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2 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
3 REGULAR BOARD MEETING  
4 -----

5  
6 DATE: Thursday, December 16, 2021  
7

8  
9 TIME: 3:33 p.m. - 4:18 p.m.

10  
11 HELD: Via Zoom Videoconference

12  
13 REPORTER: Tara M. Drake, RPR  
14 Job No. J7321152

15 ATTENDEES:

16 Debra Penny, Chairperson  
17 Patricia Reilly, Executive Director, TRS  
18 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 Cynthia Collins, Trustee, Mayor's Office  
24 John Dorsa, Trustee, Comptroller's Office  
25 Susannah Vickers, Trustee, Comptroller's Office

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1 Natalie Green Giles, Trustee  
2 Robert Bethelmy, TRS  
3 Andrew Bradford, TRS  
4 Valerie Budzik, TRS  
5 Kate Chen, TRS  
6 Carmela Crivell, TRS  
7 Isaac Glovinsky, TRS  
8 Annette Hanrahan, TRS  
9 Kavita Kanwar, TRS  
10 Natarajan Krishnamoorthy, TRS  
11 Matt Laskowski, TRS  
12 Tony Mezzacappa, TRS  
13 Paul Raucci, TRS  
14 Liz Sanchez, TRS  
15 Susan Stang, TRS  
16 Sherry Chan, Actuary  
17 Mike Samet, Actuary  
18 Keith Snow, Actuary  
19 Marta Ross, Law Department  
20 Edwina Easton, MJ Hudson Amaces  
21 Larry Gokhman, MJ Hudson Amaces  
22 Mitchell Fruchter  
23  
24  
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1 12/16/2021 Proceedings  
2 MS. REILLY: Good afternoon. Welcome  
3 to the Teachers' Retirement Board Meeting for  
4 December 16th, 2021, and I'm going to start by  
5 calling the roll.  
6 John Adler?  
7 MR. ADLER: I am here.  
8 MS. REILLY: Thomas Brown?  
9 MR. BROWN: I'm here, Patricia.  
10 MS. REILLY: Natalie Green Giles?  
11 MS. GREEN GILES: Good afternoon. I'm  
12 here in my box.  
13 MS. REILLY: David Kazansky?  
14 MR. KAZANSKY: Present.  
15 MS. REILLY: Russell Buckley?  
16 MR. BUCKLEY: Good afternoon. I'm  
17 here.  
18 MS. REILLY: Debra Penny?  
19 MS. PENNY: Here.  
20 MS. REILLY: Susannah Vickers?  
21 MS. VICKERS: Here.  
22 MS. REILLY: We have a quorum.  
23 So next on the agenda is an update for  
24 TRS operations, and Kavita Kanwar is going to  
25 give us that update.

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2 MR. KANWAR: Hi. Good afternoon.  
3 TRS has completed the latest member  
4 newsletters in service news and the benefits  
5 report. Members will receive their newsletter  
6 in the mail later this month.  
7 On January 1st, a new plan year goes  
8 into effect for Tier 6 members, which means  
9 that pension contribution rate may change.  
10 TRS is currently reviewing updated salary and  
11 wage information for all our Tier 6 members in  
12 preparation for a new rate starting in  
13 January. Thank you.  
14 MS. REILLY: Oh, thank you very much,  
15 Kavita.  
16 MR. KANWAR: Uh-huh.  
17 MS. REILLY: So next on the agenda is a  
18 report from the actuary on the Annual  
19 Comprehensive Financial Report.  
20 MS. CHAN: Thank you, Patricia.  
21 The attachment for the Annual  
22 Comprehensive Financial Report was included in  
23 the packet for the board. This is the -- it  
24 is not a new report. It is for this year, but  
25 it's not a new report from scratch. It is a

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2 renaming of a previous report known as the  
3 Comprehensive Annual Financial Statements.  
4 It's a report that has financial information,  
5 investment section, statistical section, as  
6 well as an actuarial section.

7 My office is in charge of producing the  
8 actuarial section that includes the actuarial  
9 assumptions, some of the liabilities, the  
10 contribution history, as well as some other  
11 things. So it is part of a larger report for  
12 the comptroller that he puts out at the end of  
13 the calendar year. And I'm not sure if TRS  
14 has it compiled, but once it is, it would be  
15 available other places, but also on our  
16 website.

17 I'm happy to answer any questions or  
18 turn it back over to you, Patricia.

19 MS. REILLY: Any questions?

20 All right. Thank you, Sherry.

21 Next on the agenda is the Executive  
22 Director's Report, and the first item on the  
23 report is the next meeting. And it has been  
24 suggested that the next -- next regular  
25 meeting of the Teachers' Retirement Board be

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2 held on the third Thursday of the month,  
3 January 28th, 2022.

