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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

7 Held on Thursday, March 15, 2018, at 55 Water
8 Street, New York, New York

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10 ATTENDEES:

11 JOHN ADLER, Chairman, Trustee
12 DEBRA PENNY, Trustee
13 DAVID KAZANSKY, Trustee
14 THOMAS BROWN, Trustee
15 JOHN DORSA, Trustee
16 RAYMOND ORLANDO, Trustee
17 PATRICIA REILLY, Teachers' Retirement System
18 THAD McTIGUE, Teachers' Retirement System
19 SUSAN STANG, Teachers' Retirement System
20 VALERIE BUDZIK, Teachers' Retirement System

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23 REPORTED BY:

24 YAFFA KAPLAN
25 JOB NO. 0611096

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ATTENDEES (Continued):

3 KAVITA KANWAR, Teachers' Retirement System
4 CARMELA CRIVELLI, Teachers' Retirement System
5 LIZ SANCHEZ, Teachers' Retirement System
6 ANNETTE HANHARAN, Teachers' Retirement System
7 ELLEN DeLEO, Teachers' Retirement System
8 ROBERT BETHELMI, Teachers' Retirement System
9 PAUL RAUCCI, Teachers' Retirement System
10 RENEE PEARCE, Teachers' Retirement System
11 ANDREW BRADFORD, Teachers' Retirement System
12 BRYAN BERGE, ESQ., Law Department
13 SHERRY CHAN, Chief Actuary
14 MELVYN AARONSON, Teachers' Retirement System
15 CINDY COLLINS, Mayor's Office

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2 MR. ADLER: Good afternoon. Welcome to
3 the Teachers' Retirement System board meeting
4 for March 15, 2018, the Ides of March. The
5 Ides of March. I didn't say that quite
6 properly.

7 MS. REILLY: Beware.

8 MR. ADLER: Beware the Ides of March.
9 Thank you, Ms. Reilly. Okay. With that,
10 let's move along and please call the roll.

11 MS. REILLY: John Adler?

12 MR. ADLER: I am here.

13 MS. REILLY: Thomas Brown?

14 MR. BROWN: Here.

15 MS. REILLY: David Kazansky?

16 MR. KAZPROANSKY: Present.

17 MS. REILLY: Raymond Orlando?

18 MR. ORLANDO: I am here.

19 MS. REILLY: Debra Penny?

20 MS. PENNY: Here.

21 MS. REILLY: Susannah Vickers?

22 MR. DORSA: John Dorsa for the
23 Comptroller's office.

24 MS. REILLY: Thank you. We do have a
25 quorum.

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2 MR. ADLER: Okay. Let's move along.

3 MS. REILLY: So the first item on --
4 second item on the agenda is an update on TRS
5 operations. Kavita Kanwar is going to give us
6 that.

7 MS. KANWAR: Thank you, Pat. TRS began
8 work on the efforts to notify members required
9 to take a minimum distribution from their TDA
10 account in 2018. In late April, TRS will be
11 providing RMD notifications to an estimated
12 3,522 first-time RMD recipients. In addition,
13 approximately 27,042 members that received
14 RMDs last year will be notified by their
15 requirement to receive another RMD this
16 calendar year.

17 MS. REILLY: Thank you.

18 MS. KANWAR: Sorry. I have more. TRS
19 video content is now available on YouTube.
20 Our content primarily includes informational
21 videos for members such as website tutorials
22 as well as archives of board meetings like
23 this one. We look forward to further
24 expanding our social media platform in the
25 future and invite everyone to subscribe to a

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2 YouTube channel called TRSNYC.

3 TRS's member education team is

4 continuing its outreach efforts with a busy,
5 busy spring. Most recently the team made a
6 presentation at the UFT annual
7 paraprofessional festival on March 10th.
8 April will see visits to several CUNY
9 campuses. Such appearances at union events
10 for this year at CMCSC. In addition, the team
11 will host at least eight onsite sessions of
12 the popular Getting Ready For Retirement
13 program in April.

14 MS. REILLY: Thank you. All right.
15 Next we have a report from the actuary.

16 MS. CHAN: Thank you. So there are
17 three items on my agenda --

18 MS. REILLY: Oh, I'm sorry. I did it
19 out of order.

20 MS. CHAN: So the first item pertains to
21 Chapter 41 of the laws of 2016. This is a law
22 that allowed the members to purchase military
23 service not specific to a specific time or a
24 region of the world that they served in. And
25 this past fiscal year in 2017, there were 66

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2 individuals that purchased 133 years of
3 service. After they had paid their portion of
4 a cost, the net cost in liability is 2 million
5 337,718 dollars. This is an amount that has
6 already been paid, and this resolution would
7 allow the retirement system to seek
8 reimbursement from the State to reimburse the
9 TRS for this amount. There is a resolution.

