

# **BOARD OF EDUCATION RETIREMENT SYSTEM**

## **Board Meeting Agenda**

### **March 26, 2024**

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Education Retirement System held on January 23, 2024 – **FOR CONSIDERATION AND ACTION.**
2. Executive Director’s Update – **FOR DISCUSSION.**
3. Calendar Items 2-17: Ordinary Business – **FOR CONSIDERATION AND ACTION.**
4. Calendar Item 18: NYC Office of the Actuary – Preliminary Fiscal Year 2025 Employer Contribution - **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: Confirmation of Alternate Members of the Executive Committee – **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Confirmation of Alternate Members of the Disability Committee – **FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Confirmation of Members of the Audit Committee – **FOR CONSIDERATION AND ACTION.**
8. Calendar Item 22: Vitech Upgrade as a Service (UAAS) Subscription – **FOR CONSIDERATION AND ACTION.**
9. Calendar Item 23: Bureau of Asset Management (BAM) BERS Public Equity Annual Plan – **FOR CONSIDERATION AND ACTION.**

# Board of Education Retirement System SUMMARY MINUTES

## Meeting of the Board of Trustees

January 23, 2024

### Appearances:

Karine Apollon  
Shirley Aubin  
Tazin Azad  
Marjorie Dienstag  
Amy Fair  
Gregory Faulkner  
Anita Garcia  
Anthony Giordano  
Angela Green

Alison Hirsh  
Alice Ho  
Jessamyn Lee  
John Maderich  
Donald Nesbit  
Maisha Sapp  
Gladys Ward  
Ephraim Zakry

**Agenda Item 1 - Calendar Item 1:** Noting the Minutes of the Meeting of the Board of Retirement held on December 12, 2023. On a motion by Mr. Giordano and a second by Mr. Zakry, this item was unanimously approved.

**Agenda Item 2:** Executive Director's Update.

*\*Tazin Azad arrived at approximately 4:38 PM.*

**Agenda Item 3 - Calendar Items 2-17:** Ordinary Business. On a motion by Ms. Apollon and a second by Mr. Zakry, these items were unanimously approved.

**Agenda Item 4 – Calendar Item 18:** Election of Co-Chairs of the Board of Trustees. On a motion by Ms. Azad and a second by Mr. Giordano, this item was considered. Mr. Maderich nominated Mr. Nesbit and Mr. Faulkner seconded this nomination. Mr. Giordano nominated Ms. Apollon and Mr. Faulkner seconded this nomination. The Board unanimously approved the nominations of Donald Nesbit and Karine Apollon as Co-Chairs of the Board of Trustees.

**Agenda Item 5 – Calendar Item 19:** Election of Members of the Executive Committee. On a motion by Mr. Giordano and a second by Mr. Faulkner, this item was considered. Mr. Faulkner, Mr. Giordano and Ms. Joseph nominated themselves, with a later withdrawal from Ms. Joseph to become an alternate. Ms. Ho nominated Mr. Zakry who later withdrew to become an alternate. Ms. Apollon, Ms. Aubin, Ms. Dienstag, Ms. Fair, Ms. Garcia, Dr. Green, Mr. Giordano, Mr. Maderich, Mr. Nesbit, Ms. Sapp, and Mr. Zakry approved the nomination of Mr. Giordano and Mr. Faulkner as primary members of the Executive Committee with an abstention from Ms. Lee and Ms. Hirsh.

Mr. Sirabella is an alternate to Mr. Maderich as his alternate on the Board. Ms. Scott and Mr. Bateman Buckley are alternates to Ms. Apollon as her alternates on the Board. Mr. Francois is an alternate to Mr. Nesbit as his alternate on the Board. Ms. Apollon nominated Mr. Zakry, Mr. Faulkner nominated Ms. Sapp and Ms. Aubin nominated Ms. Joseph as alternate members to the Executive Committee who later withdrew as an alternate leaving a unanimous approval for the nomination of Mr. Zakry and Ms. Sapp as alternates of the Executive Committee.

