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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

Held on Thursday, May 21, 2020 via Videoconference

ATTENDEES:

DEBRA PENNY, Chairperson, Trustee
DAVID KAZANSKY, Trustee
THOMAS BROWN, Trustee
JOHN ADLER, Trustee
SUSANNAH VICKERS, Trustee
NATALIE GREEN-GILES, Trustee
CYNTHIA COLLINS, Mayor's Office
VALERIE BUDZIK, Teachers' Retirement System
PATRICIA REILLY, Teachers' Retirement System

REPORTED BY:

YAFFA KAPLAN
JOB NO. 4468600

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ATTENDEES (Continued):

THAD McTIGUE, Teachers' Retirement System
ANNETTE HANHARAN, Teachers' Retirement System
LIZ SANCHEZ, Teachers' Retirement System
ISAAC GLOVINSKY, Teachers' Retirement System
ANTHONY MEZZACAPPA, Teachers' Retirement System
SUSAN STANG, Teachers' Retirement System
CARMELA CRIVELLI, Teachers' Retirement System
ANDREW BRADFORD, Teachers' Retirement System
KAVITA KANWAR, Teachers' Retirement System
RENEE PEARCE, Teachers' Retirement System
NATARAJAN KRISHNAMOORTHY, Teachers' Retirement
System
ROBERT GRAY, Teachers' Retirement System
PAUL RAUCCI, Teachers' Retirement System
AMY KAPADIA, Teachers' Retirement System
BRYAN BERGE, ESQ., Law Department
JASMINE GEORGES-YILLA, Law Department
JOHN DORSA, Comptroller's Office
SHERRY CHAN, Office of the Actuary

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2 MS. REILLY: So I am going to get
3 started. Good afternoon. Welcome to the
4 Teachers' Retirement System board meeting for
5 May 21, 2020. I will start by calling the
6 roll.
7 John Adler?
8 MR. ADLER: Here.
9 MS. REILLY: Thomas Brown?
10 MR. BROWN: Present.
11 MS. REILLY: Natalie Green-Giles?
12 MS. GREEN-GILES: Here.
13 MS. REILLY: David Kazansky?
14 MR. KAZANSKY: Present.
15 MS. REILLY: Russ Buckley? Debra Penny?
16 MS. PENNY: Here.
17 MS. REILLY: Susannah Vickers?
18 MS. VICKERS: Here.
19 MS. REILLY: We do have a quorum. So I
20 am going to start with Kavita Kanwar is going
21 to give us an update on TRS operations.
22 Kavita?
23 MS. KANWAR: Good afternoon, everybody.
24 April marked the unofficial beginning of
25 retirement filing season. Through May 17, 562

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1 Proceedings
2 members have filed for full retirement with
3 429 of those choosing a July 1st retirement
4 date. The number of filings is slightly
5 higher than it was last year at the same time.
6 Most of this year's filings have been
7 done on our website using electronic forms.
8 The e-forms were developed and implemented in
9 the first weeks after we had to close our
10 member services center. Production and
11 distribution of member account statements for
12 the first quarter of 2020 was completed.
13 Statements were made available for online
14 viewing May 6th for over 127,000 members who
15 are currently in service or on leave.
16 Also, in May, TDA quarterly statements
17 were made available for viewing for
18 approximately 58,000 retirees with deferred
19 TDA accounts, and finally the TDA quarterly
20 statement for TDA beneficiary participants
21 were mailed to a population of approximately
22 1,100 on May 13th. During April and May, TRS
23 implemented major provisions of the CARES Act,
24 a federal coronavirus relief law enacted March
25 27th. Qualified members can now apply for a

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1 Proceedings
2 TDA withdrawal under special CARES Act rules
3 and request a 12-month deferral on loan

4 payments. TRS also implemented increased loan
5 limits as provided in the act. Finally, the
6 CARES Act suspended TDA required minimum
7 distributions for 2020, and TRS has notified
8 affected members about this change as well.
9 Thank you, Patricia.