10 MR. ADLER: So there is a resolution
11 which we don't actually have in front of us?

12 MS. CHAN: We do.

13 MS. BUDZIK: Page 4.

14 MR. ADLER: Thank you. So should we
15 deal with it here or deal with it when we get
16 to the executive director's report? I
17 actually would propose that we deal with it
18 here so if there are questions we can ask
19 Sherry.

20 MS. REILLY: Okay. Do you want me to go
21 through the whole executive director's report
22 and then get to that?

23 MR. ADLER: Let's deal with this one
24 item first, the actuary's Chapter 41. So
25 let's see if there are any questions for

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2 Sherry specifically on the Chapter 41 thing.
3 I do have one question.

4 MS. CHAN: Okay.

5 MR. ADLER: So Sherry, you said this has

6 already been paid?

7 MS. CHAN: Correct because it's for
8 fiscal year '17.

9 MR. ADLER: So been paid by the City,
10 correct?

11 MS. CHAN: Yes.

12 MR. ADLER: So my question is the
13 resolved said it's to be submitted to the
14 State Comptroller for audit, warrant, and
15 payment to TRS. But wouldn't it be payment to
16 the City of New York since it's already been
17 paid?

18 MS. BUDZIK: We actually had that
19 question which we posed to your office,
20 Sherry, and your office said we should leave
21 it as is, payable to TRS.

22 MR. ADLER: Bryan, do you want to opine
23 on that?

24 MR. BERGE: Well, the question wasn't
25 raised initially, so I don't know that I

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2 thought about it in great detail. If the
3 Actuary's office thinks it could be left as it
4 currently stands, I think I am inclined to
5 accept that. I would like to think there
6 would be a way for crediting the City for
7 having made the payments or the DOE for having
8 made the payments in the event the money is
9 ultimately returned by the state to TRS.

10 MR. ADLER: I actually had a question
11 regarding not this system but another system
12 which we also passed a similar resolution
13 where it says reimbursable payments to the
14 system, and OMB thinks it should be payment to
15 the City.

16 MS. CHAN: Well, I think eventually it's
17 going to get back to the City because once TRS
18 -- the money is going to be allocated to one
19 of the other boards of the City and if it's
20 allocated to the City, you will get credit for
21 it.

22 MR. ADLER: Okay. I don't know that --
23 I am not -- I don't know that I need to make a
24 big deal about this. It's just that the
25 voucher that gets submitted is actually asking

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2 the State Comptroller to send payments to
3 Department of Finance for the City, and that
4 was the method that was used for the previous
5 fiscal year.

6 MS. CHAN: Well, I believe that the
7 previous fiscal year vouchers were never

8 submitted. They were submitted by TRS, but
9 they weren't submitted by OMB to the state.
10 MR. ADLER: I understand but just the
11 form that was used, it was a voucher that is
12 to be paid to the City. So I just think that
13 if that, in fact, is the case, we should
14 reflect that in the resolution. I would -- it
15 is the case on at least on the previous
16 voucher, so again, I don't want to make a big
17 deal about it. Unless there is some
18 timeliness in doing this resolution today,
19 maybe we should just lay it over and so we can
20 get clarification on that.
21 MS. CHAN: Or we could -- because this
22 is really a resolution of the number itself,
23 not the process, so we could just strike some
24 of that language out of, you know, who the
25 payment is to.

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2 MR. ADLER: That would be fine. Can we
3 just say "payment" and just scratch out "to
4 TRS"? Does that work for the lawyers?
5 MS. CHAN: Or just for reimbursement of
6 carrying out provisions of Chapter 41, and it
7 doesn't have to say to because I don't know
8 what the process is after this. I mean, that
9 really isn't -- beyond --
10 MR. ADLER: And I believe, Bryan, this
11 is the language that's specific to Chapter 41.
12 MR. BERGE: The reason for this kind of
13 odd language is because of the odd language
14 that is in Chapter 41, yes. So I don't -- I
15 agree with Sherry that I don't see a need for
16 the resolution to dictate the process.
17 Ultimately how the bill gets submitted is not
18 the greatest concern in the world to me.
19 MS. CHAN: Or reimbursed.
20 MR. BERGE: Yes. I think there are ways
21 to handle the allocation of the money in
22 either event, and I would be comfortable with
23 any approach whereby the voucher gets
24 submitted in a timely fashion.
25 MR. ADLER: So why don't we just say --

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2 I would suggest that we say for audit warrant
3 and payment as reimbursement for carrying out
4 the provisions of Chapter 41.
5 MS. CHAN: So for the amendment --
6 MR. ADLER: Is that acceptable to
7 anybody?
8 MS. CHAN: So we are striking out "to
9 TRS"?

10 MR. ADLER: Correct. Okay. So thank
11 you for accommodating me on that one.
12 So is there a motion to adopt this
13 resolution as edited from the original here
14 regarding the Actuary's fiscal year 2017
15 reimbursement calculation resulting from
16 Chapter 41 of the laws of 2016?
17 MS. PENNY: So moved.
18 MR. ADLER: Thank you, Debbie. Is there
19 a second?
20 MR. DORSA: Second.
21 MR. ADLER: Thank you, John. Any
22 further discussion?
23 All in favor of the motion, please say
24 aye. Aye.
25 MR. DORSA: Aye.

