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2 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
3 REGULAR BOARD MEETING
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6 DATE: Monday, October 25, 2021

7

TIME: 3:37 p.m. - 4:18 p.m.

8

9 HELD: Via Zoom Videoconference

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REPORTER: Tara M. Drake, RPR

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Job No. J7321028

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ATTENDEES:

16

Debra Penny, Chairperson

17

Patricia Reilly, Executive Director, TRS

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Thaddeus McTigue, Deputy Executive Director, TRS

19

David Kazansky, Trustee

20

Thomas Brown, Trustee

21

John Adler, Trustee, Mayor's Office

22

Russell Buckley, Trustee, TRS/BERS

23

John Dorsa, Trustee, Comptroller's Office

24

Susannah Vickers, Trustee, Comptroller's Office

25

Natalie Green Giles, Trustee

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1 William Benson, TRS

2 Robert Bethelmy, TRS

3 Andrew Bradford, TRS

4 Jim Brown, TRS

5 Valerie Budzik, TRS

6 Kate Chen, TRS

7 Carmela Crivell, TRS

8 Kavita Kanwar, TRS

9 Isaac Glovinsky, TRS

10

Bob Gray Jr., TRS

11

Annette Hanrahan, TRS

12

Matt Laskowski, TRS

13

Anthony Mezzacappa, TRS

14

Srinivasan Natarajan, TRS

15

Renee Pearce, TRS

16

Liz Sanchez, TRS

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Susan Stang, TRS

18

Sherry Chan, Actuary

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Marta Ross, Law Department

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Kevin Balaod, PageantMedia

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2 MS. REILLY: Good afternoon.
3 My name is Patricia Reilly for the
4 stenographer.
5 And welcome to the Teachers' Retirement
6 board meeting for October 25th, 2021.
7 I'll begin by calling the roll.
8 John Adler?
9 MR. ADLER: I am here.
10 MS. REILLY: Thomas Brown?
11 MR. BROWN: I'm here, Patricia.
12 MS. REILLY: Natalie Green Giles?
13 MS. GREEN GILES: Sorry. I'm here
14 virtually.
15 MS. REILLY: David Kazansky?
16 MR. KAZANSKY: Present.
17 MS. REILLY: Russell Buckley?
18 MR. BUCKLEY: On behalf of CFO Lindsey
19 Oates, here.
20 MS. REILLY: Debra Penny?
21 MS. PENNY: Here.
22 MS. REILLY: And Susannah Vickers?
23 MS. VICKERS: I'm here.
24 MS. REILLY: Okay. So we have a
25 quorum.

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2 So the first item on the agenda is an
3 update on TRS operations, and Kavita Kanwar is
4 going to us that update.
5 Kavita?
6 MS. KANWAR: Hi. Good afternoon.
7 So far the school year, approximately
8 5,600 new members have been enrolled with TRS
9 based on the data received from the Department
10 of Education, CUNY, and charter schools. New
11 members receive a welcome letter from TRS when
12 they are enrolled.
13 The 2021 annual benefit statements are
14 now being posted to the secure section of the
15 TRS website. The statements are available for
16 approximately 124,000 members in active
17 service or on leave.
18 Members are informed about their online
19 statement by e-mail, and they can log into the
20 member portal to securely access the
21 statement.
22 TRS mailed letters in early October to
23 about 900 members who have been inactive for
24 seven consecutive school years, advising them
25 that their membership has expired.

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2 Thank you, Patricia.
3 MS. REILLY: Thank you, Kavita.
4 MS. KANWAR: Uh-huh.
5 MS. REILLY: Okay. Next on the
6 executive -- on the agenda is a report from
7 the actuary, Sherry.

8 MS. CHAN: Good afternoon.
9 I just have a couple announcements
10 regarding two reports that were issued in
11 September. These were both accounting
12 standards reports; so they are reporting
13 pension liability and OPEB liability based on
14 accounting standards that are prescribed by
15 the governmental accounting standards boards.
16 Namely, statements 67, 68 prescribed the
17 pension liability disclosures, and 74 and 75
18 statements dictate how the OPEB liabilities
19 are to be disclosed.

