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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
BOARD MEETING

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

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10 ATTENDEES:

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

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22 REPORTED BY:

23 YAFFA KAPLAN
24 JOB NO. 2467346

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ATTENDEES (Continued):

3 KAVITA KANWAR, Teachers' Retirement System
4 LIZ SANCHEZ, Teachers' Retirement System
5 ANNETTE HANHARAN, Teachers' Retirement System
6 ANTHONY MEZZACAPPA, Teachers' Retirement System
7 ROBERT BETHELMI, Teachers' Retirement System
8 PAUL RAUCCI, Teachers' Retirement System
9 RENEE PEARCE, Teachers' Retirement System
10 MARTA ROSS, ESQ., Law Department
11 SHERRY CHAN, Office of the Actuary
12 ANDREW BRADFORD, Teachers' Retirement System
13 MELVYN AARONSON, Teachers' Retirement System
14 MITCHELL FRUCHTER, Teachers' Retirement System
15 NATARAJAN KRISHNAMOORTHY, Teachers' Retirement
16 System
17 HOPE GOLDSTEIN, Marks Paneth
18 RYAN ZULLO, Marks Paneth

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MR. ADLER: Good afternoon, everybody.
Welcome to the last Teachers' Retirement
System board meeting for 2018. December 20,
2018 to be precise.
Patricia, will you please call the roll?
MS. REILLY: John Adler?
MR. ADLER: I am here.
MS. REILLY: Thomas Brown?
MR. BROWN: Here.
MS. REILLY: David Kazansky?
MR. KAZANSKY: Present.
MS. REILLY: Lindsey Oates? Debra
Penny?
MS. PENNY: Here.
MS. REILLY: John Dorsa?
MS. VICKERS: I know I look like him.
MS. REILLY: Susannah Vickers?
MS. VICKERS: Here.
MR. ADLER: Great.
MS. REILLY: We have a quorum.
MR. ADLER: Thank you.
MS. REILLY: Okay. So the first item on
the agenda is an update on TRS operations,
which Kavita Kanwar is going to give to us.

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MS. KANWAR: 1099 forms for tax year
2018 will be mailed in January. TRS has been
working with FISA to complete the generation
of the 1099 forms for nonperiodic
distributions such as withdrawals and refunds.
FISA will also generate 1099s on behalf of TRS
for approximately 91,900 retirees and
continuing beneficiaries who receive monthly
payments. As part of this effort, TRS will
also send an informational brochure to just
about 3,580 new retirees who are receiving a
1099 form for the first time.
TRS is completing the processing of
required minimum distributions or RMDs for tax
year 2018. RMDs are paid to certain retirees
who are maintaining their TDA accounts but
have reached age 70 and a half. About 15,700
retirees will receive their distribution in
December of this year. About two-thirds of
these are members who did not make a specific
choice about how to receive the distribution
but are required to receive a payment by year
end. About 460 beneficiaries who participate
in our TDA B program will also receive RMDs

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2 this month.

3 On January 1, 2019, a new plan year goes
4 into effect for Tier VI members, which means
5 that pension contribution rate may change.
6 Based on the rules governing Tier VI, TRS has
7 reviewed and updated salary and wage
8 information for almost all Tier VI members,
9 and approximately 15,300 members will have a
10 new rate starting in January.

11 Earlier in December, TRS conducted an
12 e-mail campaign to members about our TDA
13 program. 120,000 members received messages
14 encouraging participation and mentioning the
15 new contribution limit for 2019. Over 3,000
16 of those contacted have enrolled or elected a
17 new contribution rate after receiving our
18 e-mails. That means the total number of
19 members contributing to TDA as of January will
20 be nearly 91,000, which we believe to be an
21 all-time high. Thank you.

22 MS. REILLY: Thanks, Kavita.

23 MR. BROWN: Can we have it
24 electronically? Thank you.

25 MS. REILLY: Next on the agenda is the

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2 executive director's report. And the first
3 item on that report is a matter of the next
4 meeting, and it's been suggested that the next
5 regular meeting of the Teachers' Retirement
6 Board be held on the fourth Thursday of the
7 month, January 24, 2019.

8 And the second item on the executive
9 director's report is the authorization to the
10 Comptroller of the City of New York to invest
11 certain QPP funds.

