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2 NEW YORK CITY TEACHERS' RETIRMENT SYSTEM
3 BOARD MEETING

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5 Held On Thursday,
6 March 17th, 2022, 3:30 p.m.

6 PUBLIC SESSION AGENDA:

- 7 1. Roll Call
- 8 2. Update on TRS Operations
- 9 3. Report from the Actuary:
 - 10 1. Reimbursement of Fiscal Year 2021 Net Cot for
11 Implementing Chapter 41 of the Laws of 2016
 - 12 2. Final Fiscal Year 2022 Employee Contribution
 - 13 3. Preliminary Fiscal Year 2023 Employee
14 Contribution
- 15 4. Executive Director's Report Resos:
 - 16 1. Next Meeting - Thursday, April 28, 2022
 - 17 2. Authorization to the Comptroller of the City
18 of New York to invest Certain QPP Funds
 - 19 3. Authorization to the Comptroller of the City
20 of New York to invest Certain Tax-Deferred
21 Annuity Funds
 - 22 4. The Actuary's Request to Adopt Fiscal Year
23 2021 Reimbursement Calculation Resulting from
24 Chapter 41 Laws of 2016
 - 25 5. Request to Adopt the Actuary's Determination
for the Final Fiscal year 2022 Employer
Contribution
 6. Request to Adopt the Actuary's Determination
for the Preliminary Fiscal Year 2023 Employer
Contribution
5. Calendar - Approval of the following minutes
February 3, 2022 - Investment Meeting Minutes
February 17, 2022 - Board Meeting Minutes
Calendar Items
6. Other Business
 - CEM Presentation - Global Pension History
 - Trends - Kam Mangat
7. Questions/Comments from the Public
- * * EXECUTIVE SESSION * *
- * Actuary Search Committee Update
- * Update to Investment Matter

25 REPORTED BY: SABINE FAUSTIN

1 A T T E N D E E S:

2

3 DEBRA PENNY, CHAIRPERSON, Trustee

4 DAVID KAZANSKY, Teacher-Member
5 Teachers' Retirement System
 Trustee6 ALISON HIRSH, Teachers' Retirement System
7 Assistant Comptroller for
 Pensions & Senior Advisor
8 Office of the New York City
 Comptroller
9 Teachers' Retirement System
 Trustee10 KATE CHEN, Chief Audit Executive,
11 Teachers' Retirement System
 Trustee12 THOMAS BROWN, Assistant Treasurer,
13 Teachers' Retirement System
 Teacher-Member Trustee14 MICHAEL SAMET, Interim Chief Actuary,
15 Teachers' Retirement System
 Trustee16 RUSSELL BUCKLEY, Senior Advisor, NYC DOE Finance
17 NYC Department of Education
 Teachers' Retirement System
18 Trustee19 PATRICIA REILLY, Executive Director,
20 Teachers' Retirement System
 Trustee21 CYNTHIA COLLINS, Mayor Eric Adams' Appointee
22 Teachers' Retirement System
 Trustee23 THAD McTIGUE, Deputy Executive Director
 Teachers' Retirement System
24 Trustee

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1 A T T E N D E E S : (Continued)

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3 LIZ SANCHEZ, Administrative Manager,
4 Teachers' Retirement System
 Trustee

5 VALERIE BUDZIK, General Counsel,
6 Teachers' Retirement System
 Trustee

7 JOHN DORSA, Bureau of Asset Management
8 Teachers' Retirement System
 Trustee,

9 KAM MANGAT, Vice President of CEM
10 Benchmarking

11 RENEE C. PEARCE, Executive Agency Counsel
12 Teachers' Retirement System
 Trustee

13 KAVITA KANWAR, Director, Office of Operations
14 Teachers' Retirement System
 Trustee

15 ANNETTE HANRAHAN, Computer Systems Manager
16 Teachers' Retirement System
 Trustee

17 MATT D. LASKOWSKI, Computer Systems Manager
18 Teachers' Retirement System
 Trustee

19 SUMANTA RAY, Senior Pensions and Investments
20 Officer
21 NYC Mayor's Office of Pensions
 Teachers' Retirement System.
 Trustee

22 NATARAJAN KRISHNAMOORTHY,
23 Director Enterprise
 Application
24 Teachers' Retirement System
 Trustee

25

1 A T T E N D E E S: (Continued)

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3 ANDREW BRADFORD, Director of Risk Management,
4 Teachers' Retirement System
 Trustee

5 CARMELLA CRIVELLI, Director of Human Resources
6 Teachers' Retirement System
 Trustee

7 MARTA ROSS, Senior Counsel, NYC Law
8 Department
9 Teachers' Retirement System
 Trustee

10 KEVIN BALAOD, Intelligence

11 JOSHUA CHERON, Beneficiary

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3 P R O C E E D I N G S

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5 * * P U B L I C S E S S I O N * *

6 (Recording in progress)

7

8 MS. REILLY: Just a reminder to

9 everybody say your name for the new

10 Stenographer, when you speak.

11 All right, good afternoon, welcome

12 to the March 17th, 2022 Teachers'

13 Retirement System Board Meeting.

14 I'm going to start by calling the

15 roll. Thomas Brown?

16 MR. BROWN: I'm here.

17 MS. REILLY: Cynthia Collins?

18 MS. COLLINS: Present.

19 MS. REILLY: Alison Hirsch?

20 MS. HIRSCH: Here.

21 MS. REILLY: David Kazansky?

22 MR. KAZANSKY: Present.

23 MS. REILLY: Russell Buckley?

24 MR. BUCKLEY: Here.

25 MS. REILLY: Debra Penny?

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2 MS. PENNY: Here.

3 MS. REILLY: We have a quorum. The
4 first item on our agenda is an update on
5 TRS operations and Kavita Kanwar is going
6 to give us that update.

