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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

7 Held on Thursday, April 19, 2018, at 55 Water
8 Street, New York, New York

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10 ATTENDEES:

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

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22 REPORTED BY:

- 23 YAFFA KAPLAN
- 24 JOB NO. 0611103

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2 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 NATARAJAN KRISHNAMOORTHY, Teachers' Retirement
- 8 System
- 9 ANTHONY MEZZACAPPA, Teachers' Retirement System
- 10 ROBERT BETHELMI, Teachers' Retirement System
- 11 PAUL RAUCCI, Teachers' Retirement System
- 12 RENEE PEARCE, Teachers' Retirement System
- 13 BRYAN BERGE, ESQ., Law Department
- 14 SHERRY CHAN, Chief Actuary
- 15 MELVYN AARONSON, Teachers' Retirement System
- 16 CINDY COLLINS, Mayor's Office

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2 MR. ADLER: Good afternoon, everyone.
3 Welcome to the Teachers' Retirement System of
4 the City of New York's regular board meeting
5 for April 19, 2018.
6 Patricia, will you please call the roll?
7 MS. REILLY: John Adler?
8 MR. ADLER: I am here.
9 MS. REILLY: Thomas Brown?
10 MR. BROWN: Present.
11 MS. REILLY: David Kazansky?
12 MR. KAZANSKY: Present.
13 MS. REILLY: Raymond Orlando?
14 MR. ORLANDO: I am here.
15 MS. REILLY: Debra Penny? John Dorsa?
16 MR. DORSA: Present.
17 MS. REILLY: We have a quorum.
18 MR. ADLER: Thank you very much. Take
19 us away.
20 MS. REILLY: Okay. Next on the agenda
21 is an update from TRS operations. Kavita
22 Kanwar is going to do that for us.
23 MS. KANWAR: Thank you, Patricia. TRS
24 is continuing its ongoing campaign to
25 encourage participation in the tax-deferred

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1 Proceedings
2 annuity program. Our spring campaign for 2018
3 began with an e-mail blast in late March. We
4 targeted over 5,500 new members who joined TRS
5 since last spring but have not enrolled in
6 TDA. In addition, we reached out to over
7 6,000 members who have recently reached ten
8 years of membership with TRS and encouraged
9 them to enroll in our TDA or increase their
10 participation. The theme of the spring
11 campaign is "Do the math: TDA makes sense".
12 Coverage is also provided in our website and
13 social media and later this spring in our
14 member newsletters.
15 Preparations are underway to produce the
16 member account statements for the first
17 quarter of 2018. Account statements will be
18 available in May for over 126,000 members who
19 are currently in service or on leave. Mailing
20 is expected to occur between May 15th and May
21 18th. Approximately 16,000 members have opted
22 out of the mailing, choosing to view their
23 mailing online only.

24 Also in May, TDA quarterly statements
25 will be available for approximately 55,000

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1 Proceedings
2 members with TDA deferral status. Mailing is
3 expected to occur in early May. Nearly 5,000

4 members have opted out of the member mailing,
5 choosing to view their statements online only,
6 and finally, the TDA quarterly statements for
7 TDA beneficiary participants will be mailed to
8 a population of approximately 1,000 members at
9 the end of April.

10 Earlier this month was spring recess in
11 the schools, and TRS experienced its usual
12 spike in visits to our member services center.
13 Representatives met with 536 members on
14 various retirement and benefit related
15 questions. This was almost double of the
16 number of members served in a regular week.
17 April also marked the beginning of our busy
18 season for retirement application submissions.
19 As of today, we have already received 66
20 applications for July 1, 2018. Thank you.

21 MS. REILLY: Thank you, Kavita. Next is
22 the executive director's report and the first
23 item is the matter of the next meeting, and it
24 has been suggested that the next regular
25 meeting of the Teachers' Retirement Board be
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1 Proceedings

2 held on the third Thursday of the month, May
3 17, 2018. Mark your calendars.

4 MR. ADLER: Thank you.

5 MS. REILLY: Next is the resolution that
6 had been laid over previously for the
7 Actuary's recommendation for a preliminary
8 fiscal year 2019 employer contributions to the
9 Teachers' Retirement System to the City of New
10 York.

