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2 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
3 REGULAR BOARD MEETING
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5

6 DATE: Thursday, November 18, 2021

7

8 TIME: 3:32 p.m. - 4:20 p.m.

9

10 HELD: Via Zoom Videoconference

11

12 REPORTER: Tara M. Drake, RPR
13 Job No. J7321150

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17 ATTENDEES:

18 Debra Penny, Chairperson

19 Patricia Reilly, Executive Director, TRS

20 Thaddeus McTigue, Deputy Executive Director, TRS

21 David Kazansky, Trustee

22 Thomas Brown, Trustee

23 John Adler, Trustee, Mayor's Office

24 Russell Buckley, Trustee, TRS/BERS

25 Cynthia Collins, Trustee, Mayor's Office

John Dorsa, Trustee, Comptroller's Office

Susannah Vickers, Trustee, Comptroller's Office

1 Natalie Green Giles, Trustee
2 Robert Bethelmy, TRS
3 Andrew Bradford, TRS
4 Valerie Budzik, TRS
5 Kate Chen, TRS
6 Carmela Crivell, TRS
7 Amy Kapadia, TRS
8 Isaac Glovinsky, TRS
9 Annette Hanrahan, TRS
10 Matt Laskowski, TRS
11 Natarajan Krishnamoorthy, TRS
12 Renee Pearce, TRS
13 Liz Sanchez, TRS
14 Susan Stang, TRS
15 Sherry Chan, Actuary
16 Marta Ross, Law Department
17 Sharon Campbell, Grant Thornton
18 Patsy Iacono Tulimieri, Grant Thornton
19 Kevin Morris, Grant Thornton
20 Will Richardson, Grant Thornton
21 Andrew Zmich, Grant Thornton
22 Phil Bonanno, Grant Thornton
23 Toby Mandelbaum
24 Mitchell Fruchter
25 MS. REILLY: Good afternoon, everyone.

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2 Welcome to the Teachers' Retirement System

3 regular board meeting for November 18th, 2021.

4 I'm going to start by calling the role.

5 John Adler?

6 MR. Adler: I'm here.

7 MS. REILLY: Thomas Brown?

8 MR. BROWN: I'm here, Patricia.

9 MS. REILLY: Natalie Green Giles?

10 MS. GREEN GILES: I'm here.

11 MS. REILLY: David Kazansky?

12 MR. KAZANSKY: Present.

13 MS. REILLY: Russell Buckley?

14 MR. BUCKLEY: Good afternoon. I'm

15 here.

16 MS. REILLY: Debra Penny?

17 MS. PENNY: I am here.

18 MS. REILLY: Susannah Vickers?

19 MS. VICKERS: I'm here. Thank you.

20 MS. REILLY: We have a quorum.

21 So the next item on the agenda is an

22 update on TRS operations, and Thad McTigue is

23 going to give us that update.

24 MR. MCTIGUE: A lot of paper today.

25 Thank you.

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2 On October 29th, the governor enacted
3 Chapter 525 of the laws of 2021, which makes
4 TRS membership mandatory for paraprofessionals
5 in certain educational titles. The law -- the
6 law sets future hires as well as a few
7 thousand paraprofessionals who are currently
8 in those titles. TRS is working with the
9 employers to start pension deductions soon for
10 these members, and we plan to contact them by
11 letter in December with the information about
12 TRS membership.

13 TRS's updated individual limits for
14 member contributions to the TDA program in
15 2022. The IRS recently announced that the
16 general limit will be \$20,500 next year, an
17 increase of \$1,000 over 2021.

18 During November, TRS is also sending an
19 e-mail blast to noncontributing members to
20 make them aware of the TDA program.

21 And, finally, for quarterly statements,
22 nearly 190,000 members have been notified by
23 e-mail that their account statements for the
24 third quarter of 2021 are available for
25 viewing on the TRS website. In addition,

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2 account statements were mailed to
3 approximately 1,400 TDA beneficiary
4 participants. Thank you.

5 MS. REILLY: Thank you.

6 Okay. Next on the agenda is the
7 executive director's report, and the first
8 item on the executive director's report is the
9 matter of the next meeting. And it has been
10 suggested that the next regular meeting of the
11 Teachers' Retirement Board be held on the
12 third Thursday of the month, December 16th,
13 2021.

14 Okay. The next is a resolution,
15 variable annuity program and qualified pension
16 plan investment policy statements.

17 MR. KAZANSKY: Please skip to the
18 resolve.

19 MS. REILLY: Resolved that the board
20 hereby adopts the annex revised restrictions
21 on permissible investments and security
22 litigation protocol, and be it further
23 resolved that the annex restrictions are
24 permissible investments and securities
25 litigation protocol shall be -- shall replace

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2 the existing appendix in the qualified pension
3 plan and tax deferred annuity investment
4 policy placements.

