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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
BOARD MEETING

7 Held on Thursday, September 20, 2018, at 55 Water  
8 Street, New York, New York

9

10 ATTENDEES:

11 JOHN ADLER, Chairman, Trustee  
12 DAVID KAZANSKY, Trustee  
13 THOMAS BROWN, Trustee  
14 DEBRA PENNY, Trustee  
15 SUSANNAH VICKERS, Trustee  
16 TISA LAPIDULA, 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. 2467122

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ATTENDEES (Continued):

3 KAVITA KANWAR, Teachers' Retirement System  
4 LIZ SANCHEZ, Teachers' Retirement System  
5 ANNETTE HANHARAN, Teachers' Retirement System  
6 NATARAJAN KRISHNAMOORTHY, Teachers' Retirement  
7 System  
8 ANTHONY MEZZACAPPA, Teachers' Retirement System  
9 ROBERT BETHELMI, Teachers' Retirement System  
10 PAUL RAUCCI, Teachers' Retirement System  
11 RENEE PEARCE, Teachers' Retirement System  
12 MARTHA ROSS, ESQ., Law Department  
13 SHERRY CHAN, Chief Actuary  
14 CINDY COLLINS, Mayor's Office  
15 ANDREW BRADFORD, Teachers' Retirement System

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2 MR. ADLER: All right. Good afternoon,  
3 everyone. Welcome to the Teachers' Retirement  
4 System board meeting for September 20, 2018,  
5 and welcome back for a full board meeting. We  
6 already did the welcome back at the investment  
7 meeting to a new school year.

8 Patricia, will you please call the roll?

9 MS. REILLY: John Adler?

10 MR. ADLER: I am here.

11 MS. REILLY: Thomas Brown?

12 MR. BROWN: Here.

13 MS. REILLY: David Kazansky?

14 MR. KAZANSKY: Present.

15 MS. REILLY: Lindsey Oates? Debra

16 Penny?

17 MS. PENNY: Here.

18 MS. REILLY: Susannah Vickers?

19 MR. ADLER: On her way. Okay. So do we  
20 have a quorum?

21 MS. REILLY: We do have a quorum.

22 MR. ADLER: Great. Thank you. All  
23 right. Let us proceed.

24 MS. REILLY: So first on the agenda is  
25 an update on TRS operations from Kavita

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2 Kanwar.

3 MS. KANWAR: Thank you, Pat. So far  
4 this school year, approximately 4,400 new  
5 members have been enrolled with TRS, based on  
6 the data received from the Department of  
7 Education and charter schools. New members  
8 receive a welcome letter from TRS when they  
9 are enrolled.

10 Approximately 13,500 members elected to  
11 increase their TDA contribution rates in  
12 advance of the retroactive payments that they  
13 will receive on October 15th under the UFT  
14 contract. The retroactive payment provides  
15 members a rare opportunity to make a large  
16 one-time deposit into their TDA account. TRS  
17 contacted eligible members by e-mail with  
18 instructions for adjusting their TDA rates  
19 before and after the co-payment.

20 Over the summer, TRS conducted an e-mail  
21 campaign to members who need to receive a  
22 required distribution or RMD from their TDA  
23 account. The goal of the accounts was to make  
24 the members aware of when and how they can  
25 receive their RMD. Over 11,000 members were

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2 contacted. So far, over 3,000 have responded.

3 Those who do not respond will receive a

4 distribution at year-end.  
5 TRS is now on Twitter. We are expanding  
6 our social media presence to better connect  
7 with our members and supplement our other  
8 communication channels. Our primary goal with  
9 Twitter and all our social media is to drive  
10 traffic to our website and to promote  
11 self-service there. Follow up with us on  
12 Twitter at #mytrsnyc.

13 MR. ADLER: Before we proceed, let the  
14 record reflect that Tisa LaPadula has arrived  
15 representing Lindsey Oates.

16 MS. LaPADULA: Correct. Hi.

17 MS. REILLY: All right. So now, next is  
18 a report from the Actuary.

19 MS. CHAN: Thank you. There were five  
20 fiscal notes that were issued since last time  
21 we met as a board. The first three are a  
22 family of COLA fiscal notes. The first one is  
23 one that we had done last year as well.

