

0001

1

2

NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

3

REGULAR BOARD MEETING

4

Held on Thursday, June 17, 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

ROBERT BETHELMY, TRS

21

RENEE PEARCE, TRS

22

PAUL RAUCCI, TRS

23

LIZ SANCHEZ, TRS

24

SUSAN STANG, TRS

25

KAVITA KANWAR, TRS

0002

1

Attendees (Cont'd)

2

NATARAJAN KRISHNAMOORTHY

3

ANTHONY MEZZACAPPA

4

ANNETTE HANRAHAN

5

SHERRY CHAN, Chief Actuary

6

ISAAC GLOVINSKY, TRS

7

ANDREW BRADFORD, TRS

8

AMEET CHAUDHURY, TRS

9

KATE CHEN, TRS

10

MARTA ROSS, Corporation Counsel

11

MITCHELL FRUCHTER

12

TATIANA PEZZOLI

13

IGOR TSIRKEL

14

15

16

17

18

19

20

21

22

23

24

25

0003

1

2 P R O C E E D I N G S  
3 (Time noted: 3:30 p.m.)  
4

5 MS. REILLY: Good afternoon.  
6 Welcome to the June 17, 2021 Teachers  
7 Retirement System Board meeting. I'm  
8 going to start by calling the roll.  
9 John Adler?  
10 MR. ADLER: Here.  
11 MS. REILLY: Thomas Brown?  
12 MR. BROWN: Here.  
13 MS. REILLY: Natalie Green Giles?  
14 (No response.)  
15 David Kazansky?  
16 MR. KAZANSKY: Present.  
17 MS. REILLY: Russell Buckley?  
18 MR. BUCKLEY: Present.  
19 MS. REILLY: Debra Penny?  
20 CHAIRPERSON PENNY: Present.  
21 MS. REILLY: Susannah Vickers?  
22 MR. DORSA: John Dorsa for  
23 Comptroller Stringer and Susannah  
24 Vickers.  
25 MS. REILLY: Thank you.

0004

1 We have a quorum. So next on the  
2 agenda is an update on TRS operations.  
3 And Kavita Kanwar will give us that  
4 update.  
5 MS. KANWAR: Thank you, Patricia.  
6 Good afternoon, everybody.  
7 Retirement season is in full swing at  
8 TRS. So far this spring we have received  
9 applications from over 1300 members who  
10 are retiring this summer.  
11 An overwhelming majority of these  
12 have filed the E-form on our website  
13 instead of the paper application.  
14 TRS has identified approximately  
15 1,050 memberships that will retire by  
16 August 31, 2021. TRS will notify these  
17 members by letter beginning in late June.  
18 Thank you.  
19 MR. BROWN: You'll send that to us  
20 as always, Kavita?  
21 MS. KANWAR: Absolutely.  
22 MR. BROWN: Thank you.  
23 MR. ADLER: Question. The 1300, how  
24 does that compare to years past in terms  
25 of the number of applications? Is it

0005

1 about the same, a bit more, a bit less?  
2 MS. KANWAR: It is a bit more, John,  
3 about 20 percent increase from last year,

4 yes.

5 MR. ADLER: Thank you.

6 MS. REILLY: We have about two more  
7 weeks to the end of June where we will  
8 probably see even more retirees.

9 MR. ADLER: So it's 20 percent  
10 compared to this time or compared to the  
11 annual? Are you saying normally by the  
12 end of June you would get 20 percent less  
13 than 1300, or at this point you have 20  
14 percent less than 1300?

15 MS. KANWAR: It's an overall  
16 comparison.

17 MR. ADLER: About 20 percent  
18 increase over a normal year. Thank you.

19 MS. REILLY: Next on the agenda is a  
20 report from the Actuary.

21 MS. CHAN: Good afternoon, everyone.

22 There were seven fiscal notes from  
23 the last time that we met that my office  
24 issued regarding TRS.

25 The first one was for the 2021

0006

1 package that I had proposed to the Board  
2 in January. There was no change in the  
3 employer contributions for the fiscal  
4 note because it was based off of the  
5 contributions that I had already  
6 determined for the final 2021 employer  
7 fiscal year.

8 And then the second one, fiscal note  
9 number 36, was also for a proposed  
10 legislation. This was for extending the  
11 7 percent for two fiscal years. Again,  
12 this was based off of, compared to the  
13 employer contributions that were  
14 determined for fiscal year 2021.

15 And given the time that I had to  
16 turn this around, the tight deadline, I  
17 didn't have the opportunity to write  
18 another AUM package. So it was compared  
19 to, not including the 7 percent in the  
20 rest of the AUM package. That cost us  
21 \$335 million, approximately.

22 Fiscal note number 38, also proposed  
23 legislation, is for those who  
24 participated in the 911 rescue, recovery  
25 or cleanup. At that time they were a

0007

1 member of a retirement system within the  
2 state but not a TRS member. If they  
3 subsequently bought service for this  
4 World Trade Center rescue, recovery and  
5 cleanup, then they would be eligible for

6 the World Trade Center presumption.

7 For this, for the disability side,  
8 the additional contribution was \$39,400  
9 per person. And for the death side, if  
10 there was a World Trade Center death  
11 related illness, than it would be \$34,500  
12 per incident.

13 Fiscal note number 43 was for people  
14 to be able to purchase military service  
15 if they were were discharged based on  
16 PTSD or traumatic brain injuries. And  
17 this was calculated based on Chapter 41  
18 of 2016 of those purchases made to date  
19 per year.

20 On average, it's been 2.4 years of  
21 purchase for each of the members, and for  
22 this, for each 2.4 years purchased, it  
23 would cost \$4,900 in additional employer  
24 contribution.

25 Fiscal note 46 is a COLA bill, and

0008

1 it is to lower the eligibility age from  
2 62 to age 55, still based on five years  
3 of retirement. And this is a costly  
4 fiscal note, for a COLA fiscal note is  
5 usually compounding and pretty costly.  
6 So it's \$31.6 million in additional  
7 employer contributions for the first  
8 year.

9 Fiscal note 47 was basically  
10 extending Chapter 41 to retirees. And  
11 again, this was based off of data for  
12 purchases of military service for Chapter  
13 41. For TRS this increase was \$0.8  
14 million, or \$800,000 approximately, in  
15 employer contributions. This does  
16 represent a one-time increase, because  
17 these are retirees.

18 Lastly, fiscal note number 48 is  
19 another COLA fiscal note, increasing the  
20 COLA amount for the surviving spouses  
21 from 50 percent of what the retiree  
22 would get to 100 percent, and matching  
23 what the retiree would get if they were  
24 still alive. For TRS this was \$131.8  
25 million.

0009

1 That concludes my fiscal note  
2 report.

3 For the other two items I still need  
4 time to work on these employer  
5 contributions. And I plan to bring it to  
6 the Board the next time we meet.

7 MS. REILLY: In September?

8 MS. CHAN: Yes.

9 CHAIRPERSON PENNY: So, it saddens  
10 me that we're not ready for this. When  
11 we had the May meeting I had asked you to  
12 please put that at the top of your list  
13 of things to do, to get the employer  
14 contribution true-up using the 7 percent,  
15 which is what's legislatively correct.  
16 And the same thing with the employer  
17 contributions.