4 Next item on the agenda is the  
5 resolution to acknowledge Michael Samet as the  
6 First Deputy Chief Actuary.

7 MR. KAZANSKY: Please skip to the  
8 resolve.

9 MS. REILLY: Resolve, that the Board of  
10 Trustees hereby recognizes the designation  
11 Michael -- designation, Michael Samet, as  
12 First Deputy Chief Actuary, and concurs that  
13 upon the vacancy in the position of chief  
14 actuary, Mr. Samet will perform the duties of  
15 the chief actuary on an interim basis.

16 MS. PENNY: Thank you, Patricia.

17 Do I hear a motion?

18 MR. BROWN: Todd Brown, so moved.

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

20 Do I hear a second?

21 MS. VICKERS: Susannah Vickers, second.

22 MS. PENNY: Thank you, Ms. Vickers.

23 Any discussion?

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

25 THE TRUSTEES: Aye.

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2 MS. PENNY: Any opposed?

3 Any abstentions?

4           Okay. And hello to Mike Samet, who's  
5 up there. Okay.  
6           MS. REILLY: All right. Next item on  
7 the agenda -- Executive Director's Report is  
8 the authorization to the comptroller of the  
9 City of New York to invest certain TPP funds.  
10          MR. KAZANSKY: Please waive the reading  
11 of the resolution.  
12          MS. PENNY: Okay. Do I hear a motion  
13 to accept the resolution?  
14          MR. KAZANSKY: David Kazansky, so  
15 moved.  
16          MS. PENNY: Thank you, Mr. Kazansky.  
17 Do I hear a second?  
18          MR. BROWN: Tom Brown for second.  
19          MS. PENNY: Thank you, Mr. Brown.  
20 Any discussion?  
21 All those in favor, please say, "Aye."  
22 THE TRUSTEES: Aye.  
23          MS. PENNY: All right. Any opposed?  
24 Any abstentions?  
25 Motion carries.

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1           12/16/2021 Proceedings  
2           MS. REILLY: The next resolution is  
3 authorization to the comptroller of the City  
4 of New York to invest certain tax deferred  
5 annuity funds.  
6           MR. KAZANSKY: Again, please waive the  
7 reading of the resolution.  
8           MS. PENNY: Okay. Thank you.  
9 Do I hear a motion?  
10          MR. BROWN: Tom Brown, so moved.  
11          MS. PENNY: Thank you, Mr. Brown.  
12 Do I hear a second?  
13          MS. VICKERS: Susannah Vickers, second.  
14          MS. PENNY: Thank you, Ms. Vickers.  
15 Any discussion about the authorization  
16 of the comptroller?  
17 Okay. All those in favor, please say,  
18 "Aye."  
19          THE TRUSTEES: Aye.  
20          MS. PENNY: Any opposed?  
21 Any abstentions?  
22 The motion carries.  
23          MS. REILLY: The next resolution is  
24 standard and service expectations of the  
25 actuary to the system.

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2           MR. KAZANSKY: Please skip to the  
3 resolve.  
4           MS. REILLY: Resolve that the Board of  
5 Trustees adopts the standards and service

6 expectations of the actuary to the system.  
7 MS. PENNY: Okay. Do I hear a motion?  
8 MR. KAZANSKY: David Kazansky, so  
9 moved.  
10 MS. PENNY: Thank you, Mr. Kazansky.  
11 Do I hear a second?  
12 MR. BROWN: Tom Brown, second.  
13 MS. PENNY: Thank you, Mr. Brown.  
14 Any discussion?  
15 MR. ADLER: Yes. I would like to ask  
16 the actuary for -- the actuary's office for  
17 their comments on this proposal.  
18 MS. CHAN: Thanks, John.  
19 There is some concerns with the timing  
20 that we have discussed internally. You know,  
21 I think this is going to affect Mike's  
22 timeline more than it's going to affect mine;  
23 so I'm going to let him speak up and let him  
24 voice his concerns.  
25 MS. PENNY: Okay. So -- so that's not

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2 appropriate at this time.  
3 Are there any questions that -- that a  
4 trustee has regarding this?  
5 MR. ADLER: Yes. I would like to ask  
6 the actuary's office to comment on the  
7 three-month notice requirement that's in the  
8 proposal. Would you, please, comment on that.  
9 MR. SAMET: Sure, I will. It cause --  
10 it does cause a logistical issue that we've  
11 got. Let -- let me give you an example. Let  
12 me walk through it real quick.  
13 MS. PENNY: Okay. Mr. Samet, thank  
14 you. But I'm sorry, that's not appropriate at  
15 this moment.  
16 MR. ADLER: Why is that? Why is that,  
17 Madam Chair?  
18 MS. PENNY: From the trustees at this  
19 time.  
20 MR. ADLER: I'm sorry, Madam Chair?  
21 MS. PENNY: Okay. And we can certainly  
22 go into executive session if there's a  
23 question with it, and maybe we should do that.  
24 We'll finish the -- Valerie, what do you  
25 suggest?