5 MS. PENNY: Thank you, Patricia.

6 Do I hear a motion?

7 MR. BROWN: Tom Brown, so moved.

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

9 Do we hear a second?

10 MR. ADLER: Second.

11 MS. PENNY: Okay. Any discussion?

12 Okay. Hearing none.

13 All those in favor, please say, "Aye."

14 THE TRUSTEES: Aye.

15 MS. PENNY: Any opposed?

16 Any abstentions?

17 Resolution carries. Thank you.

18 MS. REILLY: Next is the -- a
19 resolution for the budget modification for new
20 projects.

21 MR. KAZANSKY: Please skip to the
22 resolve.

23 MS. REILLY: Resolve of the Board of
24 Trustees hereby approve a modification to the
25 fiscal year 2022 budget to increase the agency

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2 budget in the amount of \$922,950 to fund
3 additional projects as listed in this
4 resolution, and be it further resolved that
5 the Board of Trustees hereby authorizes the
6 executive director or her designee to spend
7 monies out of such budget to fund necessary
8 operations in accordance with the approved
9 budget and governing law.

10 MS. PENNY: Thank you.

11 Do I hear a motion?

12 MR. KAZANSKY: David Kazansky, so
13 moved.

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

15 Do we hear a second?

16 MS. VICKERS: Susannah Vickers, second.

17 MS. PENNY: Thank you, Ms. Vickers.

18 Any discussion?

19 MR. ADLER: Yes.

20 MS. PENNY: Okay. Mr. Adler?

21 MR. ADLER: Yes. I posed a number of
22 questions to Thad this afternoon, and I
23 haven't received answers to those questions.

24 Do you want me to read them into the
25 record?

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2 MS. REILLY: You received the answers
3 to those questions.

4 MR. McTIGUE: We did send an e-mail
5 about an hour ago. Maybe an hour-and-a-half.

6 MR. ADLER: I don't think I got that
7 e-mail.

8 MS. VICKERS: I saw it. I think it
9 went to other board members as well.

10 MR. McTIGUE: Yeah. We sent it to the
11 board as we did the previous set of questions.

12 MR. ADLER: I'm saying -- you sent one
13 an hour-in-a-half in -- in response to the
14 second set of questions?

15 MR. McTIGUE: Yes, that is correct.

16 MR. ADLER: I -- well, I'm sorry. I
17 did not receive such an e-mail, Thad.

18 MS. COLLINS: John, check -- it might
19 be in your spam. You know how that happens
20 sometimes.

21 MR. KAZANSKY: Yeah. We sent it 2:38
22 p.m.

23 MR. ADLER: I did not receive. It's
24 not in my spam, and I didn't receive an e-mail
25 at 2:38 p.m. Oh, 2:37 p.m. Okay. I got it

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2 at 2:37 p.m. It got buried.

3 Okay. I'm sorry. Could we -- I -- I
4 guess -- I haven't had a chance to review
5 this. The reality is this was sent out late
6 on Monday. I sent an e-mail on Tuesday. I
7 got a response yesterday. I reviewed that and
8 sent out another response today -- another set
9 of questions today. And I guess an e-mail was
10 sent within the last hour that I had not had a
11 chance to review.

12 So I would respectfully request a
13 chance to review it before the board is asked
14 to act on a -- an approximately million-dollar
15 budget modification.

16 Is there a reason that it needs to be
17 approved today?

18 MR. McTIGUE: Tom, you know, I think
19 when you said that you sent something on
20 Tuesday, I would say that I -- any response I
21 got from you I responded within hours. So
22 I --

23 MR. ADLER: It's a very long,
24 complicated budget request that is sent out
25 three days before a board meeting. There's

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2 not really a ton of time -- that's not a ton
3 of time to consider a budget.

4 Typically, we have, you know, a much
5 longer time frame to -- to -- I'm not
6 criticizing you, Thad, for the amount of time
7 that you took to respond to the questions.
8 I'm really -- getting at a budget modification
9 request, you know, less than 72 hours before a
10 board meeting.

11 MR. McTIGUE: I -- I don't want to take
12 away from the point you're making, John, but
13 if I may, my point was that you said that you
14 sent something on Tuesday and you didn't get a
15 response until last night. What I'm saying is
16 as soon as I got the e-mail, we turned that
17 response over in -- within a couple of hours.

18 MR. ADLER: No, I didn't say that you
19 didn't get it back until last night. I'm
20 saying -- I'm just saying there's been a whole
21 back and forth, which I appreciate. I'm not
22 criticizing, Thad. You -- I'm not criticizing
23 you, Thad, on responsiveness to my questions.

24 MR. McTIGUE: My response --

25 MR. ADLER: Literally, I've been in

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2 meetings most of today. I see here that you
3 got something at 2:37, which I did not see, as
4 you could tell from my response because I was
5 in a meeting until five minutes ago.

6 And so I'm now being asked to vote on
7 a, you know, fairly complex, multifaceted
8 budget modification for which I'm not prepared
9 to vote for the whole thing because I haven't
10 digested it.

11 So, I guess, I mean, we can break it up
12 piece by piece. I don't have an issue with --
13 with -- I didn't ask any questions about
14 several pieces of it, but, you know, there are
15 a couple of parts of it that I would like to
16 be able to read your responses.

17 May -- if you want, I'll read it during
18 this meeting, and we can come back to it later
19 in the meeting. But, truthfully, right now, I
20 don't feel like I have the information I need
21 to cast a vote on this request.

