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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

7 Held on Thursday, November 17, 2016, at 55 Water
8 Street, New York, New York

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10 ATTENDEES:

11 JOHN ADLER, Chairman, Trustee
12 DEBRA PENNY, Trustee
13 DAVID KAZANSKY, Trustee
14 THOMAS BROWN, Trustee
15 SUSANNAH VICKERS, Trustee
16 RAYMOND ORLANDO, Trustee
17 PATRICIA REILLY, Teachers' Retirement System
18 THAD McTIGUE, Teachers' Retirement System
19 RON SWINGLE, Teachers' Retirement System
20 VALERIE BUDZIK, Teachers' Retirement System

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23 REPORTED BY:

24 YAFFA KAPLAN
25 JOB NO. 0409749

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2 ATTENDEES (Continued):

3 ELLEN DeLEO, Teachers' Retirement System
4 LIZ SANCHEZ, Teachers' Retirement System
5 ANTHONY MEZZACAPPA, Teachers' Retirement System
6 ANNETTE HANHARAN, Teachers' Retirement System
7 ROBERT BETHELMI, Teachers' Retirement System
8 ROBERT GRAY, Teachers' Retirement System
9 PAUL RAUCCI, Teachers' Retirement System
10 NATARAJAN KRISHNAMOORTHY, Teachers' Retirement
11 System
12 RENEE PEARCE, Teachers' Retirement System
13 ANDREW BRADFORD, Teachers' Retirement System
14 AMY OKEREKE, ESQ., Law Department
15 SHERRY CHAN, Chief Actuary
16 MELVYN AARONSON

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2 MR. ADLER: Good afternoon. Welcome to
3 the Teachers' Retirement System board meeting
4 for November 17, 2016.

5 Pat, will you please call the roll?

6 MS. REILLY: Yes. John Adler?

7 MR. ADLER: I am here.

8 MS. REILLY: Thomas Brown?

9 MR. BROWN: I am here as well.

10 MS. REILLY: David Kazansky?

11 MR. KAZANSKY: Present.

12 MS. REILLY: Raymond Orlando?

13 MR. ORLANDO: I am both here and
14 present.

15 MS. REILLY: Debra Penny?

16 MS. PENNY: Here.

17 MS. REILLY: Susannah Vickers?

18 MS. VICKERS: Here.

19 MS. REILLY: Okay. We do have a quorum.

20 MR. ADLER: Good.

21 Patricia, please take us away.

22 MS. REILLY: Sure.

23 Next on the agenda is an update of TRS
24 operations. Each of you should have received
25 the latest calendar of events, and we have a

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2 few updates from Ellen DeLeo.

3 MS. DeLEO: TRS has begun processing the
4 retirement revisions for members retired on or
5 after July 1, 2014, per the ratified UFT
6 contract. TRS expects approximately 2,100
7 members to receive their revised benefits on
8 the November 30th payroll. Additional
9 revisions will continue to be targeted for
10 future payrolls.

11 A new plan year goes into effect on
12 January 1, 2017, for our Tier VI members,
13 requiring TRS to review the contribution rates
14 of our TRS members. Any resulting changes
15 from the review will be determined next month,
16 allowing new rates to take effect at the start
17 of the new plan year.

18 The 2016 annual benefit statement effort
19 has completed. The last batch of statements
20 was mailed on October 21st. In total, 115,242
21 statements were mailed, and these statements
22 were made available electronically through the
23 secure area of our website on October 26th.

24 Between October and November, TRS Member
25 Education staff participated in 14 CUNY

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2 Benefit Fairs across all five boroughs as well
3 as four outreach events which included the

4 Association of Assistant Principals
5 Conference, the Educational Leadership
6 Conference for CSA, DC 37 shop stewards
7 training, and a special Paraprofessional
8 Pension clinic at the UFT office in Staten
9 Island. Additionally, TRS Member Education
10 staff conducted three Getting Ready For
11 Retirement educational programs.

12 MS. REILLY: Thank you, Ellen.

13 Next on the agenda is a modernization
14 update. All of you received the third
15 independent validation and verification report
16 for the second quarter of 2016. I was just
17 going to give a brief update. Forgive me if I
18 read it.

19 So to date, the TRS modernization
20 program has successfully completed three phases
21 out of the five-program-phase project. And we
22 implemented that functionality into the ASPEN
23 production. For those of you who don't know,
24 we have named our system ASPEN. In early
25 2015, Phase I delivered a new TRS website that

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2 replaced all 300 pages of our legacy TRS
3 website. It enables us to support the
4 subsequent development of robust member
5 self-service web and front end which -- where
6 the member can initiate transactions and
7 service themselves. Additionally, TRS
8 replaced its obsolete legacy electronic
9 document management system with Filenet, which
10 is an industry standard of electronic content
11 management system, and we integrated the
12 following application within both our ASPEN
13 system and our legacy system which is called
14 UPS.