12 MR. KAZANSKY: Please waive the reading.

13 MR. ADLER: Okay. So we have the every
14 three-month authorization to the Comptroller
15 of the City to invest certain QPP funds. Is
16 there a motion to adopt this resolution?

17 MR. BROWN: So moved.

18 MR. ADLER: Thank you, Mr. Brown. Is
19 there a second?

20 MS. PENNY: Second.

21 MR. ADLER: Thank you, Ms. Penny. Any
22 discussion?

23 All in favor of the motion to authorize
24 the Comptroller to invest certain QPP funds,
25 please say aye. Aye.

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MS. VICKERS: Aye.
MR. BROWN: Aye.
MR. KAZANSKY: Aye.
MS. PENNY: Aye.
MR. ADLER: I believe it's unanimous.

Motion carries.

MS. REILLY: Okay. Next is the authorization to the Comptroller of the City of New York to invest certain tax-deferred annuity funds.

MR. KAZANSKY: Again, please waive the reading.

MR. ADLER: So is there a motion to approve the every three-month authorization to the Comptroller to invest certain tax-deferred annuity funds?

MS. PENNY: So moved.

MR. ADLER: Thank you, Ms. Penny. Is there a second?

MR. BROWN: Second.

MR. ADLER: Thank you, Mr. Brown. Any discussion?

All in favor of the motion to authorize the Comptroller to invest certain tax-deferred

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annuity funds, please say aye. Aye.

MS. VICKERS: Aye.
MR. BROWN: Aye.
MR. KAZANSKY: Aye.
MS. PENNY: Aye.

MR. ADLER: All opposed, please say nay. Any abstentions? This one is also unanimous.

MS. REILLY: Next is the ratification for the resolution adopted by voice vote for managerial increases and District Council 37 union increases for TRS employees.

MR. KAZANSKY: Please skip to the resolved.

MS. REILLY: Resolved, that the Trustees of the Teachers' Retirement Board hereby approve a modification of the Fiscal Year 2019 Budget by increasing such budget in the amount of 1,950,000 dollars to provide for pay increases for all eligible staff, including the agency head, in accordance with the Mayor's Personnel Orders 2018/2 and 2018/3, as well as all eligible staff under the DC37 collective bargaining agreement.

MR. ADLER: Great. Is there a motion to

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approve this budget modification to provide
for pay increases?

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MS. VICKERS: So moved.

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MR. ADLER: Thank you, Ms. Vickers. Is
there a second?

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MR. KAZANSKY: Second.

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MR. ADLER: Thank you, Mr. Kazansky.
Any discussion? Let's just note that budget
approvals and budget modifications require the
approval of the Comptroller or the Mayor, so
with the Comptroller making the motion that
condition has been satisfied. Therefore, all
in favor of the motion, please say aye. Aye.

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MS. VICKERS: Aye.

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MR. BROWN: Aye.

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MR. KAZANSKY: Aye.

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MS. PENNY: Aye.

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MR. ADLER: All opposed? Any
abstentions? Motion carries unanimously.

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MS. REILLY: Next is the ratification:
Resolution adopted by Finance Committee:
Extension of participation in the Common
Investment Meeting.

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MR. KAZANSKY: Please skip to the

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resolved.

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MS. REILLY: Resolved, the Teachers'
Retirement Board extends for a one-year period
its participation in the Common Investment
Meeting, as described and subject to the
conditions of the Board's 2015 and 2016 CIM
resolutions; and be it further resolved,
nothing in this resolution shall abrogate any
rights or waive any responsibilities reserved
to the Board of Trustees under applicable law.

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MR. ADLER: Is there a motion to approve
the resolution extending TRS's participation
in the CIM?

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MR. BROWN: So moved.

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

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MS. PENNY: Second.

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MR. ADLER: Thank you, Ms. Penny. Any
discussion? All in favor of the resolution
extending our participation in the CIM, please
say aye. Aye.

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MS. VICKERS: Aye.

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MR. BROWN: Aye.

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MR. KAZANSKY: Aye.