20 These reports are -- can be found on
21 the actuary's office's website under the
22 report's tab. And just to note that these
23 reports are produced for the comptroller for
24 the City of New York, and it is used in the
25 City's annual comprehensive financial

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2 statements at the end of the year; so those
3 are where the numbers are disclosed.

4 MS. REILLY: Thank you, Sherry.
5 Next on the agenda is the executive
6 director's report, and the first item there is
7 the next meeting. And it has been suggested
8 that the next regular meeting of the Teacher's
9 Retirement Board be held on the third Thursday
10 of the month, November 18th, 2021. Mark our
11 calendars.

12 The next is the resolution. Following
13 resolution is presented for consideration and
14 possible adoption.

15 UNIDENTIFIED SPEAKER: Please skip to
16 the results.

17 MS. PENNY: Do you want to do the last
18 one, and then I'll make --

19 MS. REILLY: Resolve that the board
20 will undertake to prudently guard our
21 investments in climate change solutions across
22 all feasible asset classes targeting 4.2
23 billion across the portfolio by 2025 and 19
24 billion by 2035, recognizing these to be
25 aspirational goals that are subject to

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2 periodic updates, taking into account the
3 system's asset allocation, pipeline, and

4 opportunity sets for each asset class.
5 Two, study and explore creative targets
6 for reducing emissions consistent with the 1.5
7 degrees Celsius pathway for our assets, and
8 plan to set a target for 2030 or earlier.
9 Three, incorporate consideration of
10 climate change risk and opportunity and net
11 zero one in the evaluation, due diligence,
12 selection, and monitoring of asset managers.
13 Four, develop the capacity to report
14 the carbon footprint attributable to our total
15 assets consistent with the TCFD framework
16 beginning with annual analysis of the scope 1,
17 2, and 3 emissions attributable to our public
18 market assets and explore other prudent tools
19 for evaluating climate risks to the portfolio.
20 Five, prioritize proxy voting
21 engagement and policy act of state that
22 promote alignment with the 1.5 degrees Celsius
23 pathway by the companies we invest in and to
24 prudently allocate the funds needed to
25 enhance our capacity to do so.

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2 And the further resolve, the board will
3 pursue this goal by a show of prudence, skill,
4 and care in investments and decisions and
5 continuing to seek competitive market rate
6 risk-adjusted returns consistent with the
7 system's investment policies and goals and
8 fiduciary duty.
9 And be it further resolved, the board
10 adopts a net-zero asset owner commitment of
11 the counsel of investment initiative PA to a
12 formal partner of the United Nations framework
13 convention on climate change Race to Zero
14 campaign allowing the system to collaborate
15 with and learn from other asset owners and
16 asset managers on best practices for achieving
17 net-zero emissions.
18 And be it further resolved, the board
19 adopts the attached climate action plan as
20 guidance for the approach to achieving its
21 net-zero goal and directs it investment of --
22 excuse me. To develop approval and
23 implementation plan for the net-zero goal
24 consistent with the rationale and elements of
25 the guidance and annual report on the

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2 implementation plan and its progress.
3 And be it further resolved, that this
4 resolution will be appended to the TRS
5 investment policy statement.

6 MS. PENNY: Okay. Raise your hand if
7 you want -- if you want Patricia to read that
8 over again.
9 Do I hear a motion?
10 MR. KAZANSKY: So moved.
11 MS. PENNY: Thank you, Mr. Kazansky.
12 Do I hear a second?
13 MS. VICKERS: Second.
14 MS. PENNY: Thank you, Ms. Vickers.
15 Any discussion?
16 MS. GREEN GILES: I just have one
17 question. The reference to the attached
18 climate action plan didn't -- I didn't get the
19 attachment.
20 Did -- did anybody else get the
21 attachment?
22 MR. ADLER: Natalie, it was in
23 convene --
24 MS. GREEN GILES: Okay.
25 MR. ADLER: -- convene from the CIM.

