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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
BOARD MEETING

8 Held on Thursday, September 26, 2019, at 55 Water  
9 Street, New York, New York

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11 ATTENDEES:

12 DEBRA PENNY, Chairperson, Trustee  
13 DAVID KAZANSKY, Trustee  
14 THOMAS BROWN, Trustee  
15 JOHN ADLER, Trustee  
16 JOHN DORSA, Trustee  
17 RUSSELL BUCKLEY, Trustee  
18 NATALIE GREEN-GILES, Trustee  
19 PATRICIA REILLY, Teachers' Retirement System  
20 VALERIE BUDZIK, Teachers' Retirement System

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23 REPORTED BY:

24 YAFFA KAPLAN  
25 JOB NO. 4467377

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ATTENDEES (Continued):

3 THAD McTIGUE, Teachers' Retirement System  
4 KAVITA KANWAR, Teachers' Retirement System  
5 RONALD SWINGLE, Teachers' Retirement System  
6 ANNETTE HANHARAN, Teachers' Retirement System  
7 LIZ SANCHEZ, Teachers' Retirement System  
8 CARMELA CRIVELLI, Teachers' Retirement System  
9 ANTHONY MEZZACAPPA, Teachers' Retirement System  
10 NATARAJAN KRISHNAMOORTHY, Teachers' Retirement  
11 System  
12 PAUL RAUCCI, Teachers' Retirement System  
13 RENEE PEARCE, Teachers' Retirement System  
14 BRYAN BERGE, ESQ., Law Department  
15 SHERRY CHAN, Office of the Actuary

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2 MS. REILLY: Good afternoon. Welcome to  
3 the Teachers' Retirement Board meeting for  
4 September 26, 2019. I will start by taking  
5 the roll.

6 John Adler?

7 MR. ADLER: Here.

8 MS. REILLY: Thomas Brown?

9 MR. BROWN: Here.

10 MS. REILLY: Natalie Green-Giles?

11 MS. GREEN-GILES: Here.

12 MS. REILLY: David Kazansky?

13 MR. KAZANSKY: Present.

14 MS. REILLY: I have the wrong person

15 here. Russell Buckley?

16 MR. BUCKLEY: Here.

17 MS. REILLY: Debra Penny?

18 MS. PENNY: Here.

19 MS. REILLY: And John Dorsa?

20 MR. DORSA: John Dorsa, here.

21 MS. REILLY: We have a quorum. So the  
22 first item on the agenda is an update from TRS  
23 operations, and Kavita Kanwar will give us  
24 that.

25 MS. KANWAR: Thank you, Patricia.

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2 Nearly 2,100 members retired over the  
3 summer with the retirement date between June  
4 and September. 96 percent of these members  
5 are receiving advance payments of finalized  
6 retirement benefits as of September's payroll.  
7 Over 10,000 members elected to increase their  
8 TDA contribution rates in advance of the  
9 retroactive payment that they will receive on  
10 October 15th under the UFT contract. The  
11 retroactive payment provides members a rare  
12 opportunity to make a large one-time deposit  
13 into their TDA account. TRS contacted  
14 eligible members by e-mail with instructions  
15 for adjusting their TDA rates before and after  
16 the payment.

17 TRS conducted an e-mail campaign to  
18 members who need to receive a required  
19 distribution or RMD for their TDA account.  
20 Nearly 12,000 members who received an RMD  
21 notification in the spring but did not file an  
22 election received an e-mail in July and a  
23 follow-up e-mail earlier in September. Those  
24 who do not file an election will receive a  
25 distribution at year-end. Beginning with the

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2 October 30, 2019 board meeting, all board  
3 materials will be made available to the board

4 members using the Convene app.

5 MS. REILLY: Thank you, Kavita. Next is  
6 a report from the Actuary.

7 MS. CHAN: Thank you. So the first item  
8 is the fiscal notes report. There were  
9 actually some fiscal notes that were issued  
10 over the summer even after the end of the  
11 legislative session just because we might have  
12 got the data late or because we were told by  
13 our state contact that it was a priority for  
14 the legislative session.