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2 MS. BUDZIK: Maybe that -- that's fine  
3 if you want to have the discussion in  
4 executive session.  
5 MS. PENNY: Okay. Yeah, we can  
6 continue in executive.  
7 MR. ADLER: Well, can I just ask a

8 question? Will we have the actuaries present  
9 in executive session?  
10 MS. PENNY: No, we actually won't.  
11 MR. ADLER: So -- so I have -- I --  
12 MS. PENNY: --  
13 MR. ADLER: But I -- I object to that.  
14 Well, I -- this is a proposal for the  
15 actuaries, and I think the actuaries have  
16 insight into how the proposal may actually  
17 negatively impact the fund's ability to do its  
18 job. So -- public session with the actuary.  
19 MS. PENNY: We'll allow the actuary to  
20 answer the question.  
21 MR. ADLER: Thank you.  
22 MR. SAMET: Okay. So here's where the  
23 issue --  
24 MS. PENNY: We'll allow the actuary to  
25 answer the question at this moment.

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2 I'm sorry, Mike.  
3 MS. CHAN: All right. So the concern  
4 with the three months' timing is that, you  
5 know, they're on -- part of the standards and  
6 expectations is that if there are any changes  
7 to the assumptions and methods that the -- any  
8 cost related to that must be communicated to  
9 the board at least three months before the  
10 contributions are communicated to the board.  
11 That poses a logistical issue with the  
12 time frame because of the way of the timeline  
13 of from when we close out the fiscal year to  
14 when we collect the data to when we run the  
15 employer contributions.  
16 So specifically, when a fiscal year  
17 closes, we don't get the data from the  
18 retirement systems until probably close to the  
19 end of the calendar year. So we're -- we're  
20 talking about November, sometime December time  
21 frame. And we, you know, run our valuations,  
22 and that takes a few months into about  
23 February, and we deliver it to the board in  
24 March.  
25 It's only at that time do we have a

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2 baseline to run these cost analysis for any  
3 assumptions and methods changes that the board  
4 would like to see ahead of time.  
5 And so if we have to wait three months  
6 between that time frame and when we present it  
7 to the board, the -- the contributions to the  
8 board, that just means that the contributions  
9 are going to be delayed until the end of

10 fiscal year.

11 And, you know, if the board is  
12 requesting a three-month, you know, time frame  
13 between when the cost analysis is seen and  
14 when the contributions are presented, I wanted  
15 to emphasize that it's not that we can push up  
16 the assumptions and methods cost analysis any  
17 of -- any sooner and give it to the board any  
18 sooner. It's that we're pushing the  
19 contributions later.

20 And if we're not getting preliminary  
21 contributions to this board until June, you  
22 know, that might pose some issues in terms of  
23 the city's planning for financial purposes for  
24 the following fiscal year, as well as  
25 disclosing the necessary contributions to each

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2 of the employers that contributes into TRS.

3 MS. VICKERS: Sherry, it's Susannah. I  
4 think that the -- the concern is, you know,  
5 finding a way to ensure that trustees have  
6 ample time to review and consider pretty --  
7 what are sometimes pretty big and impactful  
8 suggested changes.

9 And if I understand correctly what --  
10 what you just said, is that, you know, your  
11 assumption -- no pun intended, is that these  
12 changes would need to be in effect for the  
13 upcoming calculations, and that's why there's  
14 a compressed time frame.

15 But I don't see why boards couldn't  
16 have due time to deliberate, and once the  
17 assumptions and methods changes have been  
18 reviewed, there's been ample deliberation and  
19 discussion, and then those -- once they pass  
20 the board, they can just go into effect for  
21 whatever the next calculation is; it doesn't  
22 have to all occur within the same fiscal year.

23 MS. CHAN: Right. And that's -- you  
24 know, that's the alternative that we're  
25 proposing, is that you do see it at the same

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2 time around February or March. And the board  
3 does get, you know, the three months to review  
4 the assumptions and the contributions before  
5 they -- they are adopted, which isn't -- which  
6 isn't different from, you know, past years  
7 where when I am presenting assumption changes,  
8 it does get to the board, you know, early in  
9 the calendar year most of the time. And, you  
10 know, boards have a few months to -- to talk  
11 and discuss and ask me questions and we have

12 time to discuss it.

13 MS. PENNY: Okay. So, Valerie?

14 MS. BUDZIK: Yeah. I guess -- so what  
15 you just indicated, that the board does get  
16 the -- the calculations with the assumptions  
17 and methods and the calculations based on  
18 those assumptions and methods with ample time,  
19 and I think it's -- three months is -- is that  
20 ample time. That -- that's what the -- said,  
21 I think. That's what it was intended to --  
22 that was the expectation it's intended to set,  
23 that when the board -- when the actuary  
24 changes assumptions and methods and  
25 calculations, which that's -- a lot of stuff

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2 out there, that it is complicated; that the  
3 board has sufficient time, that time because  
4 of three months, and I believe that has  
5 generally been the practice of the actuary; so  
6 we actually didn't see this as a challenge.