24 You might recall that we are -- one of  
25 the proposed legislation wanted to extend the

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2 COLA to retirees that retired between 1961 and  
3 1972, and assuming someone who retired at 65  
4 in 1961 was actually born two centuries ago in  
5 1896, so you can imagine this doesn't affect a  
6 lot of people, but this being TRS, there are  
7 actually 35 people it did affect surprisingly.  
8 Well, if you were born in 1972, you were born  
9 in early 1900s. Sorry. If you retired at 65  
10 in 1972, so you were born in early 1900s, so  
11 there were 35 individuals and I don't know if  
12 you actually got the fiscal note, but we have  
13 one for all NYCRS, and you can see the dollar  
14 amounts affect the other systems a lot more  
15 for police and uniform folks. They are  
16 allowed to retire a lot sooner, so they are  
17 younger and it affects a lot more people in  
18 their retirement systems, but for Teachers' it  
19 was 178,400 dollars in annual contributions  
20 for the first year.

21 And second COLA fiscal year note was  
22 increasing the COLA from 50 percent CPI, which  
23 is what it is currently, to 100 CPI. That is  
24 the cost here is about one billion dollars and  
25 that's a lot more reflective of what a COLA

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2 fiscal note should cost. Essentially it is  
3 doubling the COLA but not completely because  
4 there are caps of -- there is a ceiling of 3  
5 percent of that CPI.

6           So the third COLA fiscal note was to  
7 increase the surviving spouse's COLA from 50  
8 percent of what the retiree would have  
9 received to 100 percent, which is 50 percent  
10 is what they would have received now and  
11 doubling it to 100 percent of what the retiree  
12 would receive is what the proposed legislation  
13 was asking for and this was 147 million  
14 approximately and you might ask why it's not  
15 half of the other fiscal note or increasing it  
16 from 50 percent CPI to 100 percent CPI and  
17 that's because of a number of factors. And  
18 one is that not all retirees select a joint  
19 survivor annuity, so if they select a single  
20 life annuity, for example, there is no COLA  
21 presented to the surviving spouses after they  
22 pass away. That's one of them, one reason.

23           Another reason is that even if you  
24 select a JNS, the beneficiary owner receives a  
25 COLA if it is a spouse. So if it is a parent,

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2 if it's a kid or grandkid, then they don't --  
3 the COLA does not extend to them. And  
4 obviously also when a member passes away, not  
5 necessarily their beneficiary may have  
6 preceded them or not and might not have a COLA  
7 passed on to them, so that's why it's not half  
8 of one billion.

9           The fourth fiscal note is a picture bill  
10 for Mr. Jonathan Grossman who wanted to  
11 include his vacation days into his final after  
12 salary when calculating his retirement  
13 benefit, and that worked out to be 222,000  
14 dollars in contributions in additional  
15 contributions. Surprisingly, one picture bill  
16 is more than 35 individuals having a COLA  
17 extended in the first fiscal note.

18           And then lastly this fiscal note, this  
19 last fiscal note is for establishing the  
20 position of school resource officers, and this  
21 position would be employing people -- public  
22 servants who were in law enforcement  
23 previously and would now be hired to work in a  
24 school to perform school safety or security  
25 functions, and this probably has somewhat to

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2 do with recent school shootings and all that.  
3 So it is the first time we did this fiscal  
4 note, and it would raise the earnings cap for  
5 them, post-retirement earnings cap for them so  
6 that if they had outside employment that is  
7 over a certain limit, that their pension

8 benefits wouldn't cease.

9 So the current limit right now is 30,000  
10 dollars. If you have outside employment and  
11 your outside employment is more than 30,000  
12 dollars, your pension benefit actually ceases.  
13 The proposed legislation was to increase this  
14 cap from 30,000 to 50,000.

15 And because like I said it's the first  
16 time we did it, it's a new position, it  
17 depends on a lot of uncertainties such as, you  
18 know, what is a budget, like how many people  
19 would they hire, how many people would the  
20 schools hire, what salaries would they pay  
21 these school resource officers, and you know,  
22 what their outside employment might be. We  
23 didn't proceed to assume how many school  
24 resource officers there were, but we did price  
25 it such that if there were a hundred school

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2 resource officers hired, the cost would be  
3 approximately 180 to 240,000 dollars a year in  
4 contributions.

5 MR. ADLER: Questions for Sherry? On  
6 the fiscal notes? Great. Thank you, Sherry.

7 MS. CHAN: You are welcome.

8 MS. REILLY: Next is the executive  
9 director's report. And the first item there  
10 is the matter of the next meeting, and it's  
11 been suggested that the next regular board  
12 meeting of the Teachers' Retirement System be  
13 held on the third Thursday of the month,  
14 October 18, 2018. Mark your calendars.