11 MR. KAZANSKY: Please skip to the
12 resolved.

13 MS. REILLY: The Retirement Board
14 approves a preliminary fiscal year 2019
15 employer contribution to the Teachers'
16 Retirement System of the City of New York of
17 \$3,768,938,967.

18 MR. ADLER: Okay. Is there a motion to
19 approve the Actuary's recommendation for a
20 preliminary fiscal year 2019 employer
21 contribution?

22 MR. KAZANSKY: So moved.

23 MR. ADLER: Thank you, David. Is there
24 a second?

25 MR. BROWN: Second.

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1 Proceedings

2 MR. ADLER: Thank you, Tom.

3 Any discussion? All in favor of the
4 discussion, please say aye. Aye.

5 MR. BROWN: Aye.

6 MR. KAZANSKY: Aye.
7 MR. DORSA: Aye.
8 MR. ORLANDO: Aye.
9 MR. ADLER: All opposed, please say nay.
10 Any abstentions? Motion carries.
11 MS. REILLY: Next is the resolution, the
12 Actuary's recommendation for a final fiscal
13 year 2018 employer contribution to the
14 Teachers' Retirement System of the City of New
15 York.
16 MR. KAZANSKY: Again, please skip to the
17 resolved.
18 MS. REILLY: Resolved, that the employer
19 contribution to the Teachers' Retirement
20 System of the City of New York for fiscal year
21 2018 in the amount of 3 billion 888 -- I'm
22 sorry -- \$3,889,709,927 is hereby approved by
23 the Retirement Board.
24 MR. ADLER: So is there a motion to
25 approve the Actuary's recommendation for final

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1 Proceedings
2 fiscal year 2018 employer contribution?
3 MR. BROWN: So moved.
4 MR. ADLER: Is there a second?
5 MR. KAZANSKY: Second.
6 MR. ADLER: Any discussion? All in
7 favor of the motion, please say aye. Aye.
8 MR. BROWN: Aye.
9 MR. KAZANSKY: Aye.
10 MR. DORSA: Aye.
11 MR. ORLANDO: Aye.
12 MR. ADLER: All opposed, please say nay.
13 Any abstentions? Motion carries.
14 MS. REILLY: The following resolution
15 was laid over at the March 15th meeting, and
16 it is the adoption of the divestment and
17 exclusion policy.
18 The finance committee of the Teachers'
19 Retirement Board has recommended the following
20 resolution for consideration and adoption by
21 the board of trustees.
22 MR. KAZANSKY: Please skip to the
23 resolved.
24 MS. REILLY: Resolved, that the Board
25 adopts the attached Divestment and Exclusion

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1 Proceedings
2 Policy for inclusion in the Investment Policy
3 Statements for the Qualified Pension Plan and
4 the Variable Annuity Funds.
5 MR. ADLER: So is there a motion?
6 MR. KAZANSKY: So moved.
7 MR. ADLER: Is there a second?

8 MR. BROWN: Second.
9 MR. ADLER: Okay. Discussion?
10 MR. KAZANSKY: Yes. I would like to
11 make a friendly amendment to the Divestment
12 and Exclusion Policy.
13 MR. ADLER: Yes, sir.
14 MR. KAZANSKY: On the second page, I
15 would like the sentence that begins with "The
16 Board shall" --
17 MR. ADLER: Yup.
18 MR. KAZANSKY: -- to be changed to "The
19 Board shall also obtain advice from counsel
20 whether a divestment initiative is consistent
21 with fiduciary standards".
22 MR. ADLER: Okay. You are the maker of
23 the motion, so I will ask you as the maker of
24 the motion is the amendment friendly?
25 MR. KAZANSKY: Of course, it's friendly.