18 So I guess this question is for TRS.  
19 I would imagine that presents a problem.  
20 We get a bill from the City, and now it's  
21 using the incorrect assumption rate.

22 So how does that impact TRS? What  
23 will you do you when the money comes and  
24 it's not correct?

25 MR. RAUCCI: What we'll do as far as  
0010

1 the financial statements go is, when the  
2 information becomes available we will  
3 prepare what we received versus what  
4 would actually have been due. And for  
5 all employers it will establish either a  
6 receivable or a payable. And at that  
7 point in time those that underpaid will  
8 have to make themselves whole, and those  
9 that overpaid will get a credit.

10 CHAIRPERSON PENNY: So it's a  
11 hardship, no doubt about that. It's  
12 unfortunate it wasn't done correctly.

13 My other question is, when we talked  
14 about this there was a package. And in  
15 the package was the older workers benefit  
16 protection act, which I believe needed  
17 legislation, Madam Actuary? And the  
18 credit for early contributions? So where  
19 are we with that?

20 So the 7 percent for legislation is  
21 there, it's been signed by Senate, it's  
22 been signed by Assembly, it's on the  
23 governor's desk. So that is good to go.

24 Where are we with the rest of that  
25 package?

0011

1 MS. CHAN: So, in regards to the 7  
2 percent, yes, it passed both chambers,  
3 and the governor to my knowledge has not  
4 signed it. However, for fiscal year '21  
5 OWPA was taken out of that because,  
6 again, it's not part of that fiscal year.

7 And what was your other question?

8 CHAIRPERSON PENNY: When you say  
9 it's taken out of that; that's something

10 that there's going to be legislation for  
11 in the future or that's gone? That's  
12 what I'm not --

13 MS. CHAN: There is legislation to  
14 put OWPA for fiscal year '22, not '21.

15 CHAIRPERSON PENNY: That was my  
16 question.

17 The other one is the credit for  
18 early contributions? Is that something  
19 that also --

20 MS. CHAN: That doesn't affect --  
21 there was legislation put in. That  
22 doesn't affect the calculation of the  
23 final '21 because it's not an early  
24 contribution.

25 CHAIRPERSON PENNY: I'm asking if  
0012

1 that's part of, you mentioned it and  
2 talked about it. I was wondering if  
3 that's something you are still looking to  
4 do, to have legislation for.

5 MS. CHAN: Yes.

6 CHAIRPERSON PENNY: The last  
7 question was the restart, because that  
8 was also part of the package. So where  
9 are we with the restart? Was there a  
10 restart? Will that be in the  
11 calculations?

12 MS. CHAN: The restart was part of  
13 the 2021 AUM. And as I had said last  
14 month and agreed to, the calculations  
15 would be recalculated based on the  
16 enacted discount rate.

17 And as stated last month, this is a  
18 package and it can't be -- some of the  
19 economic assumptions were tied together.  
20 So I can't just revert it back to 7  
21 percent while reducing the other economic  
22 assumptions. So a new package has to be  
23 redesigned. And the asset reset is  
24 projected to be a part of that.

25 CHAIRPERSON PENNY: So yes to the  
0013

1 restart.

2 So I'm still not understanding --  
3 and anyone can help clarify -- with the  
4 package. So the package was older  
5 workers credit, so that's all gone. So  
6 when you give us the correct true-up,  
7 let's talk to the true-up first, the 2021  
8 true-up.

9 When you give us the true-up, that  
10 will be using the 7 percent, which is in  
11 legislation. And then when you do the

12 '22 it will be the 7 percent and a  
13 restart?

14 (Talking over each other.)

15 MS. CHAN: So hopefully -- if I'm  
16 not explaining it let me know -- but the  
17 2021 AUM package includes a variety of  
18 changes. So it does include an asset  
19 reset. It also included a change in the  
20 smoothing of the actual valuation of  
21 assets. And it does include, like I  
22 said, the OWBPA. But the effective date  
23 of OWBPA was for fiscal year '22. And  
24 that's why it's not included in the  
25 fiscal 2021.

0014

1 And there were mortality improvement  
2 scale changes, as well as the CPI change  
3 that affected four other economic  
4 assumptions. And I think there's a loan  
5 assumption change that I believe did not  
6 affect Teachers.

7 Does that answer your question?

8 For asset reset, it's a one-time  
9 asset reset for fiscal year '21. It does  
10 not affect fiscal year '22.

11 CHAIRPERSON PENNY: Again, I'm very  
12 disappointed that we don't have that yet.  
13 And so, TRS needed all that by June 30,  
14 it isn't going to happen until September?  
15 Is that what you're saying? September 20  
16 is the next Board meeting.

17 MS. CHAN: As explained last month,  
18 I did clarify that valuations take a few  
19 months to perform, and especially -- look  
20 at a new AUM package. So it was still  
21 according to the same timeline that I had  
22 communicated last month, which is going  
23 to be later on this summer.

24 It is, I am able to present it  
25 sooner than September. I was saying

0015

1 we're not meeting until September again,  
2 so that's when I'm presenting it to the  
3 Board. I'm happy to forward it to TRS,  
4 towards the rest of the Board when the  
5 contributions are ready.

6 CHAIRPERSON PENNY: That would be  
7 appreciated. Thank you.

8 MS. CHAN: Okay.

9 MR. DORSA: Madam Chair, may I ask a  
10 question?

11 Regarding the true-up -- and Paul,  
12 you mentioned the true-up, and I believe  
13 Madam Actuary did as well.

14           My question is: Is there interest  
15 paid if there's a shortfall and we need  
16 to true-up more? Is there interest on  
17 that payment and who's paying interest on  
18 it? Is it the employer? If there's a  
19 change in amount, who is making up the  
20 difference?

21           MS. CHAN: I think the attorneys can  
22 really probably cite the section of the  
23 code. But I will say, my understanding  
24 is that for overpayments there is no  
25 credit for the employer contributions,

0016

1       which is one of the things that Madam  
2 Chair had asked about. That's part of  
3 the legislation I wanted to change.

4       The part for underpayments, where  
5 they're not paid enough, or late payments  
6 on the contributions, the interest is as  
7 determined by the Actuary.

8       And in this case I will look at the  
9 circumstances and determine the interest  
10 on it.

11       MR. DORSA: Is the interest paid by  
12 the employer or the City? I know there's  
13 a lot of -- that contribute to TRS.

14       MS. CHAN: If I assigned late  
15 interest, because it is determined by the  
16 Actuary, then it is paid by the employer.

17       MR. DORSA: Thank you.

18       CHAIRPERSON PENNY: So the charter  
19 schools that are included in there right  
20 now are given a bill for a certain  
21 amount. And then four months later  
22 they'll be given another amount, which is  
23 going to be more than the original. And  
24 then they'll have to pay interest on the  
25 difference. That is a huge hardship.

0017

1       MS. CHAN: I haven't determined the  
2 contributions yet, so I will not speak as  
3 to whether they're more or less. As I  
4 said, the interest is as determined by  
5 the Actuary, is my understanding. So  
6 there is discretion there, given the  
7 circumstances.