22 MS. REILLY: I just wanted to -- I
23 mean, I'm just making a point, but, John, that
24 this is a budget mod, not a full budget. I
25 mean -- and that's why, you know, it doesn't

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2 go through the whole process that the full
3 budget to -- to run the agency goes through.
4 It's just a modification for items that were
5 not either known to us at the time or came up
6 in the interim that we would like to have
7 additional budget to do -- deal with.

8 MS. PENNY: So what if we -- so what if
9 we brought it up now? What if we -- can we
10 speak about each part now so at least, John,
11 you would feel more comfortable and other
12 members would feel comfortable, too?

13 I mean, I'm hesitant to hold it over
14 because a lot of this has to do with the
15 paraprofessionals that are going into the
16 system that have been placed into the system
17 as of October 29th. And the longer we wait
18 for the assistance to help in the long -- you
19 know, the longer we're going to push it back.
20 So, for our members, I think it's best if we
21 do this as soon as possible.

22 So we have time, why don't we go
23 through, and then, this way, John, if you have
24 any further questions -- does that work?

25 MR. ADLER: That would be great. Thank

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2 you.

3 MS. PENNY: Let's do that. That's --

4 MS. REILLY: So -- okay -- so, John,
5 your first question has a --

6 MS. PENNY: So let's -- let me just
7 pull it up. So we're pulling up the -- the
8 2:37?

9 MS. REILLY: Where did he go?

10 MR. McTIGUE: I'm just going to get the
11 newest.

12 MS. REILLY: Oh, so you're just wanting
13 to get the newest e-mail. But what's your --
14 your first question? I think had to do
15 with --

16 MR. ADLER: Why three? Why three is
17 the number of positions required.

18 MS. REILLY: Right.

19 So what we did was we looked at the
20 number -- the call volumes that we had with
21 our current paraprofessionals and the length
22 of those calls, and the reality is that the
23 paraprofessionals require a lot more hand
24 holding than our other members. Our call
25 lengths with them are much longer, and

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2 whenever any communication goes back, we get
3 most -- multiple calls from our
4 paraprofessional community.

5 We're going to be adding 4,000 new
6 paraprofessionals, according to what the --
7 the DOE believes, as well as 2,000 per year.
8 They hire about 2,000 paraprofessionals every
9 year. So we also -- I mean, just -- just as
10 a -- an aside, when we did the Gulino, which
11 added, like, 4,000 members, we did not
12 increase our head count at all. We -- you
13 know, the head count that we're permitted.

14 Here we are asking to increase that
15 head count by three positions, but that's --
16 you know, that's -- so this
17 paraprofessional -- in addition to the 4,000
18 Gulino people that are being added to the
19 members that we support; so that's, like,
20 about, you know, 7,000 more people this year
21 and 2,000 every year after that.

22 So, looking at our volumes, looking at
23 the length of calls, we believe two additional
24 call center and one additional member service
25 representative is needed because in addition

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2 to people coming into the walk-in center, we
3 are now holding Zoom calls with members, and
4 we're going to be holding a lot of workshops
5 with these paraprofessionals, both in house
6 and through Zoom, in addition to when they
7 request to have a consultation and they want
8 to do it through Zoom, then we have to have
9 staff who are able to do it.

10 We can barely keep up with our requests
11 from our existing members. So we -- we -- we
12 did some analysis and thought that three was
13 the right number.

14 MR. ADLER: Okay. Okay. Thank you for
15 that answer.

16 MS. REILLY: Okay.

17 MR. ADLER: And so I see that the
18 annualized cost for the three is 135,000, but
19 it does not include fringe.

20 MS. REILLY: Yes.

21 MR. ADLER: And, typically, fringe is
22 part of the PS budget; right?

23 MS. REILLY: It's -- but it's a
24 separate line item.

25 MR. ADLER: I understand that, but if

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2 we're approving three additional heads, don't
3 we have to approve salary plus fringe costs?

4 MS. REILLY: Well -- so --

5 MR. McTIGUE: So this is prorated to
6 try to -- try do that because that's higher
7 than it was prorated to try to accomplish that
8 because you're not exact.

9 MR. ADLER: You're saying that 90,000
10 that would be approved in this budget mod
11 would include salary plus fringe for this
12 fiscal year?

13 MR. McTIGUE: That's the goal. I'll go
14 back and -- you know, it's -- it's a timing
15 issue. So maybe, you know, depending when we
16 hire those folks.

17 MR. ADLER: I'm sorry. I couldn't make
18 that out, Thad.

19 MR. McTIGUE: Maybe we can hire these
20 folks, yes. But, in the future, to your other
21 point, when we do future budget mods, we'll
22 lay it out so that we show you in TPS.

23 MR. ADLER: Okay. And so what's the --
24 you're saying this -- the three heads are
25 added to the authorized head count. What's

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2 the current authorized head count for TRS?

3 MS. REILLY: I think -- 3 million,
4 five.

5 MR. ADLER: I'm sorry. I -- I can't
6 hear you.

7 MR. McTIGUE: It's 395.

8 MS. REILLY: It's 395. So would go to
9 398.

10 MR. ADLER: And -- and --

11 MS. REILLY: -- normally, like, you
12 know, always fill the open positions in a
13 timely manner; so we have, like, 350 people
14 currently, but our head count that we've been
15 approved for is 395.

16 MR. ADLER: I -- I guess my question on
17 that -- and it's a question -- is: Is an
18 increase in head count necessary if you
19 currently have 45 vacancies?

