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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

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BOARD MEETING

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Held on Thursday, April 28, 2022 via

7

Videoconference

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3:33 p.m.

9

10 ATTENDEES:

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DEBRA PENNY, Chairperson, Trustee

12

DAVID KAZANSKY, Trustee

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ALISON HIRSH, Trustee, Comptroller's Office

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THOMAS BROWN, Trustee

15

PHIL DUKES, Trustee, Mayor's Office

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RUSSELL BUCKLEY, Trustee

17

VALERIE BUDZIK, Teachers' Retirement System

18

PATRICIA REILLY, Teachers' Retirement System

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JOHN DORSA, Bureau of Asset Management

20

21 REPORTED BY:

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YAFFA KAPLAN

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JOB NO. 7321275

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ATTENDEES (Continued):

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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

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TATIANA PEZZOULI, Teachers' Retirement System

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SUSAN STANG, Teachers' Retirement System

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ANDREW BRADFORD, Teachers' Retirement System

9

RENEE PEARCE, Teachers' Retirement System

10

MARTA ROSS, ESQ., Law Department

11

MICHAEL SAMET, Office of the Actuary

12

KATE CHEN, Teachers' Retirement System

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KAVITA KANWAR, Teachers' Retirement System

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MATT LASKOWSKI, Teachers' Retirement System

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NATARAJAN KRISHNAMOORTHY, Teachers' Retirement

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System

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JIM BROWN, Teachers' Retirement System

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ANNETTE HANRAHAN, Teachers' Retirement System

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DEVON ALEXANDER, Rocaton

20

ROBIN PELLISH, Rocaton

21

DAN HAAS, Bureau of Asset Management

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MICHAEL HADDAD, Bureau of Asset Management

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JIMMY YAN, Bureau of Asset Management

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JAMES TRESMOND

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JOE EBISA

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2 ATTENDEES (Continued):
3 JOSEPH LEBEL
4 MUGWENA JOHN MALULEKE, SADTU
5 JONAVON KEITH RUSTIN, SADTU
6 ANTHONY HARMON, American Federation of Teachers
7 ERIC DUNCAN, American Federation of Teachers
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1 Proceedings
2 MS. PENNY: Good afternoon, everyone.
3 Welcome to the New York City Teachers'
4 Retirement System meeting. Today is April 28,
5 2022. Before we call the roll, we have some
6 very special visitors from South Africa who
7 joined us today along with a guest of the
8 American Federation of Teachers. So Eric
9 Duncan, would you like to introduce our
10 guests?
11 MR. DUNCAN: Yes, thank you. My name is
12 Eric Duncan. I am from the American
13 Federation of Teachers' International Affairs
14 Department in Washington, and with the
15 invitation from UFT we have two of our
16 colleagues from South Africa who are at the
17 moment actually very much considering some of
18 the things that you all are working with, and
19 there is a possibility in South Africa that
20 they may install a defined benefit program
21 bonus which allows the members to borrow from
22 their pension funds. We heard today that you
23 have that and it's a very helpful possibility
24 for the members and we are delighted to hear
25 that it's also being considered in South

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1 Proceedings
2 Africa, so happy for the very timely
3 invitation to meet you all.

4 I will introduce my colleague Mugwena
5 who is the secretary-general of the South
6 African Democratic Teachers Union. It's the
7 largest teachers' union in South Africa and
8 the long-time friend and colleague of the AFT
9 for many years and many, many different kinds
10 of purposes.

11 MR. MALULEKE: Thank you for having us
12 today. Thank you and good afternoon. Yes.
13 My name is Mugwena. I am with Jonavon Rustin.
14 He says that he met some of the members here
15 in the United States, and we are together with
16 the other four colleagues who are still
17 concluding some business. They were supposed
18 to be here, but because we have got a
19 collaboration program with the, you know, New
20 Jersey, we are waiting on that. So they are
21 going to complete that so we want to
22 apologize.