15 So there were three fiscal notes. First  
16 one might sound familiar. This is the foreign  
17 equities investment cap. We actually had done  
18 this before, but instead of raising the cap  
19 from 10 percent to 30 percent, this revised  
20 legislation was raising it from 10 percent to  
21 20 percent. I think there was a little bit  
22 more support for raising it to 20 percent at  
23 the time. There was no cost changed to it  
24 just because the initial one said there was  
25 minimal to no impact to the employer

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2 contribution and this was similar.

3 The second fiscal note has to do with  
4 the cost-of-living adjustment. Currently,  
5 spouses of retirees who elect to a joint  
6 survivor annuity are allowed to have 50  
7 percent of the COLA that the retiree received  
8 when they were alive. This is changing it  
9 from 50 percent to 100 percent. And the cost  
10 on that would be 4.2 million dollars in the  
11 first year of contributions.

12 The last fiscal note has to also do with  
13 cost-of-living adjustment, and it was changing  
14 the requirement. So currently you have to be  
15 either -- attain 62 years of age and have  
16 retired five years of service or attain 55  
17 years of age and retire for ten years in order  
18 to get your COLA. This legislation would  
19 change the age requirement to 55 and keeping  
20 the five years of service or five years of  
21 retirement. The first-year employer  
22 contribution increase would have been 29.7  
23 million dollars. And my understanding is none  
24 of these passed before -- during this summer.

25 The second item is just a note that the

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2 GASB 74/75 report was issued earlier this  
3 month. This is a report that basically states  
4 the accounting numbers for the OPEB, the  
5 retiree health care benefits for the city, and

6 that report is available on the OA's website  
7 under the reports tab if you are interested in  
8 taking a look.

9 And the last item is the TDA lower  
10 insurance premium rate. This might sound  
11 familiar because we recently did the QPP loan  
12 insurance premium rate, and again, this is  
13 when members borrow from either the QPP money  
14 or the TDA money, they are required to  
15 purchase insurance for it. In case that they  
16 do not pay off the loan before they die, their  
17 beneficiary would get a reduction in the  
18 retirement benefit. So they -- this insurance  
19 basically is the payout for -- it is the  
20 amount that they would have needed to pay back  
21 on their loan so there is no reduction. This  
22 is done, you know, according to the resolution  
23 that was passed previously setting this  
24 program up that this is -- this should be  
25 reviewed once every five years, which is on a

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2 different schedule than a QPP and that's why  
3 this wasn't brought at that time. In the past  
4 it's also been done on a different time frame  
5 within that five years than the QPP. If you  
6 recall, the QPP rate is adopted every year on  
7 July 1st. So the intent is to put this on the  
8 same calendar, same time frame to do it as a  
9 QPP going forward after this so that  
10 everything is little bit more consistent.

11 We are also looking at the loan balances  
12 to see the reserve balances -- I should say to  
13 make sure that they are consistent. We are  
14 talking with TRS accounting to make sure that,  
15 you know, we get consistency. So you might  
16 see this again within the next five years.

17 Just giving you a heads up, but the rate  
18 is currently at 0.3 percent. The  
19 recommendation is to keep it at 0.3 percent.  
20 If you recall, for QPP we reduced the rate  
21 from 0.2 to 0.1 percent, and the reason why  
22 it's higher for the TDA is because under the  
23 TDA program, retirees can take loans out on  
24 their balance whereas QPP once you retire, you  
25 annuitize and there is no loan to be taken

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2 out. So because retiree mortality is a little  
3 bit higher than active service teachers  
4 retirees, that's why this rate is a little bit  
5 higher. So this rate is tacked onto the  
6 interest rate that is charged that the members  
7 would be paying on their loan, so this is an

