

1

2 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

3 REGULAR BOARD MEETING

4 Held on Thursday, May 20, 2021

5 Via Zoom Videoconference

6

7 ATTENDEES:

8 DEBRA PENNY, Chairperson

9 PATRICIA REILLY, Executive Director, TRS

10 THADDEUS MCTIGUE, Deputy Executive Director, TRS

11 DAVID KAZANSKY, Trustee

12 THOMAS BROWN, Trustee

13 SUSANNAH VICKERS, Trustee, Comptroller's Office

14 JOHN DORSA, Trustee, Comptroller's Office

15 JOHN ADLER, Trustee, Mayor's Office

16 CYNTHIA COLLINS, Trustee, Mayor's Office

17 NATALIE GREEN GILES, Trustee

18 RUSSELL BUCKLEY, Trustee

19 VALERIE BUDZIK, TRS

20 RENEE PEARCE, TRS

21 PAUL RAUCCI, TRS

22 LIZ SANCHEZ, TRS

23 SUSAN STANG, TRS

24 KAVITA KANWAR, TRS

25 NATARAJAN KRISHNAMOORTHY

1 ANTHONY MEZZACAPPA
2 CARMELA CRIVELLI
3 SHARON STIEFEL, Corporation Counsel
4 SHERRY CHAN, Chief Actuary
5 ROSA POLANCO, TRS
6 ISAAC GLOVINSKY, TRS
7 ANDREW BRADFORD, TRS
8 KATE CHEN
9 NIL SATIC
10 BOB GRAY
11 ROB GAUSS
12 AUDRA
13 PETE SAVAGE
14 MEL AARONSON, Emeritus
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1 P R O C E E D I N G S

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

3

4 MS. REILLY: Good afternoon.

5 Welcome to the May 20, 2021 Teachers'

6 Retirement System Board meeting. I'm

7 going to start by calling the roll.

8 John Adler?

9 MR. ADLER: I'm here.

10 MS. REILLY: Thomas Brown?

11 MR. BROWN: I'm here. Good

12 afternoon.

13 MS. REILLY: Natalie Green Giles?

14 MS. GREEN GILES: Here.

15 MS. REILLY: David Kazansky?

16 MR. KAZANSKY: Present.

17 MS. REILLY: Russell Buckley?

18 MR. BUCKLEY: Present.

19 MS. REILLY: Debra Penny?

20 CHAIRPERSON PENNY: Here.

21 MS. REILLY: Susannah Vickers?

22 MS. VICKERS: Here.

23 MS. REILLY: We have a quorum.

24 For the first item on our agenda

25 I'll turn it over to the Chair, who wants

1 to set some ground rules.

2 CHAIRPERSON PENNY: Thank you so
3 much.

4 First, I want to welcome Mel
5 Aaronson, former Trustee, and chairman of
6 the board emeritus. Welcome, Mel. We're
7 so glad you joined us.

8 We have a lot of visitors today.
9 Welcome to everyone.

10 We have a pretty lengthy agenda
11 today. So I'm going to ask that when a
12 Trustee wants to speak that you please
13 raise your hand so I can make sure
14 everyone has an opportunity to speak in
15 an orderly way.

16 Liz, do you want to explain the
17 Raise Hand option in case there's a
18 question or problem?

19 MS. SANCHEZ: So, at the bottom of
20 your screen where you see the microphone
21 symbol and the camera symbol, you should
22 see a happy face with a little plus on
23 it. I'm going to see if I can share my
24 screen if I can show you.

25 But there's a happy face with a

1 plus. If you click on it you'll see it
2 says Raise Hand, it will have a yes
3 button, a no button, a slower button. So
4 that's where you would go to raise your
5 hand. It's a happy face with a plus.

6 MS. REILLY: Same place, to lower.

7 MS. SANCHEZ: Yes.

8 And if you have a problem or
9 technical issue, I will also acknowledge
10 a hand raise old school style.

11 Thank you, guys.

12 MS. REILLY: So, next on the agenda
13 is an update on TRS operations, and
14 Kavita Kanwar will give that update.

15 MS. KANWAR: Good afternoon,
16 everybody.

17 Starting this month TRS employees
18 need to work on-site in staggered
19 cohorts. And on May 3 our member
20 services center opened for in-person
21 consultation by appointment.

22 In the first two weeks we saw an
23 average of ten appointments per day, and
24 that number is expected to increase.

25 Also, earlier this month about

1 33,000 retired members and beneficiaries
2 received information from TRS about their
3 2021 requirement and distribution from
4 their TDA accounts.

5 The IRS waived the -- last year. So
6 this is the first TDA since 2019.
7 Members have until October 31 to choose
8 how to meet the requirements or else TRS
9 will send them a distribution at year
10 end.

11 Thank you.

12 MS. REILLY: Thanks.

13 CHAIRPERSON BROWN: Kavita, can you
14 e-mail that to us Trustees?

15 MR. KHAN: Yes; absolutely.

16 MR. BROWN: Thank you.

17 MS. REILLY: I wanted to mention
18 that in addition to the appointments for
19 meeting with them, our member services
20 representatives, we are continuing our
21 Zoom consultations, which are very
22 popular with our members. So as well as
23 seeing people here in the office we're
24 also continuing Zoom consultations with
25 them.

1 Thank you, Kavita.

2 So next on the agenda is the
3 executive director's report. And the
4 first item on the report is the matter of
5 the next meeting, which has been
6 scheduled for June 17, 2021. So make
7 sure that's on your calendar.

8 And so next on the EDR is the
9 resolution for the annual meeting of the
10 Teachers Retirement Board. In accordance
11 with Section 3-509 of the administrative
12 code of the City of New York, as well as
13 Article 2 of the bylaws of the Teachers'
14 Retirement Board, shall elect a
15 chairperson for its membership at the
16 annual meeting to be held in May of each
17 year.

18 We therefore open the floor for
19 nominations. Do I have any nominations?

20 MR. BROWN: I nominate Debra Penny.

21 MS. REILLY: Do I have a second?

22 MR. ADLER: Second.

23 MS. REILLY: All those in favor
24 please say "Aye."

25 (A chorus of "Ayes.")

1 All those opposed say "Nay."

2 Any abstentions?

3 (No response.)

4 So congratulations, the resolution
5 passes.

6 CHAIRPERSON PENNY: Thank you very
7 much. I'm honored to continue as your
8 Chair for the Board.

9 MS. REILLY: Next on the executive
10 director's report is the variable program
11 emerging market review policy.

12 MR. KADZIELA: Please skip to the
13 resolved.

14 MS. REILLY: "Resolved, that to
15 mitigate investment and reputational risk
16 the variable program emerging markets
17 review policy is adopted."

18 CHAIRPERSON PENNY: Is there a
19 motion to approve?

20 MR. BROWN: So moved.

21 CHAIRPERSON PENNY: Is there a
22 second?

23 MS. VICKERS: Second.

24 CHAIRPERSON PENNY: Any discussion?

25 (No response.)

1 All those in favor please say "Aye."

2 (A chorus of "Ayes.")

3 All opposed say "Nay."

4 Any abstentions?

5 (No response.)

6 Motion carries.

7 MS. REILLY: The next item on the
8 executive director's report is the
9 administrative budget for fiscal year
10 2022.

11 MR. KADZIELA: Please skip to the
12 resolved.

13 MS. REILLY: "Resolve that the TRS
14 agency budget for fiscal year 2022
15 excluding modernization and -- shall
16 include an amount of \$22,713,034,
17 attributable to the variable annuity
18 program and loan expense funds, and
19 \$42,423,285 attributed to the employer
20 for a total agency budget, excluding
21 modernization -- of \$65,139,319.

22 "And be it further resolved that the
23 TRS agency budget for fiscal year 2022
24 shall include for the modernization
25 program the amount of \$12,911,393 to be

1 provided by the variable annuity expense
2 fund, and \$5,018,607 to be provided as
3 the administrative expense contribution
4 for a total modernization budget of \$17
5 million --

6 "And be it further resolved that the
7 TRS agency budget for fiscal year 2021 --
8 I think it's 2022 -- shall include for --
9 the amount of \$8,027,675 to be provided
10 by the variable annuity expense fund; and
11 \$4,977,325 to be provided as an
12 administrative expense contribution, for
13 a total -- budget of \$13,005,000.

14 "And be it further resolved that the
15 Trustees hereby authorize the executive
16 director or her designee to spend moneys
17 out of such budget to fund necessary
18 operations in accordance with the
19 approved budget and governing rules."

20 CHAIRPERSON PENNY: Is there a
21 motion?

22 MR. KAZANSKY: So moved.

23 CHAIRPERSON PENNY: Is there a
24 second?

25 MS. VICKERS: Second.

1 CHAIRPERSON PENNY: Thank you.

2 Any discussion?

3 Russell Buckley?

4 MR. BUCKLEY: Thanks.

5 I was unaware this material had
6 actually been provided. I don't see a
7 budget in any of the materials I'm
8 looking at. So I would appreciate if
9 someone could --

10 I have the resolution in front of
11 me, but I don't know if there's any
12 detailed information that was provided to
13 the Board ahead of voting on the
14 resolution.

15 MS. REILLY: We normally share the
16 budget with the budget committee. And
17 once the budget committee approves it we
18 bring the resolution to the full Board.