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2 MS. GREEN GILES: Okay. Thank you.
3 MR. ADLER: Both this month -- yeah,
4 this month. Yeah.
5 MS. GREEN GILES: Okay. I will get it
6 from there. Thank you.
7 MS. PENNY: Any other questions?
8 Okay. All those in favor, please say,
9 "Aye."
10 THE TRUSTEES: Aye.
11 MS. PENNY: Thank you.
12 Any opposed? Any extensions?
13 Okay. Motion carries.
14 I'm very proud of the leadership this
15 board has shown to address the risk climate
16 change poses to the TRS portfolio, and
17 striving to meet the net-zero goal is part of
18 that leadership.
19 And as trustees and fiduciaries, we all
20 know our responsibility is first and foremost
21 to our members and the beneficiaries, to
22 protect and grow the value of the portfolio
23 and to pay the benefits.
24 That fiduciary duty must and will
25 continue to be our primary driver of our

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2 investment decisions. So good work, everyone.
3 Thank you.
4 MR. ADLER: Thank you, Deb. Thank you
5 for that statement.
6 MS. PENNY: Yep, thank you.
7 MS. REILLY: So next is an executive

8 session?
9 MS. PENNY: Hold on.
10 MS. REILLY: Next is the calendar, and
11 the first item on the calendar is a matter of
12 the approval of the minutes for the September
13 13th, 2021, investment meeting and the
14 September 20th, 2021, board meeting.
15 MS. PENNY: Do I hear a motion to
16 approve the minutes?
17 MR. BROWN: So moved.
18 MS. PENNY: Thank you, Mr. Brown.
19 Do I hear a second?
20 MR. KAZANSKY: Second.
21 MS. PENNY: Thank you, Mr. Kazansky.
22 Any discussion?
23 All those in favor, please say "aye."
24 THE TRUSTEES: Aye.
25 MS. PENNY: Any opposed? Any

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2 extensions?
3 Okay. Minutes are approved.
4 MS. REILLY: Next up are the items, and
5 you all should have received your electronic
6 version of the detail of the items on the
7 calendar.
8 MR. KAZANSKY: Please waive the reading
9 of the calendar.
10 MS. REILLY: Thank you.
11 MS. PENNY: Do I hear a motion to
12 approve the calendar?
13 MR. ADLER: So moved.
14 MS. PENNY: Thank you, Mr. Adler.
15 Do I hear a second?
16 MS. VICKERS: Second, Susannah Vickers.
17 MS. PENNY: Thank you Ms. Vickers.
18 Any questions?
19 All those in favor, please say, "Aye."
20 THE TRUSTEES: Aye.
21 MS. PENNY: Any opposed? Any
22 abstentions?
23 Okay. Calendar is approved.
24 Next --
25 MS. REILLY: Executive session, should

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2 people stay here and we'll come back to
3 public?
4 MS. PENNY: Yes.
5 Can we do that, Liz?
6 MS. SANCHEZ: Yes.
7 MS. REILLY: All right. So we're going
8 to go into executive. Everybody who's not in
9 the executive session should wait and we'll

10 return to public.
11 MS. PENNY: Okay. Do I hear a motion
12 to go into executive session?
13 MR. KAZANSKY: So moved.
14 MS. PENNY: Thank you, Mr. Kazansky.
15 Do I hear a second?
16 MR. BROWN: Second.
17 MS. PENNY: Thank you, Mr. Brown.
18 Any questions?
19 All those in favor, please say, "Aye."
20 THE TRUSTEES: Aye.
21 MS. PENNY: Any abstentions? Any
22 opposed.
23 Okay. We're going into executive
24 session.
25 (Whereupon, the Board entered
2 executive session.)
3 (Whereupon, the Board returned to 4 public session.)
24 MS. PENNY: Okay. Back into public session.
3 MS. REILLY: Susannah, could you do a
4 read out of what occurred in the executive
5 session?
6 MS. CHAN: She's on mute.
7 MS. PENNY: You're on mute.
8 MS. VICKERS: Absolutely. Absolutely.
9 I've been having a few Zoom problems here, but
10 in the executive session we discussed a
11 personnel issue and we discussed an investment
12 matter.
13 MS. REILLY: Thank you.
14 So next is other business, and the
15 first item is about the actuary selection
16 process.
17 MS. PENNY: Okay. Yeah, so we know
18 that Sherry Chan, we will miss you terribly;
19 although, you haven't given us your formal --
20 your -- your letter of resignation yet, but we
21 assume it's going to be coming, and when --
22 when it does come -- so you know that
23 according to -- according to the
24 administrative code, TRS, NYCERS, and BERS
25 will decide on an actuary. So we're going to