15 In the spring of this year, the
16 modernization team implemented the results of
17 the Phase II project, replacing and improving
18 TRS legacy customer relationship management
19 software along with a new and improved person
20 demographic functionality, and just last
21 month, Phase III went into production so that
22 all enrollees now are being processed through
23 ASPEN, including force-in and voluntary
24 enrollments and a new partner portal which was
25 established for our charter school employers.

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2 We have one team that is currently
3 working on an early delivery of our Phase IV
4 functionality, which is expected to be
5 implemented in the third quarter of 2017.

6 This will include an update of our website
7 security features and provide significant
8 increases in the level of protection our
9 members have on the website.

10 Some of the industry standards that you
11 see -- for instance, if a person tries to log
12 into our system from a device that we don't
13 recognize, we will have them go through a set
14 of different -- of verification of their
15 identity, things like that, to enhance the
16 security of our website. We also will be
17 providing a variety of enhancements to the
18 functionality implemented in Phase I that the
19 team has asked for, and we are also going to
20 be integrating a software package that will
21 enable our communications department to be
22 able to directly maintain the website's static
23 content without having to involve our IT
24 department.

25 The majority of the modernization team

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2 that isn't working on that early
3 implementation is working on the rest of the
4 Phase IV project which will have -- which will
5 take -- will transition to ASPEN all of our
6 employment and service processing, loan
7 processing, TDA processing and most of our
8 benefit transaction processing and anything
9 that is not related to retirement or death
10 benefit processing. Those would be in the
11 Phase V which I am not speaking to here, but
12 that's when those would be expected to go in.

13 Additionally, the modernization business
14 intelligence/data warehouse team has
15 successfully stood up an infrastructure on
16 which our data warehouse will be housed and is
17 currently engaged in designing and developing
18 extracts from ASPEN that will be used to
19 provide business intelligence and ad hoc
20 reporting by the business without IT
21 intervention for Phase I, II and III, and when
22 IV goes into production, they will also be
23 able to get business intelligence and ad hoc
24 reporting on their own.

25 And as of August, TRS has expended \$71.5

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2 million on the modernization initiative, which
3 is about 35 percent of the project budget, and
4 we have completed about 34 percent of the user
5 story points that need to be developed to
6 successfully complete the project. So that's
7 my update.

8 MR. ADLER: Let me ask a question. So
9 is it safe to say that the project right now
10 is on time and on budget?
11 MS. REILLY: Yes, for the most part.
12 MR. ADLER: Okay. Good.
13 MS. REILLY: I mean, we did have some
14 delays. I think you saw that but we expect --
15 you know, things are running simultaneously.
16 If we have a delay in one phase, the other
17 phase is maybe impacted slightly but not --
18 but they continue to move forward as well. So
19 we are still on track for on time and on
20 budget.
21 MR. ADLER: Good.
22 MS. REILLY: That's it if you have any
23 other questions.
24 MR. ADLER: Any other questions for Pat?
25 MS. VICKERS: When does the completion

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2 -- I mean, we never know exactly, the target.
3 MS. REILLY: So I think the first -- I
4 think in 2021. So end of 2020, 2021.
5 MS. VICKERS: Great.
6 MS. REILLY: Okay. Next on the agenda
7 is the executive director's report. So it's
8 been suggested that the next regular board
9 meeting of the Teachers' Retirement Board be
10 held on December 22, 2016. So everybody can
11 mark their calendars.
12 And the first resolution is the
13 extension of participation in the Common
14 Investment Meeting. "Whereas, the Teachers'
15 Retirement Board as of this October 2016" --
16 MR. KAZANSKY: Please skip to the
17 resolved.
18 MS. REILLY: "Resolved, that the
19 Teachers' Retirement Board extends for a
20 one-year period its participation in the
21 Common Investment Meeting (CIM), as described
22 and subject to the conditions of the 2015 CIM
23 Resolution and the CIM Procedures attached to
24 this resolution, and as further agreed between
25 the Board, the Comptroller's Office and the

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2 other Retirement Systems; and be it further
3 resolved, that nothing in this resolution
4 shall -- I'm sorry -- abrogate any rights or
5 waive any responsibilities reserved to the
6 Board of Trustees under applicable law".
7 MR. ADLER: So there is a resolution.
8 Is there a motion to adopt the resolution?
9 MR. KAZANSKY: So moved.

10 MR. ADLER: Is there a second?
11 MS. PENNY: Second.
12 MR. ADLER: Motion made and seconded.
13 Any discussion of the resolution? Let's just
14 note that the CIM procedures, which are on a
15 separate sheet, will be attached to the
16 resolution as a part of it.
17 All right. Motion made and seconded.
18 All in favor of the resolution, please say
19 aye. Aye.
20 MS. VICKERS: Aye.
21 MS. PENNY: Aye.
22 MR. ORLANDO: Aye.
23 MR. KAZANSKY: Aye.
24 MR. BROWN: Aye.
25 MR. ADLER: All opposed, please say nay.