19 MR. BUCKLEY: So there was no
20 detailed budget plan shared with the full
21 board then, just the budget committee?

22 MS. REILLY: We don't normally do
23 that.

24 MR. BUCKLEY: Okay. I'm just making
25 sure I know what I'm voting on. If I'm

1 voting on the resolution and total
2 amounts.

3 CHAIRPERSON PENNY: Yes. The budget
4 committee has been given all the details.
5 They approved this, they sent it to the
6 Board.

7 Do you know who's on the budget
8 committee, Russell?

9 The people who are on the budget
10 committee, do you want to raise your
11 hands so Russell knows who has been part
12 of this meeting?

13 MS. REILLY: John Adler, David
14 Kazansky, Susannah Vickers.

15 MR. BUCKLEY: I guess I'm just
16 asking if I can have any of level detail
17 other than just the numbers in the
18 resolution, I would appreciate it.

19 MR. ADLER: I'm happy to share the
20 materials that I have with you, Russell,
21 unless Rosa can share it directly.

22 MS. REILLY: You can send it.

23 (Talking over each other.)

24 MS. REILLY: But it's not to be
25 shared with anybody else. It should be

1 somewhat confidential to the Board;
2 right?

3 MR. ADLER: I think I would
4 recommend as a best practice that the
5 budget be provided to the entire Board so
6 they are voting on something that they
7 know is in it, because I don't think the
8 budget committee are the only ones who
9 have insight into the budget. But that's
10 just my thought on process.

11 I have another question to raise.

12 OMB submitted some questions that we
13 got answers to, and this is for you,
14 Rosa. There's one question I didn't see
15 the answer to, which is that, I believe
16 the head count is actually being raised
17 from 338 to 340.

18 Do I have that right, Rosa?

19 MS. POLANCO: Yes; that's correct.

20 MR. ADLER: So what are the two new
21 positions in the head count?

22 MS. POLANCO: I can answer that.

23 MS. REILLY: The two senior
24 developers for the IT department. We're
25 bringing two new people on in order to

1 get them acclimated and up to date, so
2 that in the next few years as we start to
3 transition away from consultants they had
4 the time with TRS to understand our
5 complex technology and complex systems.
6 And we did just respond to that final
7 question to the budget committee. So
8 it's two senior developers for --

9 MR. ADLER: Thank you.

10 CHAIRPERSON PENNY: Further
11 questions before we take a vote?

12 MS. GREEN GILES: Just to follow-up
13 on what John asked of head counts, since
14 I don't have the detail I was curious.
15 Is this budget flat? Is it an increase
16 over last year? Just the administrative
17 piece.

18 Even with the additional head count
19 the budget's flat?

20 MS. REILLY: Yes.

21 MS. GREEN GILES: Thank you.

22 CHAIRPERSON PENNY: Anyone else?

23 Great. In that case, since we
24 finished discussion, all those in favor
25 please say "Aye."

1 (A chorus of "Ayes.")

2 All opposed say "Nay."

3 Any abstentions?

4 (No response.)

5 So the budget carries.

6 MR. KAZANSKY: Let me add before we
7 move on to the next resolution my thanks
8 to Rosa and to the whole team. It was a
9 tough year regardless of the budget. And
10 the work that they did to get it all
11 fleshed out was impressive and I thank
12 them.

13 CHAIRPERSON PENNY: Thank you.

14 Thank you, team.

15 MS. REILLY: Next on the agenda is
16 the approval of an amendment to rules and
17 regulations of the Board of Education
18 Retirement System.

19 MR. KAZANSKY: Please skip to the
20 resolved.

21 MS. REILLY: "Resolved that the TRS
22 Board approves the amendment to Section
23 5A of the BERS rules and regulations
24 authorizing an employee member of the
25 Board of Trustees to temporarily appoint

1 the attendance and participation of the
2 executive director and/or her designees
3 and any interested Trustee at the
4 National Conference of Public Employees
5 Retirement Systems 2021, Public Pension
6 Funding Forum, from August 22 through
7 August 24, 2021."

8 CHAIRPERSON PENNY: And I believe
9 that will be one of the first in-person
10 conferences.

11 Am I right, Mr. Kazansky?

12 MR. KAZANSKY: That is true.

13 MS. REILLY: And that's being held
14 here in New York?

15 MR. KAZANSKY: That's also true.

16 CHAIRPERSON PENNY: So when it comes
17 out you'll let us know, and any Trustees
18 interested will respond accordingly.

19 Okay. Is there a motion?

20 MR. BROWN: So moved.

21 CHAIRPERSON PENNY: Is there a
22 second?

23 MS. VICKERS: Second.

24 CHAIRPERSON PENNY: Any questions,
25 any discussion?

1 All those in favor please say "Aye."

2 (A chorus of "Ayes.")

3 All opposed say "Nay."

4 Any abstentions?

5 (No response.)

6 Okay. On to the next conference.

7 MS. REILLY: Is attendance at a
8 conference.

9 "Resolved that the Trustees of the
10 Teachers Retirement Board hereby approve
11 the attendance and participation of the
12 executive director and/or her designee
13 and any interested Trustee at the
14 National Conference of Public Employees
15 Retirement Systems, 2021, for a
16 conference September 26 through September
17 28, 2021."

18 CHAIRPERSON PENNY: Again, an
19 in-person conference. And when the
20 information comes out it will be
21 circulated. If you're interested you can
22 attend, if this motion passes.

23 Is there a motion?

24 MR. ADLER: So moved.

25 MR. BROWN: Second.

1 CHAIRPERSON PENNY: Discussion or
2 questions about it?

3 Excellent.

4 All in favor please say "Aye."

5 (A chorus of "Ayes.")

6 All opposed say "Nay."

7 Any abstentions?

8 (No response.)

9 Okay.

10 I think we're going to change the
11 order around a little bit, Patricia.

12 MS. REILLY: I think you should look
13 at -- all right.

14 CHAIRPERSON PENNY: I'll take the
15 cue from you. Whichever --

16 MS. REILLY: If you look at the
17 text, there's an updated screen. My EDR
18 is in the right order, but the agenda --

19 CHAIRPERSON PENNY: Whatever you say
20 I will go with.

21 MS. REILLY: The next item is -- the
22 Actuary's fiscal year 2021 reimbursement
23 calculation resulting, from Chapter 41 --

24 MR. KAZANSKY: Please skip to the
25 resolved.

1 MS. REILLY: "Resolved, that the TRS
2 Board of Trustees approves a voucher in
3 the amount of \$501,773 for fiscal year
4 2020 to be submitted to the State
5 Comptroller for audit -- and payment to
6 TRS as reimbursement for carrying out the
7 provisions of Chapter 41."

8 MS. PENNY: Thank you.

9 Is there a motion?

10 MR. KAZANSKY: So moved.

11 CHAIRPERSON PENNY: Thank you Adler
12 and Mr. Kazansky.

13 Any discussion or questions about
14 this?

15 (No response.)

16 All those in favor please say "Aye."

17 (A chorus of "Ayes.")

18 Any opposed?

19 Any abstentions?

20 (No response.)

21 Motion carries.

22 MS. REILLY: The next resolution is
23 the Actuary's recommendation regarding
24 the Tier 3/4 loan insurance premium for
25 fiscal year 2022.

1 MR. KAZANSKY: Please skip to the
2 resolved.

3 MS. REILLY: "Resolved, that the
4 Board of Trustees hereby adopts the
5 recommendation of the Actuary as stated
6 in her report dated May 13, 2021, that
7 stipulates the Tier 3, 4 and 6 loan
8 insurance premium rate be continued at
9 its current rate of .10 percent per annum
10 of the outstanding loan balance for any
11 loan originating during fiscal year 2022,
12 i.e. July 1, 2021 through June 30, 2022."

13 CHAIRPERSON PENNY: Thank you.

14 Do I hear a motion?

15 MR. BROWN: So moved.

16 CHAIRPERSON PENNY: Is there a
17 second?

18 MR. ADLER: Second.

19 CHAIRPERSON PENNY: Any discussion
20 or questions regarding it?

21 (No response.)

22 Then all those in favor please say
23 "Aye."

24 (A chorus of "Ayes.")

25 All opposed say "Nay."

1 Any abstentions?

2 (No response.)

3 The motion carries.

4 MS. REILLY: Madam Chair, I did
5 neglect to let the Actuary give her May
6 2021 fiscal note.

7 Do we want to do that before we go
8 on?

9 CHAIRPERSON PENNY: Sure,
10 absolutely.

11 Madam Actuary?

12 MS. CHAN: Thank you, Madam Chair
13 and Madam Executive Director.

14 There were two fiscal notes in the
15 last month. This was delivered to the
16 Board earlier this month before the Board
17 meeting.

18 One of them is for the World Trade
19 Center notice of participation form. In
20 the past, currently even, it can only be
21 submitted hard copy in paper. And this
22 bill would allow for it to be submitted
23 electronically.

24 Because there might be some
25 administrative expenses that are

1 associated with that, with either staff
2 time or setting up systems, it could
3 theoretically have a change in the
4 employer contribution, because one of the
5 components of the employer contribution
6 is the administrative expenses.

7 But we did calculate this to be de
8 minimus in terms of the additional
9 contributions.

10 The second one was to mandate the
11 paraprofessionals into TRS. This would
12 affect 3300 paraprofessionals, but only
13 1500 of them would be new
14 paraprofessionals, because the remaining
15 1800 is projected to have elected into
16 TRS anyway.