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2 MS. PENNY: Aye.
3 MR. ADLER: All opposed, please say nay.
4 Any abstentions? Motion carries.
5 Unanimously.
6 MS. REILLY: Next is the calendar and
7 you all should have received an electronic
8 version of the calendar and the first item on
9 the calendar is the matter for the approval
10 for all minutes for the month of November 1st
11 investment meeting, November 15, 2018 board
12 meeting, and November 19th CIM meeting
13 minutes.
14 MR. ADLER: Thank you. Is there a
15 motion to approve the minutes for these three
16 TRS meetings in the month of November?
17 MR. KAZANSKY: So moved.
18 MR. ADLER: Thank you, Mr. Kazansky. Is
19 there a second?
20 MR. BROWN: Second.
21 MR. ADLER: Thank you, Mr. Brown. Any
22 discussion? Very well. All in favor of the
23 motion to approve the November meeting
24 minutes, please say aye. Aye.
25 MS. VICKERS: Aye.

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1 Proceedings
2 MR. BROWN: Aye.
3 MR. KAZANSKY: Aye.
4 MS. PENNY: Aye.
5 MR. ADLER: All opposed, please say nay.
6 Any abstentions? Motion carries.
7 MS. REILLY: Okay. So --
8 MR. ADLER: Now we have the calendar.
9 MS. REILLY: Now we have the items on
10 the calendar.
11 MR. KAZANSKY: Please waive the reading
12 of the calendar.
13 MR. ADLER: Thank you. So is there a
14 motion to adopt the calendar items for
15 December 20, 2018?
16 MS. VICKERS: So moved.
17 MR. ADLER: Thank you, Ms. Vickers. Is
18 there a second?
19 MS. PENNY: Second.
20 MR. ADLER: Thank you, Ms. Penny.
21 Discussion of the calendar?
22 All in favor of approving the calendar
23 for December 20, 2018, please say aye. Aye.
24 MS. VICKERS: Aye.
25 MR. BROWN: Aye.

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2 MR. KAZANSKY: Aye.

3 MS. PENNY: Aye.

4 MR. ADLER: That's unanimous. The

5 motion carries.

6 MS. REILLY: Next is other business, and

7 we have a presentation by Marks Paneth. I

8 believe Hope Goldstein is going to be giving

9 us the presentation.

10 You can sit at the table with Ms. Chan

11 and Ms. Vickers. The seat of honor.

12 MS. GOLDSTEIN: Good afternoon,

13 everyone. I am Hope Goldstein. This is Ryan

14 Zullo. I am the partner overseeing the

15 retirement fund. I don't think I had the

16 pleasure of seeing everybody last year and

17 Ryan who handles our IT portion of the audit

18 process. So you have a presentation that goes

19 through required communications as your

20 auditors were supposed to communicate with the

21 Board for your understanding of your

22 responsibility overseeing the financial

23 reporting process. And we have included that

24 in tab 2.

25 Tab 1 of our presentation -- I don't

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2 know who is handling -- but you have it in

3 front of you. So there is five tabs there,

4 but Tab 1 is just some information about who

5 we are. Some pictures, it takes several

6 people to make all of this happen. I am just

7 one of those, as Ryan is as well. But we do

8 all of the City's pensions. So it takes a lot

9 of people to get through this audit. We do

10 Teachers, Board of Ed, NYCERS, Police, Fire,

11 and the OPED as well.

12 So it's two partners and we split it

13 myself and Joe and then we have an investment

14 team. We work with Sherry's group, the Office

15 of the Actuary and obviously the Comptroller's

16 Office who are an integral part of all of

17 this. We are your auditors now for -- this is

18 our third year working with Teachers. We have

19 watched tremendously the shift between the

20 reliance on the Comptroller's Office and

21 really moving to management at the individual

22 system's level. So they really are working in

23 autonomy in many ways and less dependent on

24 the Comptroller's Office handling the

25 financial information. So it's been a nice

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2 shift that we have seen.

3 Okay. So I am responsible for moving
4 this. That's just some PR information. This
5 is really our required communication. It's
6 very templated in accordance with the auditing
7 standards. Really those general accounting
8 office, GAGAS, but generally accepted
9 government auditing standards, and that's what
10 we abide by in order to do our audit of the
11 systems and Teachers' Retirement System.

