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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
INVESTMENT MEETING

Held on Thursday, October 6, 2022
Via Videoconference

ATTENDEES:

- DEBRA PENNY, Chairperson, Trustee
- BRYAN BERGE, Trustee, Mayor's Office
- THOMAS BROWN, Trustee
- RUSSELL BUCKLEY, Trustee
- ALISON HIRSH, Trustee, Comptroller's Office
- DAVID KAZANSKY, Trustee
- PATRICIA REILLY, Teacher's Retirement System
- MICHAEL FULVIO, Rocaton
- STEVEN MEIER, Comptroller's Office
- JOHN DORSA, Comptroller's Office
- SUSAN STANG, Teacher's Retirement System
- AND OTHERS

Transcribed by:
Christine Aiello

J9002788

1 PROCEEDINGS

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3 MS. REILLY: Good morning. I'm Patricia
4 Reilly. Welcome to the investment meeting of the
5 Teachers' Retirement Board, October 6, 2022. I'll
6 start by calling the roll.

7 Bryan Berge?

8 TRUSTEE BERGE: Bryan Berge for Mayor Eric
9 Adams, present.

10 MS. REILLY: Thomas Brown?

11 TRUSTEE BROWN: Good morning, Patricia.
12 Present.

13 MS. REILLY: Russell Buckley?

14 TRUSTEE BUCKLEY: On behalf of Panel For
15 Educational Policy Chair Dr. Angela Green and Interim
16 CFO Benjamin Schanback, I am here.

17 MS. REILLY: Alison Hirsh?

18 TRUSTEE HIRSH: On behalf of Comptroller
19 Lander, I am present. Just for the record, I may have
20 to leave early today, in which case John Dorsa, my
21 alternate, will take my place.

22 MS. REILLY: Thank you.

23 David Kazansky?

24 TRUSTEE KAZANSKY: Present.

25 MS. REILLY: Present, all right.

1 And, Debra Penny?

2 CHAIRPERSON PENNY: I am here. Thank you.

3 MS. REILLY: So we have a quorum, and I will
4 turn it over to the Chair.

5 CHAIRPERSON PENNY: Okay. Thank you very
6 much. Good morning, everyone.

7 MALE SPEAKER: Good morning.

8 CHAIRPERSON PENNY: We are going to start
9 with the Passport Funds August 2022 Performance Review.

10 Mr. Fulvio, it will be you.

11 MR. FULVIO: Thank you.

12 Good morning, everyone. I'm just going to
13 share my screen. Oops. I hope we can see that.

14 CHAIRPERSON PENNY: I don't know that you want
15 to do that --

16 MR. FULVIO: Okay.

17 CHAIRPERSON PENNY: -- actually.

18 MR. FULVIO: So we'll start out with the
19 performance of the Passport Funds for the month of
20 August. The Diversified Equity Fund ended the month
21 with about 15.6 billion in assets; the Balance Fund
22 about a half a billion in assets; and then the
23 International Equity Fund, 200 million; Sustainable
24 Equity Fund, just shy of half a billion; and then the
25 index funds, which together combined, for a little over

1 a hundred million in assets.

2 We did discuss August in the last meeting. As
3 you'll recall, we came out of July with markets
4 performing quite well, though in the second half of
5 August we started to see significant volatility and
6 market selloff, which impacted the net performance for
7 the month of August, as you can see here.

8 The Diversified Equity Fund's return for the
9 month was down 3.8 percent. That lagged the -- the --
10 both benchmarks by about 20 basis points, 15 to
11 20 basis points. In general, where we saw weaker
12 performance, it was -- though, the composites,
13 themselves from an absolute return perspective were --
14 were fairly close -- close together, we saw some
15 negative contribution from active management within the
16 funds, both across U.S. and non-U.S. Active management
17 is a broader topic. We're under -- undergoing a review
18 on that, which we'll be bringing to the boards likely
19 at the November agenda.

20 The Balance Fund return, negative
21 2.2 percent, just slightly behind its composite
22 benchmark. The International Equity Fund, which again
23 as I noted, or I've noted in the past, rather, similar
24 to the international composite of diversified -- of the
25 Diversified Equity Fund, that fund, as a whole, is down

1 about 3.6 percent. The Sustainable Equity Fund for the
2 month of August was down 6-1/4 percent, lagging its
3 benchmark, which was down about 4.7 percent. The U.S.
4 Equity Index Fund returned negative 3.8 percent, and
5 the International Equity Index Fund returned about
6 negative 4 percent.