10 MR. BROWN: Kavita, can you send that to
11 us electronically, please?

12 MS. KANWAR: Sure. Absolutely, Tom.

13 MR. BROWN: Thanks, Kavita.

14 MS. REILLY: Okay. Next on the agenda
15 is a report from the actuary. Sherry?

16 MS. CHAN: Thank you, Patricia. So the
17 fiscal note report, there is one fiscal note
18 that was issued from my office pertaining to
19 TRS between the last time that we met and this
20 time. This fiscal note had to do with the
21 Cost-of-Living Adjustment where we decreased
22 the eligibility age requirement from 62 years
23 of age with five years of retirement to 55
24 years old with five years of retirement. This
25 would increase the employer contribution by 28

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1 Proceedings

2 million dollars for the first year. And the
3 other two items on my report are contained in
4 the executive director's report, so unless
5 there is any questions, I can pass it back to
6 you, Patricia.

7 MS. REILLY: Okay. Thank you, Sherry.
8 So next we will go to the executive director's
9 report and the first item there is the matter
10 of the next meeting and it's been suggested
11 that the next regular meeting of the Teachers'
12 Retirement Board be held on the third Thursday
13 of the month, June 18, 2020.

14 Next is the resolution for an annual
15 meeting of the Teachers' Retirement Board. In
16 accordance with Section 13-509 of the
17 Administrative Code of the City of New York,
18 as well as Article 2 of the Bylaws of the
19 Teachers' Retirement Board shall elect a
20 chairperson for its membership at the annual
21 meeting to be held in May of each year. We
22 therefore open the floor for nominations. Do
23 we have --

24 MR. BROWN: I nominate Debra Penny for
25 chairman of this board.

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1 Proceedings

2 MS. REILLY: Do I have a second?

3 MS. VICKERS: Second.

4 MS. REILLY: Okay. So next do we have a
5 motion to approve Debra Penny as the chairman

6 for the Teachers' Retirement Board?
7 MR. KAZANSKY: So moved.
8 MR. BROWN: Second.
9 MS. REILLY: All those in favor, say
10 aye.
11 MR. KAZANSKY: Aye.
12 MR. BROWN: Aye.
13 MR. ADLER: Aye.
14 MS. GREEN-GILES: Aye.
15 MS. VICKERS: Aye.
16 MS. PENNY: Aye.
17 MS. REILLY: So it passed unanimously.
18 Congratulations, Debra.
19 MS. PENNY: Thank you so much.
20 (Applause.)
21 MS. REILLY: Okay. The next resolution
22 is for the administrative budget for fiscal
23 year 2021. "Whereas the proposed fiscal
24 year" --
25 MR. KAZANSKY: Please skip to the

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1 Proceedings
2 resolved.
3 MS. REILLY: "Resolved, that the TRS
4 agency budget for Fiscal Year 2021 (excluding
5 Modernization and Gulino) shall include an
6 amount of 22,569,735 dollars attributable to
7 the Variable Annuity and Loan Expense funds
8 and 42,566,584 dollars attributable to the
9 employer, for a total agency budget (excluding
10 Modernization and Gulino) of 65,139,319
11 dollars; and be it further resolved, that the
12 TRS agency budget for Fiscal Year 2021 shall
13 include for the Modernization Program the
14 amount of 17,732,462 dollars to be provided by
15 the Variable Annuity Expense Funds and
16 6,892,538 dollars to be provided as an
17 Administrative Expense contribution for a
18 total Modernization budget of 24,625,000
19 dollars." And the next resolution I
20 understand will be laid over until the June
21 4th Teachers Retirement investment meeting.
22 "So therefore, be it resolved, that the
23 Trustees hereby authorize the Executive
24 Director or her designees to expend monies out
25 of such budget to fund necessary operations,

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1 Proceedings
2 in accordance with the approved budget and
3 governing law. The following resolution is
4 presented for consideration and possible
5 adoption."
6 MS. PENNY: Okay. Thank you. So do I
7 have a motion to approve the administrative

8 budget of Fiscal Year 2021 with the exception
9 of the third resolution because we are laying
10 over the Gulino budget until the investment
11 meeting in June?