20 MS. REILLY: Well, the vacancies that
21 we have are from specific departments, which
22 is not member services.

23 So either we're -- we're having
24 difficulty filling some head counts -- some
25 positions, excuse me, or I'm trying not to

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2 fill head counts if I think that once ASPEN is
3 in -- remember, once ASPEN was in, I was going
4 to, like, reassess our needs, but that's a few
5 years down the road. So I -- I don't know
6 what the requirement is going to be in the
7 future, but I -- so sometimes we delay
8 bringing people on or bringing the temps in so
9 that we don't have to hire people that we'll
10 then have to let go because we won't have a
11 need for them in the future.

12 So there is -- you know, but there is
13 the -- eventuality where we're probably going
14 to reduce our head count needs, but right now,
15 where we are sitting here, I don't know what
16 that is, and I --

17 MR. ADLER: Uh-huh.

18 MS. REILLY: -- so that's why we're
19 adding to it. But I'm saying that probably in
20 a few years, once ASPEN is in and we can
21 assess our true needs, it -- it is my goal
22 that those needs and the head count go down.

23 MR. ADLER: Okay. So are you saying
24 that the -- right now, the 45 -- roughly 45
25 vacancies not -- that's not -- they're not in

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2 member services. Member services you have a
3 full complement?

4 MS. REILLY: Yes, and temps.

5 MR. ADLER: Okay.

6 MS. REILLY: Because to handle the
7 volumes of calls that we get and the
8 consultations that we get.

9 MR. ADLER: Okay. Thank you.
10 Understood.

11 MS. GREEN GILES: May I just ask one
12 follow-up question on that?

13 Are you tracking wait time in your call
14 center because that would be a helpful -- I
15 mean, obviously, you have the benchmark that
16 you wanted minimized, but what -- what are
17 your wait times now?

18 MS. REILLY: More than we would like.
19 More than our members would like.

20 MS. GREEN GILES: No. For sure, but do
21 you -- do you have that?

22 MS. REILLY: I just -- we average about
23 20-minute wait time.

24 MS. GREEN GILES: And your goal?

25 MS. REILLY: Five minutes.

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2 MR. McTIGUE: Three to five. Three to
3 five.

4 MS. GREEN GILES: I didn't hear. Three
5 to five?

6 MR. McTIGUE: Five.

7 MS. GREEN GILES: Thanks.

8 MS. PENNY: And if I may, that doesn't
9 even take into consideration; so all of those
10 thousands of paras that will now be enrolled
11 in the pension system, we've been telling them
12 to kind of stand down. TRS is sending out a
13 letter on, what, December 13th, that will
14 start all of the calls. They're sending a
15 letter saying congratulations; you're going to
16 be a member.

17 When we leave here, we have a
18 paraprofessional meeting to explain to them
19 the process. So once they get that letter,
20 then there's going to be a lot of volume in
21 the call center.

22 And along with all of these paras, some
23 of these paras have been -- have been
24 paraprofessionals for several years; so
25 they're going to have questions about prior

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2 service. Because anyone who came into the
3 system before October 29th or anyone now, up
4 until, you know, the letters, they all have
5 prior service.

6 So that's going to take and -- as
7 Patricia explained, it takes a very patient
8 person to answer a lot of the questions; so we
9 appreciate that.

10 MR. ADLER: Okay. Thank you.

11 MS. REILLY: I think that, you know,
12 Thad had made the point in the -- in the
13 documentation that TRS, in its current budget,
14 is absorbing a lot of the costs with the work
15 that we're doing with the letters and the --

16 MR. McTIGUE: The deficit calculations.

17 MS. REILLY: -- the deficit
18 calculations.

19 MR. McTIGUE: Service calculations. So
20 while you see those three heads, you know,
21 because we -- I did do the analysis; there are
22 certain costs that we aren't absorbing.

23 MS. REILLY: For instance, the benefit
24 administration department who has to calculate
25 all of those deficits or calculate all of

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2 those service purchases, we're not adding
3 staff there. So we're absorbing that work
4 within the benefit of the administration
5 department and then the other areas within
6 TRS.

7 It's just the call center. Because
8 nothing frustrates our members more than long
9 wait times, and, you know, we can have an
10 abandon -- we -- we have a long wait time, but
11 we also can't -- we also look at our abandon
12 rate where people get frustrated and hang up.

13 So those are all things we take into
14 consideration and -- in order to be able to
15 continue at the service levels that we have
16 today, which we would even like to be better,
17 we felt that these two positions in member
18 services were going to be needed.

19 MS. GREEN GILES: Have you lost staff
20 in the call center or in any member -- in
21 member services during COVID?

22 UNIDENTIFIED SPEAKER: What was the
23 question?

24 MS. REILLY: I -- I lost four people to
25 retirement. I really, at the end of the day,

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2 only have one person at TRS who went on leave
3 without pay because of the mayor's mandate.

4 MS. GREEN GILES: Yeah, that was
5 basically my question. Thank you.

6 MS. REILLY: But I do have nine
7 religious exemptions, but they are being --
8 you know, they're coming in, wear a mask at
9 all times, and have a COVID -- weekly COVID
10 test.