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2 do a little -- a process. I have spoken to
3 John Adler, and I have spoken John to Russell
4 Buckley, and what we'll do is the three of us
5 as the chairs of TRS, NYCERS, and BERS, we
6 will ask for résumés for the potential interim
7 actuary. We will read the résumés and then
8 have a discussion about that, interview, and
9 we will come up with an acting actuary.
10 So any questions about?
11 And then after that, we'll form a

12 committee and we'll start -- we will hire --
13 hire someone that actually finds all of the
14 candidates, we'll do the interview process,
15 we'll -- we'll do the whole process after
16 that.

17 But I think, first and foremost, since
18 we'll only have one month to deal with all of
19 this, it's very important that we come up with
20 an act- -- with an acting interim actuary
21 that -- that knows the system and could do the
22 best job possible.

23 MR. ADLER: Deb, I was just going to
24 say that that committee of -- of you, me,
25 and -- and Russell will be coming back with a
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2 recommendation to the three boards, and
3 obviously, it's up to the boards to --

4 MS. PENNY: Correct.

5 MR. ADLER: -- appoint the actuary,
6 acting or interim.

7 MS. PENNY: Right. Perfect.

8 MR. BUCKLEY: And -- and, further, I
9 will add as a trustee on both Teachers' and
10 BERS, I have spoken -- just for the record, I
11 have spoken with the labor trustees on the
12 BERS board and let them know that I am
13 participating on behalf of my boss, the
14 trustee, CFO, Lindsey Oates, and they're --
15 they're all good with that.

16 So, yes, Natalie, to preempt your
17 question, I talked to Donald and John.

18 MS. GREEN GILES: Hey, I'm always
19 looking out for the labor people; so thank you
20 for anticipating my question.

21 MR. BUCKLEY: I would -- I would -- I
22 would not move forward without their approval.

23 MS. GREEN GILES: Great. Great.

24 MS. PENNY: Any questions on that?

25 Okay. Perfect.
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2 All right.

3 MS. REILLY: Next is -- oh, I didn't
4 bring -- maybe you can help me out.

5 MR. McTIGUE: Sure.

6 MS. REILLY: Is the new -- the new
7 medical board doctor for the labor side has
8 been --

9 MR. McTIGUE: Sure.

10 MS. REILLY: -- been hired, and we're
11 just informing you.

12 MR. McTIGUE: And so thank you,
13 Patricia.

14 During the summer, we worked with the
15 representative of the contributors to hire a
16 new doctor to the medical board, and the
17 physician who's appointed was Dr. Gloria
18 Mtomboti, T -- it's spelled M-t-o-m-b-o-t-i,
19 but it's pronounced Mtomboti. So we welcome
20 her to the board and want to thank the
21 trustees for all their hard work and as well
22 as the staff at TRS that participated in this
23 election process.

24 MS. PENNY: Thank you.

25 MS. REILLY: Okay. And next is the --

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2 I sent out the IDNV report; so, hopefully, you
3 had a chance to take a look at it. And if you
4 have any questions, myself or my designees
5 will try to do our best to answer them.

6 MR. ADLER: I would just ask: Are
7 there any issues in the IDNV report that you
8 would highlight for the board that something
9 we should be paying att- -- close attention
10 to, or you or -- or Bob or anybody else from
11 the project?

12 MS. REILLY: Well, Bob, do you want
13 to -- I know that the IDNV report pointed out
14 that, you know, Gulino certainly is a concern
15 for the modernization project.