15 Next is the authorization to the  
16 Comptroller of the City of New York to invest  
17 certain funds.

18 MR. KAZANSKY: Please waive the reading.

19 MR. ADLER: Can we have a motion to  
20 approve the resolution or regularly quarterly  
21 resolution to approve the authorization to the  
22 Comptroller to invest certain funds?

23 MR. BROWN: So moved.

24 MR. ADLER: Thank you, Mr. Brown. Is  
25 there a second?

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2 MS. PENNY: Second.

3 MR. ADLER: Thank you, Ms. Penny. Any  
4 discussion? All in favor of the motion,  
5 please say aye. Aye.

6 MR. KAZANSKY. Aye.

7 MR. BROWN: Aye.

8 MS. OATES: Aye.

9 MS. PENNY: Aye.

10 MS. VICKERS: Aye.  
11 MR. ADLER: All opposed, please say nay.  
12 Any abstentions? Motion carries.  
13 MS. REILLY: The next item is the  
14 authorization to the Comptroller of the City  
15 of New York to invest certain tax-deferred  
16 annuity funds.  
17 MR. KAZANSKY: Again, please waive the  
18 reading.  
19 MR. ADLER: Okay. Again, we will  
20 entertain a motion to approve the  
21 authorization to the Comptroller to invest  
22 certain tax-deferred annuity funds. Is there  
23 a motion?  
24 MR. BROWN: So moved.  
25 MR. ADLER: Thank you, Mr. Brown. Is

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2 there a second?  
3 MS. PENNY: Second.  
4 MR. ADLER: Thank you, Ms. Penny. Any  
5 discussion? All in favor of the motion to  
6 approve authorization to the Comptroller to  
7 invest certain tax-deferred annuity funds,  
8 please say aye. Aye.  
9 MR. KAZANSKY. Aye.  
10 MR. BROWN: Aye.  
11 MS. OATES: Aye.  
12 MS. PENNY: Aye.  
13 MS. VICKERS: Aye.  
14 MR. ADLER: Opposed, please say nay.  
15 Any abstentions? Motion carries.  
16 MS. REILLY: Next is attendance at a  
17 conference, and the following resolution is  
18 presented for consideration and possible  
19 adoption. "Resolved that the Trustees of the  
20 Teachers' Retirement Board hereby approve the  
21 attendance and participation of the Executive  
22 Director and/or her designees and any  
23 interested trustee at the National Council on  
24 Teacher Retirement 96th Annual Conference from  
25 October 7th to October 9, 2018.

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2 MR. ADLER: Thank you. Is there a  
3 motion to approve attendance at the NCTR  
4 Conference?  
5 MS. VICKERS: So moved.  
6 MR. ADLER: Thank you, Ms. Vickers.  
7 MR. KAZANSKY: I will second Ms.  
8 Vickers' motion.  
9 MR. ADLER: Thank you, Mr. Kazansky. By  
10 the way, did we note for the record that Ms.  
11 Vickers is in attendance? I am not sure we

12 did but please note that for the record.  
13 Thank you.  
14 Okay. So we have a motion made and  
15 seconded. Any discussion? All in favor of  
16 the motion to approve the resolution to  
17 approve attendance at the NCTR Conference,  
18 please say aye. Aye.  
19 MR. KAZANSKY. Aye.  
20 MR. BROWN: Aye.  
21 MS. OATES: Aye.  
22 MS. PENNY: Aye.  
23 MS. VICKERS: Aye.  
24 MR. ADLER: All opposed, please say nay.  
25 Any abstentions? Motion carries.

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2 MS. REILLY: Next is attendance at a  
3 conference, and the following resolution is  
4 presented for consideration and possible  
5 adoption: "Resolved that the Trustees of the  
6 Teachers' Retirement Board hereby approve the  
7 attendance and participation of the Executive  
8 Director and/or her designees and any  
9 interested Trustee at the 22nd annual NASP  
10 New York symposium from November 8th to  
11 November 9, 2018.  
12 MR. ADLER: Is there a motion to approve  
13 this resolution?  
14 MS. VICKERS: So moved.  
15 MR. ADLER: Thank you, Ms. Vickers. Is  
16 there a second?  
17 MR. KAZANSKY: Second.  
18 MR. ADLER: Thank you, Mr. Kazansky.  
19 Any discussion? All in favor of the motion to  
20 approve the resolution for attendance at the  
21 NASP New York symposium, please say aye. Aye.  
22 MR. KAZANSKY. Aye.  
23 MR. BROWN: Aye.  
24 MS. OATES: Aye.  
25 MS. PENNY: Aye.