8 additional 0.3 percent.  
9 MR. ADLER: What's the interest rate?  
10 MS. CHAN: The interest rate is 7.87  
11 percent for UFT members and 8.25 for nonUFT.  
12 MS. REILLY: Thank you.  
13 Next is the executive director's report  
14 and the first item is the matter of the next  
15 meeting and it's been suggested that the next  
16 regular meeting of the Teachers' Retirement  
17 Board be held on the fifth Wednesday of the  
18 month, October 30, 2019. So mark your  
19 calendars.  
20 MR. ADLER: That's unusual.  
21 MS. REILLY: It is unusual.  
22 MR. ADLER: I think it's already on our  
23 calendars, right?  
24 MR. DORSA: It's one day premature but  
25 may I wear a costume?

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2 MS. REILLY: You are not wearing one  
3 right now?  
4 So the next item on the executive  
5 director's report is the authorization to the  
6 Comptroller of the City of New York to invest  
7 certain QPP funds.  
8 MR. KAZANSKY: Please waive the reading.  
9 MS. PENNY: Is there a motion?  
10 MR. ADLER: So moved.  
11 MS. PENNY: Thank you, Mr. Adler. Is  
12 there a second?  
13 MR. BROWN: Second.  
14 MS. PENNY: Any discussion? All those  
15 in favor? Aye.  
16 MR. DORSA: Aye.  
17 MR. ADLER: Aye.  
18 MS. GREEN-GILES: Aye.  
19 MR. BROWN: Aye.  
20 MR. KAZANSKY: Aye.  
21 MR. BUCKLEY: Aye.  
22 MS. PENNY: All opposed?  
23 MR. DORSA: Thank you.  
24 MS. PENNY: The motion carries.  
25 MS. REILLY: The next item is the

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2 authorization to the Comptroller of the City  
3 of New York to invest certain tax-deferred  
4 annuity funds.  
5 MR. KAZANSKY: Again, please waive the  
6 reading.  
7 MS. PENNY: Is there a motion?  
8 MR. BROWN: So moved.  
9 MS. PENNY: Thank you, Mr. Brown. Is

10 there a second?  
11 MS. GREEN-GILES: Second.  
12 MS. PENNY: Any discussion? All in  
13 favor? Aye.  
14 MR. DORSA: Aye.  
15 MR. ADLER: Aye.  
16 MS. GREEN-GILES: Aye.  
17 MR. BROWN: Aye.  
18 MR. KAZANSKY: Aye.  
19 MR. BUCKLEY: Aye.  
20 MS. PENNY: Any opposed? Motion  
21 carries.  
22 MS. REILLY: Thank you.  
23 MS. REILLY: The next item is the  
24 request for the Board of Trustees to adopt the  
25 Actuary's recommendation regarding the

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2 Tax-Deferred Annuity Loan Insurance Premium  
3 Rate for loans originating on or after October  
4 1, 2019.  
5 MR. KAZANSKY: Please skip to the  
6 resolved.  
7 MS. REILLY: Resolved, that the Board of  
8 Trustees hereby adopts the recommendation of  
9 the Actuary as stated in her report dated  
10 September 13, 2019 and stipulates the TDA  
11 Program Loan Insurance Premium Rate be  
12 continued at .30 percent per annum of the  
13 outstanding loan balance for any TDA loans  
14 originating on or after October 1, 2019.  
15 MS. PENNY: Is there a motion?  
16 MR. KAZANSKY: So moved.  
17 MS. PENNY: Thank you, Mr. Kazansky. Is  
18 there a second?  
19 MR. ADLER: Second.  
20 MS. PENNY: Thank you, Mr. Adler. Any  
21 discussion? All those in favor? Aye.  
22 MR. DORSA: Aye.  
23 MR. ADLER: Aye.  
24 MS. GREEN-GILES: Aye.  
25 MR. BROWN: Aye.