7 We understood there was a concern with  
8 we can't necessarily give you three months to  
9 review every change in an assumption or method  
10 because those can be late breaking. So  
11 that -- the three-month requirement doesn't  
12 apply to -- to the -- those kinds of, you  
13 know, issues that the actuary deals with. It  
14 is really those -- the calculations that you  
15 give the board and which you have  
16 historically -- your office has historically  
17 provided a few months for the board to review,  
18 I just -- just document that that's the  
19 board's expectation.

20 I mean, you can't jam the board with  
21 a -- a major change in assumptions, methods,  
22 and calculations in June, you know, which can  
23 create problems for, you know, an employer's  
24 budget if they have to close their budget out  
25 by the end of the year. It puts the board in

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2 a bad position.

3 MS. PENNY: Okay. So it's really just  
4 to give a -- give us the three months to go  
5 through it?

6 MS. BUDZIK: Yes.

7 MS. PENNY: All right. Well, fine.

8 MS. BUDZIK: Which, again, is -- we --  
9 we didn't check the -- you know, the EDRs for  
10 every year, but we just -- you -- your  
11 office --

12 MS. PENNY: Historically --

13 MS. BUDZIK: -- does have --



14 MS. PENNY: -- we had the three months?  
15 MS. BUDZIK: --  
16 MS. PENNY: So this is just ensuring  
17 that there's time for the board --  
18 MS. BUDZIK: Yeah.  
19 MS. PENNY: -- to go through it, and  
20 it's similar to what you've done in the past?  
21 MS. BUDZIK: Correct.  
22 MS. PENNY: Okay. Any other questions?  
23 MS. CHAN: Okay. I have a question  
24 for, you know, Mike just because he's going to  
25 be the one who's going to be, you know,

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2 obviously implementing what's stated in this  
3 expectation -- standards and expectations.  
4 So, you know, I know I'm not a board  
5 member, but I would like to note my concerns.  
6 MS. PENNY: I'll stop you because he's  
7 not at the moment the actuary, and so we're  
8 really asking you: Is there a -- we've --  
9 you've always given us three months, and we're  
10 just ensuring that we have those three months.  
11 So we're asking --  
12 MS. CHAN: As long -- go ahead.  
13 MS. PENNY: Yeah. So we're just  
14 putting forward a resolution just to ensure  
15 that the practice that's been in effect  
16 continues to be in effect.  
17 MR. KAZANSKY: Well said.  
18 MS. CHAN: Right. As long as it's  
19 understood -- which is what I'm trying to  
20 emphasize, is that there -- it might be  
21 concurrent. Like, it -- the assumptions and  
22 methods might be delivered to the board in  
23 concurrence with the contributions using those  
24 assumptions and methods.  
25 But the three months is -- even though

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2 it's given to you concurrently in, say, you  
3 know, March time frame, there is time for the  
4 board to review it for three months and ask me  
5 questions or ask the actuary questions during  
6 that time. I -- I just want to emphasize  
7 that, if you understand what I'm saying. That  
8 it's not going to be three months before the  
9 contributions you're going to see the  
10 assumptions and methods, unless you delay the  
11 contributions. You will have three months to  
12 review it, but they're going to be presented  
13 at the same time.  
14 MR. KAZANSKY: All right.  
15 MS. BUDZIK: That's correct, and

16 I would say we adjusted how this paragraph  
17 previously read based on that concern that was  
18 raised by your office.

19 MS. PENNY: Okay. Great.

20 MS. BUDZIK: It is not for assumptions  
21 and methods. It's the calculations.

22 MR. ADLER: So I want to ask a question  
23 about this because there was an instance --  
24 and I believe it occurred in 2015 during  
25 Ms. Chan's year as chief actuary -- where

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2 there was a midyear change in assumptions. It  
3 was the mortality tables. And honestly,  
4 Sherry and I had a big fight over this because  
5 she insisted that the change take place  
6 effective January 1, which increased in the  
7 middle of a budget year, the city's  
8 contributions. I -- I don't remember the  
9 specific amount for TRS, but let's just say it  
10 was roughly \$200 million a year in the middle  
11 of the year that the City had to, you know,  
12 change in the budget.

13 And I asked that it be delayed until  
14 the next fiscal year so that the City had time  
15 to work that into its budget proposal for the  
16 following fiscal year. And as I recall -- and  
17 my memory might not be perfect on this --  
18 Sherry said, well, the ASOP, that's the  
19 actual -- actuarial standards of practice,  
20 about which I know little to nothing, require  
21 that it be done right away.