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2 MS. VICKERS: Aye.  
3 MR. ADLER: All opposed, please say nay.  
4 Any abstentions? Motion carries. Does that  
5 conclude our executive director's report?  
6 MS. REILLY: It does.  
7 MR. ADLER: Thank you.  
8 MS. REILLY: Next on the agenda was the  
9 calendar, and first item on the calendar is  
10 the matter of the approval of all minutes for  
11 the month of June 7th investment meeting  
12 minutes, June 20th CIM minutes, and June 21,  
13 2018 board minutes.

14 MR. ADLER: So I am going to  
15 respectfully request that we lay over the  
16 approval of the minutes because I don't think  
17 the board received them. At least, I don't  
18 think that I received them except for the June  
19 7th investment meeting which I requested. I  
20 think perhaps in the summer for the summer  
21 recess there was -- they weren't sent out. At  
22 least I didn't see them. I don't know if  
23 anybody else here saw them.

24 MR. McTIGUE: We sent them out last  
25 Thursday, but I could certainly resend them.

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2 MR. ADLER: I didn't see them last  
3 Thursday but it could be an oversight on my  
4 part, so I have not had a chance to review  
5 them so unless there are objections, I would  
6 request we lay it over till next month.

7 MR. McTIGUE: And we will resend those.

8 MR. ADLER: Okay then. So then  
9 continuing the calendar.

10 MS. REILLY: Okay. So you all received  
11 an electronic copy of the calendar.

12 MR. ADLER: Yes.

13 MR. KAZANSKY: Please waive the reading  
14 of the calendar.

15 MS. REILLY: Thank you.

16 MR. ADLER: Okay. So we have the items  
17 of the calendar in front of us. Can we have a  
18 motion to approve the calendar items for  
19 September 20, 2018?

20 MR. BROWN: So moved.

21 MR. ADLER: Thank you, Mr. Brown. Is  
22 there a second?

23 MS. PENNY: Second.

24 MR. ADLER: Thank you, Ms. Penny.

25 Discussion of the calendar? All in favor of

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2 the motion to approve the calendar for  
3 September 20, 2018, please say aye. Aye.

4 MR. KAZANSKY. Aye.

5 MR. BROWN: Aye.

6 MS. OATES: Aye.

7 MS. PENNY: Aye.

8 MS. VICKERS: Aye.

9 MR. ADLER: All opposed, please say nay.  
10 Any abstentions? Motion carries.

11 MS. REILLY: Okay. Next is other  
12 business and just wanted to inform you that  
13 Dr. Walter Pizzi was reappointed for a third  
14 year term beginning August 1, 2018. And we  
15 also have a presentation on our departmental



16 help desk from Anthony Mezzacappa.  
17 MR. MEZZACAPPA: Good afternoon. I am  
18 Tony Mezzacappa, director of benefits  
19 administration. I am here to speak about the  
20 departmental help desk at TRS. As you know,  
21 TRS is undergoing a complex modernization  
22 effort. It's not just an IT project but a  
23 business transformation project.  
24 Modernization is changing our day-to-day  
25 processes, flow of activity, as well as

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2 organizational structure to accommodate these  
3 changes. We have a strong need to retain and  
4 create business and technical experts in the  
5 business units so the business can self-serve  
6 and raise the level of service to our members.  
7 It is our vision to be more member-centric.  
8 In all of our efforts at TRS, we have one main  
9 question that we always ask: How is this  
10 going to impact our members?

11 When a member takes the time out of  
12 their day to present a request to our walk-in  
13 center, it's TRS's vision that they leave here  
14 with an accurate and timely solution that  
15 resolves their issue for that day or as soon  
16 as possible depending on the complexity of  
17 their request.