**Agenda Item 6 – Calendar Item 20:** Election of Members of the Audit Committee. On a motion by Mr. Giordano and a second by Ms. Hirsh, this item was considered. Mr. Maderich, Ms. Apollon, Mr. Nesbit, Ms. Ho and Mr. Giordano nominated themselves. Mr. Giordano and Mr. Zakry nominated Ms. Joseph. Mr. Faulkner made a motion to vote on acclimation on the slate of Mr. Maderich, Ms. Apollon, Ms. Ho, Mr. Giordano, and Ms. Joseph, with a second from Ms. Garcia. The primary members were unanimously approved. Mr. Sirabella is an alternate to Mr. Maderich as his alternate on the Board. Ms. Scott and Mr. Bateman Buckley are alternates to Ms. Apollon as her alternates on the Board. Ms. Aubin volunteered to be an alternate to Mr. Giordano. Ms. Azad volunteered to be an alternate to Ms. Ho. Mr. Faulkner made a motion to vote on acclimation with a second from Mr. Giordano, the nomination of the members of the Audit Committee was unanimously approved.

**Agenda Item 7 – Calendar Item 21:** Election of Members of the Disability Committee. On a motion by Mr. Faulkner and a second by Mr. Zakry, this item was considered. Mr. Nesbit, Mr. Maderich, and Ms. Apollon are members of this committee under the terms of the Authority and Procedure document that governs this committee. Mr. Faulkner nominated Ms. Aubin. Mr. Zakry nominated Ms. Dienstag. Mr. Faulkner volunteered as an alternate and Ms. Lee volunteered as an alternate. Mr. Faulkner made a motion to vote on acclimation with a second from Mr. Zakry. The nomination of the members of the Disability Committee was unanimously approved.

**Agenda Item 8 – Calendar Item 22:** Authorization to the Executive Committee to Approve Certain Transactions. On a motion by Mr. Zakry and a second by Ms. Ho, this item was approved with an abstention from Ms. Hirsh.

**Agenda Item 9 – Calendar Item 23:** Internal Audit Semiannual Update. On a motion by Ms. Aubin and a second by Mr. Giordano, this item was discussed.

\*Ms. Hirsh departed at approximately 6:30 PM.

\*Ms. Garcia departed at approximately 6:30 PM

\*Ms. Dienstag departed at approximately 6:42 PM.

**Agenda Item 10 – Calendar Item 24:** Direction to the Comptroller Regarding the Use of BIPOC Investment Managers for the Board of Education Retirement System Portfolio. On a motion by Mr. Giordano with a second by Mr. Nesbit, this item was unanimously approved via roll call.

*On a motion by Mr. Dorsa and a second by Ms. Aubin, the meeting was adjourned at approximately 7:03 PM.*

## **Authority and Procedure of the Executive Committee Of the Board of Education Retirement System**

*Latest amendment: November 2022*

### **1. Statement of Purpose**

The purpose of the Executive Committee (“Committee”) is to assist the Board of Trustees by (1) providing oversight of BERS assets, strategy, and investment guidelines, (2) representing the Board of Trustees at Meetings, (3) authorizing certain types of investment decisions, as described below, (4) providing oversight of BERS budget matters and ensuring sufficient resources are available to fund operations and (5) performing such related functions as may be designated by the Board of Trustees.

### **2. Appointment and Membership**

Appointment of the members of the Executive Committee shall occur on an annual basis at the first meeting of the Board of Trustees each calendar year.

The Executive Committee shall consist of five (5) members of the Board of Trustees, including the Chancellor of the Board of Education (or designee), the two (2) employee members of the Board, and two (2) other members of the Board.

For each member appointed by the Board to the Committee, the Board may designate an alternate Committee member to serve for the member’s duration on the Committee in the event of the death, disability, disqualification or withdrawal of the Committee member. In the event of a Committee member’s absence from a meeting of the Committee, the respective alternate Committee member shall possess all of the power and responsibilities of said Committee member for the duration of the meeting, and the alternate Committee member’s presence at the meeting shall be counted for the purpose of establishing a quorum.

In the event of a Committee member’s absence from a meeting of the Committee, and the absence of that Committee member’s alternate, another alternate Committee member may assume all of the powers and responsibilities of said Committee member for the duration of the meeting. The alternate Committee member’s presence at the meeting shall be counted for the purpose of establishing a quorum-however, in no event shall an alternate Committee member attend a meeting on behalf of more than one Committee member. Notwithstanding the foregoing, the powers and responsibilities of the Chancellor may be assumed only by a Chancellor’s designee, the powers and responsibilities of the Comptroller may be assumed only by a Comptroller’s designee, and the powers and responsibilities of an employee member may be assumed only by that employee member’s respective alternate employee member.