22 And so I would just like to ask Ms.  
23 Chan to explain whether there might be  
24 instances where there are sort of midcourse  
25 corrections in assumptions and methods where

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2 the three months' notice might not be possible  
3 or practicable.

4 MS. PENNY: So I'm going to give  
5 Mr. Kazansky the opportunity.

6 MR. KAZANSKY: Yeah. I just want to  
7 jump in here.

8 Look, I don't think any of us is trying  
9 to say that should something bizarre and  
10 unique and unusual happen that these are so  
11 set in stone that we can never even consider  
12 it. Right?

13 I think the goal here is to make sure  
14 that everyone understands a timetable that is  
15 fair and reasonable for the majority of  
16 circumstances that we deal with and for some  
17 unforeseen circumstances that we didn't

18 foresee, let's say, a year ago, which led us  
19 to actually create this document to make sure  
20 that everybody involved in this process had  
21 the same expectation, the same timetables, and  
22 same understanding of how things were supposed  
23 to progress.

24 Should there be an exception, as  
25 always, we'll roll with it, but I -- I -- I

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2 don't feel that using, you know, an exception  
3 would be a good reason not to push this --  
4 this document forward.

5 MR. ADLER: Madam Chair.

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

7 All right. Mr. Adler.

8 MR. ADLER: Madam Chair.

9 MS. PENNY: Yes?

10 MR. ADLER: Yeah. Might I just  
11 suggest, then, that the language read  
12 either -- so that the sentence in question  
13 reads: "The board expects the actuary in all  
14 instances to provide the board at least three  
15 months to review any calculation based on  
16 proposed changes to assumptions and methods."  
17 I --

18 MS. PENNY: We don't have it in front  
19 of us.

20 MS. BUDZIK: I -- I have a copy here.  
21 One.

22 MS. PENNY: Well, this is something,  
23 Valerie, you have vetted and you've spoken to  
24 the law department with this -- and this is --

25 MR. ADLER: Can I finish? I'm sorry.

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2 I didn't finish.

3 MS. PENNY: Go ahead, Mr. Adler.

4 MR. ADLER: Thank you.

5 So I would suggest that perhaps that  
6 sentence be adjusted to either say "in" -- "in  
7 most instances," as opposed to "all," or to  
8 say "at least three months whenever  
9 practicable" so that -- that we don't get into  
10 a fight or the board not get into a fight with  
11 the actuary down the road where there are  
12 situations that arise, like Mr. Kazansky just  
13 described, where, you know, then it -- it  
14 results in negative acrimony or what have you.

15 I would just like to suggest that the  
16 language itself reflect that sentiment that  
17 Mr. Kazansky just raised.

18 MS. PENNY: Okay. We're just looking  
19 it over for one second.

20 MR. KAZANSKY: John, I -- I -- I get to  
21 some extent where you're going with that, but  
22 I think we need -- I mean, where I'm looking  
23 at it is, is that the minute we -- I think  
24 wherever practicable or whatever two words  
25 you've use -- right? -- I think it's too

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2 lenient. Right? In my estimation.  
3 MR. ADLER: Too what? Too what? I  
4 couldn't hear your word.  
5 MR. KAZANSKY: It's too -- because then  
6 it could be every single time, could be --  
7 MS. PENNY: Right.  
8 MR. KAZANSKY: -- you know, well, this  
9 time this happened, this time that happened,  
10 this time this happened --  
11 MS. PENNY: Yeah, I think.  
12 MR. KAZANSKY: -- you know. So I -- I  
13 think that -- that we need to -- we need to  
14 make sure that it's -- it's clear that should  
15 there be an unexpected incident -- right? --  
16 that that would require discussion or  
17 something to that effect, rather than just  
18 watering down the entirety.  
19 MR. ADLER: That's fine. I mean, I  
20 don't object to adding language along those  
21 lines. The reality is that the rest of the  
22 board received this document after 5 o'clock  
23 on Tuesday night. I -- I -- I get the sense  
24 that some of the trustees have seen it  
25 beforehand. But -- so I'm sorry?

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2 MS. REILLY: You received it when we  
3 originally -- when we did the original --  
4 MS. BUDZIK: We did --  
5 MS. REILLY: We asked for comments.  
6 MS. BUDZIK: We did distribute this for  
7 comments, which I didn't -- we didn't receive  
8 any comments from trustees. I would note that  
9 the -- that three months was in the draft, but  
10 it applied to the assumptions and methods.  
11 In discussions with the actuary's  
12 office, they said we can't give you three  
13 months' notice on assumptions and methods;  
14 it's just not workable for us. So that we  
15 changed to "as soon as practicable."  
16 However --  
17 MR. ADLER: Where does it say that?  
18 MS. BUDZIK: -- but, you know, the  
19 ultimate work product, which is the  
20 calculations, that we say the board needs at  
21 least the -- the three months to review that