12 MR. BROWN: So moved, Tom Brown.

13 MS. PENNY: Thank you, Mr. Brown. Do I
14 have a second?

15 MR. KAZANSKY: Dave Kazansky, second.

16 MS. PENNY: Thank you, Mr. Kazansky. Is
17 there a discussion about it? Okay. All those
18 in favor, please say aye. Aye.

19 MR. KAZANSKY: Aye.

20 MR. BROWN: Aye.

21 MR. ADLER: Aye.

22 MS. GREEN-GILES: Aye.

23 MS. VICKERS: Aye.

24 MS. PENNY: Thank you. And any opposed?
25 Okay. Motion carries. Thank you.

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1 Proceedings

2 MS. REILLY: Okay. The next resolution
3 is the actuary's recommendation regarding the
4 Tier III, IV, and VI loan insurance premium
5 for Fiscal Year 2021.

6 MR. KAZANSKY: Please skip to the
7 resolved.

8 MS. REILLY: "Resolved, that the Board
9 of Trustees hereby adopts the recommendation
10 of the Actuary as stated in her Report dated
11 May 14, 2020, and stipulates that Tier III, IV
12 and VI Loan Insurance Premium Rate be
13 continued at its current rate of 0.1 per annum
14 of the outstanding loan balances for any loans
15 originating Fiscal Year 2021, for example,
16 July 1, 2020 through June 30, 2021."

17 MS. PENNY: Thank you. Do I have a
18 motion to approve the actuary's
19 recommendation?

20 MR. BROWN: Tom Brown, so moved.

21 MS. PENNY: Let me get a second and then
22 we will do a discussion. Do I have a second?

23 MS. VICKERS: Second, Susannah Vickers.

24 MS. PENNY: Is there any question for
25 the actuary or any discussion about the loan

0011

1 Proceedings

2 insurance premium rate?

3 MS. REILLY: I think Sherry wanted to
4 speak on it.

5 MS. CHAN: I was just going to fill the
6 Board in on what the background is of this
7 resolution. So you might recall that when a
8 member borrows money from their own accounts
9 that if they were to pass before the loan is

10 repaid, then the beneficiary would get a
11 reduction in the death benefits in the amount
12 of outstanding loan that hasn't been paid back
13 yet if it weren't for this insurance. So what
14 this insurance does is that as they pay back
15 each payment, the loan payment each month,
16 there is a, you know, 0.1 percent right now
17 that's added on top of the interest rates
18 that's used to calculate the loan payment. So
19 it's an insurance premium. This insurance
20 premium pays for, you know, the chance that if
21 they were to die before their loan is repaid,
22 their beneficiary would not get a reduction in
23 their death benefit. So this rate was lowered
24 to 0.1 percent last year, and this year it's
25 recommended to be kept at 0.1 percent.

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1 Proceedings

2 MS. REILLY: Thank you.

3 MS. PENNY: Any questions for Sherry
4 about that? Okay. Then having moved and
5 seconded, all those in favor? Aye.

6 MR. KAZANSKY: Aye.

7 MR. BROWN: Aye.

8 MR. ADLER: Aye.

9 MS. GREEN-GILES: Aye.

10 MS. VICKERS: Aye.

11 MS. PENNY: There you go. Any opposed?
12 Okay. So the motion carries. Thank you.

13 MS. REILLY: Next is the request for the
14 Board of Trustees to adopt the authorization
15 of rebalancing of funds for the New York City
16 Teachers' Retirement System.

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

19 MS. REILLY: "Resolved, that the Board
20 adopts the Actuary's recommendation and
21 authorizes TRS staff to effectuate the
22 internal rebalancing in the amount of
23 33,012,052 dollars from the Passport Funds to
24 the QPP in accordance with such
25 recommendation."