8       MR. ADLER: Can I just say that the  
9 likelihood, since the interest rate will  
10 be higher than the interest rate that the  
11 Actuary used to determine the final '21,  
12 a higher interest rate means lower  
13 contributions. So it's unlikely, it  
14 seems to me -- I know the Actuary can't  
15 say this, but I think I can -- that the



16 higher interest rate is going to result  
17 in higher contributions.

18 On the contrary, it would likely  
19 generate lower contributions, which would  
20 mean those charter schools and any other  
21 employer would get a credit or  
22 overpayment rather than a bill for  
23 underpayment.

24 MR. DORSA: I guess that, John. But  
25 at the same time, without seeing numbers,

0018

1 I'm just trying to understand what the  
2 ramifications are.

3 (Talking over each other.)

4 CHAIRPERSON PENNY: And the point  
5 is, it's a hardship whether it's the City  
6 or whoever, it's a hardship, because now  
7 there has to be recalculations. But we  
8 anxiously await the final calculations.

9 Thank you.

10 MS. CHAN: Madam Chair, can I just  
11 make one point, from an actuarial  
12 standpoint? I do want to clarify that  
13 the contributions were not wrong. They  
14 were calculated based on the information  
15 that I had.

16 The contributions were issued in  
17 May, which, obviously, like I said, it  
18 takes months to work on it. So they were  
19 calculated in April if not sooner. The  
20 work was done during that time. And as  
21 of that time there was only one proposed  
22 legislation, and there is no other bill  
23 or legislation at the other time to -- or  
24 the interest rate to be anything else.

25 So given that information, I do have

0019

1 the room in terms of past NYCRS practice  
2 as well as actual standards of practice  
3 that, if there is a proposal on the table  
4 there is room for the Actuary to use that  
5 in their calculations.

6 So I do want to state that they  
7 weren't wrong. They were based on the  
8 information that I had at that time. And  
9 because subsequent, things change all the  
10 time and they do as we see, if there's  
11 new information I will be issuing  
12 employer contributions that reflect what  
13 has changed since the last time I updated  
14 it, which again, is what my staff is  
15 working on right now.

16 CHAIRPERSON PENNY: I understand.  
17 Again, we still are looking for that

18 legislation, but we've never seen  
19 anything to change the legislation. So I  
20 think that was the big confusion. We  
21 have the extended, but we've never seen  
22 anything to change the AIR.

23 Even this morning I looked to see  
24 where it is. I saw the 7 percent  
25 extender is on the governor's desk and I  
0020

1 haven't seen the other one. So maybe  
2 that was miscommunication in some other  
3 department.

4 I understand; okay.

5 MR. DORSA: Can I make a request for  
6 what will hopefully be in two years' time  
7 when the 7 percent is set, under the  
8 legislation that is currently on the  
9 governor's desk, were to expire. In the  
10 event that the Actuary or any entity  
11 wants to bring something before the  
12 Board, would it be possible to bring  
13 whatever is consistent with the  
14 prevailing legislation and also at the  
15 same time, whatever the recommendation?  
16 So this way we don't have a situation of  
17 saying, not agreeing to one and having to  
18 wait several months for the next?

19 I would think that if someone is  
20 doing the calculation, or if two people  
21 are doing the calculation in the  
22 Actuary's office -- I don't know how the  
23 work gets divvied up -- they could simply  
24 run parallel tracks and produce two  
25 documents and, based on whatever the  
0021

1 legislative rate is at the time, we could  
2 take action.

3 Because to me, part of the thing  
4 that troubles me on this is, we've waited  
5 now several months and we're back to the  
6 7 percent that was, or presumably back to  
7 the 7 percent which is where we started.  
8 But the other stuff never came to  
9 fruition on changing that number.

10 And it's kind of troubling that now  
11 we have to, not reinvent the wheel, but  
12 recalculate all of those numbers based on  
13 something that really changed.

14 So it's just for the sake of  
15 efficiency, I would request that if  
16 there's consensus around the Board to  
17 even consider that in the future. That  
18 may be a helpful way to move forward on  
19 this.

20           That's not a resolution, that's just  
21 a recommendation that I think we should  
22 consider as a Board sometime in the  
23 future. I think it would be very helpful  
24 to everyone.

25           CHAIRPERSON PENNY: I think that's a  
0022

1    very sound idea.

2           David Kazansky has his hand raised.

3           MR. KAZANSKY: So, I just have a  
4 question regarding the package that's  
5 going to be brought before us at some  
6 point between now and the next Board  
7 meeting, regarding the restart or reset,  
8 however you want to categorize it.

9           I still grapple with the fact that I  
10 don't necessarily believe there is a  
11 benefit to the restart at this moment in  
12 time.

13           That when, Madam Actuary, you were  
14 working on this back in late 2020 to try  
15 to get this all worked out, the financial  
16 future of New York State, New York City  
17 were completely different than they are  
18 now.

19           And I just don't see still where  
20 there is a rationale for a reset to throw  
21 money into the City at this point in time  
22 with the projection that it's possible  
23 that the City would owe more money down  
24 the road.

25           And if my understanding of the  
0023

1    numbers that were presented at that time,  
2 it showed a positive influx of money that  
3 the City would have or be able to use at  
4 present; and then in the out years that  
5 kind of moves to a negative number where  
6 all things being projected, we have no  
7 idea what the future may hold, it looked  
8 to me as though it was going to be more  
9 expensive for the City down the road.

10           And should things not turn out so  
11 great for the City in these out years, my  
12 concern is that an unnecessary reset now  
13 would be a financial hardship later.

14           So I don't understand the rationale  
15 for a reset at this moment in time.

16           MS. CHAN: The actual reset, I will  
17 say that as the technical advisor there's  
18 a lot of things I have to look at in  
19 terms of setting actuarial assumptions  
20 and determining contributions.

21           One of them obviously is the ability

22 for the plan sponsor to be putting in the  
23 contributions, because obviously you  
24 don't want something to be done to kind  
25 of put the employer out of business, so

0024

1 to speak.

2 So that's just one thing that is  
3 balanced, as well as, what are their  
4 needs at that time? Obviously how are  
5 the assumptions aligned?

6 I will say that the projections that  
7 I had given to this Board in January were  
8 based off the 2019, June 30, 2019  
9 valuations. We all know sitting in  
10 yesterday's CIM meeting that we've had  
11 stellar returns.

12 And one of the many things I have to  
13 balance in proposing a package is to make  
14 sure that everything that has taken place  
15 does get included in it.

16 So one of the things that I will say  
17 for the actual value of assets is, based  
18 off of 20 plus percent returns that NYCERS  
19 has received in this fiscal year to date,  
20 that is making the actual value of assets  
21 even further away from a market value of  
22 assets; meaning that, when we reset the  
23 actual value of assets for fiscal year  
24 '21, that's not even to the level of  
25 where the market value of assets is right

0025

1 now.

2 So that also speaks to the pattern  
3 that you talk about, that in the future,  
4 you saw some positive numbers in the  
5 future for employers putting into the  
6 pension plan, according to, benchmarked  
7 to the five year projection of the  
8 contributions.