7 So some pretty stark numbers when you look at
8 calendar year-to-date. In terms of -- of the market
9 selloff, it's been not only a challenging period for
10 equity markets, which more directly impact the Passport
11 Funds, but we've also seen significant volatility in
12 fixed income markets. And that -- that did certainly
13 continue through September, which I will pass it to --
14 well, I'll -- I'll pause here and see if there's any
15 questions on August before we go to September.

16 CHAIRPERSON PENNY: Any questions for Michael?

17 I guess we're ready.

18 MALE SPEAKER: Thank you.

19 As Mike mentioned, we did see some August
20 selloff and some fixed income volatility. So across
21 the board, the general theme, it happens be around
22 (indiscernible) concerns and Central Bank reaction.
23 The best performer in the benchmark composite here was
24 the Balance Fund, which was down by just over 4
25 percent. But again, across the board, as we look at

1 the Diversified Equity Fund, the hybrid benchmark, and
2 the Global Market Composite benchmark they were down
3 about 9, 9-1/2 percent. On the international side we
4 saw the international composite benchmark down by
5 10-1/4 percent, as well.

6 On the brighter side, if you look at a longer
7 term horizon, we -- we are still positive from
8 three-year onwards. So three-, four-, five-year and
9 beyond is still positive; however, fiscal year-to-date
10 and month of September have been the negative
11 performing months or periods.

12 Any questions?

13 CHAIRPERSON PENNY: Questions? No? I think
14 we are good. All right. So I guess that's it for the
15 Passport Fund. So now we go into the public agenda for
16 the Pension Funds. And we will start with the proposal
17 for Strategic and Tactical Accountability Review.

18 Steve, will that be you?

19 MR. MEIER: Yeah.

20 CHAIRPERSON PENNY: Okay.

21 MR. MEIER: Actually, I think Alison and I are
22 going to tag team, but I --

23 CHAIRPERSON PENNY: Okay.

24 MR. MEIER: -- actually brought a prop today.
25 And I want to remind everyone of the good work that was

1 done in 2015. This is the Management and Operations
2 Study and Best Practices Review for the Bureau of Asset
3 Management. This is the Funston report. I've actually
4 been through it. I'm going through it again. I
5 thought this was a great initiative, and a lot of good
6 things came out of it in terms of building a proper
7 organizational infrastructure to support BAM, but it
8 was much more inwardly focused, I think, than -- than
9 probably intended.

10 And what we propose now, again, with your
11 help and engagement, is to go through a new process
12 where we're really focusing on the role of BAM, their
13 interaction with the trustees. Are we supporting you
14 in an appropriate -- an appropriate way? Are we
15 working collaboratively? Do you get the reports, the
16 performance details that you need from us? Is there a
17 way, organization, we can better at servicing the needs
18 of the trustees and the plans, themselves? Engaging
19 with the consultants.

20 We've got wonderful consultants that, I
21 believe, we can be perhaps -- perhaps more engaged with
22 over time. So really a review of -- of that
23 relationship and how things work and how we can better
24 providers of services for the trustees.

25 One -- one of the things when I -- I came on,

1 I looked at -- at providing what I refer to as service
2 alpha. It's not just a performance, but how do you --
3 what level of service do you provide the -- the -- the
4 plan trustees and beneficiaries, which is important.
5 We've got five very unique and distinct pension plans
6 with different needs and preferences, so we want to
7 support that.

8 I'd like to take full credit for this new
9 initiative, but that's not the case. It actually
10 predates my arrival. Although, I'm a huge supporter.
11 I think this makes sense. I think the timing is great,
12 as well. But this was something that Comptroller
13 Lander had worked, and Alison and I have been close
14 partners in terms of working through this. So I'm not
15 going to leave the Funston report here. I'll actually
16 carry this three -- three-pound document back home.

17 But from a top level, that's what we're
18 working on, and I'll leave it to Alison to talk maybe
19 more about the details and the process.

20 TRUSTEE HIRSH: Sure. And each of you should
21 have received the memo via email last week, and it's
22 also (indiscernible) so that you have it; but as Steve
23 said, part of this predated Steve, part of it, he's
24 being modest, was all him. And when Brad got elected
25 in November and started sitting down with trustees and

1 staff of them, one thing that kept coming up was the
2 idea of a Funston 2.0.