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1 Proceedings

2 MS. PENNY: Thank you. Is there a
3 motion to approve the rebalancing of funds?

4 MS. VICKERS: So moved.

5 MR. BROWN: Tom Brown, second.

6 MS. PENNY: Okay, thank you. Any
7 discussion on the rebalancing?

8 MS. REILLY: I believe Sherry wanted to
9 talk to this.

10 MS. PENNY: Sherry?

11 MS. CHAN: Thank you. So this is again

12 an annual process that we do to make sure that
13 the assets and the liabilities in the TDAs as
14 well as the variable funds of the QPP --
15 Patricia had said that this is a
16 33-million-dollar transfer. Specifically it's
17 comprised of 9.7 million from the QPP fixed
18 through the QPP variable and offset by a
19 42.8-million-dollar transfer from the TDA
20 funds to the QPP fixed. So netting that
21 together is the 33-million-dollar transfer.

22 MR. ADLER: Sherry, I know we did a big
23 giant transfer of millions of dollars a few
24 years ago. How does it happen that this --
25 that the two arms get out of balance? Like

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1 Proceedings

2 can you just give a very basic explanation of
3 that?

4 MS. CHAN: Yes. So I don't think I have
5 share screen capabilities, but basically each
6 of these funds are broken out to be an active
7 fund for the active side and fund for the
8 retiree side and both of those get out of
9 balance for different reasons. So on the
10 active side, when members transfer money from
11 one variable fund to another, their assets
12 will show the -- you want me to pull it up? I
13 think I just got the capabilities to pull it
14 up, or I can just talk about it. If anybody
15 wants me to pull it up, let me know, but on
16 the active side when members try to move money
17 from one variable fund to another, the asset
18 side that gets transferred is the day of but
19 the liability that gets transferred is as of
20 the quarter end of the prior quarter. So
21 because the asset values are the day of and
22 the liability values are as of quarter end,
23 there is a difference between those two
24 values.

25 On the retiree side, what happens is

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1 Proceedings

2 there is two contributing factors. One is
3 when someone retires, their asset is basically
4 the assets balance that's in their account. I
5 think that makes sense. The liability is
6 calculated based on statutorily prescribed
7 assumptions, and they are annuitized based on
8 those assumptions. When we do our valuation
9 to value the liabilities, our valuation
10 liabilities -- I'm sorry. Our valuation
11 assumptions reflect the demographics of the
12 members and so they are not statutorily
13 prescribed in that sense and so there is

14 different assumptions that we are using to
15 annuitize it versus calculating the liability.
16 So that attributes -- that's one reason why
17 the liabilities is different on the retiree
18 side.

19 A separate reason of why the liability
20 for the retirees are different from the asset
21 value is because of life expectancy, that if
22 they outlive what the expected value is, then
23 obviously they are drawing down on the assets
24 more than they -- that they had set aside for.
25 Individually saved for.

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1 Proceedings

2 MR. ADLER: Okay. Thank you for that.

3 MS. CHAN: You are welcome.

4 MS. PENNY: Okay. Any other questions
5 for Sherry? Okay. Seeing none, all those in
6 favor of rebalancing of the funds, please say
7 aye. Aye.

8 MR. KAZANSKY: Aye.

9 MR. BROWN: Aye.

10 MR. ADLER: Aye.

11 MS. GREEN-GILES: Aye.

12 MS. VICKERS: Aye.

13 MS. PENNY: Great. Any opposed? Okay.

14 Motion carries.

15 MS. REILLY: The next item on the agenda
16 is the calendar, and the first item on the
17 calendar is the matter of the approval of all
18 the minutes from the March 2nd investment
19 meeting and the April 20th board meeting
20 minutes.

21 MS. PENNY: Is it the April 2nd? April
22 2nd and the April 20th, correct?

23 MS. REILLY: Yes.

24 MS. PENNY: Oh, you said March.

25 MS. REILLY: Did I say March?

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1 Proceedings

2 MS. PENNY: I think so.

3 MS. REILLY: Month of April 2nd for the
4 investment meeting minutes.

5 MR. ADLER: The CIM as well?

6 MS. REILLY: And I'm sorry and the April
7 20th board meeting minutes.

8 MS. PENNY: The CIM was taken off
9 because we didn't receive the minutes yet.

10 MR. ADLER: I see. Thank you. John,
11 you were trying to say something? Okay.

12 Okay, so is there a motion to approve the
13 minutes for the April 2nd and April 20th?

14 MR. BROWN: Tom Brown, so moved.

15 MS. PENNY: Thank you, Mr. Brown. Is

16 there a second?
17 MR. KAZANSKY: Dave Kazansky, second.
18 MS. PENNY: Thank you, Mr. Kazansky. Is
19 there any discussion about the minutes? All
20 right. All those in favor? Aye.
21 MR. KAZANSKY: Aye.
22 MR. BROWN: Aye.
23 MR. ADLER: Aye.
24 MS. GREEN-GILES: Aye.
25 MS. VICKERS: Aye.

