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1 An example of how this  
2 transformation has taken place at TRS is  
3 the EFT process. Now, let's look at how  
4 an EFT request was submitted in our  
5 legacy process versus the modernized  
6 process.

7 In our legacy system, submitting an  
8 EFT to TRS was inconvenient. An EFT  
9 request required a form to be filled out  
10 and submitted by mail to TRS. It was  
11 inefficient. More time and effort were

12 required to verify and set up EFT  
13 information, and only one EFT account  
14 could be activated per pension.

15 It was also a data security risk, as  
16 members needed to submit a voided check  
17 in the mail, resulting in possible mail  
18 fraud identity theft.

19 Barbara will walk us through the  
20 modernized process by submitting an EFT  
21 request.

22 MS. OWCZARCYK: Thank you, Suzanne.

23 Over the past six years serving as  
24 supervisor of the EFT processing in the  
25 legacy system, I have seen the request of  
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1 the EFT can be time-consuming and lengthy  
2 due to manufacturers. Example of that  
3 can be that the paper form was mailed,  
4 was lost; the paper form was incorrectly  
5 filled out by the member or the form  
6 provided was incomplete.

7 As a member -- organization,  
8 wouldn't we like to offer a system that  
9 provides a straight-through process  
10 solution instead?

11 We couldn't wait for this to see one  
12 day, and now it is a reality. In aspect,  
13 the new modernized system, the EFT --  
14 linked to the online portal for TRS  
15 members.

16 Currently, the online EFT process is  
17 available to death beneficiaries and  
18 retirees.

19 The member portal offers  
20 instantaneous processing for EFT and the  
21 process can follow in three quick steps.

22 First, member logs in and enters  
23 the EFT information on secure website.

24 Second, the account ownership is  
25 authenticated within seconds.  
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1 And third, the EFT account is  
2 activated and available to use for TRS  
3 disbursements.

4 This is a sample screen showing the  
5 web page (indicating), where the member  
6 enters all required EFT information such  
7 as account name, account type, routing  
8 number and account number.

9 Once the EFT information is entered  
10 by the member, it is being sent for  
11 account ownership authentication to a  
12 third party known as Early Warning  
13 Systems, EWS. EWS provides information

14 from participating financial institutions  
15 about customer activity and history to  
16 detect fraud and assess risk.

17 The information entered is compared  
18 against the account transactions and  
19 account owner information maintained in  
20 the national SHRPC database.

21 EWS provides immediate notification  
22 of the account ownership with --  
23 condition of verification against account  
24 owner elements such as first name, last  
25 name, Social Security and date of birth.

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1 The benefit of using EWS is to  
2 eliminate or minimize the need to provide  
3 supporting documents such as bank  
4 authorization letters, and to insure  
5 funds paid by TRS are being delivered to  
6 the designated payee.

7 Once the EFT account is positively  
8 verified, it's established with no time  
9 and no need of TRS personnel assistance.  
10 If the EFT cannot be verified and it's  
11 rejected by EWS, the member is notified  
12 immediately to submit another bank  
13 account for the EFT.

14 In case when the bank is not  
15 participating to the national shared  
16 database maintained by EWS, the member is  
17 able to upload online a supporting  
18 document verifying his ownership of the  
19 account.

20 Again, this option provides a  
21 faster, convenient and secure way of  
22 providing documents to TRS as opposed to  
23 mailing them.

24 Also, unlike the legacy system, the  
25 modernized system provides capabilities

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1 of setting multiple EFT accounts for EFT  
2 -- that can be linked to different  
3 payment streams.

4 This is a screen photo -- to view  
5 the EFT setup and maintain it from online  
6 processing (indicating).

7 In summary, the processing of EFT  
8 online linked to the modernized system is  
9 available 24/7 and is fast, secure and  
10 offers multiple EFT accounts that can be  
11 established by our members.

12 Thank you.

13 Now I'm going to hand over back to  
14 Suzanne who will summarize this  
15 presentation.



16 MS. OWECZARCYK: Thank you, Barbara.  
17 Are you excited? Because I am.  
18 Excited to see the growth in processing  
19 EFT in our legacy system to our  
20 modernized system; excited that all our  
21 members now have many options available  
22 when setting up their EFT online.  
23 We see that when business and  
24 technology changes are applied to the  
25 organization it improves the members'

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1 experience and -- by providing efficient  
2 and effective services.

3 While we continue to modernize our  
4 processes we must leverage technology to  
5 enhance and improve our day-to-day lives,  
6 making it easier, simpler and quicker.

7 Thank you.

8 Any questions?

9 MS. REILLY: Thank you, Barbara and  
10 Suzanne. Appreciate the presentation.

11 Next on the agenda is Questions and  
12 Comments from the Public.

13 Do we have any questions or comments  
14 from the public?

15 (No response.)

16 CHAIRPERSON PENNY: Hearing none.

17 Thank you. That was a great  
18 presentation.

19 I think, if Matt is still on?

20 Matt, during the pandemic the only  
21 good thing maybe that came out of it was,  
22 we had a lot of our retirees sign up for  
23 EFT. What is the percentage? It's about  
24 95 or 90 percent of our retirees on EFT?

25 MR. LASKOWSKI: It's well in excess

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1 of 95 percent at this point. We did do a  
2 campaign during the pandemic, an outreach  
3 at the beginning and then a year into it,  
4 to try and convert those outliers who  
5 were still receiving checks to EFT.

6 CHAIRPERSON PENNY: Thank you.

7 MR. KAZANSKY: Somebody just  
8 e-filed, he faxed in an EFT request to  
9 retire today. So you'll have one more.

10 CHAIRPERSON PENNY: Every little bit  
11 helps. Thank you.

12 So I think we're ready for executive  
13 session. Do I hear a motion to go into  
14 executive session?

15 MR. BROWN: So moved.

16 CHAIRPERSON PENNY: Do I hear a  
17 second?

18 MS. HIRSH: Second.  
19 CHAIRPERSON PENNY: Any discussion?  
20 All those in favor please say "Aye."  
21 (A chorus of "Ayes.")  
22 All opposed?  
23 Any abstentions?  
24 (No response.)  
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1 (Whereupon, the Board entered  
2 executive session.)  
3 CHAIRPERSON PENNY: We're going into  
4 executive session.  
5 (Brief discussion off the record.)  
6 (Whereupon, the Board returned to  
7 public session.)  
8 CHAIRPERSON PENNY: Welcome back to  
9 public session.  
10 Susan, would you be nice enough to  
11 report out?  
12 MS. STANG: Certainly.  
13 In executive session we discussed  
14 the resolution for a search for a new  
15 service provider. The resolution was  
16 approved and a chair of the search  
17 committee was appointed.  
18 CHAIRPERSON PENNY: Thank you so  
19 much.  
20 Does anyone have anything further?  
21 (No response.)  
22 Hearing none, do I hear a motion to  
23 adjourn?  
24 MR. BROWN: So moved.  
25 CHAIRPERSON PENNY: Thank you, Mr.

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1 Brown.  
2 Do I hear a second?  
3 MS. HIRSH: Second.  
4 CHAIRPERSON PENNY: Any discussion?  
5 All those in favor please say "Aye."  
6 (A chorus of "Ayes.")  
7 Any opposed?  
8 Abstentions?  
9 (No response.)  
10 We stand adjourned.  
11 Thank you everyone. Have a great  
12 day.  
13 (Whereupon, at 4:13 p.m., the  
14 meeting was concluded.)  
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C E R T I F I C A T I O N

I, Jeffrey Shapiro, a Stenographic 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, January 20, 2022, and that this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of January, 2022.

JEFFREY SHAPIRO