3 And -- and at the time, I think, internal
4 staff at BAM really wanted to do sort of an updated
5 analysis on what had been accomplished since the
6 original Funston report. I think trustees had a
7 slightly different vision, right, of -- of what they
8 wanted to see. And so, I think, in the spirit of how
9 we've been really try to operate since Brad took
10 office, Brad did not want to do a comptroller-run
11 review of BAM operation -- operations. He wanted to
12 do, in partnership with the trustees, figure out how to
13 strength -- strengthen all of the services that BAM
14 provides and the Comptroller's Office provides and how
15 to -- and how we all work best together, BAM
16 consultants and trustees.

17 And then when Steve came, he sort of actually
18 had a very similar idea of, as he said, wanting to
19 figure out how we're best -- the agency is best
20 structured to provide maximum services to the trustees.
21 So the idea of this proposal, and I want to reiterate
22 that it is a proposal, was to lay out a process for a
23 review, as well as sort of the initial idea is that we
24 had, within the Comptroller's Office, of things we
25 would like to study. I think as we put in the

1 proposal, and I want to reiterate, the scope is not
2 final. We haven't drafted an RFP. We haven't selected
3 a consultant.

4 The idea is the oversight committee that's in
5 this would actually meet to finalize, to develop and
6 finalize a scope for this review, would do consultant
7 interviews, and select a consultant so that it would be
8 a true partnership. And then over the course of the
9 review, play an oversight role and really connect the
10 reviewers to -- to the boards. And so that's really
11 where we stand. Well, as -- again, it's not final.
12 Any feedback.

13 I know, Deb, you had some thoughts.

14 But we really want to use this as an
15 opportunity to figure out how we're working most
16 effectively together (indiscernible).

17 CHAIRPERSON PENNY: Great. So I think it's
18 great. I think it's great that you want to look
19 through everything and go over it and certainly make
20 labor a part of it. We appreciate that. But just two
21 things, so it seems huge, and very ambitious, to get it
22 done by June. And I'm just wondering, just with --
23 even with the RFP process taking so long, and I'm --
24 I'm not quite sure, so it looks like it would almost be
25 better if it was divided into three components, and --

1 and maybe it will be. I'm not sure. So are you
2 looking at, is BAM doing something internally?

3 Like, so having chaired the labor trustees, I
4 can tell you we all like to talk, and we could have a
5 ten-minute meeting go on to several hours. So I want
6 you to bear in mind that when you go over this. Some
7 of it like the custodial bank and financial reporting,
8 like some of this stuff seems like it should be talk
9 about it internally, get that all together, and let us
10 know how you do. You know, let us know what -- you
11 know, report back, rather than having us be part of the
12 process, if that was what you were planning.

13 MR. MEIER: That makes --

14 CHAIRPERSON PENNY: I'm not --

15 MR. MEIER: -- sense here.

16 CHAIRPERSON PENNY: -- sure.

17 MR. MEIER: So there -- there -- I -- you
18 know, we've got an RFP process we're going to go
19 through for -- for the custodial in the normal course
20 of things. My observations, having worked at
21 (indiscernible) is they can provide a better level of
22 service and different things and perhaps, you know,
23 more frequent reporting that gives the ability to
24 deliver better performance data faster. So that was
25 part of it, but I don't -- I don't disagree that

1 there's probably a lot of work that needs to be --

2 CHAIRPERSON PENNY: So you'll do it --

3 MR. MEIER: -- done --

4 CHAIRPERSON PENNY: -- internally first --

5 MR. MEIER: -- and be reported --

6 CHAIRPERSON PENNY: -- right?

7 MR. MEIER: -- up, yeah. I --

8 CHAIRPERSON PENNY: Yeah.

9 MR. MEIER: But as --

10 CHAIRPERSON PENNY: I --

11 MR. MEIER: -- as Alison said, we haven't --

12 none of this is prescribed. We really just wanted

13 input, and this -- this is valuable.