23 On behalf of South African Teachers and
24 all our members, we want to thank you for this
25 opportunity for us to be coming to the

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1 Proceedings
2 building of the TRS. It's just been a great
3 experience that we have had, and thank you for
4 the hospitality at that time and the kindness
5 to just afford us this opportunity to learn
6 and be part of this esteemed board.

7 MS. PENNY: Patricia, can you call the
8 roll, please?

9 MS. REILLY: Thomas Brown?

10 MR. BROWN: Here.

11 MS. REILLY: Russell Buckley?

12 MR. BUCKLEY: Good afternoon. Present.

13 MS. REILLY: Alison Hirsh?

14 MS. HIRSH: Present.

15 MS. REILLY: David Kazansky?

16 MR. KAZANSKY: Present.

17 MS. REILLY: Phil Dukes?

18 MR. DUKES: Present.

19 MS. REILLY: And Debra Penny?

20 MS. PENNY: I am present.

21 MS. REILLY: We have a quorum. Next is
22 an update on TRS operations, and Kavita Kanwar
23 is going to give you a quick update.

24 MS. KANWAR: Thank you, Patricia. Good
25 afternoon. TRS has calculated the required

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2 minimum distribution amounts for nearly 36,000
3 TDA participants who must receive a
4 distribution for 2022. These members will
5 receive a letter in the mail and are now able

6 to make their RMD elections online.

7 Member account statements for the first
8 quarter of 2022 are now being produced.
9 Statements will be available for online
10 viewing in early May for inservice members,
11 on-leave members, and retirees with deferred
12 TDA accounts. Quarterly statements for TDA
13 beneficiary participants will be mailed in
14 early May. Thank you.

15 MS. REILLY: Thank you, Kavita. Next on
16 the agenda is a report from the Actuary.
17 Mike?

18 MR. SAMET: Good afternoon, everybody.
19 I am going to just give a quick summary of the
20 fiscal notes that we have produced since the
21 last Board meeting. In fact, it's been a busy
22 month and will continue to be busy over the
23 next month and a half or so. We actually
24 issued 12 fiscal notes since the last Board
25 meeting. I am not going to go into a lot of

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2 details. In fact, the first seven of the 12
3 are all related to improvements of Tier 6, and
4 there are different variations on that.

5 The first one was going to make quite a
6 few changes to Tier 6, quite a few
7 improvements to Tier 6 and then there were
8 other variations, but the important thing is
9 that eventually two were adopted as part of
10 the state budgets. The first one, which was
11 our fiscal note 2022-16, eliminates overtime
12 for the last couple of years when determining
13 the contribution rate for Tier 6 members. We
14 had estimated that the increase in the
15 employer contribution for TRS would be about
16 400,000 dollars a year.

17 The other change that was made as part
18 of the state budget when the state budget was
19 adopted will have a bigger impact on a number
20 of members, and what that does is that piece
21 of legislation reduces the vesting
22 requirements for certain Tier 4 and for all
23 Tier 6 members from 10 years down to 5 years
24 of service, and with respect to TRS, we have
25 estimated that will increase the annual

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2 contribution by slightly less than 8 million
3 dollars a year. So if anybody has any further
4 questions on the various Tier 6 fiscal notes
5 that we introduced, I am always around and
6 available for questions, but those are the
7 first seven, all Tier 6 related.

8 Just to briefly describe the other ones.
9 Fiscal Note 2022-18. This would permit
10 members to purchase military service if they
11 were not necessarily honorably discharged. So
12 currently you can only purchase military
13 service if they were honorably discharged.
14 This would cover certain other situations, for
15 example, if someone was not honorably
16 discharged due to PTSD, sexual orientation,
17 some other causes. And we have estimated the
18 increase in employer contribution be
19 approximately 5,000 dollars on average for
20 each military buyback that's -- that's done.

21 The next fiscal note we produced as you
22 may remember, Chapter 41 of 2016 allowed
23 members to purchase military service for
24 periods that previously were not covered by
25 the RSSL. What this proposed legislation

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2 would do would allow those that are retired at
3 that time back in 2016 to get credit for
4 military service that is now covered for
5 active members but is not covered for retired
6 members and they would -- if a retiree does
7 purchase his past service, they would get an
8 increase of their pension. We have estimated
9 with respect to TRS it would be a one-time
10 increase of about slightly under a million
11 dollars a year -- I'm sorry. Slightly less
12 than 1 million dollars.