11 So I only lost one person to COVID -- I
12 mean, you know, the COVID mandate, but we have
13 a lot of -- we've had a lot of retirements
14 since that PRI didn't go through. People were
15 waiting on that, and so we've seen a big
16 number of retirements.

17 MS. PENNY: Okay. Any further
18 questions?

19 John, did you have --

20 MR. ADLER: Yeah, there's -- there's
21 other -- I'm just -- again, just processing
22 then. There were other questions that I had
23 sent. I think that's all on the
24 paraprofessionals, and I find the answers -- I
25 -- you have answered my questions, and I find

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2 them satisfactory, and I'm prepared to support
3 that request. And now I'm just looking at the
4 NCOA integration.

5 MS. REILLY: Yeah. So I can speak to
6 that, John.

7 MR. ADLER: Thank you.

8 MS. REILLY: So, today, our process
9 for -- I always say this to people that you
10 would think address maintenance would be an
11 easy thing to do, but it's like it's -- it
12 works -- the most difficult to keep our data
13 up-to-date and fresh.

14 I -- I always use myself as an example.
15 I moved, and I never changed my address with
16 the pension system. I didn't even think of
17 it, but I did change it with the post office,
18 right; I wanted my mail to get to me.

19 So, today, what TRS does, we send out a
20 large mailing, and hundreds and sometimes
21 thousands of letters, depending on the group
22 that we're mailing to, will come back with the
23 yellow sticky return or -- return mail.

24 We then have to -- like, we have to,
25 then, have somebody in our demographics unit

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2 manually go into the system and update the
3 addresses. So with this NCO -- I don't even
4 know the acronym.

5 MR. McTIGUE: National change of
6 address.

7 MS. REILLY: The national change of
8 address system that we're -- that our print
9 vendor has -- has told us they are a
10 participant in, they are able to
11 electronically send us -- as soon as a person
12 puts in a change of address, we can -- we can
13 get an electronic feed on an ongoing basis so
14 that our addresses are up-to-date, based on
15 what the post office has been given from our
16 members; so that the next time we do a
17 mailing, we're not going to get hundreds or
18 sometimes thousands of returned mail because
19 we will have an up-to-date database of
20 everybody's mailing address. So it's going to
21 save money.

22 Because, today, when we get that return
23 mail, we paid for that stamp. If it was
24 returned -- and now we have to mail it to the
25 new address. So it's, like, a postage cost.

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2 There's -- there's staff costs. There's
3 frustration on our members' side because --
4 because we're delaying getting information to
5 them that may have a deadline, and then
6 they're very frustrated.

7 So having this electronic feed that's
8 going to constantly be updating our addresses
9 and making sure that we're sending it to the
10 correct address and we're not getting a lot of
11 return mail, I think is a wash for the cost
12 that it's going to be for us to procure this
13 service from our -- our print vendor.

14 So the other thing was, you had asked,
15 you know, some of -- like addresses are, you
16 know, sent to TDA participants. But we only
17 capture one address in our system. Our -- we
18 have one address for our member, and all
19 members must be QP -- QPP participants before
20 they can join the TDA. So the address is only
21 stored once.

22 So when we update the address, it's
23 updated for both systems -- the address is
24 updated, and both the TDA and the QPP use that
25 address, but you can't have a TDA without

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2 having a QPP.

3 MR. ADLER: Well -- and -- and let me
4 just ask a -- a follow-up on that. Don't we
5 have BERS participants that are in the
6 Variable A?

7 MS. REILLY: But we don't service them;
8 BERS does.

9 MR. ADLER: So they're just -- they
10 just get the account values, but there's no
11 other contact between TRS and those BERS
12 members?

13 MS. REILLY: Correct.

14 MR. ADLER: Got it. Thank you.

15 I just want to address this issue about
16 what is and what isn't modernization.

17 MS. REILLY: Oh, okay. So
18 modernization is a project to -- to develop
19 functionality in -- in our new system called
20 ASPEN.

21 When functionality, like addresses and
22 demographic data, which was put into
23 production, like, three years ago, it's in
24 production. It's no longer part of the
25 project. It's -- it was developed and it was

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2 implemented and is now being used by the
3 business in our production environment.

4 So when we enhance or change that, it's
5 not part of the modernization project anymore
6 because that part of the project is over. And
7 it's actually updating or maintaining our
8 production -- the production system.

9 So, because of that, the cost is not a
10 modernization cost because it's no name and
11 address and demographics is no longer part of
12 the development project. It's now in
13 production.

14 MS. PENNY: Oh, aren't you so sweet.

15 MR. ADLER: And so could you contrast
16 that or compare it for me with how the Gulino
17 project is part of the modernization? Because
18 I presume that the Gulino project also effects
19 various functionalities that are already in
20 production and not part of modernization.

21 MS. REILLY: Well, but when we talked
22 about that, that was because we had -- we had
23 -- we had developed -- in the development --
24 so we have these simultaneous things that's
25 going on, and we're -- we're -- we're not --

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2 we're not developing things sequentially;

3 we're developing them simultaneously.

4 So when we have Gulino, there were
5 things that were developed in ASPEN that have
6 not gone into production yet. They're still
7 waiting -- they're still waiting to go into
8 production.