12 So as your auditors, we are required to
13 issue an opinion on the financial statements.
14 You should understand those are combining
15 financial statements that includes the QPP and
16 TDA, which is the deferred annuity plan. And
17 we are -- this is just a timeline. We get in
18 front of the City's audit committee early on.
19 We are actually presenting to them in March
20 about our plans. We send out our
21 communications to the management of the
22 retirement system on the scope of the work
23 that we will be doing, and the majority of our
24 work happens between the -- pardon me, the May
25 through July time. When everybody would like

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2 to be off taking vacation, the auditors are
3 there doing the work, but you should know we
4 are meeting on a weekly basis with the
5 Comptroller's Office, receiving full
6 cooperation. You should have some sense of
7 quote, unquote, the heavy lifting. I mean,
8 the information comes from BAM, the Bureau of
9 Asset Management, Sherry's office that she
10 oversees. There is so much that goes on plus
11 what goes on at the Comptroller's Office.
12 Then, of course, what Mitch and his team does
13 to get us all the work.

14 Obviously we have a deadline of October
15 31st to get the financial statements
16 completed. We got that earlier than
17 anticipated in the prior years because this
18 all goes into the City's financials and rolls
19 up at least at the footnote level and as part
20 of the funds, but we got our opinion out end
21 of October. October 26th is when we actually
22 issued the opinion and met with the City --
23 the audit committee of the City just a few
24 days before that. You should know we are
25 sitting in front of the City's audit committee

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2 in January this year. That has moved from
3 April when we have typically gone in front of
4 them on the final financials and they have
5 moved that a couple of months.
6 So the next couple of pages are really
7 again templated information about the required
8 disclosure or disclosures we make to this
9 board. The first one is our responsibility,
10 so I repeat myself. We are ready to issue an
11 unmodified opinion, which is a clean opinion.
12 We say in our profession that's the best you
13 can get, and the financial statements are
14 actually in Tab 5, the draft financial
15 statements.

16 Management has signed a representation
17 letter. We share with you that letter which
18 is in the back of Tab 2. There is nothing
19 unusual there. You should also know we do an
20 agreed-upon procedures on the securities vault
21 as well as GASB 67 and 68 because your plan is
22 part of the multiemployer plan. So that is
23 required of us as well.

24 Management's responsibility is here
25 outlined for you. They have met their

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2 responsibility establishing and maintaining
3 controls not only around the financial
4 information but also for the design and
5 implementation of programs and controls to
6 both prevent and detect fraud. Our
7 responsibilities as auditors is to detect
8 fraud, and we do design certain tests like
9 that.

10 All accounting policies are in note 2 of
11 the financial statements, again in Tab 5, and
12 there were no changes or significant changes I
13 should say in any accounting matters.
14 Significant judgments and accounting estimates
15 are part of the financial statements. Two of
16 the most significant estimates has to do with
17 the actuarial assumptions, and those are all
18 in note 5 to the combining financial
19 statements. The fair value of investments is
20 also an estimate and that's all in note --
21 note 3 footnotes of the combining financial
22 statements and those really have to do with
23 alternative investments where there is no
24 ready market for those, whereas if we all own
25 the same stock -- I always use Exxon as an

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example -- we can all go the same exchange and actually get the same price. On alternative investments you can't necessarily all go to the same exchange. Maybe I shouldn't say Exxon today.

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MR. ADLER: Let's say Facebook -- oh, no.

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MS. GOLDSTEIN: Like GE. Nothing is good anymore. Or not even Google. Or Amazon is bad too, at least here in New York. Anyway, you get the understanding that we all can go to that same exchange and get the same value. When it comes to alternative investments, we can't and we rely upon a set of financial statements that are audited by other auditing firms to get those. I will say in terms of risk and alternative investments, now it's much more minimized than it had been about 15 years ago where investment managers were not sharing how they were investing in these alternative investments or what they were made of. I often use a joke that they were like the Mrs. Fields' cookie recipe. No one can get their hands on it. So now there

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is much more transparency around this. Unfortunately, it takes something to happen to cause a disaster for regulations to get put in place in order so there is more transparency.

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So there is a different -- it's a different world around these alternative investments than it was before, and I say that from an audit partner who is signing an opinion to a set of financial statements where valuation is such a key on these. At least now we can see those underlying investments that we weren't able to see many years ago, and you should feel comfortable as well.

15

There were no audit adjustments that we needed to bring forth to you. All adjustments had been booked prior to us getting the trial balances. We have received the full cooperation by management, and now that they are used to us, I will say, and understand the way in which we audit, our audit is much smoother than it has been or was that first year of what I would consider growing pains. Three years in working with the systems, it definitely has gotten a lot easier. We have

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2 no material weaknesses to speak to or
3 significant deficiencies around the internal
4 control environment, so we are able to issue a
5 on-page no-material-weakness letter, which is
6 in Tab 3.