18 To help us accomplish our modernization  
19 efforts and vision, we established  
20 developmental help desks. This diagram  
21 demonstrates where the departmental help desks  
22 fit in the process. Within each of our  
23 business units: Accounting, benefits  
24 administration, and member services, there is  
25 a departmental help desk. Each desk is

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2 staffed with business users that have  
3 analytical capabilities and can function  
4 collaboratively. Although the help desks are  
5 embedded in each business unit, they work as a  
6 team and communicate daily to solve  
7 interdepartmental issues together. In the old  
8 model, when business users encountered an  
9 issue, multiple requests would be made to our  
10 IT service desk for resolution, often causing  
11 confusion. At times there was no real issue.  
12 The new model will help to eliminate this  
13 problem and help the business to be more  
14 self-sufficient.

15 For the modernization effort and beyond,  
16 the departmental help desk will give the  
17 business units the opportunity to create

18 business system experts. They work with  
19 development teams to understand functionality  
20 and interdependency. They become  
21 knowledgeable in ASPEN functionality as well  
22 as functionality in how it works behind the  
23 scenes. By the way, ASPEN is the name of our  
24 new pension system, which stands for Agile  
25 Straight-through Processing Pension System.

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2 Help desk also understands the business  
3 process from end to end from a people process  
4 and technology perspective. The help desk  
5 will provide dedicated and immediately focus  
6 to support business users. For both pre and  
7 post modernization, they are going to work  
8 alongside managers and subject matter experts  
9 to develop and deliver procedures, training,  
10 testing, and problem solving. They also  
11 triage, troubleshoot, and report identified  
12 issues from a system perspective as well as  
13 from a business perspective. Also to identify  
14 the validity of the issue. Is it a true issue  
15 or is it a training issue? And act as liaison  
16 for the business with IT service desk and the  
17 vendor for issue resolution and  
18 prioritization, new releases, and they  
19 participate in the vendor user group. Some of  
20 the benefits that we see from this are  
21 business self-reliance and self-serve. It  
22 gives the business the ability to analyze the  
23 issues, uncover the root cause when possible,  
24 and the impact. Only true issues will be  
25 reported to the IT service desk, allowing for

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2 quicker resolution to issues. It also  
3 addresses business training needs that are  
4 going to come up as we go through this  
5 process. It aligns TRS's vision to  
6 self-serve, to be more self sufficient as well  
7 as allow IT to develop on development and  
8 maintenance of technology and not be bothered  
9 with nonissues that can take up their time and  
10 a big one for us is the knowledge sharing.  
11 The help desk will share technical and process  
12 knowledge with business users to create  
13 developmental expertise so they can problem  
14 solve.

15 The current focus of the operational of  
16 the help desk is to support the operational  
17 ready team for Phase 4 modernization, which is  
18 for death benefits and online payments which  
19 is targeted for the early 2019 implementation.

20 The operational ready team is ready to ensure  
21 that we are ready to go live, that the staff  
22 training procedures are in place, procedures  
23 are good to go, and there are no show  
24 stoppers.

25 The help desk is focused on currently

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2 reviewing new processes with the business,  
3 providing training to staff and participating  
4 in testing to analyze, evaluate, and  
5 prioritize issues that are identified.

6 In closing, the more knowledge that we  
7 can impart to our staff in the business unit,  
8 the better we can serve our member with  
9 accurate and timely solutions to their  
10 requests. Thank you.

11 MR. ADLER: Any questions? For Anthony?  
12 Great. Thank you. So we are up to --

13 MS. REILLY: Questions and comments from  
14 the public.

15 MR. ADLER: Any questions and comments  
16 from the public? No? The public is silent.

17 MS. LaPADULA: Is it possible to get an  
18 e-mail copy of the presentation?

19 MS. SANCHEZ: I have it so I can send it  
20 to everyone.

21 MR. ADLER: So I think we adjourn the  
22 meeting, so I think that concludes our public  
23 business for today. Is there a motion to  
24 adjourn?

25 MR. BROWN: So moved.

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2 MR. ADLER: Thank you, Mr. Brown. I  
3 appreciate you stepping up on that one.

4 MR. BROWN: Any time.

5 MR. ADLER: Is there a second?

6 MS. VICKERS: Second.

7 MR. ADLER: Thank you, Ms. Vickers.

8 Any discussion? All in favor of the  
9 motion to adjourn, please say aye. Aye.

10 MR. KAZANSKY. Aye.

11 MR. BROWN: Aye.

12 MS. OATES: Aye.

13 MS. PENNY: Aye.

14 MS. VICKERS: Aye.

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

16 Any abstentions? The motion passes. The

17 meeting is adjourned.

18 (Time noted: 4:01 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 30th day of September,  
2018.

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YAFFA KAPLAN