16 Bob, if you want to expand on that...

17 Take yourself off mute.

18 MR. GRAY: Hi. Can you hear me?

19 MS. PENNY: Yes.

20 MR. GRAY: Okay. Yeah, John, one of
21 the things that's been highlighted in the
22 past -- oh, in the past year's worth of IVD
23 reports is the ongoing fluidity of Gulino and
24 the impact that that has on modernization.

25 Every time we've discovered something

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2 new that has to be coded, designed, tested --
3 test data created, system integration tested,
4 documented, trained, et cetera, it takes time
5 away from modernization because, you know,
6 since we're using the modernization platform
7 to build -- to build the Gulino functionality,
8 you know, we -- we split our resources.

9 And since Gulino touches most of the
10 subjects, if you were, at TRS, it pulls our
11 subject matter expertise time, as well as our
12 technical people's expertise time, away from
13 modernization to Gulino.

14 And, you know, this -- it's -- it's
15 ongoing. It -- it -- and unplanned for. We

16 -- back in -- when we started Gulino and put
17 together the business case, we thought we had
18 a set of defined requirements that we were
19 working to in terms of the -- the -- the type
20 of pension relief that the special master was
21 going to be awarding to Gulino claimants; and,
22 therefore, the functionality and processes
23 that we would have to build to accommodate
24 that, but the fluidity in the pension relief
25 that's being handed out, you know, is -- is

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2 constantly causing us to enhance, redesign,
3 retest.

4 And we have, you know, a lot of
5 what's -- what's -- a lot of the way it comes
6 up is because we're discovering it -- as we
7 receive data from the DOE, we're discovering,
8 oh, this data doesn't conform to anything that
9 anybody told us to expect for pension relief
10 for a Gulino claimant. And so far, we've only
11 processed through about 500 out of the
12 expected 3500 to 3700 Gulino claimants.

13 We're -- I would be very, very
14 surprised if in the next feed that we're
15 getting from the DOE, which is sometime
16 soon -- and -- and we're expecting, you know,
17 will be around another 500 claimants, if we
18 don't run into more fluidity, oh, here's --
19 here's a new -- here's a new set of pension
20 relief that we have to deal with that nobody
21 told us about before.

22 And it's also dragging out the process.
23 Because of this fluidity, we can never run the
24 DOE Gulino feed directly into our production
25 system. We are always going to be running it

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2 into our test system, analyzing every result,
3 and looking for these, you know, fluid cases
4 that don't conform to what we were told to
5 expect, and, therefore, are causing problems
6 in the system or will result in erroneous
7 calculations on TRS's part.

8 So the -- again, the impact of
9 modernization is that we -- we are relying on
10 our existing subject matter resources and
11 our -- a good number of our technical
12 architects and development people to work on
13 the Gulino functionality, but it takes away
14 from modernization, and it's going to make
15 modernization go for longer.

16 How much longer? We don't know because
17 we don't know how much more fluidity we'll run

18 into. So that I would highlight as probably
19 the biggest issue in the IDNV reports.
20 Did I make your day, John?
21 MR. ADLER: Yeah.
22 MS. PENNY: Are there numbers, Bob, or
23 -- or -- that you can think of to highlight?
24 MS. REILLY: I mean, I would just say,
25 you know -- I mean, I'm not sure whether it
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2 was in the IDNV report. I -- you know, I read
3 it quite a while ago, but I would say that,
4 you know, we -- we had some slowdown because
5 we had some quality issues with Phase 4; so
6 that -- you know, we've been, you know,
7 mitigating and fixing errors that were
8 occurring.
9 I think I talked about this the last
10 time we talked about modernization, and we are
11 on Phase 5. We are working on Phase 5 at this
12 point.
13 But I don't think the -- the IDNV
14 report usually congratulates TRS that we put
15 quality over time. Because, in the end,
16 quality is going to cost us money, even if we
17 go and we implement functionality into
18 production like we did with Phase 4, and then
19 it's more expensive to fix it at that point
20 than to, you know, make sure that it's high
21 quality before it goes into production.
22 Because, first of all, it will cause
23 problems and money for us to fix the
24 problems, but it also will impact the members
25 because if we're -- if we're -- if we're -- if
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2 our quality is poor, a member will be impacted
3 by poor quality.
4 So we -- you know, we did, you know,
5 put resources that otherwise would have been
6 working on our future phases into fixing some
7 of the current problems with -- on Phase 4.
8 But -- and we pretty much finished doing that,
9 and our resources are now moved over to Phase
10 5. We're up to Phase 5 -- 5 at this point.
11 There are about, I think, 16 phases --
12 well, yeah, maybe -- the many implementations
13 of -- like, every six weeks, we do an
14 implementation.
15 So, I mean, I think that's just one
16 area of concern in the project that we all at
17 TRS share, the delays that poor quality of
18 Phase 4 caused us, but we're -- we're moving
19 past that now, and we've learned a lot of