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2 Any abstentions? Okay. Motion carries.
3 MS. REILLY: So next is the cal -- that
4 concludes the executive director's report, and
5 the next agenda is the calendar and each
6 trustee should have a full calendar.
7 And the first matter on the calendar is
8 the approval of the minutes for the regular
9 board meeting held on October 20, 2016.
10 MR. ADLER: Is there a motion to approve
11 the minutes of the October 20, 2016 board
12 meeting?
13 MR. BROWN: So moved.
14 MR. ADLER: Is there a second?
15 MS. PENNY: Second.
16 MR. ADLER: I just want to make one very
17 minor comment about the minutes which is that
18 it identifies me as representing finance, and
19 in fact, you know, I work -- even though I
20 work in finance, I represent the Mayor on the
21 Board, so the meeting minutes should be
22 amended to reflect that.
23 Is that a friendly amendment, Mr. Brown?
24 MR. BROWN: I think so.
25 MR. ADLER: Any other discussion about

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2 the minutes? Okay. All in favor of the
3 motion as amended, please say aye. Aye.
4 MS. VICKERS: Aye.
5 MS. PENNY: Aye.
6 MR. ORLANDO: Aye.
7 MR. KAZANSKY: Aye.
8 MR. BROWN: Aye.
9 MR. ADLER: All opposed, please say nay.
10 Any abstentions? Okay. Motion carries.
11 MS. BUDZIK: Before we move on to the

12 next item, we just want to make a
13 clarification on the CIM resolution. There
14 were -- these things happen. There was minor
15 changes to the procedures document, and this
16 is not the last version. So we will
17 distribute to all the Board members the final
18 version of the CIM procedures. They are not
19 materially different. They just, you know,
20 clarify a few points and time frames that the
21 Comptroller, you know, is able to -- is
22 comfortable it can meet.

23 MS. VICKERS: Thank you, Valerie.

24 MR. ADLER: Can we just do this? Can
25 you distribute them to the Board members and
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2 also insert the actual CIM procedures into the
3 minutes, the accurate version?

4 MS. BUDZIK: Yes. We will do that.

5 MR. ADLER: So that we have a record of
6 it.

7 MS. BUDZIK: Is anybody interested in
8 the changes? We can describe them. They are
9 not that --

10 MR. ADLER: Does anybody want them
11 described?

12 MR. KAZANSKY: No.

13 MR. ADLER: Okay. All right. Keep
14 moving the calendar.

15 MS. REILLY: Okay. So we have pages 1
16 through 14, inclusive, which is the monthly
17 periodic payroll of TDA excess loan payments.
18 Page 15, payroll summary, accounts payable,
19 new retirees, and TDA accounts. Pages 16
20 through 40, inclusive, are the transfer of
21 active TDA deferrals to annuity. Pages 41
22 through 99, inclusive, are fractional
23 payments. Pages 100 through 110, inclusive,
24 are uncollected checks from deceased members.
25 Pages 111 through 123, inclusive, are
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2 beneficiaries continuing option payments.
3 Pages 124 through 137, inclusive, is
4 conversions to pop-up payments. Pages 138
5 through 204, inclusive, are the beneficiaries
6 who receive one-time payments from their QPP
7 and TDA accounts. Page 205 through 207 is the
8 return net accumulated salary deductions.
9 Page 208, inclusive, are the transfer of funds
10 between banks. Page 209 through 213 is the
11 purchase and sales of securities transacted
12 from the Passport Fund Program. Page 214
13 through 216, inclusive, is the successive

14 installment payments. Pages 217 through 230
15 are outstanding checks. Pages 231 through
16 713, inclusive, is the revisions, including
17 those under class coverage. Pages 714 through
18 715 is layoff without pay. Pages 716 through
19 718 is the payments for service payment. Page
20 719 is denied accident disability benefits.
21 Page 720 is denied ordinary disability
22 benefits. Page 721 is the minimum
23 accumulations. Page 722 is the extension of
24 life insurance plan. Page 723 is new service
25 retirement payment. And that concludes the

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2 calendar.