14 CHAIRPERSON PENNY: Yeah. I mean, and even
15 the part about the consultants, so full disclosure, we
16 always meet with -- with our consultants and we always
17 ask, like how is it going with BAM? Are you, you know,
18 getting along? Do you see -- there -- is there great
19 feedback, great conversations going on? So maybe even
20 the part with consultants, have them part of it and
21 then report back to us, you know, so --

22 TRUSTEE HIRSH: Yeah. So --

23 CHAIRPERSON PENNY: Yeah, I just --

24 TRUSTEE HIRSH: -- I --

25 CHAIRPERSON PENNY: -- don't want this to be a

1 five-year plan, because --

2 MR. MEIER: Yeah.

3 CHAIRPERSON PENNY: -- the labor trustees, we
4 could make it a five-year plan, no problem.

5 TRUSTEE HIRSH: Yeah, I -- so -- so just a
6 couple of thoughts. One, I think the plan is to use a
7 negotiated acquisition process, not an RFP process,
8 which is faster in terms of hiring the consultant. And
9 that's something that the (indiscernible) and folks in
10 the Comptroller's Office have said is fine. So that
11 from the timeframe of bringing the consultant on
12 that -- I think point taken in terms of the trustee
13 dynamics. And I think what we would do is try to
14 structure meetings very, you know, whether we're able
15 to maintain the structure or not, we'll see, but
16 structure meetings with agenda topics and -- and hold
17 them to it.

18 And -- and then I think one of the things we
19 did in this document was sort of like -- it's a laundry
20 list. I -- I would agree.

21 MR. MEIER: Yeah.

22 TRUSTEE HIRSH: That sort of all of the things
23 that we were like, these -- these are all the things we
24 -- that need to be reviewed. And I think part of it is
25 we wanted to be transparent with it with all the

1 trustees --

2 CHAIRPERSON PENNY: We appreciate --

3 TRUSTEE HIRSH: -- about what those --

4 CHAIRPERSON PENNY: -- that, great.

5 TRUSTEE HIRSH: -- things are. And then I
6 think it's a good point that to get like at the first
7 oversight committee meeting, or what have you, we can
8 say, you know what, this stuff should happen and be
9 reported up. This stuff should actually be part of the
10 review. I would argue that there should be some
11 discussion of the trustee-consultant-BAM dynamic as
12 part of the official review. Only because I -- and
13 tell me --

14 I mean, John, you've been here longer than I
15 am -- I have, and I think the dynamic and relationship
16 at TRS between -- with the consultants and BAM is
17 actually uniquely good --

18 MR. DORSA: Yes.

19 TRUSTEE HIRSH: -- and --

20 MR. DORSA: Yes.

21 TRUSTEE HIRSH: -- and it -- and positive, and
22 there is much more tension at some of the other, not
23 all, but at some of the other boards between how --
24 around how the BAM and the consultants and the
25 trustees, the dynamic there. And it is -- and I would

1 argue, as a new trustee, it means that we're not all
2 providing the best service, like the team is not
3 providing the best service because the -- the
4 consultants and BAM staff are arguing with --

5 CHAIRPERSON PENNY: Uh-huh.

6 TRUSTEE HIRSH: -- each other about immaterial
7 issues of --

8 CHAIRPERSON PENNY: Oh, okay.

9 TRUSTEE HIRSH: -- control and --

10 MR. DORSA: Yeah.

11 TRUSTEE HIRSH: -- whatnot.

12 MR. MEIER: Yeah, it -- it's --

13 TRUSTEE HIRSH: So I can hand it over to
14 Steve.

15 MR. MEIER: Yeah. You know what, I -- I --
16 the only observation, I think the consultants bring a
17 lot of value to the process. When I had worked as the
18 prior public fund interim CIO, I talked to the
19 consultants weekly, and they were an incredible benefit
20 for the process. And I think Alison is dead on, with
21 TRS, it's actually a much better relationship. In --
22 in other areas, it's a little more confrontational.
23 And it shouldn't be. And it's no hidden agenda. We're
24 all rowing in the same direction. We're all supposed
25 to be working towards developing great outcomes for the

1 end-of-the-line beneficiaries and servicing the
2 trustees.

3 So I do think there's at least an opportunity
4 for dialogue of how can we be better partners, kind of
5 across the board. So I -- I agree that the consultants
6 should be a part of that process. It's -- and it's not
7 a matter of -- of questioning whether the consultants
8 add value, because clearly they do. So --

9 CHAIRPERSON PENNY: All right.

10 MR. MEIER: -- we even -- we've even had
11 discussions internally, should we get a consultant
12 within BAM, which I think is just an unnecessary step.
13 We've got really good consultants already that -- that
14 are involved and engaged. So how can we better
15 leverage that relationship?