7 Tab 4 has our observations and
8 recommendations, which are really enhancements
9 around control practices, and there were no
10 new comments this year that we need to bring
11 forth. Only some lingering ones from last
12 year. The one that affected -- and I say
13 audit versus technology. The one that really
14 affected the audit is really around the
15 mapping and grouping of financial information,
16 so management has helped us quite a bit in
17 terms of their Excel spreadsheets that maps
18 the general ledger into the financial
19 statements and it continues to get tweaks, so
20 we are in a lot better position than we had
21 been in prior years, so it's still a lingering
22 comment as management speaks to consultants
23 and trying to work ways that that process is a
24 little bit easier. And Ryan will take us
25 through -- I believe there is three

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2 observations that are left over from last
3 year.

4 We are independent, so the work that we
5 perform to complete our audit and the agreed
6 upon procedures that I spoke about earlier in
7 the GASB 67/68 report that we issue and do the
8 work on in no way tarnishes our independence.
9 Again, this is template information I need to
10 speak to you about. There is some new
11 accounting and auditing standards on the
12 horizon. Those -- we provide all of them for
13 your reading. The ones that are not
14 applicable are not applicable, and the ones
15 that will be applicable, management is still
16 working through to see how those will affect
17 -- if, at all, have material effect on the
18 financial statements. So we will keep you
19 abreast on all of those as we move forward.

20 As I mention, Tab 3 is
21 no-material-weakness letter. And that is just
22 clean and then we have our observations and
23 recommendations, which really is an informal
24 communication to the Board about the
25 enhancement on control practices. So as I had

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2 mentioned, the first one around financial
3 statement groupings really is lingering from
4 the prior year, and again management continues
5 to enhance that and to help that process run
6 smoother.

7 So I am going to turn it over to Ryan to
8 just speak to the three outstanding comments
9 from the prior year.

10 MR. ZULLO: Sure. So if you are looking
11 at page 1 towards the bottom, the first
12 observation deals with cyber insurance. This
13 has been an ongoing observation since 2017, so
14 it's only been open for two years at this
15 point. So the firm's stance on cyber
16 insurance is -- again, we are not insurance
17 brokers so we can't legally opine on the
18 validity of it for your financial statements,
19 but we do recommend to all of our clients to
20 look into sourcing cyber insurance and
21 determine whether or not it's something worth
22 having to mitigate any risk in the event of a
23 cyber attack.

24 So we said this year you recently issued
25 an RFP to source that and in response you

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2 heard back from some brokers and you are
3 working to get that in place. So depending on
4 how long it takes when we come in here next
5 year, if that's been acquired at that point,
6 this should easily be dropped off the list.
7 So the risk for that really isn't too great.
8 Nothing super to worry about.

9 The next one deals with -- so bottom of
10 the page, the pension management system. So
11 that's been an ongoing effort and it's going
12 to continue to be an ongoing effort. You are
13 currently in Stage 4 out of 7 of your
14 multiyear plan. I think from our discussion
15 you are slated to begin the next phase of
16 implementation in January. So again, this
17 will remain open throughout the next year and
18 likely the year afterwards, so once the system
19 is fully up and running, we will be able to
20 drop this down the list. The reason we even
21 have this open is with the old system, there
22 are inherent risks in a custom developed
23 system so we just like to communicate that on
24 an ongoing basis, but again, you are making
25 clear work on it from everything we have seen

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both from hard discussion with Mitchell as well as the documentation we received. There weren't any major red flags or anything that would cause immediate alarm, so that's good to know.

7

The last observation deals with the transportation of checks. In the past we saw you were using messenger services, which again has a risk in and of itself. If a package is lost or stolen in transport, people can read it. This has been going for two years, so you are aware of that. As of this year when we talked at the IT department, it looks like you are now sourcing a MICR-cutting check machine, which you will be able to print and issue your own checks and eliminating the messenger service over the coming year. So once that is fully implemented and up and running in 2019, when we come back next year, we should be able to drop that off.