22 very complex document.  
23 As David said, I mean, there's the  
24 assumption -- the idea with these expectations  
25 is if something unexpected comes up, first of  
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2 all, the -- the actuary would know I need to  
3 speak to the board. And the board, you  
4 know --  
5 MR. ADLER: And then I think --  
6 MS. BUDZIK: -- what we do --  
7 MS. PENNY: So this is the resolution  
8 we have before us. Everyone has had a chance  
9 to weigh in on it and change it if necessary.  
10 So we'll vote on the resolution as written,  
11 and everyone will make a decision. Okay?  
12 So all those in favor of passing the  
13 resolution, please say, "Aye."  
14 THE TRUSTEES: Aye.  
15 MS. PENNY: All those opposed?  
16 Any abstentions?  
17 MR. ADLER: I abstain.  
18 MR. BUCKLEY: I would like to abstain  
19 as well. Thank you.  
20 MS. PENNY: Okay.  
21 MS. GREEN GILES: I'm going to abstain  
22 as well.  
23 MS. PENNY: All right. We have three  
24 abstentions, and the motion carries. Thank  
25 you.

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2 MS. REILLY: The next item on the  
3 agenda is attendance of the conference.  
4 Resolved that the trustees of the Teachers'  
5 Retirement Board hereby approve the attendance  
6 of resolution of the executive director and/or  
7 her designees and any interested trustee at  
8 the council of institutional investors, spring  
9 2022 conference from May 7th to May 9th -- oh,  
10 excuse me. March 7th through the 9th 2022.  
11 MS. PENNY: Thank you.  
12 Do I hear a motion?  
13 MR. BROWN: Tom Brown, so moved.  
14 MS. PENNY: Thank you, Mr. Brown.  
15 Do I hear a second?  
16 MR. KAZANSKY: David Kazansky, second.  
17 MS. PENNY: Thank you. Any discussion?  
18 All those in favor, please say, "Aye."  
19 THE TRUSTEES: Aye.  
20 MS. PENNY: Oh, okay. Motion carries.  
21 MS. REILLY: Next item is the calendar.  
22 And the first item on the calendar is the  
23 matter of the equivalent of the minutes for

24 the November 4th, 2021, investment meeting  
25 minutes; November 18th, 2021, board meeting  
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2 minutes.

3 MS. PENNY: Do I hear a motion to  
4 approve the minutes?

5 MS. VICKERS: Yes, so moved.

6 MS. PENNY: Thank you, Ms. Vickers.

7 Do I hear a second?

8 MR. BROWN: Tom Brown, second.

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

10 Any discussion?

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

12 THE TRUSTEES: Aye.

13 MS. PENNY: Any opposed?

14 Any abstentions?

15 Okay. The minutes are approved.

16 MS. REILLY: Okay. And the next item

17 are -- on the calendar are the actual items.

18 You all received the electronic version of the  
19 calendar.

20 MR. KAZANSKY: Please waive the reading  
21 of the calendar.

22 MS. REILLY: Thank you.

23 MS. PENNY: Do I hear a motion to  
24 approve the calendar?

25 MR. KAZANSKY: David Kazansky, so

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2 moved.

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

4 Do I hear a second?

5 MR. BROWN: Tom Brown, second.

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

7 Any discussion about the calendar?

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

9 THE TRUSTEES: Aye.

10 MS. PENNY: Any opposed?

11 Any abstentions?

12 Calendar passes.

13 MS. REILLY: Thank you. So the first  
14 item under "other business," I'm adding is --  
15 you know, for us to have a moment of silence  
16 for Sam Rumley, who we lost this past week.

17 I just wanted to say for myself it was  
18 always a privilege and an honor to work with  
19 Sam. He was a true gentleman, a true  
20 professional. And he was always ready,  
21 willing, and able to work with the system to  
22 help us and to ensure that our certifications  
23 got done in a timely manner and worked with us  
24 on -- on a varied number of projects.

25 I started to work with Sam when we were

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2 developing our prior computer system. I mean,  
3 he and one of your staff members back then  
4 named Helen Phinney provided so much of their  
5 knowledge so that we could -- we could  
6 actually get all of the rules and -- and  
7 actuarial formula into our system.

8 So it is with great sadness that we  
9 learned about his passing. So I would like to  
10 have a moment of silence for Sam.

11 (Moment of silence.)

12 MS. REILLY: Thank you.

13 Next, we're going to have a  
14 presentation from Amicus [sic] -- an Amicus  
15 presentation, excuse me. We here at Teachers'  
16 Retirement System contacted with Amicus to  
17 come and to take a look at our investment  
18 accounting processes and make recommendations  
19 for streamlining and -- streamlining them, and  
20 any other recommendations they had after  
21 reviewing the processes that we use in order  
22 to come up with the unit value and all of the  
23 other processes that are our investment  
24 accounting does.

