

1  
2 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
3 REGULAR BOARD MEETING  
4 Held on Thursday, February 15, 2018  
5 at  
6 55 Water Street  
7 New York, New York

8 ATTENDEES:

9 JOHN ADLER, Chairperson, Trustee, Finance  
10 PATRICIA REILLY, Executive Director, TRS  
11 THADDEUS MCTIGUE, Deputy Executive Director, TRS  
12 DEBRA PENNY, Trustee, TRS  
13 DAVID KAZANSKY, Trustee, TRS  
14 THOMAS BROWN, Trustee, TRS  
15 SUSANNAH VICKERS, Trustee, Comptroller's Office  
16 RAYMOND ORLANDO, Trustee  
17 VALERIE BUDZIK, TRS  
18 RENEE PEARCE, TRS  
19 PAUL RAUCCI, TRS  
20 LIZ SANCHEZ, TRS  
21 SUSAN STANG, TRS  
22 ROBERT BETHELMY, TRS  
23 MATT LUKOWSKY, TRS  
24 KAVITA KANWAR  
25 ANNETTE HANRAHAN  
ANTHONY MEZZACAPPA  
CARMELA CRIVELLI  
SAM RUMLEY, Office of the Actuary  
BRYAN BERGE, Corporation Counsel  
MEL AARONSON

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## P R O C E E D I N G S

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(Time noted: 3:35 p.m.)

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CHAIRPERSON ADLER: Good afternoon.

6

Welcome to the Teachers' Retirement System City of

7

New York regular board meeting February 15, 2018.

8

Patricia, would you call the roll.

9

MS. REILLY: Chair?

10

CHAIRPERSON ADLER: Here.

11

MS. REILLY: David Kazansky?

12

MR. KAZANSKY: Here.

13

MS. REILLY: Debra Penny?

14

MS. PENNY: Here.

15

MS. REILLY: Thomas Brown?

16

MR. BROWN: Here.

17

MS. REILLY: Susannah Vickers?

18

MS. VICKERS: Here.

19

MS. REILLY: Ray Orlando?

20

MR. ORLANDO: Present.

21

MS. REILLY: We have a quorum.

22

CHAIRPERSON ADLER: Excellent.

23

MS. REILLY: The first item on the agenda

24

is an update on TRS operations. Kavita Kanwar

25

will give that to us.

1 MS. KANWAR: TRS' member education team  
2 has beefed up its outreach efforts for 2018. On  
3 Feb 3rd the team represented TRS at the annual  
4 convention of New York City elementary school  
5 principals association.

6 On March 3, they will attend the middle  
7 school principals association conference. And on  
8 March 10 they will make presentation at UFT's  
9 annual paraprofessional festival.

10 Next week, during the school winter  
11 break, the team will also hold educational  
12 programs here at our new expanded member education  
13 center. Thank you.

14 MS. REILLY: Thank you, Kavita.

15 Next is the executive director's report.

16 We have a resolution on the divestment  
17 and exclusion strategy for fossil fuel reserve  
18 orders.

19 "Whereas --

20 MR. KAZANSKY: Please skip to the  
21 resolves.

22 MS. REILLY: "Resolved, that the Board  
23 will initiate a process for determining a prudent  
24 strategy that responsibly reduces our portfolio's  
25 exposure to carbon risk in general, and

1 specifically to fossil fuel reserve owners'  
2 securities, and mitigates financial risks  
3 resulting from climate change, consistent with our  
4 fiduciary duty. And be it further

5 "Resolved, that in order to protect the  
6 long term interests of our beneficiaries and  
7 determine the most efficacious way to safeguard  
8 our portfolio from the economic risks of climate  
9 change, the Board will utilize an investment  
10 consultant to review potential prudent steps to  
11 divest and exclude from our portfolio the  
12 securities issued by fossil fuel reserve owners,  
13 including evaluating the anticipated impacts on  
14 risk and return characteristics of the portfolio.  
15 And then following this divestment analysis, the  
16 Board will determine whether any divestment plan  
17 and actions that may be implemented are consistent  
18 with the Board's fiduciary duty to beneficiaries."

19 CHAIRPERSON ADLER: Is there a motion to  
20 adopt this resolution?

21 MS. PENNY: So moved.

22 MR. KAZANSKY: Second.

23 CHAIRPERSON ADLER: Discussion?

24 All in favor of the motion to approve the  
25 resolution regarding divestment and exclusion

1 strategy for fossil fuel reserve owners, please  
2 say "Aye."

3 (A chorus of "Ayes.")