16 CHAIRPERSON PENNY: Okay. I'm going to -- it
17 -- just the beginning part of that is great, that --
18 that we will try to figure out how we can parcel this
19 out or --

20 TRUSTEE HIRSH: Sure.

21 CHAIRPERSON PENNY: -- whatever. Yeah.

22 I think, Tom, did you have a question?

23 TRUSTEE BROWN: I -- I was just --

24 CHAIRPERSON PENNY: You knew we weren't --

25 TRUSTEE BROWN: -- wondering --

1 CHAIRPERSON PENNY: -- going to let this one
2 go.

3 TRUSTEE BROWN: -- how -- how you came about
4 having two labor representatives from NYCERS?

5 TRUSTEE HIRSH: You know, the only reason,
6 again, that's up for discussion, I think because it's
7 the only board that has got like three unique -- unique
8 not-coordinated unions it involves, whereas like the
9 other, even like Police obviously has five unions at
10 the table, Fire has two, you guys have one; but they
11 are -- they function in lockstep in a way that NYCERS
12 doesn't. I think if there is concern and objection
13 from the other labor trustees from other funds, I don't
14 think we have any issue with that, but that was the --
15 that was the thinking.

16 CHAIRPERSON PENNY: Okay. So -- so do --

17 TRUSTEE BROWN: Yeah.

18 CHAIRPERSON PENNY: -- I speak for us when
19 we --

20 We do have an issue with that.

21 TRUSTEE HIRSH: Okay. That's good to know,
22 yeah.

23 CHAIRPERSON PENNY: And only because there was
24 something in here that mentioned that we would be, you
25 know, at times to -- and I have -- and I have no doubt

1 we're going to have consensus on everything and --

2 TRUSTEE HIRSH: But there --

3 CHAIRPERSON PENNY: -- we're going to get --

4 TRUSTEE HIRSH: -- will be voting.

5 CHAIRPERSON PENNY: -- along.

6 TRUSTEE HIRSH: Yeah.

7 CHAIRPERSON PENNY: But just in case there is,
8 we would appreciate it.

9 TRUSTEE HIRSH: Sure.

10 CHAIRPERSON PENNY: Thank you.

11 TRUSTEE BROWN: Maybe they would agree with
12 it, as well, just to have one.

13 TRUSTEE HIRSH: Okay.

14 CHAIRPERSON PENNY: Are we good?

15 TRUSTEE HIRSH: And if folks think of other
16 things as we move forward, we're having this
17 conversation at all of the boards and hope to convene a
18 meeting by the end of the month.

19 CHAIRPERSON PENNY: Great.

20 FEMALE SPEAKER: (Indiscernible) can I ask a
21 question?

22 TRUSTEE BERGE: So yeah, this is Bryan Berge.

23 CHAIRPERSON PENNY: Oh, Bryan, look at you,
24 rule follower. And we thought we were the rule
25 follower.

1 TRUSTEE BERGE: It's good.

2 TRUSTEE HIRSH: I know, right?

3 TRUSTEE BERGE: I'm always trying.

4 Since this is an entity that appears to have
5 some actual authority leading to a contract, is there
6 going to be votes to constitute it? Is it going to be
7 subject to OML? Is -- are we going to have to pass
8 bylaws to create the voting structure? I mean, do
9 these -- this is just a bit more formal a process than
10 a consultative process. I'm just curious what the
11 (indiscernible).

12 TRUSTEE HIRSH: We -- I mean, I think -- I --
13 I think we -- I mean, we can talk to, I guess, OGC and
14 -- and the law department about it. Our sense is like,
15 this is -- it's a consultative process in that we're
16 hiring a contractor to -- to do -- a contracting entity
17 to do an outside review, but any decisions coming out
18 of that review have to be made by the boards,
19 themselves. This is an oversight committee that helps
20 guide through the process.

21 So I don't think they're making -- this
22 oversight committee is making actual decisions in terms
23 of like what recommendations are accepted and whatnot.
24 I think if we get to that point and they get -- and the
25 trustees all decide that that's what we do, then I

1 think we probably need to have the boards delegate
2 that; but for this, I don't think so.