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1 Proceedings
2 I am smiling.
3 MR. ADLER: Okay. So there is a motion
4 on the floor that has been seconded and
5 amended to approve the Divestment and
6 Exclusion Policy including the amended
7 sentence that Dave just read for the record.
8 Any discussion on the amended Divestment and
9 Exclusion Policy? Okay.
10 Seeing none, all in favor of the motion
11 to approve the divestment -- the motion to
12 adopt the Divestment and Exclusion Policy,
13 please say --
14 MR. KAZANSKY: As amended.
15 MR. ADLER: Thank you. As amended,
16 please say aye. Aye.
17 MR. BROWN: Aye.
18 MR. KAZANSKY: Aye.
19 MR. DORSA: Aye.
20 MR. ORLANDO: Aye.
21 MR. ADLER: Opposed, please say nay.
22 Any abstentions? Motion carries.
23 MS. REILLY: Next is attendance at a
24 conference. Be it resolved that the Trustees
25 of the Teachers' Retirement Board hereby

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1 Proceedings
2 approve the attendance and participation of
3 the Executive Director and/or her designees
4 and any interested Trustee at the 2018 CEM
5 Global Pension Administration Conference from
6 May 7th through May 10, 2018.
7 MR. ADLER: Is there a motion to approve
8 attendance at the 2018 CEM Global Pension
9 Administration Conference?

10 MR. DORSA: So moved.
11 MR. ADLER: Thank you. Is there a
12 second?
13 MR. BROWN: Second.
14 MR. ADLER: Thank you. Any discussion?
15 All in favor of the motion, please say aye.
16 Aye.
17 MR. BROWN: Aye.
18 MR. KAZANSKY: Aye.
19 MR. DORSA: Aye.
20 MR. ORLANDO: Aye.
21 MR. ADLER: All opposed, please say nay.
22 Any abstentions? Motion carries.
23 MS. REILLY: Next is also attendance at
24 a conference. Be it resolved that the
25 Trustees of the Teachers' Retirement Board
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1 Proceedings
2 hereby approve the attendance and
3 participation of the Executive Director and/or
4 her designees and any interested Trustee at
5 the National Association of Public Pension
6 Attorneys' (NAPPA) 2018 Legal Education
7 Conference from June 22nd through June 29,
8 2018.
9 MR. ADLER: Okay. Is there a motion to
10 adopt the resolution regarding attendance at
11 the NAPPA Conference?
12 MR. BROWN: So moved.
13 MR. ADLER: Is there a second?
14 MR. DORSA: Second.
15 MR. ADLER: Thank you. Moved and
16 seconded. Any discussion?
17 All in favor of the motion to approve
18 attendance at the NAPPA Conference, please say
19 aye. Aye.
20 MR. BROWN: Aye.
21 MR. KAZANSKY: Aye.
22 MR. DORSA: Aye.
23 MR. ORLANDO: Aye.
24 MR. ADLER: All opposed, please say nay.
25 Any abstentions? Motion carries.

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1 Proceedings
2 MS. REILLY: Okay. Next is the
3 calendar. And the first item there would be
4 the matter of the approval of the minutes for
5 the March 1, 2018 TRS investment meeting, the
6 March 2, 2018 TRS CIM minutes, and the
7 March 15, 2018 TRS regular board meeting for
8 the month of March 15, 2018.
9 MR. ADLER: So just a note. I submitted
10 some corrections to the March 1st TRS
11 investment meeting minutes to Liz. You got

12 them?
13 MS. SANCHEZ: I did receive them.
14 MR. ADLER: They are generally just
15 correcting misspellings and typos, that sort
16 of thing. Nothing substantive. So I guess
17 what I would ask for is a motion to adopt the
18 three sets of minutes including the
19 corrections to the March 1st TRS investment
20 meeting minutes. So is there a motion?
21 MR. KAZANSKY: So moved.
22 MR. ADLER: Is there a second?
23 MR. DORSA: Second.
24 MR. ADLER: Any discussion? All in
25 favor of the motion to approve the three sets
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1 Proceedings
2 of minutes, please say aye. Aye.
3 MR. BROWN: Aye.
4 MR. KAZANSKY: Aye.
5 MR. DORSA: Aye.
6 MR. ORLANDO: Aye.
7 MR. ADLER: All opposed, please say nay.
8 Any abstentions? Motion carries.
9 MS. REILLY: So next is the items on the
10 calendar. You all should have received an
11 electronic version of the calendar.
12 MR. KAZANSKY: Please waive the reading
13 of the calendar.
14 MS. REILLY: Okay.
15 MR. ADLER: So is there a motion to
16 approve the calendar as received in the
17 electronic version?
18 MR. BROWN: So moved.
19 MR. ADLER: Is there a second?
20 MR. DORSA: Second.
21 MR. ADLER: We will give it to Mr.
22 Dorsa. Any discussion regarding the calendar?
23 Very good. All in favor to adopt the calendar
24 for April 19, 2018, please say aye. Aye.
25 MR. BROWN: Aye.