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2 MR. KAZANSKY: Aye.
3 MR. BROWN: Aye.
4 MR. ORLANDO: Aye.
5 MS. PENNY: Aye.
6 MR. ADLER: All opposed, please say nay.
7 Any abstentions? Okay. Motion carries.
8 MR. ADLER: So continuing with the
9 Actuary's report.
10 MS. CHAN: So the second item on my
11 agenda is the employer contribution for fiscal
12 year 2019. This is a preliminary employer
13 contribution. I can go through the details of
14 this calculation if the Board would like.
15 MR. ADLER: Would anybody like Sherry to
16 go through the details of the calculation?
17 Tom?
18 MR. BROWN: Please lay this over. We
19 want to discuss this further.
20 MR. ADLER: Is there action required on
21 this?
22 MS. CHAN: There is actually a
23 resolution in the packet, but it was not
24 submitted by my office.
25 MR. McTIGUE: The resolution is

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2 consistent with the past practice of this
3 board to adopt the preliminary contribution as
4 stated by the Actuary.
5 MS. CHAN: So after some deliberations
6 with Corp Counsel this past year to understand
7 the process a little bit more, I decide to not
8 go forward with a resolution, just a
9 memorandum to promote efficiency so that each
10 of the boards can get their invoices for what
11 they owe for the fiscal year and contributions

12 can be paid timely, so that's why we did not
13 or I did not submit a resolution with this
14 memo.

15 MS. REILLY: But as Thad pointed out,
16 it's the practice of this board to put a reso
17 on the agenda.

18 MS. BUDZIK: So if there was a change in
19 practice, we weren't informed of that.

20 MS. CHAN: So this isn't my resolution.

21 MR. BROWN: So lay it over.

22 MR. ADLER: So if there is a request to
23 lay it over we can lay it over, and then we
24 can discuss whether we want to adopt a
25 resolution or not to actually take it up.

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2 MS. CHAN: I think there were some
3 questions they wanted to address.

4 MS. REILLY: I think you have to lay it
5 over.

6 MR. ADLER: Not today. We are going to
7 lay it over today.

8 Apart from the resolution, would anybody
9 like Sherry to discuss her memo regarding the
10 preliminary fiscal year '19 contribution
11 further today? Okay. Thank you, Sherry, and
12 then last item.

13 MS. CHAN: Last item is a fiscal note
14 that actually went out after the deadline for
15 the Board's submission but it is included. It
16 was sent out last Friday, March 9th, and
17 pertains to extending the deadline to file the
18 notice of participation for World Trade
19 Center. I don't believe it affects any of the
20 teacher members. This was a fiscal note that
21 was prepared for all five retirement systems
22 in the city, and there is no cost to it
23 because I believe most of the eligible folks
24 who were there on 9/11 have already submitted
25 their notification.

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2 MR. ADLER: Any questions for Sherry
3 about that? This is a law -- a bill that's
4 been proposed in Albany. It's not yet been
5 passed.

6 MS. CHAN: Right.

7 MR. ADLER: Any question about the
8 fiscal year?

9 MS. CHAN: Senate Bill 7797.

10 MR. ADLER: Any questions for Sherry?
11 Discussion of that bill? Very good. Thank
12 you.

13 MS. CHAN: Thank you.

14 MR. ADLER: So do you want to go back to
15 the executive director's report?

16 MS. REILLY: Next on the agenda is the
17 executive director's report, and the first
18 item is the matter of the next meeting. It's
19 been suggested that the next regular meeting
20 of the Teachers' Retirement Board be held on
21 the third Thursday of the month, April 15,
22 2018. Mark your calendars.

23 MR. KAZANSKY: April 15th is a Sunday.

24 MS. REILLY: Okay. All right. To be
25 held on the third Thursday of the month, April

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2 19th.

3 So the second item on the agenda is
4 authorization to the Comptroller of the City
5 of New York to invest certain funds.

6 MR. KAZANSKY: Waive the reading,
7 please.

8 MR. ADLER: Okay. So is there a motion
9 to adopt the resolution to authorize the
10 Comptroller of the City of New York to invest
11 certain funds?

12 MR. BROWN: So moved.

13 MR. ADLER: Mr. Kazansky, would you
14 second the motion?

15 MR. KAZANSKY: I would love to second.

16 MR. ADLER: Any discussion of the
17 motion?

18 All in favor of the motion, please say
19 aye. Aye.

20 MR. DORSA: Aye.

21 MR. KAZANSKY: Aye.

22 MR. BROWN: Aye.

23 MR. ORLANDO: Aye.

24 MS. PENNY: Aye.

25 MR. ADLER: All opposed, please say nay.

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2 Any discussion? Okay. Motion carries. Thank
3 you.