4 All opposed say "Nay."

5 Any abstentions?

6 (No response.)

7 Motion carries.

8 MS. REILLY: The next meeting, it has  
9 been suggested that the next regular meeting of  
10 the Teachers Retirement Board be held on the  
11 third Thursday of the month, March 15, 2018.

12 CHAIRPERSON ADLER: Thank you.

13 MS. REILLY: Sam Rumley.

14 MR. RUMLEY: I'd like to turn the Board's  
15 attention to a memorandum sent by the Chief  
16 Actuary to the retirement board on February 8.  
17 And essentially this is a fiscal note that is  
18 extending the interest rate on Tier 1 and Tier 2  
19 member contributions for another fiscal year, 8  
20 and one-fourth percent; as well as extending the  
21 actuarial evaluation rate, which is currently 7  
22 percent; it's extending it one additional fiscal  
23 year as well.

24 And it's also noted that that additional  
25 extension of those interest rates will not

1       increase any of the employer contributions that  
2       will be due.

3               Sherry also wanted me to point out that  
4       in terms of the fiscal note process, the OA has  
5       streamlined it. We have actually, on our website  
6       we have a form that members can actually, or  
7       individuals who are interested in applying for a  
8       fiscal note, they can fill out the form that gives  
9       very detailed information on what is needed to  
10      expedite the process.

11              And once they fill out the form there is  
12      an e-mail address that, once they send it back  
13      into the e-mail address, it actually goes to the  
14      individuals who will be working on the fiscal  
15      note.

16              So it really does speed up the process;  
17      as well as the valuation division has come up with  
18      a methodology where the valuation report that is  
19      used for the fiscal note is calculated at an  
20      earlier point in time so that the fiscal note can  
21      actually be submitted and actually created, maybe  
22      a month or two in advance.

23              So the bottom line is, the whole process  
24      becomes more efficient, and hopefully the members  
25      will take advantage of that.

1 Thank you.

2 CHAIRPERSON ADLER: Thanks.

3 Any questions for Sam?

4 MS. REILLY: Next on the agenda is the  
5 calendar. It's a matter of the approval of the  
6 minutes. We need to lay over the June 21, 2017  
7 TRS CIM minutes, because we haven't received them  
8 as of yet.

9 The matter of the approval of the  
10 November 15, 2017 TRS CIM minutes, the December 7,  
11 2017 TRS investment meeting minutes, the December  
12 11, TRS CIM minutes, December 21, TRS regular  
13 board meeting minutes, the January 25, TRS CIM  
14 minutes, and the January 18, 2018 TRS board  
15 meeting.

16 (Discussion off the record.)

17 CHAIRPERSON ADLER: Is there a motion to  
18 approve the minutes as amended with these minor  
19 corrections, for the November 15, 2017 TRS CIM,  
20 the December 7, 2017 TRS investment meeting, the  
21 December 11, TRS CIM, the December 21 TRS regular  
22 board meeting, the January 25 TRS CIM, and the  
23 January 18, 2018 TRS board meeting?

24 MR. KAZANSKY: So moved.

25 MS. VICKERS: Second.

1 CHAIRPERSON ADLER: Any discussion?  
2 All in favor of the motion say please say  
3 "Aye."  
4 (A chorus of "Ayes.")  
5 All opposed say "Nay."  
6 Any abstentions?  
7 (No response.)  
8 CHAIRPERSON ADLER: Minutes approved.  
9 MS. REILLY: Next on the agenda is the  
10 calendar. You all have received a copy of the  
11 calendar.  
12 MR. KAZANSKY: Please waive reading of  
13 the calendar.  
14 MS. REILLY: Thank you.  
15 CHAIRPERSON ADLER: Is there a motion to  
16 approve the calendar?  
17 MR. KAZANSKY: So moved.  
18 CHAIRPERSON ADLER: Is there a second?  
19 MR. BROWN: Second.  
20 CHAIRPERSON ADLER: Discussion?  
21 (No response.)  
22 All in favor of the motion to approve the  
23 calendar please say "Aye."  
24 (A chorus of "Ayes.")  
25 All opposed say "Nay."



1 Any abstentions?

2 (No response.)

3 Motion carries.

4 MS. REILLY: Next is a presentation from  
5 TRS. We have Robert Bethelmy, director of our  
6 member services center, and Matt Lukowsky, our  
7 deputy director of communications. And the  
8 presentation is TRS Communications Strategy.

9 (Indicating.)

10 MR. BETHELMY: Good afternoon. As was  
11 said, the presentation this afternoon is TRS  
12 communications strategy and how the strategy is  
13 evolving as we continue our modernization effort.