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1 Proceedings
2 MR. KAZANSKY: Aye.
3 MR. DORSA: Aye.
4 MR. ORLANDO: Aye.
5 MR. ADLER: All opposed, please say nay.
6 Any abstentions? Motion carries.
7 MS. REILLY: Next is other business
8 before the board.
9 MR. ADLER: Anybody have any business to
10 bring before the board? Hearing none, any
11 questions and/or comments from the public?
12 MR. AARONSON: Just how wonderful this
13 board is.

14 MR. ADLER: Thank you, Mr. Public.
15 Okay. Now we have on the agenda an
16 attorney-client session --
17 MS. CHAN: We have an actuary report
18 too.
19 MS. REILLY: Oh, my goodness. I am so
20 sorry.
21 MR. ORLANDO: Sherry dragged herself
22 here. The least we can do is hear her out.
23 MS. REILLY: So we have a report from
24 the Actuary.
25 MS. CHAN: So even though the

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1 Proceedings
2 contributions have already passed, I am here
3 to answer any questions.
4 The final fiscal year 2018 contribution
5 was already passed, but there was an increase
6 of 39 million of the preliminary fiscal year
7 '18 contributions and that was all attributed
8 to recognizing the TDA up front so that is now
9 recognized in the contributions.
10 Preliminary fiscal year '19, there was
11 actually a decrease of approximately 82
12 million. The largest contributing factor to
13 this had to do with the rebalancing of the
14 TDA. If you recall, this was done for the
15 first year in a while explicitly. We did that
16 a few years ago. We are doing that on an
17 annual basis going forward because we are
18 doing that and recognizing up front on an
19 explicit basis by collecting data and actually
20 doing regular balancing. Previously it was
21 done implicitly through -- on the back end by
22 adding a assumption onto the liability.
23 Because we are doing it, recognizing it up
24 front, I was able to be a little bit more
25 conservative on the back end and take off that

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1 Proceedings
2 assumption and scale back on the assumption.
3 So that's why we see that gain.
4 MR. ADLER: Can I just ask a question so
5 I understand that better, Sherry? So I know
6 that we had not done the rebalancing between
7 the QPP and the TDA for many years and we did
8 it I think --
9 MS. CHAN: -- a couple of years ago and
10 on an annual basis thereafter.
11 MR. ADLER: And we are doing it annually
12 thereafter, but when you say we are doing it
13 on the front end, is that we are doing it on
14 the front end for example for -- we are doing
15 front end for fiscal year 2019 is what you

16 said, right?
17 MS. CHAN: Ever since -- when I say
18 "front end", I mean that we are explicitly
19 collecting the data and explicitly valuing it
20 so it's part of the liability. Previous to
21 that we were -- we were making an assumption
22 basically to account for it, and because we
23 are -- you know, we are duplicating efforts
24 now, I scaled back on the conservatism of the
25 assumption.

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1 Proceedings

2 MR. ADLER: Okay. I mean, obviously, I
3 don't really understand that to be honest.

4 MR. KAZANSKY: That's why she is an
5 actuary.

6 MR. ADLER: But that's okay.

7 MS. CHAN: I guess which part do you not
8 understand?

9 MR. ADLER: What I don't understand is I
10 think the front end/back end thing. I mean
11 what you said at the time we did the
12 rebalancing is that this did not change the
13 valuation at all because it was already
14 accounted for in the valuation even though we
15 hadn't physically transferred the assets
16 between the QPP and TDA. Now what we are
17 doing, you are calculating it still as you did
18 before, but actually doing the physical
19 transfer of the assets each year?

20 MS. CHAN: So it didn't affect the
21 valuation because it was incorporated in the
22 valuation through an assumption. So either --

23 MR. ADLER: But you are saying now it's
24 no longer an assumption; it's a calculation.

25 MS. CHAN: Correct because we are

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1 Proceedings

2 explicitly collecting the data and doing the
3 rebalancing each year.