9 I will say that, as it was in the  
10 January memo, that there there are  
11 subsequent events that have happened or  
12 are happening at that time that were not  
13 captured in those out years, so to speak,  
14 in years 4 and 5.

15 That will decrease the numbers  
16 without any further changes, even if we  
17 took the 2021 AUM as is, it would  
18 decrease those numbers because we are  
19 coming off such a high year of gain as  
20 well as a salary gain. And there might  
21 be some retirement gains too we talked  
22 about earlier in this meeting.

23 So all those things are taken into

24 consideration. And it's not, I want to  
25 emphasize that the package was not

0026

1 introduced to just help the City during a  
2 financial crisis at the time. It was  
3 recommended based on all the demographic  
4 and economic assumptions that have  
5 changed since the prior time that I  
6 recommended an AUM package.

7 MR. BROWN: Just to clear up  
8 something.

9 Madam Actuary, hi.

10 You base your package on the  
11 assumption rate that was different from  
12 the assumption rate that is current law.

13 Did your office ever submit a bill  
14 to change the assumption rate?

15 MS. CHAN: Yes. That was fiscal  
16 note number 28, the first fiscal note  
17 that I presented to this Board. And the  
18 proposed legislation is attached to that  
19 fiscal note.

20 MR. BROWN: Did it have a number to  
21 that bill? I seem to have missed it.

22 MS. CHAN: It's proposed  
23 legislation, attached in Appendix A of  
24 that fiscal note.

25 MR. BROWN: I thought a bill needed  
0027

1 a number. Was that ever presented to the  
2 legislature?

3 MS. CHAN: It was submitted. My  
4 understanding was, it was submitted to  
5 Albany. And the process obviously starts  
6 with, a bill starts with proposed  
7 legislation, is my understanding. So it  
8 was proposed legislation that was  
9 submitted.

10 MR. BROWN: I looked. I couldn't  
11 find anything up there. I couldn't find  
12 a bill number, I couldn't find anything  
13 of proposed legislation.

14 So you presented this package based  
15 on an assumption rate that was not law.  
16 And I thought, I got the impression that  
17 you based your package on the lower  
18 assumption rate because of proposed  
19 legislation, and you were expecting this  
20 legislation to come out any moment.

21 But legislation -- correct me if I'm  
22 wrong -- I would assume has a bill number  
23 that's ready to go forward. And I could  
24 never find any legislation that the  
25 assumption rate should be lowered.

0028

1 MS. REILLY: Valerie?

2 MS. BUDZIK: It strikes me as crazy.

3 The 7 percent set by law, it's in the  
4 statute that merely by drafting  
5 legislation that never was introduced as  
6 far as we can tell, the Actuary has the  
7 ability to use a rate that other than  
8 what is set in law?

9 That just makes no sense. It seems  
10 to me that would be contrary to law.  
11 Because otherwise the law, it almost  
12 makes no difference what's in the law.  
13 All the OA has to do is draft a bill and  
14 put a number in there, and that's the  
15 number you use?

16 MS. CHAN: Again, I'm just repeating  
17 myself, but I will do that, because I  
18 don't know if there is understanding on  
19 all parties here. That I have to use  
20 assumptions and methods during the time  
21 that I calculate contributions. That is  
22 an integral part of calculating  
23 contributions.

24 As of that time there was a  
25 sunseting rate with proposed legislation

0029

1 drafted and on its way, already submitted  
2 to Albany, that's not my real -- that  
3 retroactively has another rate to be  
4 applied for that valuation year.

5 And as I said, with past practice,  
6 there has been, including this Board, has  
7 voted on contributions that have  
8 underlying assumptions and methods and  
9 plan provisions that are not in law yet  
10 but do have proposed legislation.

11 It's further supported by the  
12 actuarial standards of practice that if  
13 there is a change upcoming, the Actuary  
14 does have the discretion to incorporate  
15 those changes in the current valuation.

16 MS. REILLY: Sherry, I think, when  
17 you keep on referring to the previous  
18 times that this was done. There was  
19 consensus with all the boards, and that's  
20 why it was able to be done, which was  
21 everybody agreed to go to Albany and to  
22 make that change.

23 And I think that in this case the  
24 Board was not -- and I guess Valerie's  
25 question was, just because you proposed

0030

1 legislation and that legislation was

2 never taken up by the Assembly or the  
3 House or the Senate, does that then mean  
4 the Actuary has the authority at that  
5 time to go ahead and do what she wants  
6 regardless of --

7 MS. CHAN: When I say that this  
8 Board and other boards in New York City  
9 have adopted changes that are not  
10 effective in law already, that is not  
11 just exclusive to the discount rate.

12 As this Board adopted a year ago,  
13 the preliminary '21 contributions  
14 included, for example OWBPA. That was  
15 not law yet.

16 And so, just as we don't have that  
17 as law yet but it's in preliminary '22.  
18 And that's why we have subsequent  
19 contributions such as final contributions  
20 or updated preliminary distributions or  
21 otherwise updated contributions to  
22 incorporate changes that have or have not  
23 taken place since the last time that the  
24 contributions are issued.

25 MS. BUDZIK: I think there really is  
0031

1 a material difference between some of the  
2 examples you're throwing out and the  
3 current situation. The AIR is such a  
4 huge component of the calculation and  
5 there was clearly not agreement by the  
6 Board on the proposed change.

7 MS. CHAN: If we want to talk about  
8 AIR, there has been circumstances where  
9 this board and other boards have adopted  
10 contributions using an AIR that's not in  
11 the statute.

12 As you know, the AIR is a provision  
13 that sunsets. So as we are calculating  
14 contributions we are looking into the  
15 next fiscal year, and at times there is  
16 no AIR in the law for that. An  
17 assumption has to be made, and this Board  
18 has adopted it before the governor has  
19 enacted sometimes the AIR.

20 MR. BROWN: But always through  
21 consensus, the key word here. And I  
22 haven't heard the word consensus coming  
23 from you, Madam Actuary. Anything that  
24 we've always done, talking about past  
25 practices.

0032  
1 Past practices include us, the Board  
2 and a conversation, dialog. We were  
3 completely thrown off about this. When

4 we took it off the table two months ago I  
5 didn't think it would come back to the  
6 table automatically. I thought we took  
7 it off the table and it was a non-issue.  
8 That's why we were all taken by surprise.  
9 And I just love the word "consensus," and  
10 I don't hear it often.

11 MS. CHAN: So, I will say that,  
12 obviously with 60 board members across  
13 NYCERS we're not going to get consensus  
14 all the time.

15 I hear what you are saying. I have  
16 already been on the record that if the  
17 governor enacts the 7 percent then I will  
18 be recalculating the contributions at 7  
19 percent.

20 I do not know what the matter is  
21 that we're trying to discuss, because I  
22 already said that subsequent  
23 contributions will be coming. I  
24 explained to you why they were calculated  
25 the way they were.

0033

1 And frankly, I'm not sure what the  
2 point of this conversation is, with all  
3 due respect.

4 CHAIRPERSON PENNY: The point of all  
5 the Trustees being able to talk and vent,  
6 and obviously they are upset. And I  
7 think that there's going to be further  
8 discussions about the role of the Actuary  
9 in all of this, and who, quite honestly,  
10 who rules who. And here you have a Board  
11 and then you have an Actuary, and the  
12 Actuary says one thing and the board is  
13 asking other questions.