### **3. Conflicts of Interest**

Potential conflicts of interest on the parts of the Committee members are addressed by Chapter 68 of the New York City Charter and the Rules of the New York City Conflicts of Interest Board. Members are required to recuse themselves from any Committee activities related to the conflict of interest on a case by case basis.

#### **4. Procedure**

##### **(a) Executive Committee Policies and Procedures**

The Board of Trustees shall have the power to adopt rules for the conduct of the business of the Executive Committee.

##### **(b) Chair**

- a. The Committee Chair shall be the Chair of the Board of Trustees.
- b. If the Chair is unable to attend a meeting, Committee members will be polled prior to that meeting and a substitute Chair, for the purposes of that meeting only, will be identified among those members who have indicated that they will be present.

##### **(c) Meetings**

- a. The Executive Committee shall meet as often as it may deem necessary or appropriate to accomplish the purposes of the Executive Committee.
- b. Notice of the meetings of the Executive Committee may be given by hand delivery, by deposit in the U.S. Mail, by express mail, by electronic facsimile, or by electronic mail.
- c. The Executive Committee shall undertake any measures necessary for conducting its meetings in compliance with Article 7 of the New York Public Officers Law, also known as the Open Meetings Law.
- d. Members of the Executive Committee will be provided with an agenda in advance of each Meeting.

##### **(d) Quorum**

- a. A majority of the members of the Executive Committee shall constitute a quorum.
- b. In the absence of a quorum, a lesser number may adjourn the meeting.
- c. The following shall be necessary for any act of the Executive Committee: (a) the presence of a quorum; (b) an vote in favor by a majority of members present; and (c) the concurrence of one employee member of the Board.

#### **5. Responsibilities and Duties of the Executive Committee**

The responsibilities and duties of the Executive Committee shall include the following:

- (a) Review BERS investment policy and strategies and provide policy guidance to management and to the Board of Trustees. Such guidance shall include but not be limited to:
  - a. Overall investment strategy and guidelines for BERS funds;
  - b. Evaluation of asset classes for investment;

- c. Selection of new investment managers;
  - d. Termination of existing investment managers; and
  - e. Review of the performance of BERS funds and its investment managers.
- (b) Represent the Board of Trustees at Investment Meetings;
- (c) Subject to annual authorization by the Board of Trustees as described in Section 7 below, the Committee will have the power to:
- i. Approve new index fund managers for inclusion in the BERS Investment Portfolio (the "Portfolio");
  - ii. Approve new active public market managers and programs for inclusion in the Portfolio (up to \$250 million per manager or program);
  - iii. Approve new private market managers and programs for inclusion in the Portfolio (up to \$50 million per manager or program);
  - iv. Approve additional investments in funds previously approved by the Board, or their successor funds, on substantively identical terms; and
  - v. Reauthorize BERS participation in previously approved strategic initiatives of the Office of the Comptroller, in instances where the prior time limit has expired or the prior dollar threshold has been surpassed.
- (d) Review the annual operating budget as recommended by BERS management;
- (e) Recommend the proposed budget to the Board of Trustees annually;
- (f) Periodically review the budget process and format with BERS management;
- (g) Provide oversight of the BERS financial reporting process, system of internal controls, internal and external audit processes;
- (h) Approve the annual Shareholder Engagement Plan as proposed by the NYC Comptroller's Office of Corporate Governance;
- (i) Periodically review, modify, and approve proxy voting guidelines;
- (j) Review and approve shareholder letters and other engagements proposed by the NYC Comptroller's Office of Corporate Governance on behalf of the BERS Board of Trustees;
- (k) Authorize the Executive Director to enter into contracts on behalf of BERS, subject to thresholds that the Board shall determine from time to time;
- (l) Review any management proposals for increases to BERS managerial employee compensation which would exceed the thresholds set in the Policy Regarding Compensation for BERS Managerial Employees; and
- (m) Perform any other duties that are assigned to it by the Board.