13 The next one, as you know, a couple of
14 years ago there was a COVID accidental death
15 benefit adopted so that if someone had come to
16 work, they contracted COVID and died, in
17 certain situations they would be eligible for
18 an accidental death benefit. That was -- that
19 was extended once to the end of 2022. This
20 legislation would extend it two more years to
21 2024. And we have estimated the cost for that
22 to be approximately 30,000 dollars, 37,000
23 dollars an average per year for each
24 occurrence of death due to COVID.

25 The next one would reduce the age of

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2 eligibility for Cost of Living Adjustment.
3 Currently to be eligible for COLA, you have to
4 be age 55 and retired for ten years or age 62
5 and retired for five years. This would reduce
6 the eligibility so that if you were 55 and had
7 retired for five years, you would be eligible
8 for COLA, and we have estimated the first
9 annual employer contribution would be about 30

10 million dollars for TRS.

11 Finally, there was a fiscal note
12 produced for an individual who would like to
13 have his retirement -- it's a pensioner who
14 has been receiving pension for a while, would
15 like to have his final average salary revised
16 to include his lump sum payment for
17 accumulated vacation in the calculation of his
18 final average salary. We have estimated the
19 cost for this to be approximately 270,000
20 dollars.

21 So again, the only two that have been
22 adopted to date are the two COVID Tier 4 ones
23 that I mentioned, and I am available again if
24 there are any other question on these either
25 now or any other time and that's -- that's my

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2 presentation for today.

3 MS. PENNY: Mike, I just want to thank
4 you and your team for the amazing job you are
5 all doing. All those fiscal notes in record
6 time. Just wonderful. Thank you so much for
7 the work that you do.

8 MR. SAMET: Very welcome. Thanks,
9 Debra.

10 MS. REILLY: Thank you. Next is the
11 executive director's report. And the first
12 topic is the next meeting. It has been
13 suggested that the next regular meeting of the
14 Teachers' Retirement Board be held on the
15 third Thursday of the month, May 19, 2022.

16 Next on the EDR is a resolution,
17 Variable Annuity Program Investment Policy
18 Statement. After careful consideration and
19 discussion with Rocaton Investment Advisors,
20 the finance committee of the Board of Trustees
21 of the Teachers' Retirement System of the City
22 of New York recommends the following
23 resolution for adoption by the Board of
24 Trustees: Whereas, TRS maintains an
25 Investment Policy Statement for the Variable

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2 Annuity Program, which documents the Variable
3 Program's investment philosophy and objectives
4 and outlines key governance and investment
5 policies and procedures of its investment
6 program; and whereas, as part of the routine
7 review of IPS, Rocaton and TRS Investment
8 Staff has reviewed the IPS for form and
9 content and have drafted an amended IPS
10 incorporating their recommendations.
11 Therefore, be it resolved that the amended

12 Investment Policy Statement for the Variable
13 Annuity Program of the Teachers' Retirement
14 System of the City of New York is hereby
15 adopted.

16 MS. PENNY: Thank you, Patricia. Do I
17 hear a motion?

18 MR. BROWN: So moved.

19 MS. PENNY: Thank you, Mr. Brown. Do I
20 have a second?

21 MS. HIRSH: Second.

22 MS. PENNY: Thank you, Ms. Hirsh. Is
23 there any discussion?

24 MR. BUCKLEY: Would it be possible just
25 to summarize the changes briefly?

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2 MS. STANG: I can try. Okay. This is
3 Susan. I can try and Robin, please jump in.
4 The changes -- I mean, two and a half years
5 ago we did a full-scale redo of the variable
6 fund IPS. So this was more of a cleanup job
7 of little things that had changed or whatever.
8 I would say the biggest change was we took
9 away any reference to the defensive composite
10 because obviously we don't have that anymore,
11 right? There were some -- I mean, I don't
12 know if you would want to call them extensive
13 but not small changes to the benchmarks and
14 the details of the benchmarks. And other than
15 that, it was mostly little details that had
16 changed over the year and a half. I don't
17 know, does Robin -- do you have anything --
18 did I miss anything of significance?