7 MS. KANWAR: Hi, good afternoon.
8 I'm Kavita Kanwar. Got that? Okay. TRS
9 has identified approximately 36,000 members
10 who will be due a required minimum
11 distribution from their TD accounts for
12 2022. In late April, TRS will send a
13 notification letter with filing
14 instructions to these members.

15 TRS's online educational programs
16 continue to be extremely popular with the
17 members. Since January, over 2,400 members
18 have registered and tuned into our live
19 sessions to learn more about their
20 benefits. On an average, 67 members have
21 attended each of the 36 virtual sessions so
22 far this year. Thank you.

23 MS. REILLY: Thank you, Kavita.
24 Next on the agenda is a report from the
25 Actuary, Mike Samet.

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2 MR. SAMET: Good afternoon. I've
3 got a few things to talk about. The first
4 is what we call Chapter 41, and it's an
5 annual report that we do each year, and
6 this is -- Chapter 41 -- uh, this report,
7 uh, presents the determination of the costs
8 that TRS incurs as a result of Chapter 41.

9 As a refresher, Chapter 41 of the
10 laws of 2016 permits active members of any
11 public retirement system within the State
12 to purchase additional years of service, up
13 to three years for military time,
14 regardless of when or where that military
15 service was performed. Prior to that, only
16 certain conflicts and time periods were
17 accepted for -- in order to produce military
18 service.

19 Costs associated with this
20 implemented Chapter 41 are to be reimbursed
21 on annual basis by the State. These costs
22 right now are included in the annual
23 evaluation of TRS, and therefore funded by
24 the City.

25 It's the OA -- it Actuary's

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2 understanding, however, that the State does
3 not reimbursed the City for any of these
4 increased costs, since the enactment of
5 Chapter 41 back in 2016.

6 We've calculated this amount this
7 year to be about \$329,000 for TRS, and
8 the proposed Board Resolution includes a
9 voucher for that amount.

10 If you're wondering -- well, you
11 know, if 329,000 doesn't sound like a big
12 number, but as you can imagine, a couple of
13 the other systems within the NYCERS have
14 many more members who have military
15 service, and this year alone, the cost for
16 implementing this Chapter 41 is about \$10
17 million for the City and year-to-date
18 it's over \$180 million.

19 Anyone have any questions about
20 chapter 41 report?

21 MR. BUCKLEY: Yeah, Mike. I just
22 wanted to confirm our member's accounts are
23 made a whole for this, despite the fact
24 that the State has not reimbursed us for
25 the cost?

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2 MR. SAMET: That's correct, Russell.
3 members continue to get the full pension
4 that they're going to get. It's simply that
5 the City is contributing for these extra
6 dollars, where we believe, at least, that
7 the State should be reimbursed by City.

8 MR. BUCKLEY: Understood. Thank
9 you.

10 MR. SAMET: Okay, if there are no
11 questions -- other questions, then I'll
12 move onto the second item. Um, the second
13 item is the final fiscal year '22 employer
14 contribution.

15 The Board adopted the updated
16 preliminary contribution for fiscal year
17 2022 last September, and as a reminder,
18 that updated preliminary contribution was
19 determined based on an actuarial interest
20 rate of seven percent, after the original
21 preliminary contribution was determined
22 based on an actuarial rate of 6.9 percent.

23 So the Board already adopted the
24 updated preliminary contribution. There's
25 no change from that in these final numbers.

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2 So the final 2022 employer contribution
3 that we're asking the Board to adopt today
4 is identical to the one that was adopted
5 last September.

6 Any questions on that?

7 (No response.)

8 MR. SAMET: Okay, then to the third
9 one -- the third and final item, and for
10 this item I've prepared a couple of power
11 point slides that I sent over earlier today
12 or yesterday. Yesterday, I think. I don't
13 know if those are accessible.

14 MS. REILLY: Liz, are you able to
15 share those slides?

16 MS. SANCHEZ: Yes, I'm bringing them
17 up now.

18 MR. SAMET: Okay, it's just a couple
19 of slides, to present a few of highlights of
20 this years -- of the preliminary fiscal
21 year '23 employer contributions. As soon
22 as they come up.

23 (Pause in proceedings.)

24 MR. SAMET: Okay, let's move to the
25 next side. The first thing I want to

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2 mention, by the way, is there are no
3 changes to any of the actuarial assumptions
4 and methods for this preliminary FY '23
5 contribution.

6 As you can see on the slide, the
7 contribution decreased from the prior year
8 by about \$229 million. And the decrease is
9 primarily due to the excellent investment
10 performance of the plan's assets during
11 fiscal year '21.

12 If you remember, that was a terrific
13 year. As you know, we assumed that the
14 eventual return term is seven percent.
15 During fiscal year 2021, the actual
16 investment return was in excess of
17 twenty-five percent, but the QPP's return
18 was actually in excess of thirty percent,
19 after reflecting the TDA fixed fund
20 guarantee.

21 So the fund -- so we assumed seven
22 percent the fund actually earned over
23 thirty percent. And -- so the fund
24 actually earned about \$14 million more than
25 we had assumed. But we don't recognize it,

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2 that \$14 billion in one shot.

3 In order to minimize large
4 fluctuations in employer contributions,
5 actuaries smooth these kinds of gains or
6 losses into the contribution overtime.

7 And in this case -- in our case,
8 what we do is we recognize twenty percent
9 of that in each of the next five years.
10 So basically, of that \$14 billion we're
11 recognizing twenty percent, or just
12 under \$3 billion of that, in the fiscal
13 year '23 employer contribution, and the
14 other eighty percent is really kept as a
15 cushion for future years, and it will be
16 brought in to offset the contribution in
17 future years, or to offset losses, if we
18 have poor years during that period.