4 MR. DORSA: Thank you.

5 MS. REILLY: The next item on the
6 agenda, the authorization of the Comptroller
7 of the City of New York to invest certain
8 tax-deferred annuity funds.

9 MR. KAZANSKY: Again, please waive the
10 reading.

11 MR. ADLER: Is there a motion approving
12 the resolution to authorize the Comptroller of
13 the City of New York to invest certain
14 tax-deferred annuity funds?

15 MS. PENNY: So moved.

16 MR. ADLER: Thank you, Debbie. Is there
17 a second?
18 MR. KAZANSKY: Second.
19 MR. ADLER: Mr. Kazansky. Any
20 discussion?
21 All in favor of the motion, please say
22 aye. Aye.
23 MR. DORSA: Aye.
24 MR. KAZANSKY: Aye.
25 MR. BROWN: Aye.

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2 MR. ORLANDO: Aye.
3 MS. PENNY: Aye.
4 MR. ADLER: All opposed, please say nay.
5 Any abstentions? Motion carries.
6 MS. REILLY: Next is the adoption of the
7 divestment and exclusion policy.
8 MR. ADLER: I think we are going to lay
9 this over as well. Thank you.
10 MS. REILLY: Next is attendance at a
11 conference. The final resolution is presented
12 for consideration and possible adoption:
13 Resolved, that the Trustees of the Teachers
14 Retirement Board hereby approve the attendance
15 and participation of the Executive Director
16 and/or her designees and any interested
17 Trustee at the National Conference on Public
18 Employee Retirements Systems' Annual
19 Conference and Exhibition from May 13th to May
20 16, 2018.
21 MR. ADLER: Is there a motion to approve
22 the resolution of the attendance at the NCPERS
23 conference? Which is in New York City I might
24 add this year.
25 MR. KAZANSKY: So moved.

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2 MR. ADLER: Is there a second?
3 MR. BROWN: Second.
4 MR. ADLER: Any discussion? All in
5 favor of the motion regarding attendance at
6 the NCPERS conference, please say aye. Aye.
7 MR. DORSA: Aye.
8 MR. KAZANSKY: Aye.
9 MR. BROWN: Aye.
10 MR. ORLANDO: Aye.
11 MS. PENNY: Aye.
12 MR. ADLER: All opposed, please say nay.
13 Any abstentions? Motion carries.
14 MS. REILLY: Next on the agenda is the
15 calendar. You all should have received the
16 calendar electronically, and the first item is
17 the matter of the approval of the TRS

18 investment meeting minutes of February 1, 2018
19 and the TRS board meeting minutes of February
20 15, 2018.

21 MR. ADLER: Is there a motion to approve
22 both sets of minutes from February 1st
23 investment meeting and February 15th board
24 meeting?

25 MR. BROWN: So moved.

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2 MR. ADLER: Thank you, Tom. Is there a
3 second?

4 MS. PENNY: Second.

5 MR. ADLER: Thank you, Debbie. Any
6 discussion?

7 All in favor of the motion to approve
8 the investment meeting minutes of February 1st
9 and the board meeting minutes of February 15,
10 2018, please say aye. Aye.

11 MR. DORSA: Aye.

12 MR. KAZANSKY: Aye.

13 MR. BROWN: Aye.

14 MR. ORLANDO: Aye.

15 MS. PENNY: Aye.

16 MR. ADLER: All opposed, please say nay.
17 Any abstentions? Motion carries.

18 MS. REILLY: Okay. So as I said, you
19 all received a copy of the calendar.

20 MR. KAZANSKY: Please waive the reading
21 of the calendar.

22 MS. REILLY: Thank you.

23 MR. ADLER: Okay. Is there a motion to
24 adopt the calendar?

25 MR. KAZANSKY: So moved.

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2 MR. ADLER: Thank you, Mr. Kazansky. Is
3 there a second?

4 MR. BROWN: Second.

5 MR. ADLER: Thank you, Mr. Brown. Any
6 discussion?

7 All in favor of the motion to adopt the
8 calendar for March 15, 2018, please say aye.
9 Aye.

10 MR. DORSA: Aye.

11 MR. KAZANSKY: Aye.

12 MR. BROWN: Aye.

13 MR. ORLANDO: Aye.

14 MS. PENNY: Aye.

15 MR. ADLER: All opposed, please say nay.
16 Any abstentions? Motion carries.

17 MS. REILLY: The next item on the agenda
18 is other business, and today we have a
19 presentation by Ellen DeLeo on TRS's strategic

20 planning and reporting.
21 MS. DeLEO: Hi. Good afternoon.
22 MR. ADLER: Good afternoon.
23 MS. DeLEO: It's my pleasure to be with
24 you here today to present TRS's strategic
25 planning and reporting effort. I am going to

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2 begin with our approach to the development of
3 our current strategic plan, and followed by
4 that I am going to give you a brief overview
5 of each of the views and conclude with a
6 snapshot of our status reporting.