19 MS. PELLISH: No. I would agree that
20 the two significant changes to the IPS were
21 reflections of actions that the Board approved
22 over the past year and a half as Susan said.
23 We eliminated the defensive composite from the
24 variable fund A or the diversified equity
25 option and we also changed the total fund

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2 benchmark in the diversified equity option to
3 reflect the fact it's a mix of US and non-US
4 equities, not just US equities. The rest of
5 the changes are fairly minor. Reflecting
6 minor changes and cleanup or clarification of
7 the language.

8 MR. BUCKLEY: Thank you, both.
9 Appreciate that.

10 MS. PENNY: Any further questions?
11 Okay. Seeing none, all those in favor, please
12 say aye. Aye.

13 MR. KAZANSKY: Aye.

14 MR. BROWN: Aye.
15 MR. DUKES: Aye.
16 MS. HIRSH: Aye.
17 MR. BUCKLEY: Aye.
18 MS. PENNY: Any opposed? Any
19 abstentions? Okay. Motion carries.
20 MS. REILLY: Next on the agenda is the
21 calendar, and the first item is the approval
22 of the following minutes: The March 3, 2022
23 investment meeting minutes, and the March 17,
24 2022 board meeting minutes.
25 MS. PENNY: Thank you. Do I hear a

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

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2 MR. BROWN: So moved.
3 MS. PENNY: Do I hear a second?
4 MS. HIRSH: Second.
5 MS. PENNY: Thank you, Ms. Hirsh. Any
6 questions? All those in favor, please say
7 aye.
8 Aye.
9 MR. KAZANSKY: Aye.
10 MR. BROWN: Aye.
11 MR. DUKES: Aye.
12 MS. HIRSH: Aye.
13 MR. BUCKLEY: Aye.
14 MS. PENNY: Any opposed? Any
15 abstentions? Calendar is approved.

16 MS. REILLY: Next is other business.
17 Valerie, you were going to have a discussion
18 on spousal option legislation.
19 MS. BUDZIK: Yes. So Marta Ross from
20 the Law Department is here, and she'll provide
21 kind of the background on this item.
22 MS. ROSS: Yes. Hi, everybody. I am
23 going to share information that the Law
24 Department received actually back in the fall
25 about a proposal emerging out of the New York
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2 State Bar Association. Specifically the trust
3 and estates section in connection with
4 proposed state legislation. This has not been
5 introduced. It's proposed and it's at the
6 State Bar Association level at the moment.
7 The legislation is called the Equity For
8 Surviving Spouses Act or the ESSA. And we
9 were provided this proposal specifically by
10 Spencer Fisher who is deputy chief of the
11 legal counsel division. He sits on the
12 committee for local and state government, so
13 he was provided this proposal by Albert Feuer,
14 F-E-U-E-R, who is the chair of the life
15 insurance and employee benefits committee of
16 the trust and estates section and he was
17 provided this proposal for informational
18 purposes, for comments, et cetera.
19 As soon as we received the proposal, we
20 then circulated it to all of the GCs of the
21 pension funds for comment, for review, to get
22 feedback, et cetera and so we have been
23 periodically meeting with the GCs of the funds
24 to gauge a sense of if the funds -- what they
25 think about the proposal, what the general
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2 sense is but on a high-level basis what this
3 proposal does is that it would require all of
4 the New York State and the New York City
5 defined benefit plans to change the default
6 retirement benefit from a single-life annuity
7 to a joint and 50 percent survivor annuity
8 with the member's spouse having the survivor
9 annuity. It would also require that at least
10 50 percent of the preretirement death benefit,
11 which is generally a lump sum payment be paid
12 to the member's spouse, and it would require
13 that a member's spouse consent in writing to
14 any reduction in either of these mandated
15 spouse survivor benefits.
16 So that is the nuts and bolts of the
17 proposal. It's essentially a default to the

18 spouse unless the spouse consents in writing
19 otherwise. Just as a general matter, these
20 are requirements that are applicable to
21 private defined benefit plans that are under
22 ERISA, and it's also to some governmental
23 employee defined benefit plans outside of the
24 New York State. There is a handful of states
25 that have adopted this type of legislation.