17 This bill would just accelerate
18 their election into TRS. So we didn't
19 account for those additional costs, just
20 the 1500 who otherwise would not have
21 elected regardless of, currently without
22 the bill.

23 So with the 1500 additional
24 paraprofessionals, the additional
25 contribution is projected to be

1 approximately \$4.6 million per year.

2 CHAIRPERSON PENNY: Thank you so
3 much.

4 Anyone have any questions for the
5 Actuary about these?

6 (No response.)

7 Patricia, I think we're ready to
8 continue.

9 MS. REILLY: Next is the
10 authorization of rebalancing of funds for
11 the New York City Teachers Retirement
12 System.

13 MR. KAZANSKY: Please skip to the
14 resolved.

15 MS. REILLY: "Resolved, that the
16 Board adopts the Actuary's recommendation
17 and authorizes TRS staff to effectuate
18 the internal rebalancing in the amount of
19 \$34,648,543 from the Passport funds to
20 the QPP funds in accordance with such
21 recommendation."

22 CHAIRPERSON PENNY: Thank you,
23 Patricia.

24 Is there a motion?

25 MR. KAZANSKY: So moved.

1 CHAIRPERSON PENNY: Thank you.
2 Is there a second?
3 MR. ADLER: Second.
4 CHAIRPERSON PENNY: Thank you.
5 Any discussion or questions?
6 (No response.)
7 All those in favor please say "Aye."
8 (A chorus of "Ayes.")
9 All opposed?
10 Any abstentions?
11 (No response.)
12 Motion carries.
13 MS. REILLY: Next, the Actuary's
14 determination for the final fiscal year
15 2021 employer contribution to the New
16 York City Teachers' Retirement System.
17 MR. KAZANSKY: Please skip to the
18 resolves.
19 MS. REILLY: "Resolved, that the
20 employer contribution to New York City
21 Teachers' Retirement System for fiscal
22 year 2021 in the amount of \$3,148,251,747
23 is hereby approved by the Board of
24 Trustees."
25 CHAIRPERSON PENNY: Thank you.

1 Do I hear a motion?

2 MR. ADLER: So moved.

3 CHAIRPERSON PENNY: Do I hear a
4 second?

5 MR. BUCKLEY: Second.

6 CHAIRPERSON PENNY: Thank you.

7 Any discussion?

8 I actually have a couple of
9 questions that I'm really not sure of.

10 So, I'm very concerned with this.
11 This is all based on the actuarial
12 assumptions and methods that were brought
13 to our Board in January. And in January
14 we kind of kicked the can down the road.
15 We had a lot of questions for the
16 Actuary. We weren't sure that we wanted
17 to approve something like this. There
18 was a package, and parts of the package
19 we were totally in favor of, and parts of
20 the package we weren't.

21 Then this was brought in January, it
22 came every month, and then in May the
23 Actuary took it off the table. When it
24 was taken off the table we assumed that
25 was the end of it.

1 But now this presents a problem,
2 because this -- we have a 7 percent AIR,
3 and this resolution is assuming that the
4 whole package went through and the AIR
5 has changed. And since that is
6 legislatively changed and has not been
7 changed, I don't know how we can bring
8 this to the Board to vote on something
9 that's not proper; something that's
10 definitely not our fiduciary duty, we
11 cannot vote on something that hasn't been
12 changed by legislation.

13 And so, I have a lot of questions
14 about that.

15 It also talks about a restart. And
16 again, everything is all mixed into this,
17 and it just doesn't seem right and we
18 never voted on it.

19 So if anyone else has any questions,
20 we'll certainly ask Madam Actuary to talk
21 about it.

22 And seeing if anyone else wants to
23 talk about it or has questions about
24 this. I know this legislation does
25 sunset on June 30. Again, this was

1 assuming that it was 6.95, which it is
2 not.

3 MS. VICKERS: I have, if I may, Deb,
4 I have the benefit of having had this
5 discussion at other boards. And all of
6 this is to say that other boards
7 definitely expressed similar concerns
8 about the Actuary bringing a package
9 that's predicated on legislative action
10 that hasn't occurred and doesn't have
11 support or consensus from the Trustees of
12 the five City funds.

13 I'd like, as we did at other boards,
14 I think it would be appropriate to hear
15 from the Law Department about the -- I
16 don't want to use "legality." Maybe
17 someone can suggest a better word. But
18 the properness of, the propriety of
19 voting on a number that contains a rate
20 of return that's different than the
21 mandated legal rate of return that's set
22 by the legislature.

23 So at this time I'd like to ask the
24 Law Department if they could opine and
25 tell the Board what the Actuary is able

1 to decide on her own and what the Actuary
2 must have other parties like the
3 legislature decide.

4 MS. ROSS: I would ask that we go
5 into attorney-client for this discussion.

6 CHAIRPERSON PENNY: All those in
7 favor of going into attorney-client
8 please say "Aye."

9 (A chorus of "Ayes.")

10 Any opposed?

11 Any abstentions?

12 (No response.)

13 So we're going to go into
14 attorney-client for this. Everyone else
15 say tuned.

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1 (Whereupon, the Board entered into
2 an attorney-client session for an off the
3 record discussion.)

4 CHAIRPERSON PENNY: We are are back.
5 Thank you so much for waiting for us.

6 So we were discussing a resolution
7 when we left.

8 Patricia, you want to remind
9 everyone of the resolution we were
10 discussing? The Actuary's determination
11 for the final fiscal 2021 employer
12 contribution.

13 Is there anyone else that would like
14 to speak?

15 Last I spoke and I explained I
16 didn't feel comfortable voting on
17 something like this, because it was based
18 on an AIR that is not in law. The law is
19 7 percent and this is based on a 6.95.

20 Anyone else want to add anything to
21 this?

22 MR. BUCKLEY: My question is for
23 Madam Actuary.

24 I guess I'm just curious why the
25 employer contribution has been calculated

1 and presented to the boards with a
2 proposed AIR and not the statutory AIR,
3 what the calculus is driving that, and
4 whether there's any precedent for boards
5 approving AIRs that are contingent upon
6 them passing in legislation?

7 And then, I guess, also what the
8 implications would be if the Board were
9 to approve a contingent AIR based on
10 legislation or if they weren't to. Are
11 there serious cash flow implications from
12 this, or is this just a formality?

13 MS. CHAN: This started with a
14 review of the actuarial assumptions and
15 methods. This is a practice that is done
16 by actuaries of pension plans throughout
17 time. And once there is a package to be
18 changed, usually every few years it's
19 presented to the Board.

20 The last time this was done was 2019
21 and the time prior to that was in 2016.
22 So this is part of the normal process of
23 looking at assumptions and methods to
24 make sure that we're calibrating the
25 calculations to be as precise as possible

1 given current demographic and economic
2 information.

3 So that's how this came about in the
4 7 percent being reduced down to 6.9
5 percent for fiscal year '21, as part of a
6 larger package that includes changes to
7 the mortality improvement scale, the
8 actual value of assets being remarked to
9 the market value of assets as well as
10 methodology, and some changes too.

11 And when proposed it was stated very
12 explicitly that this should be adopted as
13 a package. It is not prudent to be
14 selecting one piece of the package and
15 not other pieces that are meant to
16 balance each other out as a whole.

17 There has been precedent of this
18 being done, and in fact the very last
19 time the discount rate was decreased from
20 8 percent to 7 percent, there was a year
21 or two in that time frame in 2012 that
22 the prior chief actuary was using a
23 proposed discount rate that ended up
24 retroactively being passed, which is what
25 the current legislation is drafted to be.

1 And in terms of what kind of, I
2 guess what the effect is, going forward
3 with the 6.95 percent measure is a more
4 conservative measure. And if the state
5 legislature does not pass it
6 retroactively to be 6.95 percent and
7 keeps it at 7 percent, then the
8 calculation would be less and that would
9 be trued up in the next fiscal year if
10 contributions were to move that way.

11 And, just my experience with the New
12 York City retirement systems and the
13 obligors that are associated with it in
14 recouping money, I have seen it's a lot
15 easier for us to get the cash flow in
16 sooner than to try to go the reverse and
17 say that they did not pay enough for a
18 prior fiscal year, track them down and
19 potentially have interest penalty for the
20 employers.

21 So I don't know how to address prior
22 questions, but if not, please repeat them
23 and I'll be glad to answer them.

24 MR. BUCKLEY: I think that was
25 sufficient. Thank you, Sherry. I

1 appreciate it.

2 CHAIRPERSON PENNY: I'm prepared to
3 support many of the Actuary's changes, it
4 makes sense and I'm 100 percent with
5 that.

6 What I'm not comfortable, again,
7 with, is the AIR. I don't understand
8 why, and I'm going to ask you to please
9 recalculate this using what the law is,
10 which is 7 percent.

11 And I also want to tell everyone
12 that we have put forth legislation for a
13 two year extension of the 7 percent, and
14 I'll be sending that to the Actuary and
15 asking for a fiscal note by next Tuesday.

16 I know you have all of the numbers,
17 you just have to update them a little
18 bit. So I would appreciate that.

19 The 7 percent again is the law. I'm
20 not comfortable voting for something that
21 is not the law. The restart doesn't seem
22 to make sense either. Our investments
23 are doing very well now. This is a time,
24 when we first started this discussion the
25 City had difficulties, the pandemic, a

1 lot of problems.