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2 MR. KAZANSKY: Aye.  
3 MR. BUCKLEY: Aye.  
4 MS. PENNY: Any opposed? Motion  
5 carries.  
6 MS. REILLY: Next is attendance at a  
7 conference. The following resolution is  
8 presented for consideration and possible  
9 adoption: Resolved, that the Trustees of the  
10 Teachers' Retirement Board hereby approve the  
11 attendance and participation of the Executive

12 Director and/or her designees and any  
13 interested Trustee at the National Council on  
14 Teacher Retirement's 97th Annual Conference  
15 from October 12th through the 15, 2019.

16 MS. PENNY: Is there a motion?

17 MR. DORSA: So moved.

18 MS. PENNY: Thank you, Mr. Dorsa. Is  
19 there a second?

20 MR. KAZANSKY: Second.

21 MS. PENNY: Any discussion? Okay. All  
22 in favor? Aye.

23 MR. DORSA: Aye.

24 MR. ADLER: Aye.

25 MS. GREEN-GILES: Aye.

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2 MR. BROWN: Aye.

3 MR. KAZANSKY: Aye.

4 MR. BUCKLEY: Aye.

5 MS. PENNY: Any opposed? Motion  
6 carries.

7 MS. REILLY: Next is the calendar and  
8 you all should have received an electronic  
9 version of the full calendar. The first item  
10 on the calendar is the matter of the approval  
11 of all of the minutes for the months of June  
12 6, 2019 investment meeting minutes, the June  
13 19, 2019 CIM minutes, and the June 20, 2019  
14 board meeting minutes.

15 Do we want to adopt?

16 MS. PENNY: Is there a motion?

17 MR. KAZANSKY: So moved.

18 MS. PENNY: Is there a second?

19 MR. BROWN: Second.

20 MS. PENNY: Any discussion? All those  
21 in favor? Aye.

22 MR. DORSA: Aye.

23 MR. ADLER: Aye.

24 MS. GREEN-GILES: Aye.

25 MR. BROWN: Aye.

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2 MR. KAZANSKY: Aye.

3 MR. BUCKLEY: Aye.

4 MS. PENNY: Any opposed? Motion  
5 carries.

6 MS. REILLY: Next is the calendar itself  
7 or just adopt the whole calendar.

8 MS. BUDZIK: I think David waives the  
9 reading.

10 MR. KAZANSKY: I would ask to waive the  
11 reading of the calendar. All calendars, in  
12 fact, in this package.

13 MS. PENNY: Is there a motion to adopt

14 all calendars in the packet?  
15 MR. BROWN: So moved.  
16 MR. DORSA: Second.  
17 MS. PENNY: Is there any discussion?  
18 All those in favor? Aye.  
19 MR. DORSA: Aye.  
20 MR. ADLER: Aye.  
21 MS. GREEN-GILES: Aye.  
22 MR. BROWN: Aye.  
23 MR. KAZANSKY: Aye.  
24 MR. BUCKLEY: Aye.  
25 MS. PENNY: Thank you. Any opposed?

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2 Motion carries to approve and accept all  
3 calendars.

4 MS. REILLY: So next on the agenda is  
5 other business. We did send out with the  
6 executive director's report the IV&V report  
7 from the vendor who is doing our modernization  
8 review. So you all received that. I did want  
9 to say that in May we went live with Phase IV,  
10 which is primarily death benefit claimant --  
11 the death benefit claimant process.

12 When we went live, there were some  
13 quality issues both with the data that was  
14 converted from the old system to the new  
15 system and some quality issues with the  
16 functionality that was provided. So there  
17 were, you know, some delays as we had to  
18 respond to, you know, fixing some of the data  
19 that was moved over as well as fixing some of  
20 the functionality. So we have delayed and  
21 right now we are -- we have got everything  
22 running smoothly that should have been running  
23 smoothly in May. We are now processing all of  
24 our claimants and paying our beneficiaries  
25 through the new system, but we did have a

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2 delay in the project because of some of the  
3 quality and data issues. And that's all I  
4 have to say unless you have any questions.