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1 Proceedings

2 MS. PENNY: Thank you. Any opposed?
3 Okay. They have been approved. Other
4 business? Patricia, did you want to take on
5 the other business?
6 MS. REILLY: So the next item is from
7 the calendar, and it's the items on the
8 calendar.
9 MR. KAZANSKY: Please waive the reading
10 of the calendar.
11 MS. REILLY: Thank you. So I guess we
12 need to just do a vote to accept the items on
13 the calendar.
14 MS. PENNY: Is there a motion to approve
15 the calendar?
16 MS. VICKERS: So moved.
17 MR. BROWN: Tom Brown, second.
18 MS. PENNY: Thank you, Susannah, and Tom
19 Brown there was a second. Any discussion on
20 the calendar? All those in favor to approve
21 the calendar? Aye.
22 MR. KAZANSKY: Aye.
23 MR. BROWN: Aye.
24 MR. ADLER: Aye.
25 MS. GREEN-GILES: Aye.

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1 Proceedings

2 MS. VICKERS: Aye.
3 MS. PENNY: Thank you. Any opposed?
4 Okay. Motion carries.
5 MS. REILLY: So the next item on the
6 agenda is other business, and under other
7 business we have the re-election of Thomas
8 Brown as a trustee for the Teachers. So
9 congratulations, Tom.
10 MR. BROWN: Okay. Oh, thank you.
11 MS. VICKERS: Congratulations.
12 (Applause.)
13 MR. BROWN: That was a tough race.
14 MS. REILLY: And that was effective May
15 13th?
16 MR. BROWN: I don't know the date.
17 David, you know the effective date?

18 MR. KAZANSKY: Yes, May 13th.
19 MR. BROWN: Thank you, guys.
20 MS. REILLY: And that's for a three-year
21 term.
22 MR. ADLER: How long is your term for?
23 MR. BROWN: Three years.
24 MR. ADLER: Congratulations.
25 MS. PENNY: Under other business, can I

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1 Proceedings
2 just say something for a minute? So I just
3 want to thank TRS again. TRS moved so quickly
4 to get all the forms online so our members
5 could retire at the push of a button. We
6 thank you for your hard work. We also thank
7 you so much -- so far we lost 120 members from
8 COVID-19 and I reported in and TRS is working
9 so diligently and expeditiously to get the
10 death benefits out to their family and to
11 provide them with everything they need. So on
12 behalf of UFT and all of our members, we thank
13 you for the hard work that you have done.

14 MS. REILLY: Thank you, Debra. We
15 appreciate it. That's a terrible number of
16 people that have been lost.

17 MS. PENNY: Yes.

18 MS. REILLY: Okay but thank you. Next
19 on the agenda are questions and comments from
20 the public.

21 MS. PENNY: Seeing none, okay. Do I
22 have a motion to adjourn?

23 MR. BROWN: Tom Brown, so moved.

24 MS. PENNY: Thank you, Mr. Brown. Do I
25 have a second?

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1 Proceedings
2 MS. VICKERS: Susannah Vickers, second.
3 MS. PENNY: Thank you, Ms. Vickers. Any
4 discussion about it? Okay, wonderful.
5 Everyone have a wonderful day. All those in
6 favor, please say aye. Aye.
7 MR. KAZANSKY: Aye.
8 MR. BROWN: Aye.
9 MR. ADLER: Aye.
10 MS. GREEN-GILES: Aye.
11 MS. VICKERS: Aye.
12 MS. PENNY: Any opposed? Okay. We
13 stand adjourned.
14 (Time noted 3:57 p.m.)
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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 June, 2020.

YAFFA KAPLAN