19 Um, and that twenty percent that we
20 do recognize, which in this case again is
21 about \$2.8 billion, that gets spread over
22 fifteen years. So that gets amortized over
23 fifteen years.

24 So again, of this \$14 billion, we're
25 really recognizing a very small amount,

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2 just a couple of hundred million this year,
3 and then it will, overtime, continue to be
4 rolled into the contribution or, again, be
5 used to offset poor years.

6 This type of smoothing, or something
7 very close to it, is used basically every --
8 every pension plan -- all public pensions
9 plans do something like this, again, in
10 order to smooth out the contributions.

11 Another reason for the decrease in
12 contributions -- if you go to the second
13 slide, please -- a much smaller reason is
14 the decrease in active members. As you can
15 see on this slide -- it's a little small,
16 but if you can see, active members dropped,
17 um, a little over 1,000; from a hundred ==
18 a little over 124,000 active members to
19 over -- a little over 123,000. So it
20 dropped about 1,000 members.

21 And that, again, resulted in a small
22 decrease, nothing compared to the
23 investment return. The other interesting
24 thing to note on this, is that Tier 6
25 continues to make up the larger portion of

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2 the active membership.

3 As of this date, which was June 3rd,
4 2021, Tier 6 accounts for over forty
5 percent of the actives. So at this point,
6 we're probably getting closer and closer to
7 fifty percent.

8 But yeah, it doesn't seem like that
9 many years where, you know, we were just
10 starting Tier 6; yeah, ten years.

11 The other thing you'll note is that
12 as a result of fewer new hires than usual,
13 the average age and average service of the
14 remaining active members increased a little
15 bit, and not a lot.

16 But you'll see the average age of
17 the active members went from 44.1 to 44.6.
18 So the average age went up half a year and
19 the average service also went up half a
20 year.

21 And it doesn't sound like a lot, but
22 with a plan this size, it stays pretty
23 stable. Those statistics stay pretty
24 stable. So you can tell, it's a bit of an
25 unusual year with Covid and everything else

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2 that happened. I'm sure it doesn't
3 surprise anyone in this room, but we see it
4 here in these numbers.

5 If you then look at the retired
6 numbers, about 450 net new pensioners were
7 added to the rolls during year. And the
8 annual benefits paid to these pensioners
9 increased by about \$250 million.

10 And finally, just for completeness
11 at the bottom we show other members, close
12 to 20,000. These are members that are
13 either vested into a pension in the future,
14 or if terminated, then still have their
15 member contributions in the plan, so they
16 still have liability due to the plan, so we
17 include them.

18 If you can flip to the last slide
19 then -- not the last slide, this one. Um,
20 this shows the assets and the funding
21 status of the plan. And if you look at the
22 top, at the top I show the assets of the
23 plan, and I show two numbers there: Market
24 Value and Actuarial Value.

25 The Market Value is what you think

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2 of as the actual assets in the plan. If
3 you look at the assets statement that's
4 what it would show -- that's the amount of
5 assets in the plan.

6 As you can see, they increase
7 tremendously from one year to the next;
8 from \$59.3 billion to \$78 billion. This
9 actuarial value is a number that's used to
10 determine the employer contribution in the
11 plan, and this is the number that reflects
12 the fact that we're only recognizing twenty
13 percent of the large -- the good performance.

14 So if there's 69.6 billion actuarial
15 value that I'm showing as of June 2021,
16 that's the number that we use to determine
17 the contribution and that's, again, how
18 this -- the investment performance is
19 invest -- is reflected overtime, by
20 smoothing it in and, um -- you can still
21 see, even on that actuarial value, you're
22 just recognizing a portion of it; the
23 assets jumped from sixty-two and a half to
24 just under 70 billion.

25 And finally, if you look at the

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2 bottom, I just wanted to show the funded
3 status of the plan, just first want to
4 mention that there's lots of different ways
5 to measure the funding status of a pension
6 plan.

7 Um, this is just one -- one measure.
8 Um, what I've shown here is the actuarial
9 accrued liability compared to actuarial
10 value of assets, and on that basis, the
11 funding status jumped from just under
12 eighty-three percent to almost eight-eight
13 percent.

14 And obviously, if you looked at
15 the -- measured it under the market value
16 of assets, you'd see a much bigger jump
17 for '20 to '21.

18 So that's -- those are the
19 highlights. Again, this is the preliminary
20 contribution. Things could change between
21 now and when the final valuation is done,
22 almost a year from now. Depending on if
23 there's legislative changes; any actuarial
24 assumption changes, et cetera.

25 Anybody has any questions about any

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2 of this?

3 (No response.)

4 MS. PENNY: Guess not. Just thank you
5 so much, Mike, that was very interesting.

6 MR. SAMET: Okay, thank you.

7 MS. REILLY: Thank you. So next on
8 agenda is the Executive Director's report,
9 and the first item on that is the matter of
10 the next meeting, and it has been suggested
11 that the next regular meeting of the
12 Teachers' Retirement Board be held on the
13 fourth Thursday of the month, April 28th,
14 2022. Mark your calendars.

15 Okay, so the first Resolution is
16 authorization to the comptroller of the
17 City of New York to invest certain funds.

18 MR. KAZANSKY: Please waive the
19 reading of this Resolution.

20 MS. PENNY: All right, so everyone
21 had a chance to look at it. We're going to
22 be voting on authorization to the
23 Comptroller of the City of New York to
24 invest certain QPP funds.

25 Do I hear a Motion?

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2 MR. BROWN: So moved.

3 MS. PENNY: Thank you, Mr. Brown.

4 Do I hear a second?

5 MR. KAZANSKY: Second.

6 MS. PENNY: Thank you, Mr. Kazansky.

7 Any questions?

8 (No response.)

9 MS. PENNY: All those in favor say aye.

10 (Quorum responds in the affirmative.).

11 MS. PENNY: Any opposed?

12 (No response.)