5 MS. GREEN-GILES: Just a question on  
6 that. Did the delay impact the beneficiaries,  
7 or did you run just parallel systems so the  
8 benefits would be paid in the same time frame?

9 MS. REILLY: No. The delay impacted our  
10 beneficiaries. So our lesson learned and we  
11 are going to be looking at our future  
12 implementations for the phases that are coming  
13 up to do a parallel rather than to impact the  
14 members -- well, it was the beneficiaries of  
15 our members -- the way that they were with



16 this time. So there was some negative impact  
17 on some of our beneficiaries, which we deeply  
18 regret.

19 MS. PENNY: Moving forward, once all the  
20 paperwork is filled out and the death  
21 certificate and they fill out whatever forms,  
22 what is the time frame approximately?

23 MS. REILLY: So we are talking about  
24 that. So it's a two-step process because  
25 first we -- we receive a notification of

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2 death. Once we received a notification of  
3 death, we send out the information, what we  
4 call a beneficiary letter letting them know  
5 what their benefit is going to be and then we  
6 follow up giving them a claim form to go  
7 online and to -- well, excuse me. So we send  
8 out the benefit letter and we ask them to send  
9 us the death certificate. So then that's the  
10 first process. Right. And then once we  
11 receive the death certificate, we send out the  
12 claim code number for them to go on and to  
13 submit the claim. So we are -- so in order  
14 for us to get the benefit letter out, in order  
15 for -- we said that it's going to be like a  
16 three-week, four-week turnaround. Then once  
17 we get the death certificate, it's from there  
18 forward that we are looking at.

19 MS. PENNY: So they fill out the claim  
20 form, and then how long do they expect?

21 MS. REILLY: Once they fill out the  
22 claim form, they should expect it any time  
23 within one to two months of receiving -- of us  
24 receiving their claim form, but there is like  
25 a month before that where we are going back

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2 and forth asking for the death certificate,  
3 receiving the death certificate, getting the  
4 beneficiary letter out to them with their  
5 exact benefit, and then giving them the claim  
6 code to go online and request their claim. So  
7 all in all could be three months.

8 MS. PENNY: Depending on how they fill  
9 out the forms? Thank you.

10 MS. REILLY: I mean, that should be our  
11 worst-case scenario.

12 MS. GREEN-GILES: I will note as  
13 somebody who has gone through that process in  
14 2013 into 2014, that is a significant  
15 improvement on what it was.

16 MS. REILLY: Is that right?

17 MS. GREEN-GILES: It was nine months for

18 me from start to finish.  
19 MS. REILLY: Well, I am not saying this  
20 is the case for you, but you know, delay -- if  
21 a person doesn't get us a death certificate, a  
22 lot of times we wait a long time. We can move  
23 forward to let you know what your benefit is  
24 going to be, but we can't go forward with the  
25 claim until we have a death certificate. You

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2 know so -- and sometimes once we then send out  
3 the claim form, a lot of times people delay on  
4 getting us the paperwork to process the claim.  
5 So I am glad that we are improving. Nine  
6 months sounds like a terribly long time to  
7 wait. So hopefully we are improving. Thank  
8 you.

9 MR. KAZANSKY: If I can add, from what I  
10 understand, TRS put a lot of man-hours into  
11 this project to make sure that they got caught  
12 up to speed and got the death benefits back on  
13 track sooner than had they not put that extra  
14 effort in, so I want to thank TRS for making  
15 sure they took the time and resources to speed  
16 up the process once the problem was  
17 discovered.

18 MS. REILLY: Thank you. It's  
19 unfortunate we had to do that, but we did put  
20 everybody on it to make sure that we got it  
21 fixed so that our beneficiaries were not being  
22 negatively impacted. Every -- I am just going  
23 to say every system implementation is a  
24 painful thing. It's never easy. We are all  
25 human, so there is the human component, there

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2 is the technical component. So as I say to  
3 the staff here, we can -- hopefully we learn  
4 from our mistakes but we can expect that every  
5 implementation of each phase is going to have  
6 some pain associated with it because it's just  
7 part of the process.