## **6. Communications**

The Committee will report orally or in writing to the Board of Trustees on other matters discussed at the most recent Committee meeting. Meeting minutes will be provided to the Board.

In addition, the Committee will submit quarterly written reports of its activities to the Board of Trustees, and will render special reports whenever requested by the Board of Trustees.

## **7. Periodic Review**

As part of its duties to assist the Board of Trustees, the Executive Committee may propose changes to these Rules. The Committee will review and assess the adequacy of the Executive Committee Rules as may be required. The Committee will submit proposed revisions to the Board of Trustees for its approval.

The Committee's authority to approve certain transactions, as described in Section 5(c) above, will expire at the end of each calendar year unless affirmatively extended by a resolution of the Board. The length of each such extension shall not exceed one calendar year. Notwithstanding the foregoing, should the Board fail to vote on whether to extend the Committee's authority to approve such transactions prior to the end of a calendar year, the Committee's authority shall continue until the next meeting of the Board, when the Board shall vote on whether to extend such authority.

While the authority described under Section 5(c) remains in force, the Board must also review the following factors at least once per year, in considering whether to extend the grant of such authority:

- i. the present holdings in the Portfolio;
- ii. any marked changes in the Portfolio during the preceding period;
- iii. the reasons for such changes and the results achieved thereby;
- iv. the investment activity in the Portfolio, including the rate of turnover; and
- v. any other factors the Board considers pertinent to an analysis of the financial performance and planning, consistent with its obligation as a fiduciary.

## **8. Effect**

This amended Authority and Procedure of the Executive Committee of the Board of Education Retirement System shall be effective immediately upon its adoption by the Board of Trustees.

**Authority and Procedure of the Disability Committee**  
**Of the Board of Education Retirement System**

*Latest Amendment: June 2022*

**1. Statement of Purpose**

The purpose of the Disability Committee (Committee) is to assist the Board of Trustees (Board) by making recommendations to the Board to approve or deny a member's application for disability retirement.

**2. Appointment and Membership**

Appointment of the members of the Disability Committee shall occur on an annual basis at the first meeting of the Board of Trustees each calendar year. The Disability Committee shall consist of five (5) members of the Board of Trustees, including the Chancellor's Designee and both employee members.

For each member appointed by the Board to the Committee, the Board may designate an alternate Committee member to serve for the member's duration on the Committee in the event of the death, disability, disqualification or withdrawal of the Committee member. In the event of a Committee member's absence from a meeting of the Committee, the respective alternate Committee member shall possess all of the power and responsibilities of said Committee member for the duration of the meeting, and the alternate Committee member's presence at the meeting shall be counted for the purpose of establishing a quorum.

**3. Procedure**

**(a) Disability Committee Policies and Procedures**

The Board of Trustees shall have the power to adopt rules for the conduct of the business of the Disability Committee

**(b) Chair**

- a. The Committee Chair shall be appointed by the members of the Disability Committee.
- b. If the Chair is unable to attend a meeting, the members will be polled prior to that meeting and a substitute Chair, for the purposes of that meeting only, will be identified among those members who have indicated that they will be present.

**(c) Meetings**

- a. The Disability Committee shall meet as often as it determines is necessary to evaluate member applications for disability retirement.



- b. Notice of the meetings of the Disability Committee may be given by hand delivery, by deposit in the U.S. Mail, by express mail, by electronic facsimile, or by electronic mail.
- c. The Disability Committee shall undertake any measures necessary for conducting its meetings in compliance with Article 7 of the New York Public Officers Law, also known as the Open Meetings Law.
- d. The Committee may enter into executive session pursuant to Section 105 of the New York Public Officers Law. Any and all discussion pertaining to a particular member's medical or employment history shall take place in executive session.
- e. Members of the Disability Committee will be provided with an agenda and supporting materials in advance of each meeting.

**(d) Review of Disability Applications**

- a. The Medical Board shall provide the Board of Trustees with a report as to a member's application for disability retirement.
- b. The Disability Committee shall review each member's application for disability retirement, including the report of the Medical Board and any supporting documentation, and make a recommendation to the entire Board of Trustees.
- c. The Board of Trustees shall consider the recommendations of the Disability Committee and make a final determination as to the member's application for disability retirement.