14 I'll start off with an overview. As you  
15 all know, we are in the midst of a modernization  
16 project. And while we are updating our computer  
17 system, we also taking the opportunity to look at  
18 our business processes and communications that  
19 support that.

20 And in doing so, we focused on members  
21 and tried to anticipate their needs and meet their  
22 needs, and in doing so be looking at  
23 communications strategy. And it is evolving as we  
24 continue with the modernization project.

25 So today's goal, Matt and I will outline

1 TRS communications and our members' experience  
2 with TRS in the future, and at the completion of  
3 our project.

4           So, what is the future state of TRS? In  
5 2020 and beyond, as we say. At the completion of  
6 our project members can do nearly all of their  
7 business on our expanded secure website. Members  
8 can also see on our secure website all of their  
9 communications and correspondence from TRS.

10           They'll also be able to see and access  
11 the current status of inquiries that they have  
12 with TRS.

13           In the future, at the end of our project,  
14 TRS is going to be less reliant on mail. We will  
15 send e-mails and texts to members when they have  
16 information to view online. At that point members  
17 can then log in to their secure member portal on  
18 our website and see all their communications in an  
19 inbox, which includes statements, letters,  
20 newsletters. All will be available there in the  
21 inbox for them to view and download.

22           Self-service through the website will be  
23 the preferred way for doing business with TRS.  
24 And at that point staff will be spending less time  
25 on routine processing and more on the complicated

1 cases or exceptional situations.

2 So, to help us reach this future state,  
3 our TRS communication approach is changing and it  
4 needs to change. So, I'm going to pass it on to  
5 Matt right now. Matt is going to talk about a few  
6 of the steps that we are doing to achieve the  
7 future state.

8 MR. LUKOWSKY: I'll talk about a few  
9 actions, as Robert mentioned, that we're beginning  
10 and are already underway to help us achieve this  
11 future state.

12 As Robert pointed out, in the future, the  
13 website is going to be the preferred and go to  
14 resource for members to get information from TRS.  
15 So we need to adapt the communications to that  
16 online viewing kind of approach.

17 Obviously, looking at computer screen or  
18 looking at your phone and absorbing information  
19 from there is a lot different than leafing through  
20 the printed page. Our attention spans are a lot  
21 shorter when we're looking online.

22 So the challenge for the communications  
23 team is to make sure the most important  
24 information that we want to get across is  
25 prioritized, that our calls to action to our

1 members are clear. And if they have choices to  
2 make, that these are clear enough.

3 And we want to use the most user friendly  
4 language so that members will be able to  
5 understand what we're trying to get them to do or  
6 trying to get across after the first read.

7 So, this is something, this is an effort  
8 that's already underway as the communications team  
9 is developing its content for the updated website  
10 and for the communications that will go live with  
11 the new system.

12 The next action that I want to talk about  
13 a little bit is more geared toward how information  
14 is delivered. The first one is about the  
15 presentation of information. This one is about  
16 delivery of the presentation.

17 We're starting that transition from  
18 mailing information to online delivery. This is  
19 something that obviously the financial services  
20 industry has been moving towards for years,  
21 paperless and going green and all of that. This  
22 is not trail-blazing stuff. This is a movement  
23 that we're joining it.

24 So going green, we also think that going  
25 green is something our members are familiar with

1 and care about and are interested in. So we  
2 anticipate they'll be on board with this as well.

3 Side note, the benefits to TRS going  
4 green is we'll be able to realize down the road  
5 savings in printing costs and postage costs along  
6 the way.

7 The first tangible or visible step of  
8 that move towards online delivery takes effect  
9 later this year with our annual benefit statement  
10 we produced for all of our non retired members,  
11 about 120,000 of them.

12 In previous years we printed that and  
13 mailed it to members, while also posting it online  
14 on the secure website so members can visit and  
15 download it.

16 Starting this year, in 2018, we will  
17 publish it, and it will be available online only.  
18 So that will be the first step of phasing out the  
19 mailing of the account statements and things like  
20 that.

21 The third action that we're taking,  
22 that's already underway, is kind of expanding our  
23 communication tools. This is a broad range of  
24 bullet items you can see on the list. I'll walk  
25 you through them.

1           The first thing is, tutorial videos on  
2           specific website features. We're producing short  
3           little step by step videos about how to do various  
4           functions on the website. We have about five of  
5           them online now. That number is expected to  
6           double at least during the course of 2018, and  
7           will continue to grow beyond that.