14 So I think there's a lot of work to  
15 be done. I think we'll be looking into  
16 the role of the Actuary and the role of  
17 the Trustees and we'll make good  
18 decisions.

19 Again, a great point that the  
20 Comptroller's Office made was that  
21 anything that's done will always make  
22 sure that there is legislation and that  
23 things are done according to that.

24 So I think we belabored the point,  
25 and I think that the point, we're talking

0034

1 about millions of dollars, we're talking  
2 about the City having millions of dollars  
3 now and then it's taken away later, or  
4 it's not. We're talking about other  
5 people having. Either way, someone is



6 going to have millions of dollars more or  
7 less when you do the final calculations  
8 in four months. And I think that's the  
9 point in all of this.

10 So we'll look into it and we'll  
11 certainly, I think you know how we feel,  
12 I think everyone was very vocal about it.  
13 For the people who appear to be getting  
14 tired, or obviously it's very strange to  
15 see everyone's face and see that some  
16 people pay attention and some people are  
17 not. That makes me very unhappy.

18 But anyway, I think, Madam Executive  
19 Director, we are ready to continue.

20 MS. CHAN: I want to set one thing  
21 straight for the record. Four months  
22 from now, September or sooner.

23 CHAIRPERSON PENNY: We appreciate  
24 that. Thank you.

25 MS. REILLY: So next on the agenda

0035

1 is the executive director's report.

2 And for the next meeting, it's been  
3 suggested that the next regular meeting  
4 of the Teachers Retirement Board be held  
5 on the third Monday of the month,  
6 September 20, 2021. So we should all  
7 mark our calendars, because that's not a  
8 Thursday, it's a Monday.

9 MR. ADLER: Can I ask why we're  
10 doing it on a Monday that month instead  
11 of Thursday?

12 MS. REILLY: Yes, you can.

13 CHAIRPERSON PENNY: We used the  
14 Board of Ed calendar.

15 MR. BROWN: The Thursday before is a  
16 holiday, Yom Kippur, I believe.

17 MR. ADLER: I don't think so.

18 CHAIRPERSON PENNY: It was  
19 something. Is there any problem with  
20 that?

21 MR. ADLER: I'm okay on the Monday.  
22 When we move it away from the regular  
23 schedule I want to know why.

24 CHAIRPERSON PENNY: I think we went  
25 back and forth. It's a very strange

0036

1 Department of Ed calendar and some other  
2 issues. And that was unfortunately the  
3 first time that we could come up with --

4 MR. KAZANSKY: The start of the  
5 school year is the week before the 13th.  
6 So we usually have our first investment  
7 meeting the first week of school. So we

8 didn't want to do one on one week and the  
9 board meeting the same week.

10 CHAIRPERSON PENNY: I knew we went  
11 back and forth for some reason.

12 MR. ADLER: Got it. Thank you.

13 MS. REILLY: Next on the executive  
14 director's report is the authorizations  
15 to the Comptroller of the City of New  
16 York to invest certain QPP funds.

17 MR. KAZANSKY: Please skip the  
18 reading of this resolution.

19 MS. REILLY: Thank you.

20 CHAIRPERSON PENNY: So we're  
21 skipping the entire thing. All right.

22 MR. ADLER: I move to adopt the  
23 resolution.

24 CHAIRPERSON PENNY: Thank you, a  
25 motion.

0037

1 Do I have a second?

2 MR. KAZANSKY: Second.

3 CHAIRPERSON PENNY: Any discussion?

4 (No response.)

5 All those in favor please say "Aye."

6 (A chorus of "Ayes.")

7 Any opposed?

8 Any abstentions?

9 (No response.)

10 We have adopted it.

11 MS. REILLY: Next is the  
12 authorization to the Comptroller of the  
13 City of New York to invest certain tax  
14 deferred annuity funds.

15 MR. KAZANSKY: Again, please waive  
16 the reading of this resolution.

17 CHAIRPERSON PENNY: Do I hear a  
18 motion?

19 MR. ADLER: I move to adopt this  
20 resolution.

21 MR. BROWN: Second.

22 CHAIRPERSON PENNY: Discussion?

23 (No response.)

24 All those in favor please say "Aye."

25 (A chorus of "Ayes.")

0038

1 Any opposed?

2 Any abstentions?

3 (No response.)

4 Okay.

5 MS. REILLY: Next is a resolution  
6 for the extension of participation in the  
7 Common Investment Meeting.

8 MR. KAZANSKY: Please skip to the  
9 resolve.

10 MS. REILLY: Could I read the last  
11 "whereas," because that's the change.

12 MR. KAZANSKY: That would be fine.

13 MS. REILLY: "Whereas the Board  
14 desires to extend its agreement to  
15 participate in the CIM for a three-month  
16 period terminating September 30, 2021  
17 subject to the conditions set forth in  
18 the Board's 2015 and 2016 CIM  
19 resolutions;

20 "And given Covid's safety  
21 considerations, continuation of the CIM  
22 as a virtual meeting whereby attendees  
23 may participate in the CIM remotely;

24 "Therefore, be it resolved that the  
25 Teachers Retirement Board extends for a  
0039

1 three-month period terminating September  
2 30, 2021 its participation in the Common  
3 Investment Meeting as described and  
4 subject to the conditions of the Board's  
5 2015 and 2016 CIM resolutions and the  
6 continuation of CIM as a virtual meeting  
7 to enable remote participation;

8 "And be it further resolved that  
9 nothing in this resolution shall abrogate  
10 any rights or waive any responsibilities  
11 reserved for the Board of Trustees under  
12 applicable law."

13 CHAIRPERSON PENNY: Thank you,  
14 Patricia.

15 Do I hear a motion?

16 MR. KAZANSKY: So moved.

17 CHAIRPERSON PENNY: Do I hear a  
18 second?

19 MR. BUCKLEY: Second.

20 CHAIRPERSON PENNY: Any questions?

21 MR. ADLER: Question. What is new?

22 MS. REILLY: Stipulated that it  
23 would be remote.

24 MR. ADLER: Can I ask a question  
25 about that? My understanding is that we  
0040

1 are able to do the CIM remotely as well  
2 as these meetings, like this board  
3 meeting, because the governor has  
4 suspended the open meetings law for the  
5 State of New York. And the current  
6 suspension I believe goes until July 5 or  
7 something like that.

8 So my question is: If the governor  
9 who, as you know, this week announced the  
10 cessation of almost all Covid-related  
11 suspensions and so on, restrictions; if

12 the governor does not continue to suspend  
13 the operation of the open meetings law,  
14 are we legally permitted to continue to  
15 meet virtually?

16 I don't know if that's a question  
17 for Valerie or for the Law Department.

18 MS. ROSS: The answer is no. You  
19 have to comply with the OML.

20 MS. REILLY: We could have our own  
21 investment meeting at the TRS at 55 Water  
22 Street and not join the CIM.

23 MS. BUDZIK: We were aware of this  
24 OML issue. I think what we would expect  
25 is for there to be a conversation with  
0041

1 the Comptroller's Office on how they may  
2 continue with the CIM, comply with the  
3 OML if the suspension is lifted.