8 MR. ADLER: Can I just ask, does this  
9 have an impact on the overall timeline for the  
10 modernization?

11 MS. REILLY: It does have an impact on  
12 the overall timeline but it's -- we haven't  
13 really looked at it all to be honest with you  
14 because there is a lot of things impacting our  
15 overall timeline, which would be the Gulino,  
16 which would be the change in the option  
17 factors, which would be the changes to the  
18 Passport Funds. All things that we had to  
19 take resources off the project to work on in

20 addition to this delay.  
21 So we are going to be getting together  
22 and looking at the whole entire impact to the  
23 plan and maybe jettison some stuff for -- you  
24 know, that might be nice to have. TRS may be  
25 taking over Phase VII ourselves and letting

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2 the consultants go. So we are just looking at  
3 how we can mitigate the delays but we have  
4 delays.

5 MR. ADLER: So at some point there will  
6 be a revised timeline?

7 MS. REILLY: Yes.

8 MR. ADLER: Do you have a sense of when  
9 we could expect to see that?

10 MS. REILLY: Don't you want to be out of  
11 office by then?

12 MR. ADLER: I will be out of office by  
13 then. So is that the idea is to just to delay  
14 out until I am finally out of office?

15 MS. REILLY: Within the next few months  
16 we should have a new timeline to work it all  
17 out and then come back to it.

18 MR. ADLER: Just one other question. I  
19 take it that your conversation means that we  
20 are staying within budget and we are not  
21 looking at increasing the budget and that's  
22 why TRS might take over part or some?

23 MS. REILLY: We are looking to be able  
24 to mitigate having to increase the budget, but  
25 we have to take a look at it because time is

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2 money but we will do our best to mitigate  
3 that.

4 MR. ADLER: Thank you.

5 MS. REILLY: But there will be -- I'm  
6 sorry. I just want to say we will be coming  
7 back for budgets for Gulino for everything we  
8 are in.

9 MR. ADLER: Of course, if Gulino ever  
10 gets to the point.

11 MS. REILLY: Well, we are doing work on  
12 it already.

13 MS. BUDZIK: We have had some  
14 submissions.

15 MS. REILLY: So we right now have a  
16 whole group of people who have been moved over  
17 to completely understand Gulino and any  
18 impacts to the system, the impacts to TRS, and  
19 come up with project plans and estimates for  
20 what it's going to cost for us to implement  
21 Gulino. So we are working on that now and we

22 will be ramping up more and more.  
23 MR. ADLER: Okay.  
24 MS. PENNY: Okay. Do we have any  
25 questions or comments from the public? Seeing  
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2 none, okay, I guess that's it. Is there a  
3 motion to adjourn?  
4 MR. DORSA: So moved.  
5 MS. PENNY: Is there a second?  
6 MR. ADLER: Second.  
7 MS. PENNY: Any discussion? All those  
8 in favor? Aye.  
9 MR. DORSA: Aye.  
10 MR. ADLER: Aye.  
11 MS. GREEN-GILES: Aye.  
12 MR. BROWN: Aye.  
13 MR. KAZANSKY: Aye.  
14 MR. BUCKLEY: Aye.  
15 MS. PENNY: All those opposed? Motion  
16 carries. We stand adjourned.  
17 (Time noted: 3:59 p.m.)  
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2 C E R T I F I C A T E  
3 STATE OF NEW YORK )  
4 : ss.  
5 COUNTY OF QUEENS )  
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7 I, YAFFA KAPLAN, a Notary Public  
8 within and for the State of New York, do  
9 hereby certify that the foregoing record of  
10 proceedings is a full and correct  
11 transcript of the stenographic notes taken  
12 by me therein.  
13 IN WITNESS WHEREOF, I have hereunto  
14 set my hand this 7th day of October,  
15 2019.  
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19 YAFFA KAPLAN  
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