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2 So I believe that Valerie has circulated this
3 proposal, the reports which explains
4 specifically how it's set up. It's changed in
5 little ways here and there since we received
6 the original version in November, but the
7 fundamentals are still the same which is what
8 I described in terms of how the benefit is set
9 up.

10 So again, we are just a conduit. We
11 wanted to alert the systems to this proposal
12 for comments to -- to express any concerns
13 about it that -- and we had relayed certain
14 concerns to Mr. Feuer at the Bar Association,
15 but he has asked for final comments by
16 June 1st. So we kind of wanted to gauge from
17 the Board, you know, what the Board was
18 thinking. I will ask Valerie now to express
19 some concerns that she and other GCs have
20 expressed about it, and I think the thought
21 was to formulate a letter to the Bar
22 Association to kind of condense any concerns
23 or general thoughts about the proposal. So we
24 just -- again, this is not the Law
25 Department's proposal. We just wanted to

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2 alert the systems as soon as we received it to
3 this proposal that is out there and for
4 comments and input.

5 So Valerie, if you wanted to go through
6 some of the concerns that were delineated.

7 MS. BUDZIK: I will address kind of the
8 highest level concerns. So this could be
9 administratively burdensome for TRS, and we
10 would have to implement a new options
11 structure that does not exist today. There is
12 some concern that it could potentially
13 increase the overall pension costs, and I mean
14 it clearly takes away, you know, flexibility
15 that our members have now been selecting their
16 options. As Marta mentioned, this is based
17 off on ERISA provisions that were adopted I
18 believe in 1984.

19 MS. ROSS: Yes.

20 MS. BUDZIK: Many years ago. It may be
21 a little anachronistic back when fewer women
22 worked and it was protecting women when their
23 working husbands passed away. As you know,
24 the majority of our membership actually is
25 female. So that would just be -- that's

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2 another concern for TRS, and if you accept the
3 original premise, maybe it's a little past its
4 time, also not as relevant for TRS. So in
5 putting together, it may be some comments and
6 concerns on the legislation, we wanted to just
7 be able to convey the sense of the Board. If
8 the Board was supportive of this, we would
9 reflect that. If the Board is not supportive
10 of this, we need to know that too so when we
11 follow up with the State Bar Association, we
12 are speaking for the Board and not ourselves.

13 MS. PENNY: So I would just like to say
14 that our members work long and they work hard,
15 and I think the option should be up to them if
16 they provide for someone else when they
17 retire. I think it should be up to them.

18 MR. KAZANSKY: If you look at the
19 information in the CAFR about what our members
20 actually do select as an option for
21 retirement, I think the number is around
22 two-thirds, just the maximum, without an
23 option for anyone whether it be a spouse or
24 anyone else. So it would seem that if we went
25 -- if there is something like that came along,

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2 it would be going against the wishes of the
3 majority of the members of the system.

4 MR. BROWN: I believe our members like
5 the ability to choose whom they are going to
6 leave a benefit to. That's their personal
7 choice. Why are we getting involved in
8 someone's personal choice whether to leave a
9 benefit or not to leave a benefit? Whether to
10 take maximum or not take maximum? Whether to
11 take a 50 percent option or 25 percent option?
12 To take a 5-year certificate or 10-year
13 certificate? You give them the choices. I
14 believe our members are smart and savvy enough
15 to choose whatever suits them.

16 MS. HIRSH: I would also say -- Marta
17 heard me say this at four other boards -- the
18 idea of giving the spouse the authority to
19 have to sign off on any change the member
20 wants is sort of offensive. Like imagine you
21 have kids from a prior marriage and you want

22 to leave your retirement to your children.
23 You would need your current spouse to sign
24 off. If you are in an abusive relationship,
25 it's just really problematic.