25 So I'm going to turn it to over to

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2 Amicus. I'm sorry.

3 MR. MCTIGUE: Edwina.

4 MS. REILLY: Edwina. I'm sorry.

5 Edwina from Amicus, and she's going to go  
6 through what, you know -- a presentation on  
7 what they found and what recommendations they  
8 made.

9 MS. EASTON: Sure, happy to do that.

10 Hello, everyone. Thanks for your time.  
11 I'm Edwina Easton from Amaces, and I'm here  
12 with my colleague, Larry Gokhman, from Amaces.  
13 So the two of us make up the team, and we did  
14 the majority of the review.

15 So we were brought on board -- and I  
16 don't know how long I have; so I'll try to  
17 stick within just a couple minutes, and then  
18 feel free to ask me questions or not depending  
19 on your policies and procedures.

20 But in terms of the overall project, it  
21 was to take a look at the operations and the  
22 accounting policies and procedures and  
23 operations as it relates to the unit value  
24 calculation processes internally at TRS.

25 In addition to that, it was also to

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2 take a look at, you know, the overall  
3 custodian relationship that you have with JP  
4 Morgan and some of the policies and procedures  
5 as it relates to, you know, your interactions  
6 with State Street, as information comes in  
7 from the broader plan.

8 So when we were taking a look at this,  
9 we were really focused on -- on people,  
10 processes, technologies, systems, and  
11 controls.

12 One of the things that we've walked  
13 away with is really securing and -- and doing  
14 a deep dive review of the policies and  
15 procedures and updating those throughout for  
16 the various, you know, steps along the way in  
17 that process.

18 In addition to that, we looked at some  
19 overall governance around the relationships  
20 with your custodians and internally at TRS.  
21 And we took a look at, you know, the -- the  
22 overall team and the structure of the team  
23 and -- and how that was set up and designed,  
24 and then, really, the system supporting all of  
25 that flow and activity.

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2 So any questions so far?

3 Okay. So from a -- from a -- really  
4 just from a next steps -- you know, what --  
5 what do you do next with this information, is  
6 a couple of things that we've proposed: One  
7 is from a pure of governance perspective;  
8 right? So we like to make sure that our  
9 pension plans and public plans, private plans,  
10 foundations, endowments, whatever, in terms of  
11 that utilize a custodian put some governance  
12 frameworks in place.

13 So taking a look at several  
14 service-level standards and how do you monitor  
15 that, how do you understand what's happening  
16 with your service provider relative to your  
17 contract that's in place. So, really, just  
18 overall governance of the relationship and  
19 monitoring the services that they're  
20 performing for you and on your behalf. That  
21 goes from both an operational aspect, as well  
22 as a commercial element. So think anything  
23 around fees, foreign exchange spreads, you  
24 know, if there are splits from a securities  
25 lending arrangement, cash, overdraft, interest

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2 rates, et cetera, as it relates to the plan.

3 So that was one of our recommendations



4 that could really theoretically be put in  
5 place for both of the custodian relationships.

6 The other thing that -- any questions?

7 Okay. The other thing that we  
8 suggested is kind of a two-part. You know, if  
9 you look at the sort of -- I'm going to call  
10 it short-term and long-term solutions that  
11 might be put in place from an operational  
12 perspective within TRS is around accounting  
13 and unitization and the process flows.

14 So there are some short-term solutions  
15 that could be put in place, as you look at the  
16 data, the data that comes into TRS. Then, you  
17 know, more of a longer term strategic view  
18 might be to take a look at the market in  
19 general. Right?

20 So the custodians and accounting  
21 providers have come a long way in the last  
22 several years. So there might be some  
23 opportunity, both from a fee perspective and  
24 operational flow standpoint, client service,  
25 delivery, et cetera, where you might benefit

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2 from a market analysis and review of both your  
3 custodian and accounting functions as it  
4 relates to those processes.

5 And then the other -- the other  
6 components to this that we suggested to take a  
7 look at are just generally your fees. So one  
8 of the fee components that we took a look at  
9 for you was very -- was very focused on the  
10 accounting fees. We think there might be some  
11 benefit as you look at the total commercial  
12 relationship with your provider that you have  
13 in place today.

14 And then I think generally from a  
15 people perspective -- that was one of the  
16 other items that we touched on; so I want to  
17 make sure we hit on that too. You know, just  
18 making sure that from a -- a total people  
19 perspective, that there's a cross training  
20 that's happening internally at TRS and then  
21 those folks have the ability to help  
22 streamline as maybe you look at some of these  
23 sort of short-term and long-term solutions  
24 that we've proposed from an accounting on an  
25 overall market perspective.