13 MS. PENNY: Any abstentions?

14 (No response.).

15 MS. PENNY: Okay, Motion carries.

16 MS. REILLY: Thank you for your

17 continued trust in the Comptroller.

18 MS. PENNY: Of course.

19 MS. REILLY: Next is the

20 authorization for the Comptroller of the

21 City of New York to invest certain tax

22 deferred annuity funds.

23 MR. KAZANSKY: Again, please waive

24 the reading of this Resolution.

25 MS. PENNY: Okay, we're going to be

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2 voting on the authorization of the
3 Comptroller for the tax deferred annuity
4 funds. All right, do I hear a Motion?

5 MR. BROWN: So moved.

6 MR. KAZANSKY: So moved.

7 MS. PENNY: Oh, that was a --

8 MR. BROWN: Tie?

9 MS. PENNY: All right, We'll give it
10 to Tom Brown, and that was a second by David
11 Kazansky.

12 MS. PENNY: Any abstentions?

13 (No response.).

14 MS. PENNY: All those in favor
15 please say aye.

16 (Quorum responds in the affirmative.)

17 MS. PENNY: Any opposed?

18 (No response.)

19 MS. PENNY: Any abstentions?

20 (No response.)

21 MS. PENNY: Motion carries.

22 MS. REILLY: Next is the Resolution
23 for the Actuary's request to adopt fiscal
24 year 2021 reimbursement calculation,
25 resulting from Chapter 41 of the laws of

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2 2016.

3 MR. KAZANSKY: Please skip to
4 Resolved.

5 MS. REILLY: Resolved that the TRS
6 Board of Trustees approves a voucher in the
7 amount of \$328,762, for the fiscal year
8 2021, to be submitted to the State
9 Comptroller for audit, warrant and payment
10 to TRS, as reimbursement for carrying out
11 the provisions of Chapter 41.

12 MS. PENNY: Okay, thank you. Do I
13 hear a Motion?

14 MR. BROWN: So moved.

15 MS. PENNY: Thank you, Mr. Brown.
16 See, Mr. Brown was first that time. Do I
17 hear a second?

18 Do I hear a second?

19 MS. HIRSCH: Second.

20 MS. PENNY: Thank you, Ms. Hirsch.
21 Any questions?

22 (No response.)

23 MS. PENNY: All those in favor
24 please say aye.

25 (Quorum responds in the affirmative.)

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2 MS. PENNY: Any opposed?

3 (No response.)

4 MS. PENNY: Any abstentions?

5 (No response.)

6 MS. PENNY: Motion carries.

7 MS. REILLY: Next is the request to
8 adapt the Actuary's determination for the
9 final fiscal year of 2022 employer
10 contribution to the Teachers' Retirement
11 System of the City of New York.

12 MR. KAZANSKY: Please skip to the
13 Resolved.

14 MS. REILLY: Resolved that the Board
15 of Board of Trustees hereby approves a
16 preliminary fiscal year 2023 employer
17 contribution to the New York City Teachers'
18 Retirement System in the amount of
19 \$3,075,301,257.

20 MR. KAZANSKY: Correction, I think
21 you jumped ahead.

22 MS. PENNY: Yeah, I --

23 MS. REILLY: Oh, shoot. Oh, yes.
24 There's two Resolutions on this one same
25 page, I'm sorry. All right, that the

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2 employer contribution to the New York City
3 Teachers' Retirement System for year --
4 fiscal year 2022, is the amount of
5 \$3,303,797,557 is hereby approved by the
6 Board of Trustee.

7 MS. PENNY: Okay, thank you. Okay,
8 so just to be clear, we're voting on the
9 2022 employer contributions.

10 Do I hear a Motion?

11 MR. KAZANSKY: So moved.

12 MS. PENNY: Go job. Thank you, Mr.
13 Kazansky. Do I hear a second?

14 MS. HIRSCH: Second.

15 MS. PENNY: Thank you, Ms. Hirsch.
16 Any questions?

17 (No response.)

18 MS. PENNY: All those in favor
19 please say aye.

20 (Quorum responds in the affirmative.)

21 MS. PENNY: Any opposed?

22 (No response.)

23 MS. PENNY: Any abstentions?

24 (No response.)

25 MS. PENNY: Motion carries.

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2 MS. REILLY: Okay, next is request
3 for the Actuary's determination for the
4 preliminary fiscal year 2023 employer
5 contribution to the Teachers' Retirement
6 System of New York City.

7 MR. KAZANSKY: Please skip to the
8 Resolved.

9 MS. REILLY: Resolved that the Board
10 of Trustees hereby approves a preliminary
11 fiscal year 2023 employer contribution to
12 New York City Teachers' Retirement System
13 of \$3,075,301,257.

14 MS. PENNY: Thank you. Do I hear a
15 Motion?

16 MR. BROWN: So moved.

17 MS. PENNY: Thank you, Mr. Brown.
18 Do I hear a second?

19 MS. HIRSCH: Second.

20 MS. PENNY: Thank you, Ms. Hirsch.
21 Any questions?

22 (No response.)

23 MS. PENNY: All those in favor
24 please say aye.

25 (Quorum responds in the affirmative.)

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2 MS. PENNY: Any opposed?

3 (No response.)

4 MS. PENNY: Any abstentions?

5 (No response.)

6 MS. PENNY: Motion carries.

7 MS. REILLY: Next is the calendar,
8 and first is the approved for the following
9 minutes: The February 3rd, 2022 Investment
10 Meeting minutes and the February 17th, 2022
11 Board Meeting's.

12 MS. PENNY: Thank you. Do I hear a
13 Motion to approve the February 3rd and
14 February 17th minutes?

15 MR. KAZANSKY: So moved.

16 MS. PENNY: Thank you, Mr. Kazansky.
17 Do I hear a second?

18 MR. BROWN: Second.

19 MS. PENNY: Thank you, Mr. Brown.
20 Any questions?

21 (No response.)