7 In support of our strategic planning,
8 TRS is committed to mature the process of
9 strategic planning with each cycle. So first
10 thing that we did was we performed a lessons
11 learned. We brought together different groups
12 from across the organization and looked at
13 some of the things we did well, some of the
14 thing we could improve on, some assumptions
15 that either did or didn't prove out over the
16 life of the last planning cycle, and we took
17 all of those, the input, and we did some
18 analysis and formed some conclusions that we
19 brought back to key personnel, and we agreed
20 upon changes that we would apply to the next
21 planning cycle.

22 Among some of the key findings were that
23 we really needed to give greater recognition
24 to some of the other major efforts that were
25 underway that were competing for resources.

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2 We decided what we were going to commit to in
3 terms of strategic initiatives in the cycle.
4 And we confirmed we are going to stick with a
5 longer cycle of five years. Some
6 organizations had moved to three-year cycles
7 or even a one-year cycle and if they use a
8 three with a refresh, but we committed to a
9 longer cycle.

10 The second thing we did was established
11 goals that align with our vision. I believe
12 you had a presentation on Vision 2020 a few
13 meetings back, and some of the key principles
14 that we took from that that we used in this
15 strategic planning cycle were the key
16 principles of being problem solvers, the
17 commitment to straight-through processing,
18 better informed decision-making, continuous
19 quality improvement, and I believe you all
20 heard the golden rule that we should treat
21 people the way they would want to be treated,

22 but we stepped it up a notch and are going
23 with the platinum rule which says we should
24 treat people the way they want to be treated.
25 So these are the activities based on the

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2 foundation of our strategic plan, and
3 following that we formed a consensus on what
4 long-term success looked like from different
5 process perspectives, and those perspectives
6 are member and stakeholder, financial
7 stewardship, internal business processes, and
8 organizational capacity. We evaluated our
9 capability gap here at TRS. And what we
10 wanted to do was find out what we needed to do
11 to build long-term success, and that's beyond
12 just our business processes but related to the
13 skills that we needed to demonstrate including
14 greater maturity at an organizational level.
15 And some of those things were things like data
16 governance, our business rules and policy
17 management, and agility, the ability to
18 respond to both mandated changes and proactive
19 changes.

20 We formulated our programs with
21 supporting initiatives, ensuring realistic
22 commitments to our initiatives given the pool
23 of resources in terms of time and people and
24 money. And we set performance measurements
25 based on outcomes rather than just performing

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2 activity so we knew what success looked like
3 from a qualitative perspective and considered
4 major internal and external factors. And some
5 of those major factors were that our
6 modernization effort spans the five years, so
7 we wanted to align it with that. We didn't
8 see that it would be in our best interest
9 while modernization is still underway to
10 complete a strategic planning cycle and start
11 a new one.

12 We are modernizing our pension
13 administration system. Our 100th anniversary
14 fell out during that time frame, and that gave
15 us the ability to reflect on the last 100
16 years and things that we have done well, the
17 commitment that we have to providing our
18 members with a secure retirement, and then
19 looking forward to the next 100 years and how
20 we would deliver on that commitment.

21 And some of those include the major
22 changes in member expectations. Members
23 expect to self serve. They expect to be able

24 to interact with us anytime from anywhere.
25 People have become accustomed to a paperless
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2 transaction. So just some of those things we
3 considered in addition to a shift towards
4 associates being problem solvers with our
5 commitment to straight-through processing.
6 The majority of the cases that will be touched
7 by an associate will be more complex cases,
8 and they will need to bring those to a
9 successful completion and resolve whatever the
10 complexities of the case are.

11 And we are focusing on critical partner
12 relationships. We realize that our members
13 see us as being one who delivers services, but
14 we are reliant on other organizations either
15 for payroll or HR data or for processing our
16 retirement payroll. But they are holding us
17 responsible so we need to form stronger
18 partnerships with our partners so that they
19 share in that commitment to our members.

20 The last thing that we did was to look
21 at valued propositions and determine what we
22 are going to focus on. The three valued
23 propositions are operational excellence,
24 product leadership, and member intimacy.
25 Conventional wisdom says you can't try to

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2 focus on all three. You should prioritize
3 what you are going to use as the basis for
4 your strategic planning efforts.

5 Products leadership was ruled out
6 because as a rule, our products are defined by
7 legislation as reflected in our administrative
8 code. So that left us with operational
9 excellence and member intimacy, and we
10 identified operational excellence as being our
11 higher priority. We are not foregoing member
12 intimacy because it says we should come to an
13 industry standard in all three. So we are
14 going to also consider member intimacy, and as
15 far as operational excellence, that's in our
16 business operations and member services.

17 For member intimacy, we are going to
18 consider our members' needs when defining and
19 developing our business processes, and one of
20 the key things that we are focusing on is mass
21 customization that's available through
22 technology today. Things like in our service
23 purchases. We used to give our members just a
24 few options on payment terms. Now they can
25 really create their own because technology

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2 allows for that.