20 lessons from it, and I'm sure we'll continue
21 to learn lessons.

22 MR. ADLER: Can I -- can I ask a
23 follow-up?

24 So part of what I'm -- part of what I'm
25 hearing -- but, I guess, I -- sorry. I'm

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2 being inarticulate as usual.

3 Is there a concern that the
4 not-to-exceed budget is going to be exceeded
5 either because of the issues that you just
6 described, Patricia, around, you know, making
7 quality primary over time, which I -- I'm not
8 criticizing; I'm just asking a question. Or
9 because Gulino is going to take -- cause more
10 money and/or add more time to the project than
11 anticipated?

12 MS. REILLY: Well, for both, but I
13 think that we're not going to go over budget
14 while you're in office. I don't think we're
15 going to go -- even if we --

16 MR. ADLER: That's not saying much.
17 That's not saying much since I'm only around
18 for two more months.

19 MS. REILLY: It's just a joke.

20 MR. ADLER: Yeah.

21 MS. REILLY: But we're not -- we're not
22 going to -- we don't anticipate going very
23 much over budget of the -- not to exceed. We
24 may go over, but I think by a very small
25 percentage.

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2 We are managing it. We're trying to
3 manage it. We have -- we're trying to get
4 people -- I think -- as people are retiring
5 and people are leaving, we're trying to bring
6 on the type of skills that can -- we can use
7 to be able to let go of some consultants
8 beforehand so that we can save money there.

9 And we're also -- and so when we -- and
10 we've also changed our methodology somewhat,
11 which we think is going to ensure the
12 acceptance of it -- of the functionality as it
13 goes in.

14 It was very difficult to take in --
15 like, when we said Phase 4, it was a very big
16 phase and included a lot of functionality, and
17 it was -- you know, even though people were
18 involved all along, it was a big change for
19 them. The -- the issues didn't help, and it
20 was hard for them to accept -- what's the
21 word? Like, for them to get on board with

22 what was being done.

23 Now we've changed our methodology
24 that -- like I said, Phase 5 has, like, 16
25 small six-week implementations. So it's

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2 very -- we're putting it in in very small
3 increments so that people can absorb it and
4 they can be comfortable with it so that
5 it's -- it's not a big effort if something
6 goes wrong. Because it's a small amount of
7 functionality.

8 So, first of all, it's easier for them
9 to test it. It's easier for them when it goes
10 into production to be able to -- and we're
11 seeing very few hours in production now
12 because they're smaller increments that build
13 on each other.

14 So we're hoping that that's going to
15 help us to implement the system so that we
16 don't have those quality issues in the future.

17 So I think we probably will, John, go a
18 little bit over budget, but I don't think -- I
19 don't think by a huge amount.

20 MR. ADLER: I guess I'd ask you to
21 define that, but I don't think I want to ask
22 you to define that at this time.

23 MS. REILLY: I don't think it was a
24 lot.

25 Bob, do you remember what the

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2 percentage that we were estimating -- and it's
3 only an estimate because everything's just an
4 estimate.