22 MS. PENNY: All those in favor
23 please say aye.

24 (Quorum responds in the
25 affirmative.)

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2 MS. PENNY: Any opposed?

3 (No response.)

4 MS. PENNY: Any abstentions?

5 (No response.)

6 MS. PENNY: They are approved.

7

8 MS. REILLY: Okay, so next is other
9 business and today --

10 MR. KAZANSKY: No, we have a
11 calendar items.

12 MS. REILLY: Oh, I'm sorry, the
13 calendar items. Gosh, I'm really jumping
14 ahead of myself. Next is the calendar
15 items and you've all received an electronic
16 version of the calendar, and you've had an
17 opportunity to review that.

18 MS. PENNY: Do hear a Motion to
19 approve the calendar?

20 MR. KAZANSKY: So moved.

21 MS. PENNY: Thank you, Mr. Kazansky.
22 Do I hear a second?

23 MR. BROWN: Second.

24 MS. PENNY: Thank you, Mr. Brown.

25 Any questions about the calendar?

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2 (No response.)

3 MS. PENNY: All those in favor say
4 please aye.

5 (Quorum responds in the
6 affirmative.)

7 MS. PENNY: Any opposed?

8 (No response.)

9 MS. PENNY: Any abstentions?

10 (No response.)

11 MS. PENNY: Calendar is approved.

12 MS. REILLY: Okay, so next is Other
13 Business, and under that we have the
14 CEM presentation: Global Pension History
15 Trends, and Kam Mangat is going to give us
16 that update; that presentation.

17 MS. KANWAR: Yes, hi. Good
18 afternoon again. So I'll give a brief
19 introduction into Kam. So today we have a
20 presentation by CEM for the Board.

21 CEM, which stands for Cost
22 Effectiveness Measurement, provides a
23 comprehensive bench marching services that
24 compares a pension systems services, costs,
25 volumes and staffing levels in total, and

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2 by pension activity to a pier group
3 customized by size in the global pension
4 universe.

5 CEM has close to seventy-two pension
6 systems participating from across the world
7 in its services. TRS has been a
8 participant with CEM benchmarking services
9 since 2000.

10 Every year, CRM presents the
11 benchmarking study results to the TRS
12 Board. Last year, due to Covid, TRS did
13 not participate in this benchmarking study.

14 Therefore, this year's presentation
15 is a little different. Today we have Kam
16 Mangat, who is Vice President of CEM and is
17 here to present the pension industry trends
18 observed as a result of Covid, and some of
19 macro factors that have influenced our
20 industry. So Kam, over to you.

21 MS. MANGAT: Hi, good afternoon.
22 I'm glad to be here today with you, to walk
23 through some trends that we are seeing over
24 at CEM.

25 I'm going to share my deck with you

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2 all and turn off my camera, if that's okay,
3 just, -- uh, just to make it easier, to make
4 me share the presentation. But please, at
5 any time, just jump in if anybody has any
6 questions.

7 Okay, I'm hope you guys can see the
8 presentation at this time. Let me just put
9 it in full screen mode. There we go.

10 So I'll walk through some of the
11 trends that we're seeing over at CEM within
12 the pension space. Thank you, Kavita, for
13 the introduction.

14 CEM is an objective and independent
15 benchmarking company, and it's the only
16 company that measures value for money in
17 the pension space.

18 As Kavita mentioned, we have
19 seventy-two global pension systems that
20 participated in just our pension
21 administrative benchmarking service. So
22 you can see those pension plans listed on
23 this page.

24 And I will also highlight that we've
25 got -- uh, hang on -- three major New York

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2 City -- New York State based pension plans
3 that participate in our service, amongst
4 the very large plans throughout the United
5 States.

6 Turning to Page 2, so these are the
7 four key trends that we believe all pension
8 plans should be keeping an eye on, or
9 consider when they're planning but -- when
10 they're going through their planning and
11 budgeting process.

12 The four key trends that I will be
13 reviewing today include Covid 19, how it's
14 changing work and disaster planning.

15 Trend 2: Pension systems are
16 increasingly focused on IT. This has been
17 ongoing trend for a few years now.

18 No. 3: Cyber security is a big
19 concern. Actually now, given what's been
20 going on in the world, you know, we should
21 have list it as number one.

22 And then finally, more systems are
23 focused on customer experience
24 and/organizing around customer journeys.

25 So moving to Page 4, starting with

1 NYC TRS Board Meeting - March 17, 2022
2 the first trend: How Covid 19 is changing
3 work and disaster planning. Initially, when
4 Covid 19 occurred, people thought the
5 changes would be temporary, but the changes
6 are now turning into to be more permanent
7 and are impacting various parts of pensions
8 operations, including the work force,
9 business planning and also how services are
10 being delivered.

11 Um, for the work force, remote
12 working is basically here to stay in some
13 form or another. Some systems are making
14 permanent changes in some departments;
15 other systems are going through hybrid type
16 of arrangements.

17 And as they're going through this,
18 there's, you know, the process of going
19 through formal policies and implementing
20 those for their work force.

21 One area that we're finding, that
22 we've heard back from system that are going
23 basically to 100 percent remote working is
24 in their contact centers. And we've heard
25 a couple of systems even tell us that

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2 they're only going to have their employees
3 come in once a month for monthly meetings;
4 which is great; it has increased
5 productivity, but then it has been creating
6 other issues.

7 A couple of issues include, um,
8 worker shortages, because now a lot of
9 contact centers employees can work from
10 home, you have other companies, fortune 500
11 companies also targeting the same
12 employer -- employee base.

13 So you can have a financial services
14 company that is operating out of another
15 State, um, targeting New York State
16 employees, for instance. And then this is
17 also causing pressures -- pressures on
18 wages as well. So something to keep in
19 mind, as you think about your remote
20 working policies.