3 Also we are expanding the ways our
4 members do business with us. We are
5 implementing an electronic payment platform so
6 that they can use other forms of payment, and
7 the example would be the online death benefit
8 processes that we are going to be implementing
9 as part of ASPEN.

10 So in terms of our goals, we had defined
11 five goals that are at an aspirational level.
12 And they do recognize different perspectives
13 that I mentioned earlier of the members,
14 stakeholders, financial stewardship, internal
15 business processes, and organizational
16 capacity.

17 So I am just going to now walk you
18 through these strategic goals, but I just
19 wanted to say they support our initiatives
20 that we have defined and that it helps to --
21 it helps us to building our playbook or role
22 model that will help us achieve our strategic
23 goals, but before I do that, I am just going
24 to share with you the critical success factors
25 was the way we decided how we would define

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2 what success looks like. We need to know how
3 we are going to tell we achieved our goals.
4 So critical success factors are things that we
5 must do well in order to know we achieved our
6 desired end result, and by defining a few
7 critical success factors for each goal, it
8 will enable us to measure our progress and
9 what we have achieved.

10 So the first goal of operational
11 excellence is ensuring TRS's ability to meet
12 the expectations of our members through the
13 services that we provide by understanding how
14 we each contribute to that value from the
15 member's perspective, and in terms of the
16 critical success factors that you may not
17 readily be able to understand what they are,
18 in terms of performance measurement design,
19 that's measuring the right things in the right
20 way so that we deliver the needed value to our
21 members, and these are things like key
22 performance indicators that measure the cost
23 of a transaction or time from a perspective of
24 service level agreements. That's when we make
25 a commitment to a member that we are going to

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2 turn around and complete your service request
3 in a certain amount of time. That's a service
4 level agreement. In order to achieve that, we
5 have internal operating level agreements, and
6 that's the commitments we make to each other
7 internally. When we bring all those operating
8 level agreement timelines together, it can't
9 exceed an ASCLA because we made that
10 commitment to the members, so we are ensuring
11 that internally to each other we are keeping
12 commitments and to our members and also we are
13 measuring the accuracy and correctness of the
14 service or product we are delivering to the
15 members.

16 Data information and quality, I will
17 only touch on that because it's so important
18 to our straight-through processing goals and
19 achieving correct results, and the third one
20 is our partnership independencies which I
21 spoke about before and we just need to make
22 sure that the correctness and reliability
23 results are not negatively impacted by
24 dependencies and that's either the data or
25 processing that our partner does on our

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2 behalf, and we even look to enhance the
3 results, not just make sure they are not
4 negative but what could we do to enhance them.
5 And of course, our joint commitment to meeting
6 our members' needs.

7 Our second goal is the implementation of
8 a member-focused service model that enables
9 our members to achieve the maximum benefit
10 from their membership while creating a service
11 management system that improves service and
12 reduces delay. For that one I am just going
13 to touch on member service management. And
14 that's safeguarding that each request is
15 brought to a completeness or resolution per
16 our service level agreements. And we have two
17 parts to that. There is a business service
18 management and an IT service management, and I
19 believe in the coming months you are going to
20 hear about the IT side of the member service
21 management.

22 And then member insight is seeking out
23 and making use of feedback that's provided by
24 the members and also the use of analytics,
25 looking at our data, having it tell us a story

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2 about either past behavior or activities based
3 on events and to -- once we have got that

4 going, to predict future needs and events that
5 we need to be prepared for.

6 In terms of the third goal of a ready,
7 willing, and able to workforce that's
8 committing to human resource related
9 activities and leadership that result in high
10 performance, long-term motivated and
11 successful TRS staff, and that is associates
12 are engaged and that they have the skills and
13 resources needed in order to perform to
14 expectation.

15 And in terms of the critical success
16 factors, staff assignments by work type and
17 complexity is important because we need to
18 recognize the difference in the levels of
19 skills and competencies of our associates. It
20 may just be based on the amount of time that
21 they have been here, but we need to recognize
22 it so that assignments are made that will
23 appropriately challenge each associate while
24 enabling them to accomplish their tasks
25 successfully.

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2 And then in terms of roles and
3 responsibilities and incentives being aligned,
4 we need to make sure that we are properly
5 communicating what's important to our
6 associates, then measuring and rewarding their
7 performance accordingly, and some of those
8 examples would be accountability and teamwork
9 and valuing collaboration over competition.