9 MR. ADLER: Right.

10 MS. REILLY: So what happened with --
11 with Gulino was a lot of the things that we
12 had developed -- you know, that are waiting to
13 go into production until that phase is ready
14 to go in had to be reprogrammed to incorporate
15 Gulino rules and functions.

16 MR. ADLER: But none of -- so you're
17 saying nothing from the Gulino project had
18 an -- affected any functionality that was
19 already in production?

20 MS. REILLY: Yeah, because the only
21 things that are -- were in -- were in and are
22 in production at this point, when we got the
23 Gulino project approved, were, you know, our
24 infrastructure, our demographics, and our
25 death benefits.

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2 So, now we're on Phase V, which is
3 retirement payroll and -- and all of that
4 functions, but we were not in production yet
5 with Phase V when we got the Gulino approved.

6 MR. ADLER: Okay. Okay. Thank you for
7 the answers.

8 MS. PENNY: Does anyone else have any
9 questions?

10 All right. Then we're going to vote on
11 the budget modifications for new projects.

12 All those in favor, please say, "Aye."

13 THE TRUSTEES: Aye.

14 MS. PENNY: Any opposed?

15 Any abstentions?

16 Okay. Budget mod is passed.

17 MS. REILLY: Next on the agenda is new
18 contract increases for TRS employees.

19 MR. KAZANSKY: Skip to the resolve,
20 please.

21 MS. REILLY: Resolved that the Board of
22 Trustees of the Teachers' Retirement System of
23 the City of New York hereby approve a
24 modification of the fiscal year 2022 budget by
25 increasing such budget in the amount of 95,000

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2 to cover OSA contractual increases.
3 MS. PENNY: Thank you, Patricia.
4 Do I hear a motion?
5 MR. KAZANSKY: David Kazansky, so
6 moved.
7 MS. PENNY: Thank you, Mr. Kazansky.
8 Do I hear a second?
9 MR. ADLER: Second.
10 MR. BROWN: Second.
11 MS. PENNY: Thank you, Mr. Brown.
12 Any discussion? Discussion?
13 All those in favor, please say, "Aye."
14 THE TRUSTEES: Aye.
15 MS. PENNY: Any opposed?
16 Any abstentions?
17 Okay. Contract increases are passed.
18 MS. REILLY: Okay. Next is the renewal
19 of investment agency agreements.
20 MS. BUDZIK: No. Actually --
21 MS. REILLY: Oh, shoot. Sorry.
22 MS. PENNY: Calendar?
23 MS. REILLY: So next is the calendar.
24 And first item on the calendar is the
25 approval of the following minutes: October

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2 7th, 2021, investment meeting minutes; October
3 25th, 2011, board meetings minutes; so --

4 MS. PENNY: Do I hear a motion to
5 approve the investment and the board meeting
6 minutes?

7 MR. BROWN: Tom Brown, so moved.

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

9 Do I hear a second?

10 MS. VICKERS: Susannah Vickers, second.

11 MS. PENNY: Thank you, Ms. Vickers.

12 Any discussion about the minutes?

13 All those in favor, please say, "Aye."

14 THE TRUSTEES: Aye.

15 MS. PENNY: Any opposed?

16 Any abstentions?

17 Minutes pass.

18 MS. REILLY: Okay. Next are the
19 calendar items. You-all should have received
20 the electronic version of the calendar.

21 MR. McTIGUE: Please waive the reading
22 of the calendar. Thank you.

23 MS. PENNY: Okay. Do I hear a motion
24 to approve the calendar?

25 MR. BUCKLEY: Russ --

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

3 Was that Russ?

4 MR. BUCKLEY: Second, Russ.

5 MS. PENNY: Okay. Russ Buckley,

6 second. Thank you.

7 Any discussion about the calendar

8 items?

9 All those in favor, please say, "Aye."

10 THE TRUSTEES: Aye.

11 MS. PENNY: Any opposed?

12 Any abstentions?

13 Calendar passes.

14 MS. REILLY: Okay. Next on the agenda

15 is other business, and we have a presentation

16 by Grant Thornton, our financial auditors.

17 Are you here, Grant Thornton?

18 MS. CAMPBELL: Yes. Thank you.

19 Hi. Good afternoon.

20 My name is Sharon Campbell. I'm a

21 managing director in Grant Thornton's employee

22 benefit plan audit practice, and I served as

23 the lead on the 2021 audit of the Teachers'

24 Retirement System of the City of New York.

25 I appreciate the opportunity to present

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2 to you today the results of the 2021 audit, as
3 well as our required communications to those
4 charged with governance.

5 I believe each of you have the slides
6 in front of you; so I'm only going to
7 highlight some of the slides.

8 Before I begin, I would like to thank
9 TRS management for their coordinated efforts
10 to assist us in the successful and timely
11 completion of this year's audit. Overall, the
12 audit went well, and we issued an unmodified
13 clean opinion dated October 28th.

14 With that, I'm going to share my
15 screen, as soon as it tells me where.

16 Okay. Hopefully, everybody can see my
17 screen.

18 MS. SANCHEZ: No.

19 MS. CAMPBELL: Okay.

20 MS. SANCHEZ: We do not see your
21 screen.

22 MS. CAMPBELL: You do not see my
23 screen.

24 Okay. Let me double-check why.

25 Can you see my screen now?

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2 MS. SANCHEZ: Yes.