21 Um, you know, the other key thing
22 that is impacting the systems as they are
23 dealing with what has happened with Covid
24 19 is how they deal with their business
25 continuity plans.

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2 Before, most were concerned with
3 physical locations, but now, when you have
4 several employees working from home, you
5 have several, different physical locations.
6 So how do you balance that with
7 geographical diversification?

8 Does it make sense now to think
9 about having business continuity plans,
10 where, you know, if something happens
11 across New York State, where most of your
12 employees are also based, regardless of
13 working home or not, maybe you would have a
14 facility or some kind of back-up operation
15 in another State, on the other side of the
16 coast. So these are some of the issues
17 when it comes to business continuity
18 planning that systems are dealing with.

19 A real positive that has come out of
20 Covid 19 is how services are delivered,
21 especially when they think -- when we think
22 about one on one counseling and group
23 presentations. This has been a big win. A lot
24 of individuals have started taking advantage
25 of these type of services, especially

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2 individuals that were reluctant to do
3 online banking or using online services.
4 With Covid, it's force them to use these
5 online services and they've gotten used to
6 it.

7 So these are services that they'll
8 continue to use, and a lot of systems are
9 probably going to stay with delivering
10 these services online.

11 Moving to Page 5, here we highlight
12 the impact on -- of Covid on service
13 levels. Generally across the board,
14 service levels decreased by 2.5 points, but
15 we believe once the transition to certain
16 services, like one-on -- virtual one-on-one
17 presentations and group presentations, you
18 know, take hold, these trends should
19 reverse. But the changes have been
20 basically broad based.

21 Turning to Page 6, these are
22 examples of key service measures that have
23 been impacted by Covid; that have a
24 significant impact on how we calculate
25 service levels.

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2 I'm not going to go through all of
3 these examples, but I'll highlight the
4 first bucket member contacts, since this is
5 a key to all the systems or a key concern
6 to all systems.

7 If we look at percentage of calls
8 resulting in undesired outcomes, in 2019
9 that was 11.8 percent and it increased by
10 19 percent to 14 percent.

11 Average total wait times also increased
12 and average call durations also increased
13 from 341 seconds to 376 seconds. Something
14 interesting we heard from systems was that
15 when the world was really shut down and
16 individuals were at home, um, I guess
17 because a lot of individuals didn't have a
18 lot of different things to do, they were
19 catching up on their to-do list, and they
20 were calling into their pension systems to
21 get more educated and get on top of their
22 pension plans. Maybe they were considering
23 to retire, but there was a lot more call
24 volume during those times as well.

25 MS. HIRSCH: I'm sorry,

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2 can I ask a question?

3 MS. MANGAT: Sure.

4 MS. HIRSCH: So in

5 percentage of call resulting undesired

6 outcomes, mathematically, I think -- I was

7 never good at math if there are teachers in

8 this room -- the percent change was 2.2

9 percent, but the slide said it was a 19.1

10 percent change?

11 MR. KAZANSKY: It's a

12 difference between the two, yeah.

13 MS. HIRSCH: What does

14 that mean?

15 MR. SAMET: 4 and 14 divided by

16 11.8 is probably.

17 MS. HIRSCH: Oh, okay. Somebody --

18 Mike, you're going to have to explain that

19 me offline, but I'll go with that.

20

21 MS. MANGAT: Yeah, it's increased.

22 You're thinking percentage points.

23 MS. HIRSCH: Got it.

24 MR. KAZANSKY: As opposed to

25 percentage changes.

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2 MS. MANGAT: Right.

3 MS. HIRSCH: Okay.

4 MS. MANGAT: There's somebody in the
5 chat as well. Let me just --

6 MR. CHERON: You can ignore -- you
7 can ignore what's in the chat until later.

8 MS. MANGAT: Oh, okay. Perfect, okay.

9 MR. CHERON: You don't have to deal
10 with it at all, actually.

11 MS. MANGAT: All right, I just
12 wanted to make sure I wasn't missing any
13 questions.

14 MR. CHERON: No, you're not.

15 MS. MANGAT: Okay, great. Okay,
16 moving onto Page 7. The second trend,
17 which is also an ongoing trend that we're
18 seeing, is that systems are increasingly
19 focused on IT spending.

20 IT is a major component of cost for
21 systems. Here on the right-hand side we
22 show a cost per member; it's an average of
23 all the systems in our data base, and you
24 can see that, you know, in 2013 IT major
25 costs per member was \$41. It peaked in

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2 2016 to \$53 and then it had a downward
3 trend and in 2019 it was \$41, and it's
4 starting to tick up again, and is \$43
5 in 2020.

6 A lot of systems had already
7 completed or taken on modernization
8 programs, but there are still some systems
9 that are upgrading their systems and doing
10 changes to their IT programs.

11 And then we're also seeing some
12 systems that were lagging behind, doing
13 modernization programs for their IT systems
14 are now doing them -- are trying to catch
15 up and doing them in earnest.

16 Now, the good news is that members
17 are benefiting from these IT investments.
18 Here you can see that -- on the right-hand
19 side, secured website -- website visits has
20 increased from 2013 to 2020; while calls
21 and incoming mail has decreased, which is
22 a -- which is a good thing.

23 The third trend we're noticing, that
24 is getting a lot of coverage as well, is
25 cyber security. It's not if, but more like

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2 when it will occur. And given what's been
3 going on with Ukraine and governments
4 advising companies to keep -- to be on high
5 alert for cyber-crimes, it's pretty much
6 reinforced that this should be top of line
7 for any executive.

8 Some stats: Just focusing on the
9 middle of the slide. I know it's really
10 busy. I'm just going to highlight some of
11 the stats. \$6 trillion is estimating in
12 cost to the global economy from cybercrime
13 every year.