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2 MR. BROWN: Totally agree.

3 MS. PENNY: I think you have our
4 feeling.

5 MS. ROSS: I will work with Valerie then
6 to formulate a response along with the other
7 systems. Thank you.

8 MS. PENNY: Thank you, Marta.

9 MR. BROWN: Thank you.

10 MS. REILLY: So next on the agenda is
11 TRS presentation for key security control, and
12 Tatiana Pezzouli is going to give us that
13 presentation. Tatiana?

14 MS. PEZZOULI: Hi, everyone. I am
15 Tatiana Pezzouli and I am the chief
16 maintenance security officer. Today I will be
17 talking about very important information:
18 Security control. So what is it?

19 You probably notice that the title of
20 the presentation is not complete. Key
21 security control is -- let's find an answer
22 together. As you know, businesses are
23 prioritizing information security now more
24 than ever, and unfortunately the tactic most
25 companies have relied on to date was investing

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2 heavily in security technologies. Infosec
3 measures limited to IT-only mitigation
4 overlooks the top cybersecurity risk: People.

5 Several years ago, cybercriminals were
6 focusing on infrastructure or application gaps
7 to get into company's network. And then the
8 attackers realized that instead of using
9 expensive tools and penetration techniques,
10 they can get in much easier by targeting
11 people. There is a special term for that now:
12 Hacking a human. Like a technical firewall
13 digitally arbitrates network traffic and
14 blocks potential threats, a human layer of
15 protection has to do the same: Recognize the
16 attack and react appropriately. Worldwide,
17 thousands of breaches occur every minute at
18 all types of companies and every one of them
19 in data entry. Data breaches exposes and
20 leads to enormous financial losses.

21 Cyberattacks aren't just getting more
22 expensive; they are growing in sophistication.
23 And this attack targets specific employees,

24 job titles and types of information, and they
25 are often cleverly disguised so people
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2 unintentionally reveal sensitive information
3 as they both go about their jobs. So
4 cybersecurity is a big people problem and
5 employees' missteps leads to disastrous
6 results.
7 IBM Cybersecurity Intelligence Index
8 reveals that 95 percent of cyber breaches
9 occurred because of human error. Faced with
10 these numbers, companies offer training
11 designed to make employees become more cyber
12 aware. Typical training includes requiring
13 employees to watch a video or complete a quiz
14 and certify they understood the material. But
15 given the sophistication of today's attacks
16 and the associated risks, this approach is no
17 longer sustainable to guard against
18 cyberattacks. And here is why: One click on
19 a malicious ad or e-mail, one weak password,
20 one unsecured wifi connection by any one
21 person in an organization can expose sensitive
22 information to cybercriminals. Preventing
23 such mistakes require behavioral change.
24 Would the typical training be enough for that?

25 Typical training teaches material by

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2 cramming. A lot goes in, but it's gone
3 shortly thereafter. Memory studies estimate
4 we lose over half of the material we take in
5 within days if it's not used or enforced, and
6 that type of approach can't achieve the
7 day-to-day behavioral change needed to
8 strengthen cybersecurity. Change in behavior
9 and by extension creating a culture of cyber
10 awareness can be achieved by incorporating
11 specific proven techniques, in particular
12 training and education. That's what we are
13 doing here at TRS, and by doing so we are
14 building a human firewall, most effective line
15 of defense against cyberattacks.

16 Now we can complete the title of the
17 presentation. Key security control is a human
18 firewall. Every employee consultant and temp
19 at TRS are part of this firewall. They are
20 trained, equipped, and empowered.

21 Let's take a look at TRS' awareness and
22 training program components to get a better
23 understanding what we are doing to develop a
24 security-minded workforce. There are five
25 major areas. Let's start with awareness

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2 materials. Security awareness materials are a
3 great way to provide continual learning.
4 Graphic materials like posters, cartoons
5 provide a highly effective learning experience
6 especially for visual learners. Some people
7 like to learn by listening to audio or
8 watching videos, and we provide this method of
9 education as well. Competitions, they are a
10 great way to engage users in solving problems
11 and to motivate them by by introducing
12 elements of competition and reward. Just to
13 name a few that we had over the years, a
14 poster competition, infosec logo competition,
15 phishing simulation, but probably the most
16 popular one is team competitions during
17 in-person training.