2 Since then a lot of money has moved
3 into the City. Instead of taking all of
4 the money now it makes sense to spread
5 this out and do the smoothing for times
6 when we might need more money. It puts
7 the money in the City this year, next
8 year, and as you go down it's going to
9 cost more money. It might cost more
10 money at a time when the City needs
11 money.

12 Anyone else want to add anything to
13 it or discuss?

14 MS. CHAN: Madam Chair, can I
15 respond to some of those comments?

16 I just want to firstly, I know the
17 fiscal note request is going to be
18 forthcoming. I do want to say that those
19 numbers are not calculated. So I don't
20 want to set unrealistic expectations that
21 it will be done by Tuesday. I'm just
22 stating that for the record.

23 We will definitely treat the fiscal
24 note with just as much priority as any
25 other fiscal note. So I just want to

1 state that.

2 The other thing is, this package was
3 designed by looking at the demographics
4 and the economic assumptions and
5 environment that we're in. Yes,
6 obviously the times that we were
7 experiencing earlier in the fiscal year,
8 last calendar year, was one of the
9 considerations taken in, but it was not
10 the only consideration.

11 And I did make sure that the package
12 was designed such that it's still sound,
13 regardless of whether the City got
14 federal funding or not and other aspects
15 of it, too. It does stand alone in being
16 a prudent package in all the pieces that
17 it's proposed.

18 And the other comment I just want to
19 say was, the gains that we are
20 experiencing, obviously the ones that
21 we're experiencing are included to date,
22 is not incorporating -- that was done
23 prior to this.

24 But not only are there -- I do want
25 to make a point that because of the

1 methodology, the savings -- you made a
2 comment, Madam Chair, that we could save
3 these savings for later to be used. And
4 because of the way that the assets moving
5 is recognized, it is not always
6 recognizing gains and definitely not
7 recognizing gains at this level.

8 So as we proceed, and if we weren't
9 to restart the methodology we'd get less
10 and less of those gains to smooth and
11 could potentially be in a position where
12 we'd be smoothing in losses.

13 So it's not like a savings account
14 where it retains its value over time. It
15 does have to do with where the market is
16 and we may not have these gains in the
17 future. So I just want to note that.

18 CHAIRPERSON PENNY: Thank you.

19 Mr. Kazansky?

20 MR. KAZANSKY: I just wanted to jump
21 in, because what I'm taking issue with is
22 the notion that this is all a package.
23 Because to me it feels more like a house
24 of cards. The assumption is that you
25 pull one card out and the whole thing is

1 going to collapse.

2 And while I may, I've only been a
3 6th grade math teacher for part of my
4 teaching career, there is a bunch of math
5 that can be moved around and redone that
6 would, I would imagine, get us similar
7 results; right? Two plus 2 is 4, but 1
8 plus 3 is 4 also.

9 So I really feel like saying that
10 this entire package must exist in exactly
11 and only this way. It just doesn't feel
12 like it's a fair way to propose this;
13 right?

14 We had asked for pieces to be taken
15 out and kind of shown us how we save
16 money by doing it this way or that way or
17 changing this or not changing that. We
18 really didn't get the level of detail on
19 that we had hoped for before this was --

20 And I just feel that creating this
21 very fragile construct where the key to
22 it all is a change in the AIR which is no
23 way guaranteed, just feels like this is a
24 calculation that's set up for failure.

25 I would rather do it as we

1 discussed, have one presented to us that
2 represents the true AIR in this
3 particular moment. Should the AIR change
4 -- we could have a discussion about how
5 we can readjust --

6 MS. CHAN: Madam, Chair, may I
7 respond?

8 CHAIRPERSON PENNY: You may.

9 MS. CHAN: Thank you, Mr. Kazansky,
10 I will absolutely agree with you that
11 this is not the only package that's going
12 to make sense. The point that I was
13 trying to make that it is being proposed
14 as a package is that it can't be picked,
15 just one piece there to be picked apart
16 and for the package to remain intact
17 otherwise.

18 You are absolutely right that there
19 are many, many different iterations of
20 it, so that if you pull the cards, so to
21 speak, like you said, that there would be
22 requirements for other levers to be
23 adjusted in order for, again, it to be
24 represented as a balanced portfolio.

25 CHAIRPERSON PENNY: Does anyone else

1 have any questions or anything else
2 they'd like to say?

3 MS. VICKERS: A couple of things.
4 Specifically, about this being a package.
5 I just need to echo what I think some of
6 my colleagues are saying, that it's
7 unfortunate that we're at the point where
8 there is severe disagreement between the
9 Trustees of all five boards and their
10 Actuary.

11 There are many great changes that
12 are included in this, the changes to the
13 assumptions and methods, that there is
14 sort of universal approval of. And I
15 would like to see us collectively moving
16 forward on those and having more
17 discussion on the items that are
18 controversial and that we don't have
19 consensus on.

20 The Actuary mentioned as precedent
21 2012, when the boards approved an
22 employer contribution number that was
23 based on a different AIR. And I think
24 it's important to go back to 2012,
25 because my understanding is the reason

1 that was done is that there was
2 consensus, there was a concerted effort
3 between all the Trustees and City
4 partners like the Actuary and the City
5 administration, to go collectively to
6 Albany to ask that the AIR be reduced
7 from 8 to 7 percent. And there was a
8 collective effort to make that happen.

9 There's no such collective effort
10 this year. It's very unfortunate, but
11 there is discord and not widespread
12 agreement among the Trustees of the
13 different boards and the Actuary. And I
14 would just point out I think that is a
15 dangerous precedent.

16 We should be speaking collectively
17 and with one voice. We shouldn't have
18 one party trying to force something onto
19 our colleagues that is not widely
20 accepted and that certain Trustees are
21 asking for more time and detail to
22 review.

23 And I've been lucky serving on the
24 boards for the past seven years to have
25 had wonderful interactions and experience

1 with Trustees from a variety of systems.
2 And I cannot think of another instance
3 where the will of the Trustees was so
4 divided and not being taken into
5 consideration.

6 She may have the authority to do
7 this, but it doesn't make it right. And
8 I think as all parties of the pension
9 system, that we should be trying to work
10 together and come to an agreement before
11 forcing an issue and forcing a vote on
12 something.

13 CHAIRPERSON PENNY: Thank you.

14 Anyone else?

15 MR. BROWN: I have something to say.
16 I agree with Susannah. You were talking
17 about having more conversation, more
18 discussion. Well, isn't that what we
19 call process? I'm not comfortable
20 supporting this resolution. It's
21 something that goes against a mandated
22 legislative requirement of the state.

23 But more importantly, of all the
24 years I've been on the Board, I've
25 learned it's not the ultimate decision

1 that we make that is the most important
2 thing. The most important thing is the
3 process. And what Susannah described
4 very well is that we had no process.

5 So, I'm going to be voting no on the
6 resolution, because clearly the
7 assumptions and methods used in the
8 calculations are just inconsistent with
9 the required practices.

10 The calculation reflected in this
11 resolution is incorrect. The IRR is
12 codified in statute. It's 7 percent as
13 we speak, as we sit here, is 7 percent.

14 So I believe the Actuary must use
15 the 7 percent rate to calculate the
16 employer contributions.

17 Am I wrong by thinking that the 7
18 percent rate can be changed only by an
19 act of legislature?

20 I'm uncomfortable because of the
21 lack of the process here. Everyone knows
22 I love process. Give me the process.
23 Let's hear from everybody. Let's have
24 consensus. Let's hear people's opinions.

25 This was thrown -- am I correct,

1 this was taken off the table last month?
2 So when it was taken off the table last
3 month I said, "Okay, done deal." I
4 didn't even give it a second thought.

5 Had I known it was going to be
6 brought back this month I would have had
7 a whole month to discuss it or think
8 about it and develop some opinions. But
9 just because of the lack of the process
10 is the reason why I'm voting this down.

11 And I must say for the record that I
12 have tremendous respect, tremendous
13 respect for the Office of the Actuary.
14 And I would like, as Susannah well said,
15 to continue the conversation, to continue
16 the dialog and to talk about it.

17 Once we all talk about it, then the
18 process has been completed and we can go
19 on record, and whatever the decision is
20 we can live with the process, which is
21 fiducially and the prudent way to come to
22 a decision. Such an important decision
23 as we are making now, the most important
24 part of the decision is not the decision
25 itself, it's the process. How did we get

1 there? How do we get there?

2 So we need perhaps to vote this down
3 and then to start the process as we
4 should be doing because we are
5 fiduciaries and we need to do the prudent
6 -- so I could live with that. I would be
7 able to live with that.

8 Thank you.

9 CHAIRPERSON PENNY: Thank you, Mr.
10 Tom Process Brown.

11 Is there anyone else who wants to
12 add anything?

13 MS. CHAN: Madam Chair, can I
14 respond to Mr. Brown first?

15 CHAIRPERSON PENNY: Absolutely.

16 MS. CHAN: So, Mr. Brown, I want to
17 say that the respect is mutual, and I
18 have just as much respect for you, Mr.
19 Brown, as well as the UFT.

20 I do want to clarify a couple of
21 points that you made. In regards to the
22 process, I am very much for discussion
23 for a process. And because of that, this
24 was why I proposed to the Board back in
25 January, four months ago, my initial

1 proposal, so we can have various months
2 of discussion before get to the
3 contributions.