4 MR. DORSA: I want to say, from the  
5 Comptroller's Office perspective, I  
6 presume that this is not the only  
7 retirement system that will have  
8 questions regarding what happens when OML  
9 gets lifted, considering the sheer size  
10 of the participants of the CIM.

11 So we are very happy to work with  
12 the boards to figure out if there's an  
13 appropriate solution. I'm supporting --  
14 you have consensus on this today and I'm  
15 supporting this resolution. That's my  
16 way of saying we'll cross this bridge  
17 when we come to it, but we're aware that  
18 you'll have to go over the bridge at some  
19 point, so.

20 CHAIRPERSON PENNY: So we'll vote on  
21 it as a virtual meeting, and if anything  
22 changes and it's not, then they'll be  
23 brought back and we'll come up with  
24 another option.

25 MR. DORSA: That's my understanding.  
0042

1 MR. ADLER: I'm a little, myself, a  
2 little reluctant to say that the thing is  
3 it must be a virtual meeting, as opposed  
4 to, why should that be in the resolution?  
5 Why don't we just agree to extend the  
6 CIM? And then if we have an issue with  
7 the virtual meeting we'll cross that  
8 bridge when we come to it.

9 The Board can always take an action  
10 that says, A) we don't want to  
11 participate in the CIM if it's not  
12 virtual.

13 But in some ways this is saying,

14 virtual or else. Personally, not knowing  
15 what's happening with Covid. Truthfully,  
16 if Covid disappears in the next two  
17 months we may say it doesn't need to be  
18 virtual anymore.

19 But this says subject to it being  
20 virtual. I think that's a little bit  
21 tying our hands.

22 CHAIRPERSON PENNY: Valerie, is  
23 there a way -- to be honest.

24 MS. BUDZIK: One of the things we  
25 had talked about, TRS, when we commenced  
0043

1 meetings that may have to be in person,  
2 would be having some people in the  
3 boardroom, some people could potentially  
4 be in our walk-in center, there is space  
5 there. So we think we could probably  
6 split people up. It would effectively be  
7 a virtual meeting, but we could also  
8 comply with the open meetings law in that  
9 each room would be open to the public.

10 Marta, correct me if I'm wrong, I  
11 think that's kind of the issue; that  
12 under the open meetings law, each  
13 location that somebody is participating  
14 must be open to the public.

15 So at the Comptroller's Office  
16 perhaps they could wire five rooms so  
17 boards could be in their own room.

18 I think what the idea here was,  
19 there would be a discussion at the board  
20 if you went back to however many people  
21 there are in that big claustrophobic,  
22 crowded, not well-ventilated room.

23 MR. ADLER: I get that. I'm just  
24 not sure it's conducive to putting it in  
25 this as a condition of doing the CIM in  
0044

1 this resolution, as opposed to, listen,  
2 if it doesn't go to remote, then we will  
3 make a decision at that point how to  
4 handle it.

5 The reality is, we may all be very  
6 comfortable in two months. Like I said,  
7 if Covid disappears, like a certain  
8 former leader said it was going to do,  
9 like magic, then we may be okay.

10 I'm a little reluctant to sort of  
11 mandate in the resolution that it must be  
12 remote or else we're not doing it. Can't  
13 we just be a little bit more flexible  
14 about it?

15 MR. KAZANSKY: I'll jump in.

16           At the point of seeming to be on the  
17 opposite side of everybody today. It  
18 seems to me to be more, that it's giving  
19 us the option to do it virtual, not  
20 mandating it.

21           MR. ADLER: The language says --

22           MR. KAZANSKY: Covid safety  
23 considerations. So we're considering  
24 whether or not Covid is a thing to worry  
25 about. If we consider Covid is a thing

0045

1 to worry about, then we want the right to  
2 do the meeting virtually.

3           MR. ADLER: I'm looking at the  
4 resolve, not the whereas. And the  
5 resolve says "subject to continuation of  
6 the CIM as a virtual meeting."

7           MR. DORSA: Can I ask a question  
8 here? If the three TMs and Mr. Adler  
9 were at TRS for the meeting, and the  
10 meeting was actually happening at One  
11 Centre Street, theoretically, and the  
12 managers were presenting on Zoom, that  
13 would fulfill to Open Meetings Law,  
14 correct, for people or the quorum in the  
15 room. But if any other Trustee wanted to  
16 participate in that room virtually  
17 because of constraints or something else,  
18 that would still work with this  
19 resolution.

20           I'm just throwing that out there as  
21 a theoretical way this could actually  
22 comply with that and this would work.

23           I think, John, to your point,  
24 there's a lot of unknowns here about  
25 health, safety and other things. And I

0046

1 think what this does is, maintains the  
2 spirit of the CIM and also the spirit of  
3 the Open Meetings Law. And I think it  
4 indicates we're willing to work with  
5 folks to make it work.

6           MR. ADLER: How about if we said  
7 this. How about if we added to that  
8 first resolve, "continuation of the CIM  
9 as a virtual meeting to enable remote  
10 participation, in compliance with the  
11 Open Meetings Law."

12           Because right now the Open Meetings  
13 Law is suspended, so it's in compliance.  
14 And when we bring it back together, if  
15 the Open Meetings Law is un-suspended, if  
16 the executive order expires and it is not  
17 renewed, then we're going to figure out

18 how to do it in compliance with the Open  
19 Meetings Law.

20 How about that? Is that acceptable?

21 CHAIRPERSON PENNY: Valerie?

22 MS. BUDZIK: Sure. If that works  
23 for Trustees.

24 MR. KAZANSKY: I wasn't aware that  
25 we could make resolutions that violate  
0047

1 the law. The understanding is the law is  
2 the law.

3 MR. ADLER: What I understand. This  
4 is what I heard you guys saying before,  
5 which is that, it is essentially saying  
6 now that if the CIM doesn't continue as a  
7 virtual meeting, then the Teachers here  
8 is voting not to participate in it. And  
9 that's what I'm trying to avoid.

10 MS. BUDZIK: I would phrase it a  
11 little differently. It's not that we're  
12 voting not to. It's that the  
13 Comptroller's Office would have to get  
14 the Board comfortable with whatever  
15 structure they came up with to comply  
16 with the Open Meetings Law. It forces a  
17 discussion.

18 CHAIRPERSON PENNY: I agree, that's  
19 what I think it is. Even if there's no  
20 more Covid, no more regulation, knowing  
21 what we know now, I'm a little hesitant  
22 to go back into that room with one  
23 air-conditioner and then stuff in those  
24 elevators and --

25 So I think, as Valerie says, it  
0048

1 forces a discussion. So maybe we could  
2 be smarter about the way we live moving  
3 forward. And we know that a couple tiers  
4 of people -- it just forces a discussion.  
5 I'm fine with it the way it is, and I'm  
6 adding whatever you need.