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2 The final thing that we proposed or one  
3 of the actions we thought would be helpful is  
4 as you look at not only your operations but  
5 the market, take a look at those contractual

6 relationships with your banks today.  
7 Primarily, we focused on JP Morgan, but  
8 embedded in those contracts, you want to make  
9 sure that, again, from a commercial and an  
10 operational risk perspective that you're  
11 protected.

12 Is there any questions? Do you want me  
13 to go into deep dive into anything that -- I  
14 noticed everyone was keeping it high level;  
15 so...

16 MR. MCTIGUE: Edwina, I just want to  
17 thank you for the work you did. I know you  
18 found our team very cooperative, and we do  
19 appreciate that. And I would say that we've  
20 already kind of delved into some of the  
21 issues, like the unitization and looking at  
22 those functions that are manual and trying to  
23 take advantage of technology to update those;  
24 so -- and start the work already, and, you  
25 know, appreciate your efforts and -- and your

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2 ability to take phone calls even after the  
3 report was done.  
4 MS. EASTON: You're fine. Thank you.  
5 MS. PENNY: Okay. Questions and  
6 comments?  
7 MS. REILLY: Any questions or comments  
8 from the public?  
9 MS. PENNY: Okay. Hearing none, do I  
10 hear a motion to go into executive session?  
11 MS. VICKERS: So moved.  
12 MS. PENNY: Thank you, Ms. Vickers.  
13 Do I hear a second?  
14 MR. KAZANSKY: Second.  
15 MS. PENNY: Thank you, Mr. Kazansky.  
16 All those in favor of going into  
17 executive session, please say, "Aye."  
18 THE TRUSTEES: Aye.  
19 MS. PENNY: Thank you.  
20 All those opposed?  
21 Okay. We are going into executive  
22 session.

23 (Off the record at 4:08 p.m.)

24 (On the record at 4:15 p.m.)

25 MS. STANG: In executive session, we

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2 passed a resolution about certain investments.  
3 MS. PENNY: Thank you, Susan.  
4 And -- and I will say it again: So  
5 this is the last board meeting of the present  
6 leadership. And we thank everyone. We say a  
7 fond goodbye to John Adler, Susannah Vickers,

8 Russell Buckley, and Natalie Green Giles.  
9 Unsure if they'll come back. We certainly  
10 hope we will see them again. We thank them.  
11 We don't always -- we didn't always agree. We  
12 didn't always see eye to eye, but we  
13 definitely had our members' best interests at  
14 heart, and we did what we felt we should do.  
15 And so we thank you, and we wish all of you a  
16 happy and a healthy new year, and I certainly  
17 hope that our paths cross again.  
18 Anyone else want anything --  
19 MR. KAZANSKY: Feel free to stop by in  
20 public session any time you want.  
21 MS. STANG: We need the viewership.  
22 MR. KAZANSKY: Then our ratings will go  
23 up.  
24 MR. ADLER: Thank you. It was a  
25 pleasure serving with you all and serving the  
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2 members of the Teachers' Retirement System.  
3 It's really been an honor.  
4 MR. KAZANSKY: Thank you, John.  
5 MS. PENNY: Thank you.  
6 MS. VICKERS: I -- I will echo what --  
7 what John said. It has been great working  
8 with all of you, and I -- you know, and the  
9 staff of TRS deserves a lot of credit. You  
10 guys do an amazing job for your members every  
11 day, and it was -- it was great to -- to work  
12 with you officers.  
13 MS. PENNY: Okay. Mr. Buckley, we  
14 might have the pleasure of continuing to work  
15 with you. We're unsure at this moment. But  
16 we certainly hope.  
17 MR. BUCKLEY: If not, it's been a  
18 pleasure serving with the six of you, and I  
19 wish you all the very best in your future  
20 endeavors whether they lie with Teachers'  
21 Retirement System or elsewhere.  
22 MS. PENNY: Thank you.  
23 All right, everyone. Have a wonderful  
24 vacation.  
25  
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2 MR. BROWN: Happy holidays, everybody.  
3 MS. PENNY: Have a happy holiday and a  
4 wonderful new year. Thank you.  
5 MR. KAZANSKY: Motion to adjourn.  
6 MS. PENNY: Do I hear a motion to  
7 adjourn?  
8 MR. KAZANSKY: So moved.  
9 MS. PENNY: Second?

10 MS. VICKERS: Second.  
11 MS. PENNY: Any discussion?  
12 All those in favor, please say, "Aye."  
13 THE TRUSTEES: Aye.  
14 MS. PENNY: Opposed?  
15 We stand adjourned. Thank you,  
16 everyone. Have a good one.  
17 (End time: 4:18 p.m.)  
18  
19  
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1 REPORTER'S CERTIFICATE  
2

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

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

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

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

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

19 Dated: January 3, 2021  
20  
21

22  
23 \_\_\_\_\_  
24 Tara M. Drake, RPR  
25