4 And in fact, these contributions are
5 usually brought to the Board in the March
6 and April time frame. And one of the
7 reasons why it's so much later in the
8 fiscal year is because I did want to give
9 the chance to the Board to be a source to
10 them, to discuss any of this and address
11 any questions that the Board might have.

12 So I do want to say, there was time
13 built into it for the process and it was
14 in no way meant to blind-side the Board.
15 I did start this, like I said, about four
16 months ago.

17 The other thing I wanted to respond
18 to was, you made a comment that these are
19 the wrong assumptions and methods to use
20 in calculating the contributions. I do
21 want to be on record to say that I don't
22 believe that these are wrong.

23 As a technical advisor to this
24 Board, one of my duties is make sure we
25 are using assumptions and methods that

1 are most calibrated, again, to the
2 retirement system of which the
3 contributions are calculated for.

4 As a technical advisor I have to
5 have all ears to the ground, not only
6 observing New York City, but observing
7 other parts of the country including your
8 neighbors in Albany, in New York State,
9 they have their directions of where their
10 clients, their assumptions too. And
11 obviously there's national averages out
12 there that are done by various groups of
13 reporting what certain assumptions are
14 and what direction they're moving.

15 New York City has always been seen
16 as a leader in many regards in terms of
17 actual practices or assumptions and
18 methodologies that they do. I do hope
19 New York City continues in that fashion
20 as a leader, recognized leader in the
21 pension industry. And I feel that is
22 part of my job, to make sure as a
23 technical advisor that this Board is
24 aware of all these changes going on in
25 the country and to present back to you my

1 actuarial opinion.

2 In that regard, sometimes what is
3 currently in law might not necessarily be
4 my actuarial opinion, and therefore I
5 have the responsibility to make that
6 proposal to the Board; just as much as my
7 predecessor did when he felt that the
8 direction of the public plans were
9 changing downward, revising their
10 assumptions, their actuarial discount
11 rate assumptions downward. That was a
12 proposal made to the Board ahead of what
13 the legislature had said in law. And
14 surely enough, that was the trend, the
15 direction of the rest of the country.

16 New York State, for example, as we
17 know, their retirement system is at 6.8
18 percent. This was done in 2019. And
19 even after they said that they were
20 revising it -- after they adopted it --

21 CHAIRPERSON PENNY: That's not what
22 we're really concerned with. We're
23 concerned with New York, and a Trustee's
24 job is really to make sure that our
25 technical advisor is following the law.

1 So I think what, if I may, Mr.
2 Brown, when he said something was not
3 right or not true, I think what he was
4 saying was, that it wasn't in alignment
5 with the law; not that you were
6 calculating incorrectly, but you were not
7 calculating using what was in the law.

8 MR. BROWN: Thank you, Madam Chair.
9 I was going to clarify that, but you said
10 it for me. Thank you.

11 CHAIRPERSON PENNY: You're welcome.

12 Mr. Adler?

13 MR. ADLER: I would like to try to
14 address the Trustees' concerns about
15 adopting a rate that is not currently
16 enshrined in law. So I would propose
17 that we amend the resolution that's being
18 made and seconded to add the words
19 "contingent upon the actuarial interest
20 rate being changed by the state
21 legislature."

22 So that's an amendment that I would
23 propose to the resolution. I think that
24 addresses the concerns that the Trustees
25 have raised about potentially adopting an

1 employer contribution that is not based
2 on the current AIR.

3 MS. VICKERS: Can we take a vote on
4 that motion?

5 CHAIRPERSON PENNY: Let me ask
6 Valerie.

7 Valerie, what is correct? Do we
8 take a vote on the motion now? Do we
9 vote for the amendment? Go ahead.

10 MS. BUDZIK: If the Trustees were
11 comfortable with the amendment, there was
12 consensus on that, you could amend the
13 resolution. You are certainly not
14 compelled to do that. You can vote on
15 the resolution that is before you, which
16 does not have any contingency language in
17 it.

18 MR. ADLER: Valerie, doesn't
19 consideration of the amendment take
20 precedence, we do that before we then
21 proceed to consider the motion?

22 MS. BUDZIK: The process question,
23 yes, I think you would vote on John's
24 proposal.

25 CHAIRPERSON PENNY: Mr. Kazansky?

1 MR. KAZANSKY: I don't agree with my
2 colleague, even though I love him to
3 pieces. So, that statement that John is
4 making presumes that we're okay with
5 lowering the discount rate. And that's a
6 presumption I would argue that several of
7 our Trustees don't share.

8 If we approve an amendment that says
9 if the AIR is lowered by the legislature,
10 that we're okay with it.

11 I'm not comfortable with that. I
12 don't think that the AIR should be
13 lowered at this moment in time. And I
14 would push back against that, and I would
15 not recommend that we add that. I would
16 recommend that we vote the original
17 motion down, period.

18 CHAIRPERSON PENNY: Valerie, can we
19 vote on the motion first? And then, if
20 it passes we'll add the amendment? Could
21 you could do that?

22 MS. BUDZIK: I guess, John, you
23 would make a motion to amend the
24 resolution. That would need to be
25 seconded. And then you would take a vote

1 on the resolution -- the amendment --
2 that John is proposing.

3 MR. ADLER: -- amendment passes or
4 not, and then you would vote on the
5 resolution either amended or not. If
6 there's a second. I agree with Valerie's
7 point.

8 CHAIRPERSON PENNY: Natalie?

9 MS. GREEN GILES: Before we get to
10 the point of voting on this potential
11 amendment, I'm now -- I feel two issues
12 have been conflated.

13 Madam Chair, I thought your main
14 objection was that the legislation was
15 not enacted yet. And so, the
16 calculations were based on something
17 different from what is currently
18 legislated.

19 And then Mr. Kazansky just
20 introduced a new idea that I'm hearing
21 for the first time that you fundamentally
22 disagree with the decision to lower the
23 discount rate.

24 Am I hearing that correctly?

25 MR. KAZANSKY: Yes. No. Look,

1 there is legislation currently to keep
2 the 7 percent for the next two years.
3 And I have no problem with that
4 legislation, and I have no problem
5 keeping the 7 percent for the next two
6 years at least. And for me to support
7 lowering it would be disingenuous. I
8 don't believe we should be lowering it at
9 this moment in time.

10 MS. GREEN GILES: I am not familiar
11 with this proposal, for this two year
12 extension. Can you give me a 12 second
13 understanding of that?

14 MR. KAZANSKY: The assumed rate of
15 return expires, I believe --

16 MS. VICKERS: Sunsets.

17 MR. KAZANSKY: There's a piece of
18 legislation up in Albany that was
19 introduced to keep this 7 percent for an
20 additional two years -- that's what it
21 is.

22 CHAIRPERSON PENNY: And keep in mind
23 -- the resolution we're voting on is this
24 package resolution that has a restart
25 that changes the AIR. It's a package

1 that we have asked time and time again to
2 have it separated, and it's not.

3 So we're really voting on, yes,
4 we're opposing to change the 7 percent.
5 We're also voting to oppose the entire
6 package with the restart, where we feel
7 that it -- restart, is not a good time to
8 do a restart, it's better to continue and
9 really see that money throughout the
10 years, instead of it costing more money
11 down the road.

12 So let's go back to Mr. Adler's
13 amendment.

14 Susannah?

15 MS. VICKERS: My hand was originally
16 up to speak on the question of the
17 package, so maybe I'll keep it up for
18 that later.

19 But if I may say something on Mr.
20 Adler's proposed amendment to the
21 resolution. It makes me deeply
22 uncomfortable to begin a precedent for
23 the Board to allow themselves to caveat
24 or footnote actions that on their face
25 are inconsistent with fiduciary duty,

1 and inconsistent with state law.

2 So I don't think that simply having
3 a footnote saying, "Oh, we realize this
4 is against the legislative intent, but we
5 will change it later if the legislature
6 acts a certain way or doesn't act a
7 certain way."

8 So from a process standpoint, from a
9 precedent standpoint, from a standpoint
10 of the likelihood of what's going to
11 change in Albany, I'm strongly opposed to
12 not only the resolution, but the
13 amendment as stated by my esteemed
14 colleague from the City, Mr. Adler.

15 CHAIRPERSON PENNY: John proposed an
16 amendment and we had two people speak
17 against the amendment.

18 Is there anyone else who wants to
19 speak for the amendment before we vote,
20 if we're going to put the amendment and
21 take a vote? Anyone else want to speak
22 for Mr. Adler's amendment?

23 MR. BUCKLEY: I don't want to speak
24 out of turn. We were given strict
25 guidance on what to reference in

1 attorney-client session and what not to
2 reference. I will then choose my words
3 carefully here in public session.

4 I look at the process, I look at the
5 precedent. I trust the process -- Go
6 Sixers -- I look at the precedent. This
7 has happened before, where boards have
8 voted on, in 2012 as referenced. Based
9 upon my understanding of the facts, I
10 don't care about the likelihood of one
11 legislation proposal getting pass over
12 the other.

13 To my read, based on my
14 understanding of the facts, voting for
15 Mr. Adler's proposed amendment to the
16 resolution in my view would be consistent
17 with my fiduciary duty.

18 So I feel it necessary to make that
19 clear on the record ahead of any
20 potential votes on either the proposed
21 resolution or any proposed amendment.