5 Do you remember the estimate?

6 MR. GRAY: I think we were estimating
7 between 5 -- 5 and 9 percent. It was less
8 than 10 percent. So less than 10 percent.

9 MS. REILLY: And we don't expect that
10 until the new -- the second -- well, I don't
11 know if this guy will have a monitor. But,
12 like, that probably -- will probably end the
13 project in 2024. Is that correct, Bob?

14 And we don't expect --

15 MR. GRAY: Yeah, that's -- that's what
16 we're projecting right now, is the total
17 impact of Gulino, the CARES Act stuff, and --
18 and the Phase 4 delays that Patricia talked
19 about.

20 MR. ADLER: That's calendar year 2024.

21 MS. REILLY: The pandemic didn't really
22 hurt us because people were very productive.
23 But what hurt us in the pandemic, what Pete

24 had mentioned, was all of the work that we had
25 to do for the CARES Act, and we had to pull --
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2 we had to get it done. We had to do it. We
3 had to provide that -- all the -- all the, you
4 know -- so, again, that took time away from
5 the modernization project, which then caused
6 it to be more -- go out longer than we had
7 wanted.

8 MR. ADLER: Just to be clear, the 2024
9 projected end, that's calendar year, not
10 fiscal year; is that correct?

11 Yeah.

12 And then one other question. The 5 to
13 9 percent, that would be beyond the total not
14 to exceed for the project plus the Gulino
15 increase; right?

16 MR. GRAY: That's correct, yes.

17 MR. ADLER: And do you anticipate
18 that -- given what you described about Gulino,
19 that the cost of the Gulino modifications will
20 exceed the budget that we approved for that?
21 That 36 or whatever it was -- 36 or so
22 million.

23 MR. GRAY: John, right at this part,
24 like I said, we're -- we found all this
25 fluidity in the first 500 out of 3700 expected
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2 claimants. I -- I think the -- it's -- it's
3 so hard to say, oh, did we run across 75
4 percent of the incidents, or will we have just
5 as many in the next 500? I -- I think that's
6 going to be an easier question to answer once
7 we have more data.

8 Like, the next feed we get from the
9 DOE, if we run into as many issues as we ran
10 into in the first feed, then I'm going to
11 project, oh, and we're going to continue to
12 run into this with every feed that we have.

13 But if we run into a significantly
14 smaller number of issues, oh, good, then we
15 can project that, hey, they're going to taper
16 off and -- and we're good.

17 I'll tell you right now that if we run
18 into the same number of issues -- and I have
19 to project out that we're going to continue to
20 run into this level of issues, we will come
21 back. But if it's going to -- if it's taper
22 off, we have contingency there, if you
23 remember.

24 And -- and I really think that, you
25 know, this current -- the current things that

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2 we've had to deal with that have basically
3 added a year to the project, they're --
4 they're within the contingency. You know,
5 it's how much more do we have. We still have
6 contingency to deal with some more, but let's
7 see what happens with the next batch that's
8 coming in.

9 MR. ADLER: Understood. Thank you for
10 that lucid explanation.

11 MS. GREEN GILES: I have a question.
12 It's Natalie for the stenographer.

13 Just on the slow and steady, is there a
14 court mandated date by which the Gulino cases
15 need to be made whole, for lack of better
16 phrasing?

17 MR. GRAY: We -- we don't have a
18 court -- a mandated date for when we have to
19 finish the processing. And, in fact, I --
20 with the help of corporate counsel, we have
21 explained to plaintiffs' counsel and to, you
22 know, the special master's team, just -- just
23 how much work has to go into the development
24 of functionality to handle the Gulino cases
25 that we're -- we have to phase that work.

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2 So following the 80/20 rule, you know,
3 we're processing the, supposedly, vanilla
4 cases currently. That's the functionality we
5 have in place.

6 But understand that, you know, for --
7 and I don't know how familiar you are with
8 Gulino, but I would say for the death benefits
9 piece of Gulino and for the claimants who have
10 outside pensions and are going to get a TRS
11 pension, which is kind of another level of
12 processing, they do understand that we have to
13 phase this, that we -- we couldn't possibly,
14 you know, do everything all at once.