3 MS. CAMPBELL: Okay. Perfect.

4 All right. So with me today are my
5 managers, Patsy Iacono and Will Richardson, as
6 well as my specialist, my IT specialist, Kevin
7 Morris, and my actuarial specialist, Phil
8 Bonanno and Andy Zmich.

9 Moving on to the next slide; so we
10 approach our audits using a risk-based
11 approach, and we start with identifying
12 significant risks and other risks.

13 To perform our procedures, we obtain an
14 understanding of the financial reporting
15 process and controls over journal entries and
16 other adjustments and the suitability of
17 design and implantation of those controls.

18 We make inquiries of individuals
19 involved in the financial reporting process
20 about inappropriate or unusual activity they
21 may be aware of relating to the processing of
22 journal entries and other adjustments. And we
23 consider fraud risk indicators, the nature and
24 complexity of certain accounts, as well as the
25 entries processed outside of the normal course

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2 of plan operations.

3 To perform our procedures, we use whole
4 ledger analytics on all journal entries, both
5 manual and automated, to pinpoint transactions
6 that may appear to have a higher risk of
7 management override based on the cumulative
8 risks score.

9 We then subject entries with high
10 cumulative risk scores to further analysis,
11 and we isolate a subset of those for testing.
12 For entries tested and selected, we obtain
13 underlying support, evaluate -- evaluate the
14 validity in the normal course of business, and
15 we obtain evidence of approval. We did not
16 identify any significant exceptions in this
17 testing.

18 Moving on to other areas of focus.
19 Another area of focus is investment
20 evaluation. We confirm a hundred percent of
21 the investment positions. We evaluate the
22 reasonableness of the fair value disclosures
23 on a sample basis. And with the assistance of
24 our New York pricing group, we test the fair
25 values of investments' health at the end of

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2 the year as well as purchases and sales made
3 throughout the year to determine the
4 reasonableness of the reported values.

5 We also evaluate the reasonableness of
6 investment expenses. There was one proposed
7 adjustment related to investments that was
8 identified as part of an annual reconciliation
9 process to the fair value of the alternative
10 investments, and this was related to a lag
11 between the last reported valuation of the
12 alternative investments and the fiscal year
13 end. No other significant exceptions were
14 noted.

15 Another area of focus is contributions,
16 member contributions; so we test the
17 completeness of the population, and then on
18 the sample basis, we test the eligibility to
19 participate in the plan and contribute in the
20 plan, as well as the accuracy of the
21 contribution that's calculated and the amounts
22 that are withheld to make sure they are in
23 accordance with plan provisions.

24 Okay. Our next area of focus is
25 benefit payments. Again, we test the

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2 completeness of the population and then we
3 select the sample to test the eligibility to
4 receive the benefit payment, as well as the
5 accuracy of the benefit payment calculation in
6 accordance with plan provisions.

7 We then test the total pension
8 liability by testing the completeness of the
9 census data. And then with the assistance of
10 our firm actuaries, we assess the
11 reasonableness of the actuarial assumptions
12 and methods used; and, on a sample basis, we
13 test the accuracy of the census data, selected
14 demographic data within the census data that's
15 driving the valuation.

16 Other areas of focus include member
17 loans, information technology, general
18 controls, and the adequacy of disclosures.

19 Okay. Just to point out, cybersecurity
20 continues to be a primary focus. Responsible
21 plan fiduciaries have an obligation to ensure
22 proper mitigation of cybersecurity risks,
23 periodic evaluation of design and
24 effectiveness of internal -- of information
25 technology general controls could help

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2 mitigate these risks.

3 On the topic of ITGCs, or information
4 technology general controls, the following or
5 the listed applications or systems were in
6 scope.

7 We did not test the operating
8 effectiveness of ITGCs; but, rather, with the
9 assistance of our firm IT specialists, we
10 performed certain procedures to gain an
11 understanding of the ITGCs specifically in
12 areas of security administration, which covers
13 access change controls; program maintenance,
14 which covers change management processes for
15 in-scope applications; program execution,
16 which covers schedule change and job exception
17 resolution controls, as well as reviewing
18 management's analysis of job processing
19 exceptions, incidents, and any other
20 anomalies; technology operations, which
21 includes, but is not limited to physical
22 access to data centers, disaster recovery and
23 business continuity backups and data
24 redundancy and helpdesk functions; and then,
25 finally, cybersecurity.

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2 So, again, as I mentioned earlier, we
3 issued an unmodified clean opinion. TRS early
4 adopted GASB Statement 98, which basically
5 establishes the term "annual comprehensive
6 financial report" with an -- with an acronym,
7 ACFR or short ACFR.

8 There were no scope limit- --
9 limitations. We had open and effective
10 communication with management. And internal
11 controls and best practice recommendations
12 were discussed with management.

13 We expect to issue the ACFR the third
14 week of December, this year, and we expect it
15 will include the GFOA certificate of
16 achievement for the 2020 ACFR.

17 Okay. Other required communications --
18 so we're not aware of any going concern
19 matters. During our procedures, we did not
20 identify any fraud or noncompliance with laws
21 or regulations. There were no significant
22 deficiencies or material weaknesses identified
23 in internal controls over financial reporting.
24 We're not aware of the use of other auditors.
25 We did not use internal audit. Related party

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2 and related party transactions are
3 appropriately disclosed in the 7 to the
4 financial statements.