22 CHAIRPERSON PENNY: Thank you.

23 MS. GREEN GILES: I will also speak
24 in favor of Mr. Adler's proposed
25 amendment, for the same reason, precedent

1 and my sense of fiduciary duty.

2 CHAIRPERSON PENNY: So I'll be the
3 third person to speak against it. And
4 I'm speaking against it, because when we
5 talk about precedent, to Ms. Vicker's
6 point, that's when everyone was for what
7 the Actuary proposed. That's when they
8 were okay with changing what the AIR was.

9 This is without having the backing,
10 so to speak.

11 So let's vote on the amendment and
12 then let's vote on the thing. Mr. Adler
13 made the amendment.

14 Do I hear a second to the amendment?

15 MR. BUCKLEY: Second.

16 CHAIRPERSON PENNY: All those in
17 favor please say "Aye."

18 (A chorus of "Ayes.")

19 That's Mr. Adler, Mr. Buckley and
20 Ms. Green Giles.

21 All those opposed, please say "Nay."

22 (A chorus of "Nays.")

23 That's Mr. Kazansky, Mr. Brown, Ms.
24 Penny and Ms. Vickers.

25 So the amendment has failed.

1 So let's go back and vote on the
2 resolution.

3 Is there anyone else who needs to
4 speak on the resolution?

5 MR. ADLER: I have one question for
6 Valerie, which I think I can ask in this
7 setting.

8 Valerie, is there a requirement that
9 the system report action taken against
10 the technical advice of the Actuary to
11 the Department of Financial Services?

12 MS. BUDZIK: Not that I'm aware of.
13 I specifically asked that question of our
14 liaison with DFS. So that is not my
15 understanding, nor was our account --
16 group that deals with DFS --

17 MR. ADLER: Great; thank you.

18 MS. GREEN GILES: May I ask before
19 we vote?

20 I think Mr. Buckley asked this of
21 Ms. Chan earlier. What are the
22 consequences of not voting? What are the
23 actual cash flow consequences if this
24 resolution is not passed today?

25 MS. CHAN: There are different

1 obligors of TRS, one of which is
2 obviously the City, largely of the City.
3 There are charter schools that do pay
4 into TRS that is not the responsibility
5 of the City of New York.

6 So my understanding is, and this is
7 TRS's administration, so I don't know if
8 this is true or not. But my
9 understanding is that the contributions
10 have already decreased going into TRS, on
11 an administrative level between OMB and
12 TRS.

13 As far as the other obligors go, my
14 understanding is that the latest
15 information they have is the preliminary
16 '21 contributions that were passed a
17 little bit over a year ago by this Board.
18 I believe that's the last form of
19 communication that Patricia and TRS has
20 sent to them.

21 So barring any new information, they
22 would be continuing to pay at that rate,
23 which would would be a higher amount,
24 which they would be over-funding their
25 '21 contributions, fiscal year '21. If

1 it continues to be that way, obviously
2 there needs to be adjustment made to
3 fiscal year '22.

4 MR. MCTIGUE: Madam Chair, may I be
5 heard?

6 CHAIRPERSON PENNY: Absolutely.

7 MR. MCTIGUE: With regards to the
8 monthly contributions we make, those are
9 done in consultation with OMB, one, to
10 make the Board members sure that we pay
11 the contributions timely and at the
12 amount that OMB has, in consultation with
13 them.

14 I think if there was some adjustment
15 made, and there was, it was based on the
16 fact that there was belief that when the
17 true-up was submitted there would be a
18 lesser amount, an adjusted amount that
19 would be in the City's favor.

20 But I do want to make the Board
21 members rest assured that we pay our
22 contributions monthly, we pay them on
23 time, and they're done in consultation
24 with OMB.

25 CHAIRPERSON PENNY. Thank you, Mr.

1 McTigue.

2 And I want to remind everyone that
3 last year when we were talking about
4 preliminary contributions, it was based
5 on the 7 percent with what was in law.
6 So unfortunately, this calculation came
7 with a calculation that is not part of
8 the law. And so that's why Ms. Green
9 Giles, I'm sure, has that question.

10 So let's go on to vote.

11 Are we ready to vote for the
12 resolution?

13 All those in favor of the resolution
14 please say "Aye."

15 (A chorus of "Ayes.")

16 Mr. Buckley, Mr. Adler, Ms. Green
17 Giles.

18 All those opposed say "Nay."

19 (A chorus of "Nays.")

20 Ms. Vickers, Mr. Kazansky, Ms. Penny
21 and Mr. Brown.

22 So the resolution fails.

23 I'm going to ask Madam Actuary to
24 come back with the calculation using what
25 is in the law now, the 7 percent. And I

1 will remind you that we have a two year
2 extension in Albany and we're going to
3 ask you for a fiscal note on that.

4 MR. ADLER: Can I just ask, Ms.
5 Penny. When you say the "we," who is the
6 "we"? It's not TRS; right?

7 CHAIRPERSON PENNY: No. Our person
8 in Albany has drafted this bill for us.

9 MR. ADLER: When you say "our," are
10 you referring to the UFT?

11 CHAIRPERSON PENNY: The UFT. The
12 Teacher Trustees has asked to extend --
13 what's been done in the past --

14 Thad, do you remember the year they
15 had the two-year extension?

16 This was done twice before, a
17 two-year extension, so we decided to put
18 forth legislation to do that again.

19 MR. MCTIGUE: Two years ago, Madam
20 Chair, Chapter 71, maybe?

21 MS. BUDZIK: Chapter 76, I believe.

22 CHAIRPERSON PENNY: Thank you.
23 We'll certainly keep you posted on that.

24 Okay. So we have one more
25 resolution to go.

1 MS. VICKERS: I have some follow-ups
2 on the vote that was just taken. Is it
3 appropriate to raise them now?

4 CHAIRPERSON PENNY: Follow-up in
5 regard to?

6 MS. VICKERS: On that same subject.

7 CHAIRPERSON PENNY: Sure.

8 MS. VICKERS: I just wanted to
9 clarify that the Board is officially
10 asking the Actuary to resubmit to the
11 Board a recalculated employer
12 contribution based on 7 percent. And so
13 I wanted to make sure that was on the
14 record.

15 And I also wanted to ask the Actuary
16 that, in light of the fact that many
17 Trustees support many of the changes to
18 the assumptions and methods that you have
19 put forth, I'm asking if the Actuary
20 would reconsider her position in light of
21 the trend of boards not being in support
22 of the package if it includes the 7
23 percent.

24 I'm asking if the Actuary would
25 rethink her position of this as a

1 package, and would agree that the boards
2 could consider all of the assumptions and
3 methods save for the reset and the 7
4 percent, since it hasn't been changed by
5 the legislature.

6 That's something that you don't have
7 to answer now, but I would like you to
8 consider going forward; because I think
9 having an opportunity to forge consensus
10 around 90 or 95 percent of your
11 recommendations would be a very positive
12 and healthy thing for all the boards and
13 the Actuary to participate in.

14 MS. CHAN: I know you're not looking
15 for an answer right now, but I just want
16 to give you my initial thoughts, which is
17 really reiterating what I said earlier in
18 in response to Mr. Kazansky's comments;
19 that obviously this is not the only
20 package I would sign on to and agree to.
21 And, in fact, in developing this package,
22 there have been iterations of packages
23 that were proposed both to the union side
24 and the City side throughout this
25 process.

1 And obviously those iterations were
2 prior iterations, but they were packages
3 that are different than what's in front
4 of the Board and ones that I had agreed
5 to.

6 So in that fashion if the state
7 legislature does not retroactively adopt
8 6.95 percent for the fiscal year,
9 obviously it would be a requirement to
10 calculate it at 7 percent.

11 But as I stated before, it's not as
12 simple as taking out one piece of the
13 package, but taking out one piece is also
14 going to have an effect on other pieces
15 of the package too, in a different
16 fashion than what's been presented to the
17 Board.

18 MS. VICKERS: I think, I'm gratified
19 that there are other packages that have
20 consistent different pieces. I'm sorry
21 that not everybody got to see those. But
22 I look forward to seeing an alternative
23 package whenever you're ready to present
24 them.

25 CHAIRPERSON PENNY: This is

1 important that we have this number
2 correct. So by the next Board meeting we
3 need a recalculation at 7 percent.

4 So Madam Actuary, we're asking you
5 to please recalculate. We've asked you
6 to take apart this package. Whether the
7 package is taken apart or not, we'd like
8 to see this package with the 7 percent,
9 because that's what the law is right now.

10 Mr. Kazansky.

11 MS. CHAN: I'm sorry. Can I respond
12 to that request first, Madam Chair, to
13 your request?

14 What I was going to say was, I will
15 be proposing a package that, once the law
16 is settled, I will be proposing a package
17 that, whether it's with a bill that's
18 going to be passed, another iteration of
19 the bill is going to pass, I will be
20 reflecting that in my contributions.

21 I do want to note that the last time
22 that the interest rate was proposed to be
23 decreased, like I said, it was a process
24 of a couple years. And during that time
25 it was, the proposed rate was being used.

1 And so, I don't think we know a
2 final answer of what the alternate rate
3 to be used is. And I cannot promise that
4 a month from now I can come back with
5 contributions that are reflective of a
6 full package that we would be on board
7 about, because there are, these
8 calculations take months to calculate.