22

And aside from here that we retired two observations this year, so again, you continue to improve. We didn't open any new observations, so overall continue doing what

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you are doing. In standing with the other pension systems, which we looked at in terms of IT, you guys are ahead of the curve on that, which is something to be proud of.

6

So outside of that, if there are any specific questions or concerns with the observations in and of themselves, I can try to answer them.

10

MR. ADLER: I just have one question about something that you said about the pension management system. I believe I heard you say there is risk with any custom developed system?

15

MR. ZULLO: Right.

16

MR. ADLER: So I believe our new system, the ASPEN system is also custom developed. So how is that different?

19

MR. ZULLO: So the issue -- when you have a homegrown internally developed system, again, you have to follow proper SDLC processes.

23

MR. ADLER: Proper what?

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MR. ZULLO: Software System Development Life Cycle. So it's basically a structured

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2 methodology of planning implementation testing
3 before you push to a live environment. The
4 issue with the system that was homegrown is
5 it's based on an older software, which in and
6 of itself is a risk. So the new system is
7 based on a currently supported software from
8 the vendor itself, so that eliminates that
9 risk because you don't have to worry about
10 patching and security updating the system.
11 That's what the risks are.

12 MS. GOLDSTEIN: I would say I am not the
13 IT person, but generally any system will end
14 up needing some sort of customization so I
15 think there is always --

16 MR. ZULLO: There is always going to be
17 that customization, but when you source it
18 from the vendor itself, then you rely on them
19 for new software patching, constant system
20 updates like Microsoft and Apple updates as
21 opposed to having to do that yourself. And
22 cyber security packages, new malware, new
23 viruses, stuff like that.

24 MR. ADLER: Thank you for clarifying.

25 MS. GOLDSTEIN: I appreciate you asking

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2 the question to define what the definition
3 was.

4 MR. ADLER: Everybody here knows I have
5 no bones asking questions about stuff that I
6 don't understand, which comes up almost every
7 meeting because there is a lot I don't
8 understand.

9 MS. GOLDSTEIN: So these are the draft
10 financial statements. Really the driving
11 factor on your financial statements this year
12 -- well, let me first say that's our opinion.
13 That's really what Marks Paneth does is issue
14 an opinion on the financial statements. And
15 typical auditor's opinion is one page. The
16 reason why there is so much supplemental
17 information particularly on a government
18 entity with the MD and A and the other
19 additional supplemental information so hence
20 another paragraph. The financial statements
21 walking through the MD and A, which management
22 actually prepares information over a
23 three-year period. My intent is really not to
24 go through the financial statements in any
25 detail. Of course, if there is questions, we

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2 are here to answer them.

3 Overall, the driving factor that moves
4 these numbers each year is investments and
5 benefits paid, and that is your driving
6 factor. So if you were to look at the bottom
7 line, you still have an extremely healthy
8 plan. In comparison to prior years, you are
9 seeing a dip and that's because of market
10 conditions.

11 So again, unless there is questions, and
12 management is here also to answer details of
13 the financial statements, I am happy to
14 address what we can and in conjunction with
15 management as well.

16 MR. ADLER: Questions for Marks Paneth
17 or for TRS management about the audit report?
18 Okay. All right. I did have a question
19 actually. I think I am going to address it to
20 you and to Ms. Chan.

21 So on page 48 where it says the QPP net
22 pension liability, so the fiduciary net
23 position as a percentage of the total pension
24 liability improved from 68.3 percent to 74.5
25 percent. That's under number 5 at the top of

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1 Proceedings

2 page 48. That is not our funding -- that's
3 not the same as our actuarial funding ratio?

4 MS. CHAN: It's the same as the
5 actuarial funding ratio in the sense this is
6 market value of assets. So basically this
7 percentage is basically assets over liability.
8 The assets that we are using here are market
9 value of assets.

10 MR. ADLER: Not actuarial value?

11 MS. CHAN: Actuarial value would be
12 actuarial value of assets.

13 MR. ADLER: So that's the smooth --
14 okay.

15 MS. CHAN: Right.

16 MR. ADLER: Which does not appear in
17 this report. That just appears in your
18 report.

19 MS. CHAN: The actuarial report.

20 MR. ADLER: Thank you for clarifying.
21 Anybody else have any questions for Marks
22 Paneth or for anybody else at the table based
23 on the auditor report? Okay. Thanks very
24 much.