14 And then, \$1 trillion is estimated
15 as the amount of that global businesses
16 will spend on cyber security products and
17 services from 2017 to 2021.

18 This data is about a year behind; it
19 hasn't been updated yet, but this gives
20 you a good idea as to the magnitude of
21 costs involved.

22 Now the other key stat that I would
23 like to highlight is that 3.5 million jobs
24 are needed to fill cyber security needs by
25 2021.

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2 So again, this is a bit outdated,
3 but that's up from one million in 2014.
4 You know, currently, if we look at systems
5 across the board, on average, they have
6 four full time equivalent employees
7 dedicated to cyber security.

8 This is expected to increase but
9 there is also a shortage of cyber security
10 professionals. So there is going to also
11 be wage pressure in this area as well.

12 And then if you look at the bottom
13 of the slide, there's several questions to
14 think through, as you think about your
15 cyber security strategy or concerns.

16 The fourth key trend, if we turn to
17 Page 10, is focusing on customer experience
18 and customer journeys, basically, using
19 lien strategies organized around certain
20 client events, such as divorce, retirement
21 disability, to improve the service
22 delivery and eventually reduce the cost.

23 You know, this has been topical for
24 about the last two to three years. The
25 European systems have been building agile

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2 themes around journeys for a longer period
3 than that, but this is picking up steam in
4 the U.S.

5 One example of a U.S. fund
6 implementing this type of strategy is they
7 reduced their disability processing times
8 from six months two months.

9 So there is, you know, real benefit
10 in trying to think about how you deliver
11 services around customer journeys.

12 In 2020, if he we move to Page 11,
13 CEM completed a customer experience
14 research study which focused on customer
15 experience leaders. The CX acronym stands
16 for customer experience.

17 For customer experience leaders, um,
18 there were some notable things that we
19 found that was different about them,
20 compared to other organizations.

21 First of all, they were well
22 invested in the strategy and it was part of
23 their overall strategy; so it was
24 incorporated at the high level.

25 It had dedicated staff; dedicated to

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2 this strategy. If we look at companies
3 that only evaluate customer feedback, they
4 had about four full time equivalent
5 employees, compared to only one for
6 everybody else in the universe.

7 But systems that were dedicated to
8 customer experience and were CX leaders,
9 they had 6.9 full time equivalent --
10 equivalent employees.

11 The other key thing about customer
12 experience leaders, was there was buy-in
13 for the strategy throughout the
14 organization, including the board. So it
15 was -- it was basically part of their
16 ethos.

17 So now, I'll open it up for
18 questions.

19 MS. REILLY: Are there any questions
20 from the Trustees?

21 MR. SAMET: No, it's a pretty good
22 report.

23 MR. BUCKLEY: I just have one quick
24 question about, um, did we see a ton of --
25 was presentation generally down across the

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2 board in benchmarking study due to Covid
3 19?

4 MS. MANGAT: No, it was -- I think
5 in previous years we were around 76, 77
6 funds. So it did drop down to 72.

7 It also depended on fiscal year-end
8 as well. So depending on where -- some
9 systems have a fiscal year-end in June, and
10 some have a fiscal year-end of December.

11 So a lot -- when we shut down in
12 March 2020, the systems that participate in
13 the June cycle tended to participate;
14 whereas, some of the funds that were
15 December year-end, didn't necessarily
16 participate because there was so much of an
17 impact of Covid.

18 But they're largely back, and now
19 that they're back, they're also giving us
20 previous year data as well.

21 MR. BUCKLEY : Got it, thank
22 you.

23 MS. MANGAT: Some of it -- it
24 wasn't -- you know, it wasn't necessarily
25 related to the fact that they went into

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2 Covid; some of it was related to a resource
3 issue, because they were going remote and
4 they were, you know, just pulling their
5 work force together to deliver services.

6 This became something they put on
7 back burner. So it was not necessarily
8 that they didn't want to measure
9 themselves. It was more a factor of
10 resourcing.

11 MR. BUCKLEY: Completely understand,
12 thank you.

13 MS. REILLY: Well, thank you Kam,
14 for that presentation.

15 MS. MANGAT: Great. Thank you for
16 having me and see you, next year I guess.
17 Hopefully in person.

18 MS. PENNY: Yes.

19 MS. REILLY: Okay, next on the
20 agenda is questions and comments from the
21 public. Do we have any?

22 (No response.)

23 MS. REILLY: Okay, seeing none.

24 MR. CHERON: If we don't -- if we --
25 I was waiting for anybody else to go because

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2 my question is kind of lengthy, given the
3 attachment that I -- that I sent in.

4 So my name is Josh Cheron, an IT
5 professional from Sudbury, Massachusetts,
6 and I'm a beneficiary, and I'd appreciate a
7 good answer as to why beneficiaries in
8 2022 don't have online account access to
9 their accounts.

10 MS. REILLY: Okay, so you're a
11 beneficiary for a tech -- you're a TDAB
12 beneficiary?

13 MR. CHERON: Correct.

14 MS. REILLY: Right. So we are in
15 the middle of a monetization project. I'll
16 start by bringing Covid into it, because I
17 think that all of our attention during
18 Covid was to get as much functionality up
19 online for our members to be able to
20 interact with us, without having to come
21 into the office, and lot of our IT
22 resources were diverted in order to do
23 that.

24 And we are in the middle of a
25 monetization project. And through that --

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2 in that project, we have to prioritize the
3 work that we're doing, in order to provide
4 services to our members.

5 And only five percent of
6 beneficiaries even actually have a tax
7 deferred annuity, TDAB plan. So the
8 prioritization of getting that up on the --
9 on the website is not as great as other
10 priorities for the things that we need to
11 get up there.