3 MR. DORSA: May I? (Indiscernible).

4 CHAIRPERSON PENNY: Yes, you may.

5 MR. DORSA: Okay. I just want to make sure.

6 CHAIRPERSON PENNY: Yes, you may.

7 MR. DORSA: So -- so I just want to remind
8 folks, there's a number of --

9 CHAIRPERSON PENNY: This is John Dorsa.

10 MR. DORSA: This is John Dorsa from the
11 Comptroller's Office. There's a number of -- there's a
12 number of initiatives throughout a calendar year that
13 are undertaken by multiple parties where there are
14 representatives from maybe the accounting office of one
15 fund or two funds or -- or five funds, if they're
16 working on something, so I kind of see this functioning
17 very similarly. They'll be representation from many
18 different systems, or five different systems, on one
19 committee, very similar to the actuaries committee,
20 with the exception of they -- we can't really pass
21 anything without coming back to the board.

22 There may be -- and -- and not to speak for
23 -- for the -- for the -- before the -- the unveiling of
24 -- of what the outcomes are, but there may be things in
25 that outcome that don't work for -- for TRS. So they

1 may not be supported at TRS, but they may be
2 implemented on other plans because they more fit into
3 the way that they do business.

4 You know, you have a unique structure with the
5 TDA, and we understand the -- the unique relationship
6 with the -- with the -- with -- with the consultants.
7 I -- I don't expect any of those dynamics to -- to
8 change by having this committee. It's, I think, just a
9 way to wholistically look at how the -- how the BAM
10 operates. And I can tell you, over 20 years, it's
11 morphed into a very different -- a very different
12 entity than it was 20 years ago when I started or what
13 people around the state were -- were familiar with when
14 -- when they've seen it from different angles. It's a
15 much different place.

16 And I think the purpose of this is trying to
17 -- to reset the relationships between BAM and the
18 consultants and the boards. We're all moving, as -- as
19 Steve said, in the same direction. How do we do that
20 most efficiently? And are there things that are
21 happening at TRS which we should really use as an
22 example when we speak to other funds? And are there
23 things that they're doing, quite frankly, that -- that
24 may enhance the way that we do things at -- at TRS?

25 So I -- I -- I don't see this as a committee

1 that is intent on -- on merging the systems, you know,
2 or anything crazy --

3 TRUSTEE HIRSH: No, definitely not.

4 MR. DORSA: -- like that. I -- I want to be
5 -- I want to be clear about that because I -- I know
6 that always becomes a concern when we get everybody in
7 -- in a room. I really think it's in order to -- to
8 figure out if there's a better way that -- that the
9 five funds can operate and operate with BAM
10 specifically. And we -- we are the common denominator,
11 forgetting about the trustee role, even though Alison
12 and I are on -- are on five boards, there is the piece
13 of the investment shop is the -- is the custodian by
14 law, is -- you know, we are a trustee by -- by -- by
15 law, also, and we're the investment advisor by -- by
16 delegation.

17 And I think that that's the important piece
18 that we're trying to -- to manage with all three of
19 those things in the most efficient way. So that --
20 that's my two cents on it. But -- but I do want to
21 remind folks, there are a lot of committees throughout
22 the year that happen behind the scenes of the -- of the
23 board involving the systems, whether it's with audits,
24 internally or externally, where they're dealing with --
25 with outside parties. So it's not so dissimilar to

1 that.

2 And I -- Bryan, I -- I know you're overly
3 cautious, that's the lawyer in you, of bylaws. And I
4 -- I -- look --

5 TRUSTEE BERGE: Not at all.

6 MR. DORSA: -- I -- I do think, if necessary,
7 there will be a means to have legal questions answered
8 by -- by the -- by that committee, but I don't think
9 it's meant in any way, shape, or form to replace the
10 actual duties of this board or any -- any other
11 (indiscernible) systems.