7 MR. DORSA: I'm comfortable reaching  
8 consensus, because what I'm taking from  
9 this is the ability of the Comptroller's  
10 Office to work with the TRS Board, staff  
11 and Trustees, to find a sensible solution  
12 to move forward with what I think is a  
13 good meeting, the Common Investment  
14 Meeting.

15 I think that this just gives us an  
16 ability to rethink how we can make it  
17 better into the next few cycles. So I  
18 will leave it at that. You have my  
19 consensus if you put that to a vote

20 today.  
21 And I'm saying that, because it does  
22 impact the Comptroller's Office more so  
23 than some of the other Trustees  
24 individually. But I think that it's a  
25 viable solution that will allow us to  
0049  
1 work with the Board on a proper solution.  
2 So I'm comfortable moving forward.  
3 CHAIRPERSON PENNY: Maybe they'll  
4 even find another venue once this is all  
5 over, a venue that everyone is more  
6 comfortable with. I've been hearing for  
7 a while that they're looking for a  
8 different place. Maybe they'll do that.  
9 So what did we decide? Are we  
10 leaving it and voting on it? Are we  
11 adding something to it?  
12 MS. REILLY: We can vote to leave it  
13 as it is.  
14 CHAIRPERSON PENNY: But the  
15 gentleman's agreement, that we'll come  
16 back in September to come up with  
17 something that everybody is comfortable  
18 with.  
19 MR. DORSA: A gentle person's  
20 agreement.  
21 CHAIRPERSON PENNY: You're right.  
22 I'm so sorry. With a Trustees' agreement  
23 that we will all be comfortable in  
24 whatever we have.  
25 Mr. Adler, do you think --  
0050  
1 MR. ADLER: I'm okay with that.  
2 CHAIRPERSON PENNY: Awesome.  
3 In that case, do I hear a motion?  
4 MR. ADLER: It's moved and seconded.  
5 MS. PENNY: All in favor please say  
6 "Aye."  
7 (A chorus of "Ayes.")  
8 Any opposed?  
9 Any abstentions?  
10 (No response.)  
11 Okay; done.  
12 MS. REILLY: So next on the  
13 executive director's report is to  
14 authorize the continuation of basis point  
15 fees for variable annuity programs.  
16 MR. KAZANSKY: Please skip to the  
17 resolve.  
18 MS. REILLY: "Resolved, that the  
19 administrative expense charge in the  
20 variable annuity funds shall continue as  
21 18 basis points through fiscal year 2022;



22 "And be it further resolved that any  
23 excess fee revenue that may exist at the  
24 end of fiscal year 2021 shall be rolled  
25 into the variable funds unit value on a  
0051

1 pro rata basis in accordance with TRS's  
2 process;

3 "And be it further resolved that TRS  
4 staff shall continually monitor and  
5 review revenue from the expense fee, and  
6 shall notify the Board of any material  
7 changes in assumptions or experience that  
8 may impact these --"

9 I would like to say that when we  
10 sent out the presentation it was really  
11 just documentation of how this works, and  
12 we were not planning to do a  
13 presentation. And I'm sorry for the  
14 confusion that that caused.

15 CHAIRPERSON PENNY: She's referring  
16 to the PowerPoint document?

17 MS. REILLY: Right.

18 CHAIRPERSON PENNY: Certainly  
19 there's enough people here from TRS that  
20 could answer questions when we get to the  
21 question part.

22 So do I hear a motion?

23 MR. KAZANSKY: So moved.

24 CHAIRPERSON PENNY: Do I hear a  
25 second?

0052

1 MR. BUCKLEY: Second.

2 CHAIRPERSON PENNY: Questions?

3 (No response.)

4 MR. BUCKLEY: So we're not going to  
5 run through the presentation?

6 CHAIRPERSON PENNY: But certainly  
7 there's people to address if you had any  
8 questions. We could certainly look over  
9 and --

10 MR. BUCKLEY: I guess, I reviewed  
11 the presentation and I appreciate, we  
12 talked about this last year, talking  
13 about it again this year. I guess I was  
14 just curious, the loan service charges  
15 were three times higher this year in the  
16 budget than they were last year, about  
17 one million to three million.

18 So I was wondering if I could get a  
19 little color on that in particular.  
20 Then, I guess, obviously, the mechanics  
21 of how this works is 18 basis points, but  
22 then effectively goes down to 14 last  
23 year, 12 the year before that.

24 I'm just wondering if there was ever  
25 a consideration of lowering that up front  
0053

1 to something so it's not a large  
2 reallocation.

3 CHAIRPERSON PENNY: Valerie or Paul,  
4 Mitchell? Who wants to jump in there?

5 MR. FRUCHTER: First, on the \$3  
6 million, I thought that was corrected.  
7 Because I know, I'll have to check and  
8 we'll send a revised. You're right, it's  
9 the same as last year, it's very standard  
10 in terms of --

11 MR. BUCKLEY: I may have been  
12 looking at an old version of the  
13 presentation. My apology, Mitchell.

14 MR. FRUCHTER: I'll have to check on  
15 that. That's the loan, there is no  
16 change in that. It's based on funding  
17 for the loans, and then we use it.

18 MR. ADLER: The number \$3 billion is  
19 in the presentation that was sent, just  
20 attached now to this agenda. So that's  
21 the amount in there.

22 MR. FRUCHTER: Okay. It should have  
23 been updated.

24 CHAIRPERSON PENNY: You will just  
25 correct that and send it out to the Board  
0054

1 members?

2 MR. FRUCHTER: Definitely.

3 And the second question about the  
4 basis points, what we're using is a  
5 true-up every year, because it's never  
6 going to be the same amount. So that's  
7 the process of trueing it up every year.  
8 Right now the assets are high, but it's a  
9 true-up every year.

10 MR. BUCKLEY: I guess I was just  
11 wondering, given, typically it comes in  
12 like two-thirds, I guess, 18 basis points  
13 seems kind of high, all things  
14 considered. We're giving back a third  
15 the initial upfront fee is my point, I  
16 guess. Have we ever considered lowering  
17 the 18 basis points to better reflect the  
18 rate coming in every year?

19 MS. REILLY: Paul, why don't you  
20 address that?

21 MR. RAUCCI: I will say personally  
22 we never want a situation where it's  
23 going the other way.

24 Second of all, a good portion of the  
25 money that's sitting in the variable

0055

1 resides on the QPP side, which will go  
2 away over time.

3 So it's definitely something that  
4 you could adjust downward. I don't know  
5 if I would go all the way down to 12 or  
6 14 percent, because you wouldn't be in  
7 that situation. And it's also something  
8 that I wouldn't want to be adjusting  
9 every year, you want it to be there for a  
10 period of time.

11 It's definitely something that could  
12 be looked at.

13 MS. REILLY: Again, we do return it  
14 through -- we don't keep that money, it  
15 gets returned through the unit value. In  
16 fact, it's like 12 percent but it gets  
17 returned through the unit value, so we  
18 don't keep that money.

19 MR. BUCKLEY: Understood. And I'm  
20 not implying that TRS keep that money.  
21 I'm merely noting from potentially a  
22 competitiveness perspective of the fees  
23 TRS charges on the TDA funds versus, say,  
24 a Vanguard.