25 MS. GOLDSTEIN: Thank you, everybody.

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2 Have a happy, healthy holiday. Enjoy time off
3 if you are taking time off.
4 MR. ADLER: So I think we are up to
5 questions and comments from the public. Are
6 there any questions or comments from the
7 public?
8 MS. BUDZIK: We just want to confirm
9 that the January 3rd investment meeting will
10 start at 11 rather than 10 for scheduling. We
11 will post it on the website.
12 MR. ADLER: Okay. So unless there is
13 anything else that anyone has to add, I think
14 that concludes our public agenda for today,
15 and a motion will be in order to enter
16 executive session.
17 MR. BROWN: Before we go out, I just
18 wanted to wish everyone a happy holiday and to
19 thank the TRS staff for everything that you do
20 for our members. We certainly do appreciate
21 it. Our members love TRS. Based on the fact
22 that 95,000 members have a voluntary TDA
23 program, they love their TDA, love the staff
24 at TRS, and we love you.
25 MR. ADLER: Okay. Thank you, Mr. Brown.

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2 I think a motion at this point would be in
3 order, Ms. Penny.
4 MS. PENNY: Sure. I move pursuant to
5 Public Officers Law Section 105 to go into
6 executive session for discussion on specific
7 investment and contract matters.
8 MR. ADLER: Thank you. Is there a
9 second?
10 MS. VICKERS: Second.
11 MR. ADLER: Thank you, Ms. Vickers. Any
12 discussion?
13 All in favor of the motion to exit
14 public session and enter executive, please say
15 aye. Aye.
16 MS. VICKERS: Aye.
17 MR. BROWN: Aye.
18 MR. KAZANSKY: Aye.
19 MS. PENNY: Aye.
20 MR. ADLER: That's unanimous. Motion
21 passes.
22 (Whereupon, the meeting went into Executive Session.)
23 MR. ADLER: We have to exit executive,
24 go into public.
25 So that concludes our executive agenda

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1 Proceedings
2 for today. Is there a motion to exit
3 executive session and go back into public?
4 MR. BROWN: So moved.
5 MR. ADLER: Is there a second?
6 MS. PENNY: Second.
7 MR. ADLER: Thank you, Ms. Penny. Any
8 discussion?

9 All in favor of the motion to exit
10 executive session and go back into public
11 session, please say aye. Aye.
12 MS. VICKERS: Aye.
13 MR. BROWN: Aye.
14 MR. KAZANSKY: Aye.
15 MS. PENNY: Aye.
16 MR. ADLER: Opposed, please say nay. Any
17 abstentions? Okay. Motion carries.

18 Okay. We are back in public session.
19 Ron, will you please report out of executive
20 session?

21 MR. SWINGLE: Certainly. In executive
22 session there was a discussion of a real
23 estate investment. Consensus was reached and
24 will be announced at the appropriate time.
25 There was also a discussion on a contract

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2 renewal. Approval was reached, which will be
3 announced at the appropriate time. There were
4 several investment discussions related to the
5 Passport Funds.

6 MR. ADLER: Thank you very much. I
7 believe that concludes our business for today.
8 A motion to adjourn will be in order. Is
9 there such a motion?

10 MS. VICKERS: So moved.
11 MR. ADLER: Thank you, Ms. Vickers. Is
12 there a second?

13 MR. BROWN: Second.
14 MR. ADLER: I think I heard Mr. Brown
15 first. We will give it to Mr. Brown. Any
16 discussion?

17 All in favor of the motion to adjourn,
18 please say aye. Aye.

19 MS. VICKERS: Aye.
20 MR. BROWN: Aye.
21 MS. PENNY: Aye.
22 MR. ADLER: All opposed, please say nay.
23 MR. KAZANSKY: Nay.

24 MR. ADLER: Any abstentions? The motion
25 carries but not unanimously. Meeting adjourned.
(Time noted: 4:19 p.m.)

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Proceedings
C E R T I F I C A T E
STATE OF NEW YORK)
: ss.
COUNTY OF QUEENS)

I, YAFFA KAPLAN, a Notary Public
within and for the State of New York, do
hereby certify that the foregoing record of
proceedings is a full and correct
transcript of the stenographic notes taken
by me therein.

IN WITNESS WHEREOF, I have hereunto
set my hand this 2nd day of January,
2019.

YAFFA KAPLAN