18 Infosec campaigns are awareness
19 campaigns that are aimed at truly anchoring
20 information security awareness in TRS's
21 culture. We communicate a specific message
22 through multiple channels. The one that I
23 mentioned to you earlier over a dedicated
24 period of time during this phase. The biggest
25 one that comes to mind were October

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2 Cybersecurity Awareness Month and Work From
3 Home Security Campaign. Phishing simulations,
4 they educate employees on how to spot and
5 report suspected phishing attempts. We are
6 doing quarterly tests and providing refresher
7 training for those who fail those tests. And
8 the latest and greatest addition to that is
9 awareness and training policy. Patricia
10 signed that policy last year that outlines
11 responsibility of everyone to participate in
12 training and be very careful with the phishing
13 e-mails that are coming their way.

14 Last but not least, training and
15 gamification. The meaning of "gamification"
16 is the process of adding games or game-like
17 elements to something to encourage
18 participation. Games, as you know, provide
19 rewards and this can come in the form of
20 in-games achievements, badges, and even
21 personal satisfaction of winning the game.
22 These awards make games competitive as well as
23 the way the players compare sports and
24 experiences with each other.

25 We do so many different types of

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2 trainings starting from onboarding, annual,
3 event- and topic-specific, and the latest
4 achievement in the gamification effort is a
5 TRS internally developed infosec game. That
6 is a special type of game. It's a
7 choose-your-own-adventure type of game that
8 lets learners play through various types of
9 security scenarios, make choices, and see the
10 rewards and consequences of their decision.
11 Let's take a very quick look inside of
12 the game. Imagine that once upon a time there
13 was an evil conglomerate that decided to take
14 over all New York City agencies, and one of
15 the evil magicians from that conglomerate
16 decided to start with TRS and he devised a
17 spell that can turn him into anybody at TRS.
18 Let's see if he can use the spell and with
19 this impersonation trick TRS people.
20 Everybody's day starts usually with
21 logging into their computers and checking
22 their e-mails. Let me quickly sign up and see
23 what I have. So the first e-mail that I have
24 in my e-mail box comes from Tatiana, and
25 Tatiana is asking you to accept her friend

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2 request on the Fakebook so she can share with
3 you pictures from her vacation. You know
4 Tatiana, you know that she came back from
5 vacation, but would Tatiana ever send you that
6 kind of e-mail? So you have three choices
7 what to do with this e-mail, and of course,
8 the correct choice would be report this
9 phishing e-mail because it's not Tatiana; it's
10 someone else impersonating as Tatiana. And
11 then if you choose correctly, you have a sign
12 "great job".
13 Next what you have is a phone call, and
14 someone on the line is asking you to change
15 your beneficiary and this person is very nice
16 and knows so much about member, about
17 beneficiary, but we know that we don't do that
18 at TRS. What would you do? Of course, you
19 are not changing it over the phone, but what's
20 the next step? Would you just hang up, or
21 would you report it? Let's say if you choose
22 to not report it and just hang up in this
23 case, the evil magician has a chance to trick
24 other people. That's why the correct answer
25 would be not just not changing the beneficiary

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2 but also reporting this incident to make
3 everybody aware of it.

4 So the last e-mail that comes to today's
5 scenario is the e-mail from executive. There
6 is an executive message invitation to the
7 holiday party. And this is a hypothetical
8 holiday party. There is no one coming in TRS
9 but you see that it comes from executive and
10 this is one of the most popular tricks that
11 criminals are using right now because people
12 are reacting to executive messages immediately
13 and sometimes not being careful with their
14 reactions. And let's say that you decided
15 that oh, that is coming from executive. I
16 need to sign up for the party and provide my
17 user ID and password. And what happens then?
18 The magician will steal your credentials, and
19 so that would give him a key to TRS data. Of
20 course, that is not the correct answer. The
21 correct answer will bring you to TRS Hall of
22 Fame. So as a result, as a reward for your
23 diligence, you will be put on the TRS Hall of
24 Fame, and of course, win the game.