3 MR. ADLER: Okay. Is there a motion to
4 adopt the calendar?

5 MR. BROWN: So moved.

6 MR. ADLER: Is there a second?

7 MS. PENNY: Second.

8 MR. ADLER: Okay. Any discussion? All
9 in favor of the motion to adopt the calendar,
10 please say aye. Aye.

11 MS. PENNY: Aye.

12 MR. ORLANDO: Aye.

13 MR. KAZANSKY: Aye.

14 MR. BROWN: Aye.

15 MR. ADLER: All opposed, please say nay.
16 Any abstentions? Okay. Motion carries.

17 MS. REILLY: The next item is other
18 business before the Board.

19 MR. ADLER: Any other business before
20 the Board today?

21 MR. KAZANSKY: I would just like to make
22 one comment, and that is on behalf of the
23 members of the United Federation of Teachers.
24 Since Thanksgiving is coming up, we would like
25 to bring to all the people in this room and

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2 the staff of Teachers' Retirement System warm
3 wishes for a happy Thanksgiving and to thank
4 all of you for all the work you do for our
5 members securing their retirement.

6 MS. REILLY: Thank you. I appreciate
7 that. You too.

8 MR. ADLER: I would also just like to
9 make one other comment which is I believe this
10 will be the last board meeting that Amy
11 Okereke attends on behalf of the Law
12 Department, and I would just like to thank her
13 on behalf of the Board for all the work that
14 she has done as counsel to the fund.

15 MS. OKEREKE: Unfortunately, I was only

16 with you all for a short period of time, but
17 it has been a pleasure working on these
18 interesting and important teachers' issues.
19 Thank you all.

20 MS. VICKERS: Good luck.

21 MR. ADLER: Okay. Any other business?

22 All right. Any questions or comments from the
23 public? None today. Okay. I believe that
24 concludes our public session agenda for now.

25 So I think a motion would be in order to move

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2 into executive session.

3 MS. PENNY: I move pursuant to Public
4 Officers Law, Section 105, to go into
5 executive session to discuss specific
6 investment and contract matters.

7 MR. ADLER: Is there a second?

8 MS. VICKERS: Second.

9 MR. ADLER: Okay. Motion made and
10 seconded. Any discussion? All in favor of
11 the motion to move into executive session,
12 please say aye. Aye.

13 MS. VICKERS: Aye.

14 MS. PENNY: Aye.

15 MR. ORLANDO: Aye.

16 MR. KAZANSKY: Aye.

17 MR. BROWN: Aye.

18 MR. ADLER: All opposed, please say nay.
19 Any abstentions? Okay. We are now going to
20 executive session. Just wait a moment.

21 Okay. Back in public session. Ron,
22 will you please make a report out of executive
23 session?

24 MR. SWINGLE: Yes. Okay. The hiring of
25 a climate change consultant was presented and

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2 discussed. Consensus was reached. Consensus
3 was reached to effectuate a transfer and
4 rebalance of assets presented by the Actuary,
5 and consensus was reached to update a list of
6 investable countries.

7 MR. ADLER: Valerie, did you want to
8 comment on that?

9 MS. BUDZIK: For purposes of a specific
10 investment.

11 MR. ADLER: Okay. Any other matters for
12 the agenda? Okay. Then I think a motion to
13 adjourn would be in order.

14 MR. ORLANDO: So moved.

15 MR. ADLER: Is there a second?

16 MS. VICKERS: Second.

17 MR. ADLER: Any discussion? All in

18 favor of the motion to adjourn, please say
19 aye. Aye.
20 MS. VICKERS: Aye.
21 MS. PENNY: Aye.
22 MR. ORLANDO: Aye.
23 MR. KAZANSKY: Aye.
24 MR. BROWN: Aye.
25 MR. ADLER: All opposed, please say nay.

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3 Any abstentions? Okay. Motion carries. The
3 meeting is adjourned.
4 (Time noted: 4:00 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 2nd day of December,
15 2016.
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YAFFA KAPLAN

CIM PROCEDURES

1. The Comptroller will distribute the CIM TRS Board package (e.g., performance reports, investment recommendations and memos) and a detailed CIM agenda at least 2 weeks in advance. The agenda will include a summary sheet of all action items for the breakout/caucus session, including the names of managers recommended for hire or termination, recommended commitment amounts, and, when possible, assets to be moved.
2. The Comptroller will distribute all meeting handouts and slides with the Board Package, if possible, but at least 1 week before the CIM meeting.
3. The Comptroller will provide electronic copies of a prospective manager's presentation material 1 week in advance, when available. If electronic copies are not available prior to the meeting, the Comptroller will provide the electronic copies within one week of the CIM.
4. The Comptroller will provide CIM minutes, including minutes from the common meeting and the breakout session, within 2 weeks of the CIM.
5. The Comptroller will copy designated TRS staff on all official Board communications from the Comptroller's Office to TRS Trustees.
6. All material required by these CIM procedures shall be provided to Trustees, designated TRS staff and consultants. Access to meeting material may be by portal, developed and hosted by the Comptroller's Office. The Comptroller will promptly notify Trustees, TRS staff and consultants when material is posted to the portal.
7. To facilitate discussion on action items and other matters, the breakout/caucus session will occur after the common meeting and any breaks.
8. These procedures are in addition to and supplement the provisions of the CIM Authorizing Resolutions.