10 Our fourth goal of maximizing the value
11 proposition is to demonstrate fiscal
12 responsibility while accomplishing goals by
13 providing productivity improvements that try
14 to realize the most out of every dollar spent,
15 and the critical success factors I would
16 highlight here are workflow tool enablement,
17 and that is commonly known as business process
18 management but ours goes beyond that and
19 incorporates a business rule retention. So
20 it's actually adhering to our business rule
21 while it's enabling the workflow of a single
22 transaction when a member makes requests, from
23 the minute they initiate it through to
24 completion. And in terms of human-centric
25 development, this is considered when you build

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2 a system that people interact with that system
3 and they have behaviors that you need to
4 support, you can't -- if you try to force
5 people to behave differently, you run the risk

6 of having them make errors. And an example
7 would be in a system where somebody was
8 starting to work on a transaction and this
9 could be the member or internal TRS associate,
10 and if they have need to stop for some reason
11 and suspend what they are doing, it needs to
12 be able to support that, save the work, and
13 let them to resume later. They may need to go
14 collect some information that they don't have
15 there, so they need to be able to do that and
16 not have it time out, and if you didn't
17 support that, you run the risk of maybe they
18 make up the information or maybe they rush
19 through it, so you have a risk that the
20 processing wouldn't be correct if you forced
21 someone to work in a way other than they would
22 normally.

23 MR. ADLER: Let me just really quick --
24 emphasize that. I am sure other folks here
25 have that experience where you get timed out

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2 in the middle and you lose that work. In
3 fact, the Department of Finance has that
4 problem on its property tax. Have you had
5 that problem?

6 MS. STANG: You pay your property taxes
7 quarterly and each time you need to come up
8 with a new user name and password.

9 MR. ADLER: I did this thing where you
10 challenge your assessment and it's a lot of
11 information you have to enter and boom, time
12 out in the middle. You have to start all over
13 again. I also just had the problem with my
14 bracket on ESPN where I stopped in the middle
15 and I went back to it and boom, it was gone.
16 So like really frustrating. Anyway --

17 MR. KAZANSKY: John, you might want to
18 take that as a sign that your bracket is not
19 too --

20 MR. ADLER: I am sure it's broken
21 already.

22 MS. DeLEO: And our final goal is the
23 improved life cycle management, and that's to
24 effectively target member segments to increase
25 enrollment and participation throughout their

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2 membership life cycle to maximize benefits and
3 better meet the unique needs of varied member
4 segments, and I would highlight within that
5 defined stages of membership life cycle and
6 personas, and that's segments that go beyond
7 age and length of membership and other

8 characteristics that you can readily identify,
9 and it considers where the person is in their
10 life, also in their life circumstances.

11 And an example I will give you is that
12 when you might have two 25-year-olds and
13 compare them, they might look very familiar.
14 Same. They are very early in their career,
15 probably single or maybe newly married, but
16 when you take those two and move them through
17 life and now they are 55 to 60, their lives
18 probably look very different. They may have
19 made different choices and now their needs are
20 very different, so by developing personas that
21 go just beyond the demographics that we
22 collect and letting members enroll perhaps
23 would find personas and let them enroll in a
24 persona they feel most closely matches their
25 circumstances, it will enable us to segment

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2 them and target our offerings to them. And to
3 that I would touch on value creation and
4 delivery and that's tailoring our offerings
5 and communications to these different segments
6 in order to be the most effective at meeting
7 their unique needs.

8 So now that I have gone through the
9 goals, I have put together a slide of our
10 strategic programs and initiatives. We have
11 three major programs that are made up of 27
12 different initiatives. I am not really going
13 to go into detail because I believe you are
14 going to receive presentations on either the
15 different programs or some of the programs in
16 this.

17 Vision 2020 was one of the initiatives
18 that you have heard previously which is to
19 give you an idea of the scope of work that we
20 have committed to do and did in terms of our
21 strategic plan reporting. We are going to use
22 the balanced score card methodology to align
23 and measure progress. We feel that if you
24 look at these four perspectives and address
25 these four perspectives, you are going to

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2 maximize, quote, effectiveness and efficiency
3 in the efforts.

4 So we defined members for each
5 initiative, and the initiative measurements
6 are based on what's called the RAG scale, red,
7 amber, and green. I will start with green
8 which indicates that an effort is going along
9 perfect, no issues. Amber says it may have a

10 few issues or risks that seem to be coming to
11 fruition that we need to start planning for to
12 mitigate, and red means that the effort has
13 some real challenges and we need to make a
14 great effort to either reassess the effort or
15 bring it back on track.

16 So here is just a snapshot of the
17 strategic plan report, and I just have taken
18 out three initiatives within each of the
19 different programs. And what this shows you
20 is that we have defined measures that we can
21 put targets behind so that we can say whether
22 we are on track for them or not, and the
23 measures here we will go through the
24 organizational change management.

25 Vision 2020. Our measures is decrease

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2 redundant efforts, elimination of gaps, and
3 clear accountability for business processes,
4 and this one is from the progressive internal
5 business process and it's about efficiency so
6 we can actually capture specific and
7 measurable progress.

8 And here the second one is that it's in
9 progress. The RAG shows that it's green and
10 all is going well, that it's stable. For
11 modernization we have an operational readiness
12 effort that's underway to support the delivery
13 of ASPEN. And that measure is the
14 availability of work aids that provide quick
15 reference in the days following
16 implementations as users begin using the new
17 system and that's in progress and that's also
18 green and stable.