25 This is obviously a little bit in

0056

1 the weeds of returning unit values back  
2 over a monthly basis. I know we're only  
3 talking --

4 And Paul, I appreciate the point of  
5 not wanting to set it at 12 and then  
6 having to take extra back.

7 But certainly people examine their  
8 funds, they look at fees; right? And  
9 certainly if we're 18 basis points, is  
10 high, all things considered, on an annual  
11 basis constantly reallocating 4 to 6 to 8  
12 basis points back to the members, it  
13 might make the TDA appear more  
14 cost-effective for those doing compare  
15 and contrast on external markets that  
16 people who manage the money.

17 That's the only point that I'm  
18 trying to make.

19 CHAIRPERSON PENNY: So I guess  
20 that's something we should look at.

21 Valerie, we do ask you about that.

22 MR. MCTIGUE: We do look at it every  
23 year. We try to keep the 18 basis  
24 points, to eliminate the volatility if  
25 the markets go down and try to give the

0057

1 members predictability in terms of the

2 expenditures and such.  
3 It is something we do look at every  
4 year, look at how it -- in the previous  
5 -- but again, eliminate the volatility  
6 and as much predictability as possible.  
7 I do want to let Russell know we  
8 look at it very seriously, and as  
9 Patricia said, the important part is, we  
10 do let any excess back into the fund to  
11 the members.

12 MR. BUCKLEY: Appreciate that, Thad.  
13 Thank you.

14 CHAIRPERSON PENNY: Any other  
15 questions?

16 (No response.)  
17 All those in favor please say "Aye."  
18 (A chorus of "Ayes.")  
19 Any opposed?  
20 Abstentions?  
21 (No response.)  
22 Motion carries.

23 MS. REILLY: Next is the resolution  
24 for attendance at a virtual conference.  
25 The following resolution is presented for  
0058

1 consideration of possible adoption.

2 "Resolved, that the Trustees of the  
3 Teachers Retirement Board hereby approve  
4 the attendance or participation of the  
5 executive director or her designee and  
6 any interested Trustee at the National  
7 Council -- Teachers Retirement and CTR,  
8 virtual 99th annual conference, from  
9 October 10 to October 12, 2020."

10 MR. DORSA: So moved.

11 CHAIRPERSON PENNY: Do I have a  
12 second?

13 MR. BROWN: Second.

14 CHAIRPERSON PENNY: Any questions?

15 (No response.)  
16 I imagine next year, the hundreds,  
17 is going to be a big wingding.  
18 All those in favor please say "Aye."  
19 (A chorus of "Ayes.")  
20 Any opposed?  
21 Any abstentions?  
22 (No response.)  
23 Okay. Be there.  
24 MR. KAZANSKY: -- also have it in  
25 New York. (Laughter.)  
0059

1 MS. REILLY: Next on the executive  
2 director's report is the calendar. And  
3 the first item on the calendar is the

4 approval of the minutes of the May 6  
5 investment meeting and the May 20 Board  
6 meeting.  
7 CHAIRPERSON PENNY: Do I hear a  
8 motion?  
9 MR. BROWN: So moved.  
10 CHAIRPERSON PENNY: Do I have a  
11 second?  
12 MR. KAZANSKY: Second.  
13 CHAIRPERSON PENNY: Any discussion?  
14 (No response.)  
15 Anyone want Patricia to read the  
16 whole thing?  
17 (Laughter; talking over each other.)  
18 CHAIRPERSON PENNY: All those in  
19 favor say "Aye."  
20 (A chorus of "Ayes.")  
21 Any opposed?  
22 Any abstentions?  
23 (No response.)  
24 Okay.  
25 MS. REILLY: -- the items on the  
0060  
1 calendar, which you all received an  
2 electronic version of.  
3 MR. KAZANSKY: Please waive the  
4 reading of the calendar.  
5 MS. REILLY: Thank you.  
6 CHAIRPERSON PENNY: Do I hear a  
7 motion to adopt the calendar?  
8 MR. DORSA: So moved.  
9 CHAIRPERSON PENNY: Thank you.  
10 Do I hear a second?  
11 MR. BROWN: Second.  
12 CHAIRPERSON PENNY: Any discussion  
13 about the calendar?  
14 (No response.)  
15 All those in favor please say "Aye."  
16 (A chorus of "Ayes.")  
17 All those opposed?  
18 Any abstentions?  
19 (No response.)  
20 Calendar approved.  
21 MS. REILLY: The next item is  
22 agreement on the TRS investment and board  
23 meeting calendar for 2021 through 2022.  
24 We've all received it. So we want to  
25 know if that's something we can  
0061  
1 circulate.  
2 MR. DORSA: It looks good until  
3 December. (Laughter.)  
4 MR. ADLER: I need to say the same  
5 thing. (Laughter.)

6 CHAIRPERSON PENNY: Everyone good?  
7 MS. REILLY: The next item is  
8 questions or comments from the public.  
9 (No response.)  
10 CHAIRPERSON PENNY: Hearing none, do  
11 I hear a motion to go into executive  
12 session?  
13 MR. KAZANSKY: So moved.  
14 CHAIRPERSON PENNY: Thank you.  
15 Do I have a second?  
16 MR. BUCKLEY: Second.  
17 CHAIRPERSON PENNY: All those in  
18 favor please say "Aye."  
19 (A chorus of "Ayes.")  
20 All opposed?  
21 Any abstentions?  
22 (No response.)  
23 Okay. We're in executive.  
24  
25

0062

1 (Whereupon, the Board entered  
2 executive session.)  
3 (Whereupon, the Board returned to  
4 public session.)  
5 CHAIRPERSON PENNY: Susan, will you  
6 report out, please?  
7 MS. STANG: I certainly will.  
8 In executive session several  
9 contract matters were discussed.  
10 Consensus was reached, which will be  
11 announced at the appropriate time.  
12 We also received a presentation on  
13 cyber security.  
14 CHAIRPERSON PENNY: Thank you.  
15 Do we have any other business?  
16 (No response.)  
17 In that case, this is the last time  
18 we're meeting until September. We wish  
19 everyone a wonderful summer. If you're  
20 going on vacation be safe. If not, enjoy  
21 anyway.  
22 Thank you so much.  
23 Do I hear a motion to adjourn?  
24 MR. KAZANSKY: So moved.  
25 CHAIRPERSON PENNY: Thank you, Mr.

0063

1 Kazansky.  
2 Do I hear a second?  
3 MR. DORSA: Second.  
4 CHAIRPERSON PENNY: Thank you, Mr.  
5 Dorsa.  
6 All those in favor, please say  
7 "Aye."

8 A chorus of "Ayes.")  
9 Any opposed?  
10 Abstentions?  
11 (No response.)  
12 Stay tuned for attorney-client. We  
13 stand adjourned.  
14 (Whereupon, at 5:05 p.m., the  
15 meeting was concluded.)  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

0064

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

1  
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, June 17, 2021, and that  
8 this is an accurate transcription of these  
9 proceedings.  
10 IN WITNESS WHEREOF, I have hereunto  
11 set my hand this 22nd day of June, 2021.  
12  
13  
14  
15

16 JEFFREY SHAPIRO  
17  
18  
19  
20  
21  
22  
23  
24  
25