25 This is not only to make security

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2 awareness fun and engaging, but it also makes
3 learning experiential so employees are
4 prepared if there is a real security threat.
5 And that's what we do at TRS. That's what
6 interesting elements of the information
7 security program are and you agree with me
8 that no program could be successful without
9 executive support and we are very lucky to
10 have a very strong executive support. Our
11 executives, Patricia and Thad, they lead by
12 example. They never clicked on phishing
13 simulation links that we send out. They are
14 always by our side in all cybersecurity
15 efforts, helping us to reenforce security, and
16 that's why I would like to conclude today's
17 presentation by playing a very quick minute
18 from the executive interview that we recorded
19 during one of our security campaigns during
20 COVID work-from-home time.

21 (Video playing.)

22 MS. PEZZOULI: I am very proud to
23 present today with our TRS information
24 security achievements. We are sharing our
25 success at the national and local conferences.

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2 As a matter of fact, only last week I was
3 invited to two conferences, to speak at two
4 conferences. One local CT conference this
5 summer and another one, national CISO forum in

6 Miami in November this year and we are sharing
7 our experience with other local retirement
8 systems as well as our retirement systems
9 nationwide and we are happy to answer any
10 questions of our partners and help them to
11 succeed in their infosec efforts. So thank
12 you for listening to me, and now I am ready to
13 answer your questions if you have any.

14 MS. REILLY: Any questions?

15 MR. BROWN: Thank you, Tatiana.

16 MS. HIRSH: No but Tatiana should make
17 every presentation.

18 MS. PEZZOULI: Thank you. I appreciate
19 it.

20 MS. REILLY: That's all for our agenda.

21 MS. PENNY: Do we have any questions or
22 comments from the public? All right. So
23 before we go into executive session, I want to
24 thank our guests from the AFT and from the
25 national -- let me -- so the South African

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2 Democratic Teachers Union. We thank you so
3 much for joining us. It was a pleasure, and
4 TRS, you made them feel welcome. I thank you
5 for that as well.

6 Do I hear a motion to go into executive
7 session?

8 MR. BROWN: So moved.

9 MS. PENNY: Thank you, Mr. Brown. Do I
10 hear a second?

11 MS. HIRSH: Second.

12 MS. PENNY: Thank you, Ms. Hirsh. Any
13 questions? All those in favor, say aye.

14 Aye.

15 MR. KAZANSKY: Aye.

16 MR. BROWN: Aye.

17 MR. DUKES: Aye.

18 MS. HIRSH: Aye.

19 MR. BUCKLEY: Aye.

20 MS. PENNY: Any opposed? Any
21 abstentions? Okay. We are going over to
22 executive session.

23 (Discussion off the record.)

24 MS. PENNY: Okay. We are back in public
25 session. Susan, would you like to report out?

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2 MS. STANG: In executive session an
3 investment related resolution was approved.

4 MS. PENNY: Thank you. Is there
5 anything else?

6 MS. REILLY: That's it.

MS. PENNY: Okay. Then let's try that

7 again. Do I hear a motion to adjourn?
8 MR. KAZANSKY: So moved.
9 MS. PENNY: Thank you, Mr. Kazansky. Do
10 I hear a second?
11 MS. HIRSH: Second.
12 MS. PENNY: Thank you, Ms. Hirsh. Any
13 discussion? All those in favor, please say
14 aye.
15 Aye.
16 MR. KAZANSKY: Aye.
17 MR. BROWN: Aye.
18 MR. DUKES: Aye.
19 MS. HIRSH: Aye.
20 MR. BUCKLEY: Aye.
21 MS. PENNY: Any opposed? Abstentions?
22 We are adjourned.
23 (Time noted: 4:28 p.m.)
24
25

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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 9th day of May, 2022.
15

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18 YAFFA KAPLAN
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