8           The benefit there is that, obviously,  
9           someone who is using the website will have a  
10          resource right there that they can pause and stop  
11          and rerun if they want to help them with any  
12          problems they are having using a particular  
13          function.

14          We're also planning to expand one-on-one  
15          assistance in using those same member specific  
16          features down at our walk-in center. As members  
17          come in to visit our walk-in center to file forms  
18          or do whatever they need to do, we anticipate  
19          being able to walk them through on a one-on-one  
20          basis how they can accomplish the same thing  
21          online.

22          To that end, we're planning to install  
23          kiosks in the walk-in center downstairs, almost  
24          like an airport terminal approach where you walk  
25          in and you see the terminal and you can walk up

1 and do your business there if you want to, and  
2 there's a rep there standing buy.

3 CHAIRPERSON ADLER: That's a great model  
4 for service.

5 (Laughter.)

6 MR. LUKOWSKY: There are aspects that are  
7 great and aspects that are not. The idea is to  
8 have that resource available. If somebody comes  
9 in to file a paper form, it will obviously let  
10 them file a paper form, but will also show them  
11 how actually the online version of this is just as  
12 easy, and here's how we can do it, and 1, 2, 3,  
13 this is how it can work.

14 Social media is obviously part of the  
15 communications strategy. We have a FaceBook page  
16 now, we have our videos up on YouTube, and social  
17 media we'll continue to expand in the years going  
18 forward.

19 We're also looking to expand the  
20 communications tools that are available for  
21 members to communicate with us. We're considering  
22 opening up e-mail or secure chat as options to  
23 take in member inquiries.

24 We're also interested in expanding  
25 surveys of our members to get product specific

1 feedback on the various features and services that  
2 we have. And we can roll that into accomplishing  
3 those things better in the future.

4 So all of these different things, it's a  
5 diverse kind of list of tools that we're trying to  
6 expand. But really what the goal is, we're trying  
7 to meet the members where they are. Those members  
8 who are early adapters at going online, those who  
9 need a little bit of coaxing, we want to be able  
10 to help everybody along.

11 We want to make sure we are meeting their  
12 information needs and helping them move with us to  
13 that self-service model that we're trying to  
14 achieve in the future state.

15 With that, I'll hand it back to Robert.

16 MR. BETHELMY: Thank you, Matt. So you  
17 can see we have a lot of work to do. The good  
18 news is, actually, members are already adopting  
19 self-service. In 2017, 80 percent of our  
20 beneficiaries applied online, and 95 percent of  
21 loan applications were applied online, and 96  
22 percent of TDA roll-ins applied online.

23 So, we're on our way.

24 To wrap things up, at the end of our  
25 modernization project members will have the tools



1 to self-service. That's a goal. And our website  
2 will be the major source of information and  
3 interaction with members in the future. As that  
4 continues, our communication strategy will  
5 continue to evolve with, of course, our members'  
6 needs at the forefront.

7 So thank you. If anyone has any  
8 questions?

9 CHAIRPERSON ADLER: Questions for Robert  
10 or Matt?

11 MR. ORLANDO: Question. Does anyone know  
12 how many members we have who are over the age of  
13 80? I understand that there is wonderful  
14 opportunities for people much younger than I am  
15 who know how these things work. My mom is 76 and  
16 she uses a computer. I'm not sure that she know  
17 what she's doing on the computer.

18 I feel, as I hear a little more about the  
19 transition period between when all of us who grew  
20 up without computers and lose our ability to use  
21 them at some point -- obviously this is very much  
22 directed at current non-retirees and sophisticated  
23 retirees like Mel.

24 MS. REILLY: We understand that we're a  
25 retirement system, so there is a population of

1 people who interact with us who are elderly. And  
2 we're always going to accommodate the needs of the  
3 member.

4 But more and more, even myself, when I  
5 started in the work force computers were not  
6 something everybody had at home. But today I'm  
7 very comfortable with a computer. Most people in  
8 the work force are comfortable with a computer.

9 So if you're 50 and below, we really feel  
10 you're really very comfortable with computers. If  
11 people are having problems with looking at things  
12 online or being able to download their documents,  
13 and they contact us we're going to accommodate  
14 their requests for the paper form or the paper  
15 statement.

16 MR. ORLANDO: Is that something folks  
17 will have to opt into or opt out of?

18 MS. REILLY: It is our goal -- it is  
19 something we have to think about, but it is our  
20 goal to have the default be paperless, and for you  
21 to contact us if you prefer to have paper.