9 The evaluations, we get the data for
10 the end of the fiscal year around fall
11 time and we bring it to the Board about
12 five, six months later.

13 So, again, I just -- set
14 expectations that this is not something
15 that we necessarily can do and come up
16 with in a month.

17 CHAIRPERSON PENNY: Let me be clear.
18 I'm asking you to do the calculations
19 with what is in the law. And the law has
20 7 percent. So I'm asking you to come
21 back with the calculations using 7
22 percent.

23 Should the law change we can address
24 that at that time. But right now, we
25 need a calculation at 7 percent, and that

1 is my request as the Chair.

2 All right. So we have one more
3 resolution to go.

4 MR. BUCKLEY: We can move on --

5 CHAIRPERSON PENNY: Thank you.
6 Patricia?

7 MS. REILLY: The last resolution is
8 the Actuary's determination to the
9 preliminary fiscal year 2022 employer
10 contribution to the New York City
11 Teachers' Retirement System.

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

14 MS. REILLY: "Resolved, the Board of
15 Trustees hereby approves a preliminary
16 fiscal year 2020 employer contribution to
17 the New York City Teachers' Retirement
18 System of \$3,275,390,995."

19 CHAIRPERSON PENNY: Thank you.

20 Do I hear a motion?

21 MR. KAZANSKY: So moved.

22 CHAIRPERSON PENNY: Thank you.

23 A second?

24 MR. ADLER: Second.

25 CHAIRPERSON PENNY: Thank you.

1 Discussion?

2 I'm going to say, for all the
3 reasons that were just mentioned, ad
4 nauseam maybe, I am totally against this.

5 Anyone wants to discuss this before
6 we take a vote?

7 MS. VICKERS: I'd like to confirm on
8 the record. I think Patricia had said
9 2020. This is the preliminary 2022
10 employer contribution. And my
11 understanding is that the calculation
12 embedded in this number uses an AIR of
13 6.9 percent.

14 CHAIRPERSON PENNY: Is that true,
15 Madam Actuary?

16 MS. CHAN: Yes. I didn't know that
17 was a question.

18 MS. VICKERS: It was a statement.
19 Thank you for supporting the statement.

20 CHAIRPERSON PENNY: Is there anyone
21 else who would like to discuss?

22 MR. ADLER: I'd like to offer the
23 same amendment for this one that I
24 offered for the last one, recognizing
25 that votes will be the same. But I still

1 would like to be on the record in support
2 of this resolution, with the amendment
3 that it be contingent on the actuarial
4 interest rate being approved by the state
5 legislature.

6 CHAIRPERSON PENNY: Okay; great.

7 MR. BUCKLEY: I will second.

8 CHAIRPERSON PENNY: Ready to vote.

9 All those in favor of an amendment
10 to this resolution please say "Aye."

11 (A chorus of "Ayes.")

12 (No response.)

13 It's Ms. Green Giles, Mr. Buckley
14 and Mr. Adler.

15 All those opposed to the amendment
16 to the amendment to the resolution say
17 "Nay."

18 Ms. Vickers, Mr. Kazansky, Ms. Penny
19 and Mr. Brown.

20 So the amendment fails.

21 Anything else before we take a vote
22 for the resolution?

23 Okay. All right.

24 All those in favor of the resolution
25 please say "Aye."

1 (A chorus of "Ayes.")

2 -- Mr. Adler, Ms. Green Giles.

3 All those opposed please say "Nay."

4 (A chorus of "Nays.")

5 Ms. Vickers, Mr. Kazansky, Mr. Brown
6 and Ms. Penny.

7 So the motion fails.

8 And I'm going to ask the Actuary to
9 do the same thing. Please come back to
10 the Board with a resolution that uses the
11 AIR in effect right now according to the
12 law, which is 7 percent.

13 So we've asked the Actuary for two
14 different resolutions to be resolved,
15 with 7 percent to reflect what is in the
16 law now. And we will be sending --

17 MR. ADLER: I will point out that,
18 as you stated, the current actuarial
19 interest rate expires on June 30. So
20 there is no actuarial interest rate in
21 the law for fiscal year '22, which begins
22 on July 1, 2022. Point of fact.

23 CHAIRPERSON PENNY: So I believe it
24 stays into effect, but we do have a
25 resolution, we do have a piece of

1 legislation to extend the 7 percent, as I
2 said for two years. So with Madam
3 Actuary's assistance we'll get a fiscal
4 note, and hopefully that will get passed,
5 or it's another legislation, so we've
6 asked -- we didn't seek any legislation.
7 We have a person that works in Albany.
8 We've been looking for some legislation
9 that says they're trying to change the 7
10 percent, even though labor does not
11 approve it -- sorry.

12 MS. VICKERS: Can I ask a question
13 that actually was something I wanted to
14 bring up during the meeting?

15 If I read it correctly, the Board
16 was given a copy of a fiscal note done
17 recently by the Actuary this morning. In
18 the fiscal note was for legislation to
19 reduce the AIR from 7 to 6.9 percent or
20 6.8 percent eventually.

21 Can I ask the Actuary, was that
22 legislation that has been sponsored by a
23 member of the legislature and submitted
24 in Albany? Or was it just an exercise in
25 a kind of "what if" that legislation was

1 drafted and submitted and had sponsors?

2 MS. CHAN: The legislation right now
3 is in proposed legislation form.

4 MS. VICKERS: So it's proposed by
5 you or proposed by a member of the
6 legislature?

7 MS. CHAN: It's not sponsored by the
8 legislature. It's being proposed. And
9 my office does not propose legislation.

10 MS. VICKERS: Who is proposing it?

11 MS. CHAN: It's not called proposed
12 legislation as in someone proposed it.
13 It's called proposed legislation because
14 it doesn't have an LBDC number to it yet.

15 MS. VICKERS: So if I'm
16 understanding this correctly, the
17 legislation to reduce the AIR has not
18 been submitted or proposed by any member
19 of the state legislature; but legislation
20 to extend the AIR at 7 percent for two
21 years has been submitted and proposed by
22 the legislature. Was that --

23 (Talking over each other.)

24 MR. ADLER: Who is the sponsor of
25 the legislation? What's the bill number

1 for the bill you described, Deb?

2 CHAIRPERSON PENNY: We have it up
3 there. Not yet. It's on its way.

4 (Talking over each other.)

5 We're waiting for this fiscal note,
6 exactly.

7 So who drafted -- again, we've been
8 talking about, and I think that's the
9 part that everyone, that should be the
10 takeaway. We are talking about a package
11 based on AIR that doesn't even have
12 legislation. It keeps talking about when
13 the legislation passes, but the
14 legislation isn't anywhere yet.

15 Is there a bill number or who
16 submitted --

17 MS. CHAN: Madam Chair, that's not
18 my responsibility in the City to track
19 the bill. I will say it's probably in a
20 similar stage as your extension bill. I
21 don't know how far it is from being
22 introduced or if there's a sponsor on it
23 yet or not.

24 (Talking over each other.)

25 MR. ADLER: I believe the City has

1 written and is proposing legislation, but
2 I don't know what the status is.

3 MS. VICKERS: So the Mayor's Office
4 of Legislative Affairs drafted
5 legislation to reduce the AIR without
6 support of the Trustees of the five New
7 York City systems and the MLC and all of
8 the partners?

9 MR. ADLER: Yesterday the MLC was on
10 record supporting the package. So that
11 changed yesterday.

12 CHAIRPERSON PENNY: I don't think
13 they were supporting the package. I
14 think the MLC on record was asking, and
15 that was done over the summer, almost a
16 year ago, was asking the Actuary to
17 actually look some of the methods, not to
18 tell her to reduce the AIR or anything
19 else; just asking her to look.

20 So the MLC is supporting the two
21 year extension, and so we will have a
22 sponsor soon as well as a bill number.
23 So I think that was one of the problems.

24 Okay. So we're still back to the
25 resolution, the last resolution. And so

1 again, for all of those reasons. We took
2 the vote.

3 What else do we want to discuss
4 about it?

5 (Talking over each other.)

6 CHAIRPERSON PENNY: We took the vote
7 on the amendment. It did not pass --

8 Ready to take a vote on the
9 resolution?

10 All those in favor of the resolution
11 the way it stands please say "Aye."

12 (A chorus of "Ayes.")

13 MS. GREEN GILES: I believe we did
14 this already.

15 (Talking over each other.)

16 CHAIRPERSON PENNY: Again, we're
17 going to ask you to please come back with
18 this resolution with the 7 percent that
19 is on the law.

20 Mr. Buckley?

21 MR. BUCKLEY: I'm curious. I know
22 you're referring to Mr. Brown as the
23 process guy, but I also like to consider
24 myself a process guy as well.

25 So I'm curious to ask the Madam

1 Actuary relative to your two requests,
2 Chair Penny, Madam Chair:

3 Given that the underlying basis of
4 this AIR change is a CPI increase, and
5 that was driving the year over year
6 decrease, with respect to just how
7 complicated many of these actuarial
8 calculations are, what is the relative
9 ETA for a revised employer contribution
10 for two years based upon Madam Chair's
11 request? I'm just curious.

12 MS. CHAN: I would have to talk to
13 staff, but I would envision sometime
14 later on this summer. And there's a lot
15 of complexities that I've already stated.
16 Obviously we're in the end of the
17 legislative session, as we all know, so
18 there's other priorities with fiscal
19 notes too.