15 So right now, we don't have any -- any
16 hard date deadlines. There -- the plaintiffs'
17 counsel and the special master are happy that
18 we've started processing the plain vanilla
19 population.

20 And my understanding from corporate
21 counsel is as long as we can continue to
22 report progress and that we're processing
23 claimants, you know, they're -- they're not
24 going to set a really hard and fast, oh, it
25 has to be done at this.

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2 We originally projected, apart from the
3 functionality, that if the special master was
4 able to issue the -- the individual judgments
5 such that -- such that we received the last
6 individual judgment in December of this year,
7 it was going to take us three years to do the
8 processing, and that they haven't been able to
9 keep pace with that.

10 So, you know, right now, you know, part
11 of the fluidity is, yeah, when are we going to
12 be finished processing Gulino, and it starts
13 with when is the special master's team going
14 to be finished issuing individual judgments,
15 and some of this fluidity that I've talked
16 about definitely goes back to the special
17 master from us through corporate counsel
18 because there's a lot of did you really mean
19 to do this questions.

20 And, in some cases, the answers come
21 back, you know, no, and so we're going to redo
22 this individual judgment, and could you,
23 please, move it off your list and on to
24 somewhere else. So no hard and fast dates at
25 the moment.

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2 MS. REILLY: And, I mean, there's
3 multiple city agencies that we're partnering
4 with. You know, we're waiting for, like, the
5 special master to give the Department of
6 Education -- and now we wait on the Department
7 of Education to give us the data to be able to
8 then process.

9 So I think corporate counsel is making
10 sure that, you know, we -- you know, is
11 meeting with us and meeting with the
12 Department of Education and just working along
13 with us to get it done.

14 That's -- you know, so at this point,
15 we don't -- I don't think there's a mandated
16 date. I think they just want to see progress.

17 All right. Is there any other
18 questions?

19 MR. KAZANSKY: Well, I don't have a
20 question, but I have a statement, I guess,
21 which is that, you know, overall, the report
22 is extremely positive in dealing with the fact
23 that there were issues in Phase 4 and we had
24 COVID and Gulino. The fact that the IDNV
25 report is still primarily extremely positive

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2 on what TRS has done to date and its
3 projection on what TRS is going to be able to

4 accomplish, I think is a testament to the hard
5 work of the staff and leadership.

6 MS. REILLY: Well, thank you so much,
7 David. I agree. I mean, we have a
8 hard-working team, both on our consultant
9 side, but especially on our TRS employee side.
10 Thank you.

11 MS. PENNY: Okay. Anything else?

12 MS. REILLY: At this -- next on the
13 agenda is any questions or comments from the
14 public.

15 Seeing none.

16 MS. PENNY: Seeing none, do I hear a
17 motion to adjourn?

18 MR. KAZANSKY: So moved.

19 MS. PENNY: Thank you, Mr. Kazansky.

20 MR. KAZANSKY: That was Dave Kazansky.

21 MS. PENNY: Do I have a second?

22 MR. BROWN: Second, Tom Brown.

23 MS. PENNY: Thank you, Mr. Brown.

24 All those in favor, please say, "Aye."

25 THE TRUSTEES: Aye.

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2 MS. PENNY: Any opposed? Any

3 Abstentions?

4 We stand adjourned. Thank you,
5 everyone.

6 (End time: 4:18 p.m.)

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1 REPORTER'S CERTIFICATE

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I, TARA M. DRAKE, RPR, a Court Reporter
and Notary Public in and for the State of New
York, certify:

That the foregoing proceedings were stenographically reported by me at the time and place therein set forth and were thereafter transcribed;

That the foregoing is a true and correct transcript of my shorthand notes so taken to the best of my ability and belief.

I further certify that I am not a relative or employee of any attorney of the parties nor financially interested in the action.

I declare under penalty of perjury under the laws of New York that the foregoing is true and correct.

Dated: November 5, 2021

Tara M. Drake, RPR