4 MR. ADLER: What was the rebalancing for
5 this past fiscal year?

6 MS. CHAN: The amount?

7 MR. ADLER: Yes. In other words, how
8 much? We did 500 million approximately.

9 MS. CHAN: Three billion. 3.8 billion
10 to be exact.

11 MR. ORLANDO: You remember the fainting
12 couches.

13 MR. ADLER: I know it was supposed to be
14 500 million annually.

15 MS. CHAN: If the 3.9 billion was not
16 done, it would be 500 million dollars a year, a
17 compounding effect, but because we did do

18 that, I think it was in the magnitude of a lot
19 less. Like 100 million or even less than
20 that.

21 MR. ADLER: For the last fiscal year?

22 MS. CHAN: Correct.

23 MS. STANG: It was like 80 million. It
24 was really small. It was astoundingly small.

25 MR. ADLER: Oh, okay. Okay. I am just

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1 Proceedings

2 trying to understand that. But you are saying
3 how is it that astoundingly small transfer
4 resulted in a decrease in 82 million?

5 MS. CHAN: There are other gain/losses
6 embedded in it. We had an asset gain too.
7 The asset gain was 102 million, and we had
8 liability losses offset by a lot of other
9 things so --

10 MR. ADLER: So there were a number of
11 factors that went into that.

12 MS. CHAN: Right. That was just the
13 biggest piece.

14 MR. ADLER: Okay. Any other questions
15 for the Actuary on the contribution?

16 MR. ORLANDO: Not after that one.

17 MS. CHAN: The last item is the fiscal
18 note report, that there were four fiscal notes
19 issued between the last board meeting and this
20 board meeting. One was an extension of the
21 deadline to file for notice of participation
22 for the World Trade Center. Because most
23 people who would have filed have already
24 filed, there is a -- there is no cost to it.
25 It's a de minimis cost for the fiscal year.

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1 Proceedings

2 Note this proposed legislation extends the
3 deadline from this September 11th to September
4 11, 2022. So it's a four-year extension.

5 There are also two picture bills. Both
6 of them were for Tier IV individuals who
7 wanted to be restated to Tier I. One of them
8 was an active employee or is an active
9 employee, and that cost generated \$98,000 in
10 additional contribution per year if that
11 legislation passed. And then the other
12 individual was a retired individual, and
13 because they are retired, the entire cost
14 would be recognized in one year and that
15 amounted to \$285,000.

16 The last fiscal note had to do with
17 mandating paraprofessionals into TRS. It
18 would mandate 2,400 paraprofessionals
19 approximately into TRS because of this

20 legislation, and that would produce an annual
21 cost of approximately 7.7 million.

22 MR. ADLER: Any questions on the fiscal
23 note report for Sherry?

24 Anything else in your report?

25 MS. CHAN: No, that's it. Thank you.

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1 Proceedings

2 MR. ADLER: So now --

3 MR. BERGE: There are a couple of
4 matters.

5 MR. ADLER: So we adjourn the meeting
6 and then do attorney-client?

7 MS. BUDZIK: That's how we do it.

8 MR. ADLER: Okay. All right. So unless
9 there is any other business for the agenda, I
10 think I would entertain a motion to adjourn.

11 MR. KAZANSKY: So moved.

12 MR. ADLER: Thank you. Is there a
13 second?

14 MR. DORSA: Second.

15 MR. ADLER: Okay. Any discussion? All
16 in favor of the motion to adjourn, please say
17 aye. Aye.

18 MR. BROWN: Aye.

19 MR. KAZANSKY: Aye.

20 MR. DORSA: Aye.

21 MR. ORLANDO: Aye.

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

23 Any abstentions? Okay. Motion carries.

24 Meeting is adjourned.

25 (Time noted: 3:55 p.m.)

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1 Proceedings

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Proceedings
C E R T I F I C A T E
STATE OF NEW YORK)
: ss.
COUNTY OF QUEENS)

I, YAFFA KAPLAN, a Notary Public
within and for the State of New York, do
hereby certify that the foregoing record of
proceedings is a full and correct
transcript of the stenographic notes taken
by me therein.

IN WITNESS WHEREOF, I have hereunto
set my hand this 1st day of May, 2018.

YAFFA KAPLAN