12 TRUSTEE BROWN: It does appear --

13 TRUSTEE BERGE: So --

14 TRUSTEE BROWN: -- to be -- Tom Brown. It
15 does appear to seem to be the first step to get back to
16 the SIM.

17 MR. DORSA: No.

18 MR. MEIER: No.

19 TRUSTEE HIRSH: No. I --

20 MR. MEIER: I don't --

21 TRUSTEE HIRSH: -- actually think -- oh,
22 sorry.

23 MR. MEIER: And -- and I'll just to tell you
24 my --

25 TRUSTEE BROWN: You all (indiscernible) --

1 MR. MEIER: -- my --

2 TRUSTEE BROWN: -- at the same time.

3 MR. MEIER: -- my observation is this thing
4 makes life a lot easier --

5 TRUSTEE BROWN: Wow.

6 MR. MEIER: -- for BAM, but I don't know that
7 that's the right model.

8 MR. DORSA: Right.

9 MR. MEIER: I think we need to figure out how
10 we can better service the five independent trustees.
11 For example, when we come to your offices, you're
12 comfortable at your offices. You're a client of ours,
13 a business partner. So it takes us five or ten minutes
14 to walk here, I -- I think this makes sense. I think
15 the SIM would be easier, but I don't know that it
16 works. And I don't -- and I'm certainly not going to
17 try to change the way the trustees or the boards
18 function, right?

19 It's really, all we set up to service those
20 unique needs internally through the right efficiency
21 around reporting -- the report generation with the
22 right people on staff that can actually be in front of
23 the -- the board. And for some of the smaller boards,
24 the question is -- or some of the smaller plans,
25 rather, can we look at smaller deals? And are we

1 operationally and organizationally set up to look at
2 smaller deals from a staffing standpoint?

3 So and -- and I'm being very sincere here,
4 it's -- I'm not --

5 MR. DORSA: (Indiscernible).

6 MR. MEIER: -- looking to change the way that
7 you guys --

8 MR. DORSA: Yeah.

9 MR. MEIER: -- function. It's really how do
10 we dovetail and support you guys --

11 TRUSTEE BROWN: That's comforting.

12 MR. MEIER: -- more effectively -- effectively
13 and efficiently and, again, driving towards those
14 better outcomes.

15 TRUSTEE BROWN: Steve, I -- I see here that it
16 says, recommendation from the STAR project could have
17 implications broader than just the New York City
18 retirement systems. We see this as an opportunity to
19 challenge how public pension plans operate and manage
20 pension plans. Can you elaborate? What -- what does
21 that mean?

22 MR. MEIER: Yeah, yeah, so it's just some
23 observations. And I've been at this a little while
24 here in New York, and I -- I had some previous
25 experience on the public side. So it's the -- it's the

1 focus, we need to be focused on long-term outcomes.
2 And a lot of what we do is focus on really short term,
3 what's going on in the markets, you know, the -- what's
4 going on in the economy, how the portfolio is
5 performing on a quarter-to-quarter basis.

6 And I respect the need to do that for two
7 reasons. First, because the trustees need to know and
8 manage and monitor those risks; also, your constituents
9 are asking what's going on in the portfolios. But
10 optimally, we should be thinking longer term. We
11 should be thinking seven to ten years and how we
12 position the portfolios to take advantage of themes and
13 trends where we can drive out performance.

14 So right now, everyone operates the same way.
15 We sit down on a monthly basis, we sit down on a
16 quarterly basis. And the question is, is that
17 efficient, or are there things that we should be
18 thinking about and presenting or talking about? And --
19 and with the consultants, are there other things, as we
20 go perhaps through this asset allocation evaluation,
21 are there other things that we should consider that we
22 haven't considered in the past?

23 CHAIRPERSON PENNY: Okay. Patricia.

24 MS. REILLY: I just -- you had mentioned that
25 you were going to be doing an RFP for a new custodian

1 bank. Is that -- and whether or not you are, it is a
2 big impact on the pension system when the bank changes,
3 both from, you know, to change systems here based on
4 the feeds that we're getting from those banks.

5 MR. MEIER: Yeah.

6 MS. REILLY: As well as, a lot of times we've
7 had to -- you know, a new bank doesn't provide us with
8 information that we used to get.

9 MR. MEIER: Yeah.

10 MS. REILLY: So I just wanted to know whether
11 or not you were going to include the accounting
12 departments or our own accounting and investment
13 department --

14 MR. MEIER: Yeah.

15 MS. REILLY: -- in discussions of what the
16 requirements for the system will be.

17 MR. MEIER: Yeah. So right off the bat, I'll
18 tell you, it -- it -- the reason why we're going to do
19 that process is not because of any dissatisfaction
20 with --

21 MS. REILLY: No, right.

22 MR. MEIER: -- (indiscernible).

23 MS. REILLY: You have to.

24 MR. MEIER: But we have -- we have to.

25 MS. REILLY: Right, and I know that.

1 MR. MEIER: So but --

2 MS. REILLY: But I just want it to be known --

3 MR. MEIER: -- absolutely, we -- we would be
4 sensitive to those issues, as well. And a lot of their
5 systems and operations are part of our systems and
6 operations, in terms of extension of staff, as well.
7 So, you know, the real -- the real issue is we go with
8 an open mind, we put an RFP together, we look at the
9 different bids, we get an assessment for what -- what
10 makes sense for the -- for the plan, in its entirety,
11 and not just with (indiscernible).