12 It doesn't mean that we're not going
13 to do it. It is on our, what we call road
14 map. There will be functionality provided
15 for TDAB. But I want to remind you -- I'm
16 not sure if you know, but we have closed
17 our TDAB program; so it is really only now
18 available to the people who were already in
19 there, and that was less than five percent
20 of all of our beneficiaries, and much less
21 percent than our entire population.

22 So in our modernization -- I'm
23 not -- I want you to be assured that we
24 will be working on that, but it will be
25 later next year, or the year after, when we

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2 get to that functionality.

3 MR. CHERON: So that's a good
4 answer. Um, I've been asking the question
5 for a lot longer than Covid, so just keep
6 that in mind.

7 I'd also like you guys to think
8 about how much it costs for people that have
9 questions to take up customer care time to
10 have these questions -- it's not just a
11 matter of how many of us there are; it's
12 how much it costs you to field our
13 requests, however few of us there are.

14 Right, like I said in attachment
15 that I've uploaded, I've already made two
16 requests for call backs for a simple
17 question, and scheduled a video conference;
18 that's pretty expensive for you guys, for
19 what amounts to a one minute question.

20 I mean, I wouldn't prioritize it in
21 terms of how many of us there are. I'd
22 prioritize it -- again, I'm an IT
23 professional; I think in terms of the cost
24 of these programs.

25 How much does it cost you to field

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2 our issues, so --

3 MS. REILLY: Okay, let me just
4 explain something to you. So our call
5 center, you're right, is like overwhelmed
6 with calls. We get over 8,000 calls a week
7 from members, and 8,000 -- and seventy
8 percent of those calls are on the status of
9 requests they've made from us, for our
10 members or beneficiaries, on claims for
11 their death benefits.

12 We are working -- so that's our
13 highest priority: Let's get statuses on
14 our websites, so that people stop calling
15 our call center to ask for statuses.

16 The next one is for people who want
17 to withdraw their money. They are -- they
18 want a hardship withdrawal or they want a
19 membership withdrawal.

20 Most of our calls have to do with
21 that; so we're working on functionality on
22 our website to make that easier and to
23 provide them the information that they
24 need, so that they stop calling our call
25 center.

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2 So I would say to you, you're right,
3 it costs us money for us to interact with
4 you; but it costs us much more money with
5 the number of phone calls we're receiving
6 from members looking for statuses, looking
7 for withdrawals; asking us questions about
8 their loans.

9 So those are the things that we're
10 prioritizing. And I assure you, we are
11 going to do what you're asking but it's
12 just a matter of priority on the things
13 that we're working on.

14 MR. CHERON: I know.

15 MS. REILLY: All right and, you
16 know, I'm hoping that if we can reduce
17 those phone calls, your phone calls will
18 come in much easier to us because we won't
19 have all those people calling the call
20 center and tying up the lines.

21 MR. CHERON: That is logical and as
22 the operation's lady said earlier in the
23 meeting, the letters for our MDs go out next
24 month, so -- I'm not a patient guy so, you
25 know, you can probably tell.

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2 Right, I like to self-serve. I want
3 to be able to log in, look something up,
4 and log off and then get back to business.

5 So I won't take up any more of you
6 guy's time; you guys are all busy folks.

7 MS. REILLY: All right, I'm glad
8 that I was able to answer your question.

9 MR. CHERON: Thank you, David.

10 MR. KAZANSKY: Take care.

11 MS. REILLY: All right, thanks.

12 MS. PENNY: Okay, thank you. Any
13 other -- any further questions from the public?

14 (No response.)

15 MS. PENNY: Okay, hearing none do I
16 hear a Motion to go into the Executive
17 Session?

18 MR. KAZANSKY: So moved.

19 MS. PENNY: Thank you, Mr. Kazansky.
20 Do I hear a second?

21 MR. BROWN: Second.

22 MS. PENNY: Thank you, Mr. Brown.
23 Any questions?

24 (No response.)

25 MS. PENNY: All those in favor

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2 please say aye.

3 (Quorum responds in the
4 affirmative.)

5 MS. PENNY: All those opposed?

6 (No response.)

7 MS. PENNY: Any abstentions?

8 (No response.)

9 MS. PENNY: All right, we're moving
10 into Executive Session.

11 (Pause in proceedings.)

12 * * E X E C U T I V E S E S S I O N * *

13 (Recording in progress.)

14 * * P U B L I C S E S S I O N * *

15 MS. PENNY: Okay, we're back in
16 Public Session. Would you like to please
17 report out?

18 MR. McTIGUE: Thank you, Madam Chair.
19 During the Executive Session, the Board took
20 up a personal matter. The Board also got an
21 update on an investment matter. Details to be
22 made public at the appropriate time.

23 MS. PENNY: Thank you very much. Do
24 we have anything else for the Board
25 Meeting?

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2 (No response.)

3 MS. PENNY: Hearing none, do I hear
4 a Motion to adjourn?

5 MR. BROWN: So moved.

6 MR. KAZANSKY: Second.

7 MS. PENNY: Oh, okay that was Mr.
8 Brown and that second by Mr. Kazansky. All
9 those in favor, please say aye.

10 (Quorum responds in the affirmative.)

11 MS. PENNY: Any opposed?

12 (No response.)

13 MS. PENNY: Any abstentions?

14 (No response.)

15 MS. PENNY: Okay, we stand
16 adjourned. Thank you.

17 (Time Noted: 4:33 p.m.)

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1 C E R T I F I C A T E

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3 STATE OF NEW YORK)
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COUNTY OF NEW YORK)

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I, SABINE FAUSTIN, a Notary Public.
within and for the State of New York, do.
hereby certify, that the foregoing record
of proceedings is a full and correct.
transcript of the stenographic notes taken
by me therein.

IN WITNESS WHEREOF, I have hereunto
set my hand this 28th day of March,
2022.

SABINE FAUSTIN