20 And not just deadline and resource
21 capacity issues, but you raised the point
22 about the CPI which is the underlying
23 change in the discount rate change. As
24 stated in the memo in January, the CPI
25 that's underlying it, four other changes,

1 or three other changes for total. And I
2 cannot support the CPI for one
3 assumption, for like the discount rate,
4 and support another CPI for another
5 assumption such as the salary growth or
6 the COLA escalation.

7 So that doesn't make sense. There's
8 also, obviously BERS is another
9 retirement system that has accepted this.
10 So to use different CPI assumptions for
11 two retirement systems of the same
12 geographic location, again, does not make
13 sense.

14 Those are just some of the concerns
15 offhand and some of the wrinkles that I
16 have to think through in order to proceed
17 with it.

18 The other thing I will say is that
19 the Board is looking for a 7 percent
20 calculation of the contributions.
21 Obviously the preliminary contributions
22 for '21 that the Board had adopted a year
23 ago, that obviously has 7 percent
24 assumptions built into it.

25 CHAIRPERSON PENNY: So when you go

1 on the record to say, it's very
2 unfortunate if you say we can't have this
3 done and it's going to take the summer --
4 as the Actuary it is your duty to do this
5 according to the law, and you did it
6 predicated on the legislation that wasn't
7 even introduced.

8 So it really, I just find it
9 unbelievable that we're in this situation
10 having to ask you to come back again with
11 another resolution and creating whatever,
12 unfortunately, extra work for your
13 office, when this should have been done
14 by the law to begin with.

15 And to send us a fiscal note with
16 legislation the day before this Board is
17 voting on it without that even being
18 introduced with a bill number and
19 supporters or sponsors, just goes beyond
20 what I can imagine.

21 So it's unfortunate and I really
22 think your office could move a little bit
23 faster on it, since we had proposed these
24 totals last year based on 7 percent. So
25 I would think it could be done a little

1 bit faster.

2 Sorry, Ms. Vickers?

3 MS. CHAN: I do want to respond to
4 you Madam Chair, when I get the
5 opportunity to.

6 CHAIRPERSON PENNY: Ms. Vickers.

7 MS. VICKERS: I was basically going
8 to say something similar to you, Debra.
9 The Actuary's office is making a choice
10 of what numbers to pursue and to work on.
11 And again, along with the Mayor's Office,
12 who I've just learned is submitting
13 legislation that doesn't have the full
14 backing of all five systems, I just think
15 it's very unfortunate that the Actuary
16 and the Mayor are choosing to pursue and
17 to spend resources pursuing a course of
18 action that doesn't have the full support
19 of all the Trustees; and then tell us
20 that there isn't time to react to the
21 request of the Board, because they're
22 spending time doing things that aren't
23 supported by all five systems.

24 CHAIRPERSON PENNY: Unfortunately,
25 there are ten days left for state

1 legislation, ten days left. So all of
2 this has to be done within ten days.

3 MS. CHAN: Yes, I want the Board to
4 be aware of the valuation process.

5 Again, we get data, we have data meetings
6 to discuss the valuation around the
7 summer. And we get the data in the fall.

8 And for us to come up with a
9 valuation it takes a few months for it to
10 process until the January, February time
11 frame. And that's why we bring it to the
12 Board in March.

13 So it's not unrealistic that having
14 to not only redo a valuation, but to
15 relook at a balanced package of
16 assumptions and methods, which that took,
17 the request from MLC originally came in
18 in August or October time frame. And it
19 wasn't until obviously January that there
20 was a plan. So there's overlapping
21 things to be done at the same time.

22 And having to expedite the work load
23 in my office, giving it a turnaround time
24 of a few months is already very quick.

25 And in terms of Susannah making the

1 accusation that we've been spending our
2 time doing something else rather than
3 running these valuations, these new
4 contributions, keep in mind that I was
5 just asked this about an hour ago to run
6 new valuations. It wasn't like I was
7 sitting here not doing it and spending
8 time on fiscal notes, which is another
9 priority that I have statutorily to be
10 doing.

11 And I want to reiterate again that I
12 brought this proposal to the Board in
13 January to have discussions, so that we
14 did not have to be down to the wire
15 recalculating new assumptions.

16 MS. VICKERS: And we have had
17 discussions, and in each one of those
18 discussions the Board has said we support
19 90 percent of your assumption and method
20 change recommendations, that we'd like to
21 act on those parts.

22 But you've insisted that it's a
23 package, and brought us to this
24 cliff-hanger of what do we do, because we
25 can't break apart the package; instead of

1 coming to a compromise of the 90 percent
2 we can all agree on and moving ahead with
3 the known assumption and method changes.

4 We're not able to support those
5 changes that we support, because there
6 are other things in the package we can't
7 remove.

8 CHAIRPERSON PENNY: Thank you, Ms.
9 Vickers.

10 Anyone else?

11 All right.

12 MR. BUCKLEY: All I'll say is, I
13 feel like we've tabled this month after
14 month since January. I understand that
15 changing the CPI has a trickle down
16 effect because of the building block
17 methodology on lots of things. I
18 completely understand why this might take
19 months for the Office of the Actuary to
20 calculate.

21 CHAIRPERSON PENNY: Again, to Ms.
22 Vickers' point, we tabled this because we
23 asked the Actuary to take it apart and
24 give us some of it, because we have never
25 approved changing the 7 percent. And so,

1 if it was a bit of a standoff, and now
2 here we are, and that's unfortunate.

3 All right. Calendar.

4 Did we approve the calendar yet?

5 MS. REILLY: Next is the calendar.

6 MR. KAZANSKY: I think it goes
7 without saying, we can waive the reading
8 of the calendar.

9 MR. ADLER: I want to hear the whole
10 calendar. (Laughter.)

11 MR. MCTIGUE: We need a motion to
12 approve the minutes.

13 MS. REILLY: The first thing is the
14 matter of the minutes. And we're looking
15 for a motion for the approval of the
16 April 5 investment meeting minutes and
17 the April 15 Board meeting minutes.

18 MR. BROWN: So moved.

19 CHAIRPERSON PENNY: Do I have a
20 second?

21 MR. KAZANSKY: Second.

22 CHAIRPERSON PENNY: Any discussion
23 about the minutes?

24 All those in favor of approving the
25 minutes please say "Aye."

1 (A chorus of "Ayes.")

2 Any opposed?

3 Any abstentions?

4 (No response.)

5 Minutes passed.

6 MS. REILLY: For the rest of the
7 items, the reading was waived. But I
8 just want to remind everybody that you
9 did receive an electronic version of the
10 calendar.

11 So we need a motion.

12 CHAIRPERSON PENNY: Do we have a
13 motion to approve the calendar?

14 MR. KAZANSKY: So moved.

15 CHAIRPERSON PENNY: Thank you.

16 Do we have a second?

17 MR. BROWN: Second.

18 CHAIRPERSON PENNY: All those in
19 favor please say "Aye."

20 (A chorus of "Ayes.")

21 Any opposed?

22 Any abstentions?

23 (No response.)

24 Calendar passes.

25 Now our favorite part.

1 MS. REILLY: I have a comment. I
2 want to congratulate David Kazansky on
3 his reelection to the Board by the
4 Teachers of the City of New York.

5 So, congratulations.

6 MR. BROWN: Congratulations.

7 MR. ADLER: Talk about a cliff
8 hanger, I'm sure.

9 CHAIRPERSON PENNY: Any questions or
10 comments from the public?

11 (No response.)

12 Hearing none, do I have a motion to
13 go into executive session?

14 MS. VICKERS: So moved.

15 MR. BROWN: Second.

16 CHAIRPERSON PENNY: All those in
17 favor please say "Aye."

18 (A chorus of "Ayes.")

19 All opposed?

20 Any abstentions?

21 Everyone else, we're going into
22 executive session. Thank you so much for
23 joining us. We will be coming back if
24 you want to hear a recap. If not, have a
25 very good evening.

1 (Whereupon, the Board entered
2 executive session.)

3 (Whereupon, the Board returned to
4 public session.)

5 CHAIRPERSON PENNY: Susan, would you
6 report out?

7 MS. STANG: Certainly.

8 In executive session we discussed a
9 policy issue within the emerging markets
10 space. Consensus was reached, which will
11 be announced at the appropriate time.

12 CHAIRPERSON PENNY: Thank you.

13 Is there anything else anyone would
14 like to say before we adjourn?

15 (No response.)

16 Do I have a motion to adjourn?

17 MS. VICKERS: So moved.

18 MR. BROWN: Second.

19 CHAIRPERSON PENNY: All those in
20 favor please say "Aye."

21 (A chorus of "Ayes.")

22 Any opposed?

23 Abstentions?

24 Have a wonderful evening, everyone.

25 (Whereupon, at 5:28 p.m., the

1 meeting was concluded.)

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

2

3 I, Jeffrey Shapiro, a Stenographic
4 Reporter and Notary Public, within and for the
5 State of New York, do hereby certify that I
6 reported the proceedings in the within-entitled
7 matter, on Thursday, May 20, 2021, and that this
8 is an accurate transcription of these
9 proceedings.

10 IN WITNESS WHEREOF, I have hereunto
11 set my hand this 28th day of May, 2021.

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16 JEFFREY SHAPIRO

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