12 TRUSTEE HIRSH: Can I -- I don't know if -- if
13 David Jeter is on the phone. Oh, he might not have
14 joined TRX because it's not our --

15 MS. REILLY: He --

16 TRUSTEE HIRSH: Oh.

17 MS. REILLY: -- joined the meeting.

18 TRUSTEE HIRSH: Okay. I don't -- I don't
19 know --

20 And, John, I don't know if you know.

21 -- if in the past what the RFP development
22 process has been and whether it's included system
23 accountants are not, but we can check with David,
24 who --

25 MR. DORSA: David --

1 TRUSTEE HIRSH: -- runs --

2 MR. DORSA: -- would know. David --

3 TRUSTEE HIRSH: David --

4 MR. DORSA: -- figured out more about the --

5 TRUSTEE HIRSH: -- would know, and I --

6 MR. DORSA: -- process than I --

7 TRUSTEE HIRSH: -- think we would --

8 MR. DORSA: -- ever knew.

9 TRUSTEE HIRSH: Yeah.

10 MR. DORSA: So --

11 TRUSTEE HIRSH: Absolutely. So we can connect
12 with David on the actual logistics of --

13 MS. REILLY: Okay.

14 TRUSTEE HIRSH: -- making sure the right
15 questions are included.

16 MS. REILLY: Thanks.

17 CHAIRPERSON PENNY: Great. (Indiscernible).
18 We're good.

19 MR. MEIER: Thank you.

20 CHAIRPERSON PENNY: Okay. Any further
21 questions about STAR? All right. So hearing none, do
22 I have a motion to go into executive session?

23 TRUSTEE BROWN: So moved.

24 CHAIRPERSON PENNY: Thank you, Mr. Brown.

25 Do I have a second?

1 TRUSTEE KAZANSKY: Second.

2 CHAIRPERSON PENNY: Thank you, Mr. Kazansky.

3 Any questions? All those in favor, please say
4 aye.

5 TRUSTEE BROWN: Aye.

6 TRUSTEE BERGE: Aye.

7 TRUSTEE KAZANSKY: Aye.

8 TRUSTEE HIRSH: Aye.

9 CHAIRPERSON PENNY: Any opposed? Any
10 abstentions?

11 Okay. We're moving into executive session.

12 (Discussion off the record.)

13 CHAIRPERSON PENNY: We are moving into public
14 session.

15 MS. STANG: Should I do the read out?

16 CHAIRPERSON PENNY: I can't --

17 Ms. Stang, would you please report out?

18 MS. STANG: Certainly. In executive session
19 we received some preliminary performance data on the
20 Pension Fund. We received an update on two private
21 equity programs. We received an update on a strategic
22 partnership. We received a presentation on a private
23 equity investment; consensus was reached. We received
24 a presentation on a real estate investment; consensus
25 was reached.

1 CHAIRPERSON PENNY: Thank you very much.
2 Does anyone have anything else for public
3 session? Seeing none, do I hear a motion to adjourn?

4 TRUSTEE BROWN: So moved.

5 CHAIRPERSON PENNY: Thank you, Mr. Brown.

6 Do I have a second?

7 TRUSTEE: Second.

8 CHAIRPERSON PENNY: Thank you so much.

9 Any questions? All those in favor, please say
10 aye.

11 TRUSTEE BROWN: Aye.

12 TRUSTEE BERGE: Aye.

13 TRUSTEE BUCKLEY: Aye.

14 TRUSTEE KAZANSKY: Aye.

15 CHAIRPERSON PENNY: Any -- any objections?
16 Any abstentions? We stand adjourned. Thank you,
17 everyone.

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I, CHRISTINE AIELLO, do hereby certify
that I transcribed the audio, and that the foregoing is
a true and complete transcription of the audio
transcribed under my personal direction.

IN WITNESS WHEREOF, I do hereunto set my
hand at Blaine, Washington, this 11th day of January,
2023.

Christine Aiello