22 Today we have it in the reverse, where we  
23 will give you the paper form unless you agree to  
24 take the computer form.

25 So we'll transition it slowly for older

1 members.

2 I think when we talk about it, if you  
3 became a teacher in 2018 you are not getting paper  
4 from us.

5 (Talking over each other.)

6 MS. REILLY: So it really depends. We'll  
7 have a cutoff year where we'll say at this point  
8 we believe people should be computer literate and  
9 be able to do it. Anything above that year --

10 MR. ORLANDO: I see where we're going.  
11 As we go there --

12 MS. REILLY: It's all member sensitive to  
13 our retirees.

14 MR. ORLANDO: We run into this a lot at  
15 the board, where not everyone has access to a  
16 computer. We don't want people using public  
17 computers.

18 MR. ORLANDO: Say I've been retired 35  
19 years. What is my solution look like? Is it  
20 going be sufficient robust support of me  
21 continuing for the next 20 years of my life? On  
22 my mind.

23 CHAIRPERSON ADLER: Maybe your son or  
24 nephew or grandson could help you out.

25 MR. ORLANDO: We're not following our

1 policies --

2 MS. REILLY: We will accommodate.

3 MS. PENNY: We work with a lot of  
4 retirees and occasionally that question comes up,  
5 and we always say they can always call TRS or call  
6 the union and we'll give them a paper copy or help  
7 them in any way. And that will always continue.

8 (Talking over each other.)

9 MS. BUDZIK: There also are rules on  
10 electronic communications relating to financial  
11 transactions. So we'd obviously have to comply.

12 CHAIRPERSON ADLER: That apply to TRS?

13 MS. BUDZIK: Yes.

14 CHAIRPERSON ADLER: Other questions or  
15 comments?

16 Thanks a lot, Robert and Matt.

17 MR. BETHELMY: Thank you.

18 CHAIRPERSON ADLER: Questions or comments  
19 from the public?

20 (No response.)

21 I believe that concludes the public  
22 agenda.

23 We do have an item for executive session.

24 So a motion to enter executive session  
25 would be in order.

1 MS. PENNY: I move, pursuant to Public  
2 Officer Law Section 105, to go into executive  
3 session for a discussion regarding investment  
4 matters.

5 CHAIRPERSON ADLER: Second?

6 MR. BROWN: Second.

7 CHAIRPERSON ADLER: Discussion?

8 (No response.)

9 All in favor of the motion to enter  
10 executive session please say "Aye."

11 (A chorus of "Ayes.")

12 All opposed say "Nay."

13 Any abstentions?

14 (No response.)

15 (Whereupon, the Board entered executive session.)

16 CHAIRPERSON ADLER: Any other questions  
17 for Susan or comments?

18 (No response.)

19 Anything else for executive session?

20 (No response.)

21 Seeing nothing, a motion to go back into  
22 public session to report out would be in order.

23 MS. VICKERS: So moved.

24 MR. BROWN: Second.

25 CHAIRPERSON ADLER: Discussion?

1 All in favor of the motion public session

2 All in favor of the motion please say "Aye."

3 (A chorus of "Ayes.")

4 All opposed say "Nay."

5 Any abstentions?

6 (No response.)

7 (Whereupon, the Board returned to public  
8 session.)

9 CHAIRPERSON ADLER: Susan, would you  
10 please make a report out of executive session?

11 MS. STANG: In executive session a change  
12 to the manager line-up within Variable A was  
13 discussed. Consensus was reached, which will be  
14 announced at the appropriate time.

15 Also a developing issue with respect to  
16 the custodian was discussed.

17 CHAIRPERSON ADLER: Thank you very much.

18 I believe that concludes our business for  
19 today. A motion to adjourn would be in order.

20 MS. VICKERS: So moved.

21 MR. KAZANSKY: Second.

22 CHAIRPERSON ADLER: Discussion?

23 All in favor of the motion to adjourn  
24 please say "Aye."

25 (A chorus of "Ayes.")

1 All opposed say "Nay."  
2 Any abstentions?  
3 (No response.)  
4 We're adjourned.)  
5 (Time noted: 4:13 p.m.)  
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C E R T I F I C A T I O N

I, Jeffrey Shapiro, a Shorthand Reporter and Notary Public, within and for the State of New York, do hereby certify that I reported the proceedings in the within-entitled matter, on Thursday, February 15, 2018, at the offices of the NEW YORK CITY TEACHERS RETIREMENT SYSTEM, 55 Water Street, New York, New York, and that this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this ^^ day of ^^, 20^^.

JEFFREY SHAPIRO