19 The third is our facilities expansion
20 and rebuild, and the new member education
21 facility, our measure being increased
22 educational opportunities for members as
23 measured by number of members that attend
24 educational sessions in comparison to the
25 prior period before the rebuild. This effort

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2 is complete. It completed in good status and
3 it is stable.

4 So that's what I had to share with you.
5 I don't know if you have any questions.

6 MR. ADLER: I just have a question about
7 the very last, facilities expansion rebuild.
8 Do you have numbers in terms of the increase
9 in members that have taken advantage of
10 educational sessions or does anybody?

11 MS. DeLEO: I will defer to Robert.

12 MR. McTIGUE: Maybe I can help out a
13 little bit too.

14 MR. BETHELMY: I don't have any specific
15 numbers off the top of my head, but what I can
16 say is the number of members at each of the
17 sessions has basically doubled. In the past
18 we had capacity for 35 members, but each of
19 the classes practically it's doubled that
20 amount at each of the sessions.

21 MR. McTIGUE: The other thing I might
22 add, John, we talk about that being complete.
23 We talk about the physical construction being
24 complete. And we started probably in October
25 kind of a soft opening, so the number of

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2 people that are going, it's an evolving
3 matter.

4 MR. ADLER: I see. Okay. So the
5 measures -- so in other words the measure --
6 still we don't have apples to apples
7 comparisons yet because it hasn't been a full
8 cycle or whatever.

9 MR. McTIGUE: The week we started as I
10 said a soft opening. So the physical part is
11 essentially done, and now we are moving to
12 that next phase.

13 MR. ADLER: I would be interested when
14 you have comparison numbers to share -- to see
15 that, we will measure --

16 MR. McTIGUE: We will do that.

17 MR. ADLER: -- since we authorized a lot
18 of money for the expansion space and rebuild.
19 Great, thanks.

20 MS. REILLY: Thank you, Ellen. So the
21 next item on the agenda I just wanted to let
22 you know that I am just noting that we
23 distributed the annual statement of the
24 Teachers' Retirement System annual statement
25 to the Board. All right? You all received

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2 that so just noting that.

3 And then 7 is questions or comments from
4 the public.

5 MR. ADLER: Any questions or comments
6 from the public?

7 MR. AARONSON: The public has no
8 questions.

9 MR. ADLER: No question.

10 MR. BROWN: I would like to say
11 something.

12 MR. ADLER: Oh, yes, Mr. Brown.

13 MR. BROWN: This past Saturday, March

14 10th, the UFT hosted its annual
15 paraprofessional event/breakfast/lunch at the
16 New York Hilton and close to a thousand
17 paraprofessionals came, all -- many of them
18 who are TRS members and I would like to thank
19 the staff at the Teachers' Retirement System.
20 Robert put together a staff of people who came
21 and participated and presented at our meeting.
22 The staff presented two 90-minute sessions on
23 pensions, and each session was well attended
24 by the paraprofessionals.

25 We also had an exhibit area where a

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2 table was set up and there were staff -- TRS
3 staff there answering questions and giving out
4 little gifts with a long line to get these
5 gifts. There is a nice salad container which
6 I took one too. So we can't thank you enough.

7 Robert, you put together a team --
8 Daniel was there and Roland and Monique and
9 the other Monique and Lorraine and Phindile
10 and Rafael was there, and these people treat
11 our members like royalty. And they really
12 connect with our members, they come, they are
13 professional, they are well-dressed, they are
14 knowledgable.

15 So we thank you for participating in our
16 annual event and we feel a connection. The
17 three teacher members thank you and all of our
18 members because everyone loves TRS. Your
19 reputation is paramount. So on the record,
20 thank you. Thank you to the staff and thank
21 you to Robert Bethelmy.

22 MR. BETHELMY: Thank you.

23 MR. BROWN: And your crew. We
24 appreciate it. Thank you.

25 MR. BETHELMY: Thank you. I will show

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2 it to Pat and to our member education group,
3 Monique and her staff who represented us at
4 the event.

5 MS. REILLY: Thank you.

6 MR. ADLER: Okay. Any further
7 discussion? I think that concludes our agenda
8 for today. Is there a motion to adjourn?

9 MR. KAZANSKY: So moved.

10 MR. ADLER: Thank you. Is there a
11 second?

12 MR. BROWN: Second.

13 MR. ADLER: Thank you. All in favor of
14 the motion to adjourn, please say aye. Aye.

15 MR. DORSA: Aye.

16 MR. KAZANSKY: Aye.
17 MR. BROWN: Aye.
18 MR. ORLANDO: Aye.
19 MS. PENNY: Aye.
20 MR. ADLER: All opposed, please say nay.
21 Any abstentions? Okay. Meeting is adjourned.
22 Thank you very much.
23 (Time noted 4:32 p.m.)
24
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7 I, YAFFA KAPLAN, a Notary Public
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12 by me therein.

13 IN WITNESS WHEREOF, I have hereunto
14 set my hand this 26th day of March, 2018.
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16

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