5 We did not identify any significant
6 unusual transactions. And I'm pleased to
7 report we had no disagreements with
8 management. There were no significant issues
9 that were discussed with management or
10 significant difficulties that were encountered
11 during the audit.

12 We're not aware of management's
13 consultation with any other accountants as it
14 relates to the audit procedures. And there
15 were no other significant findings, other than
16 those discussed throughout the presentation,
17 that would be relevant to your oversight
18 responsibilities.

19 There were no modifications to the
20 auditor's report. And, again, the financial
21 statements will be included in the ACFR that
22 will be released in middle of -- third week of
23 December.

24 Okay. We're required also to
25 communicate to you the quality of accounting

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2 practices. So TRS's significant accounting
3 policies are detailed in note 2 to the basic
4 financial statements and are considered
5 appropriate in all -- and -- and consistent in
6 all material respects.

7 The largest accounting estimates or the
8 most significant accounting estimates for this
9 audit are the fair value of investments and
10 the total pension liability as well as the
11 related disclosures.

12 As it relates to disclosures, we have
13 assessed that the financial statements and
14 disclosures are clear and complete in all
15 material respects, but notes disclosures to
16 the financial statements appear to be
17 informative, consistent, and clear.

18 That concludes my presentation.

19 Does anyone have any questions?

20 Okay. Well, before I take -- before I
21 leave, I would like to wish everybody a happy
22 and healthy holiday season.

23 MS. PENNY: Thank you. You, too.

24 Thank you so much.

25 MS. CAMPBELL: Thank you, everybody.

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2 MS. REILLY: OKAY. Next on the agenda
3 is just a status update on the actuary
4 standards. I'm going to have Valerie do that
5 for us.

6 MS. BUDZIK: This will be very brief.

7 So I believe it was September, the --
8 the board passed a resolution directing
9 development of actuarial -- actuary standards,
10 and that required -- so the -- and, really,
11 what this would do is lay out schedules for
12 reports, et cetera, et cetera.

13 It's not heavy-duty actuarial stuff on,
14 you know, assumptions and methods. It's more
15 how the actuary interacts with the board and
16 the timing of this certain required group
17 board.

18 So Sherry's office did submit to us a
19 list and timing for reports over the coming
20 years. We've incorporated that into a -- some
21 draft standards. Because this was such a full
22 agenda, we didn't think it was really time to
23 go over that at this meeting. We'll
24 distribute it in a -- in a week or so. We had
25 one or two questions that we wanted to

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2 follow-up with Sherry's office on, and then
3 we'll distribute draft standards to the board
4 for its review. That's the update.

5 MS. REILLY: Thank you.

6 Questions or comments from the public?

7 Seeing none, I'll turn it over to the
8 chair.

9 MS. PENNY: Is there a motion to go
10 into executive session?

11 MR. BROWN: Tom Brown, so moved.

12 MS. PENNY: Thank you.

13 MS. VICKERS: Susannah Vickers, second.

14 MS. PENNY: Thank you, Ms. Vickers.

15 Any discussion?

16 All those in favor, please say, "Aye."

17 THE TRUSTEES: Aye.

18 MS. PENNY: Opposed?

19 Any abstentions?

20 Okay. We are in executive session.

21 (Off the record at 4:14 p.m.)

22 (On the record at 4:19 p.m.)

23 MS. PENNY: Okay. We are back.

24 Susan Stang, would you like to report
25 out, please?

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2 Is Susan there?

3 MS. REILLY: Take yourself off mute.

4 MS. STANG: Gladly. Yeah, first I have
5 to get off mute. Find a -- a thing and then
6 get off mute.

7 In executive session, we discussed and
8 approved several investment contract matters.
9 We also discussed and approved the divestment
10 of certain emerging market securities.

11 MS. PENNY: Thank you, Ms. Stang.

12 Anything else before we adjourn?

13 Wishing you all a very happy
14 Thanksgiving. Enjoy your time off.

15 And all those in favor of adjourn,
16 please say, "Aye."

17 THE TRUSTEES: Aye.

18 UNIDENTIFIED SPEAKER: Happy
19 Thanksgiving.

20 MS. PENNY: Okay. First and second,
21 here we go.

22 Anyone opposed to adjourning?

23 Okay. We stand adjourned.

24 MR. KAZANSKY: Happy Thanksgiving,
25 everybody.

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2 (End time: 4:20 p.m.)

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1 REPORTER'S CERTIFICATE

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3 I, TARA M. DRAKE, RPR, a Court Reporter and Notary
4 Public in and for the State of New York, certify:

5 That the foregoing proceedings were
stenographically

6 reported by me at the time and place therein set forth and
7 were thereafter transcribed;

8 That the foregoing is a true and correct transcript
9 of my shorthand notes so taken to the best of my ability
and
10 belief.

11 I further certify that I am not a relative or
12 employee of any attorney of the parties nor financially
13 interested in the action.

14 I declare under penalty of perjury under the laws
of
15 New York that the foregoing is true and correct.

16 Dated: December 1, 2021

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20 _____
Tara M. Drake, RPR

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