## **Audit Committee Charter**

*Latest amendment: April 2023*

### **1. STATEMENT OF PURPOSE**

The purpose of the Committee is to provide structured, systematic oversight of BERS' governance, risk management, and internal control practices, by advising the Board on the adequacy of initiatives around the governance structure, risk management, system of internal controls, financial statements and reporting, oversight of internal audit activity, external auditors and other providers of assurance, compliance with applicable laws and regulations, and other assignments as the Board may deem necessary or appropriate.

### **2. AUTHORITY**

The Audit Committee Charter (the "Charter") sets out the authority of the Committee to carry out the responsibilities established for it by the Board as articulated within the Charter.

In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports, and BERS' management and staff should cooperate with the Committee's requests. If access to the requested documents is denied due to legal or confidentiality reasons, the Committee and/or the Director of Internal Audit will pursue a mutually acceptable resolution of the matter.

The Committee is empowered to:

- a) Review any disagreements between BERS management and internal or external auditors regarding financial reporting and other matters.
- b) Review all audit and non-audit services performed by auditors, accountants, or other advisors.
- c) Seek counsel from the General Counsel of BERS.

### **3. COMPOSITION**

Appointment of the members of the Committee shall occur at a general meeting of the Board. The Committee shall consist of three (3) or five (5) members of the Board, at least one (1) of whom shall be an employee member. The members should collectively possess a working knowledge of audit, finance, pension administration industry knowledge, IT, law, governance, risk and control.

For each member appointed by the Board to the Committee, the Board may designate an alternate Committee member to serve for the member's duration on the Committee in the event of the death, disability, disqualification or withdrawal of the Committee member. In the event of a Committee member's absence from a meeting of the Committee, and the absence of that Committee member's alternate, another alternate Committee member may assume all of the powers and responsibilities of said Committee member for the duration of the meeting. In such instances, the alternate Committee member shall possess all of the powers and responsibilities of said Committee member for the duration of the meeting. The alternate Committee member's presence at the meeting shall be counted for the purpose of establishing a quorum, however, in no event shall an alternate Committee member attend a meeting on behalf of more than one Committee member. Notwithstanding the foregoing, the powers and responsibilities of the Chancellor may be assumed only by a Chancellor's designee, and the powers and responsibilities of an employee member may be assumed only by that employee member's respective alternate employee member.

### **4. CONFLICT(S) OF INTEREST**

Committee members should adhere to the highest ethical standards, consistent with their fiduciary duty as members of the Board. Potential conflicts of interest on the parts of Committee members are addressed by Chapter 68 of the New York City Charter and the Rules of the New York City Conflicts of Interest Board (COIB). Members are required to recuse themselves from any Committee activities related to the conflict of interest on a

case by case basis. As members of the Board, Committee members are required to file an annual financial disclosure with the COIB.

## **5. ORIENTATION AND TRAINING**

The Committee should receive training on the internal audit function and the Committee's role. Training specific to functional areas within BERS may be led by BERS management in that specific area as needed.

## **6. OPERATIONAL PROCEDURES**

### **i. Authority of the Board of Trustees**

- a) The Board shall have the power to adopt or amend the Charter.
- b) The Committee will review and assess the adequacy of the Charter as may be required. The Committee will submit proposed revisions to the Board for its approval.

### **ii. Audit Committee Chair**

- a) The Committee Chair (the "Chair") shall rotate annually and be appointed by the members of the committee. Notwithstanding the above, in the event that no other member of the Committee wishes to serve as Chair, the Committee may re-elect the current Chair.
- b) The Chair should have knowledge of changing issues within the public sector, pension administration, Enterprise Risk Management (ERM), Internal Controls, the nature of the internal audit environment, BERS' risk profile and its business priorities.
- c) If the Chair is unable to attend a meeting, the members will be polled and a substitute Chair, for the purposes of that meeting only, will be identified among those who have indicated that they will be present.
- d) The election of the Chair shall occur at the second Committee meeting of every year.

### **iii. Term**

- a) The term of office for a Committee member is two (2) years.

### **iv. Meetings**

- a) The Committee shall meet quarterly, with authority to convene additional meetings, as the Chair and/or the Director of Internal Audit may deem necessary or appropriate.
- b) The Director of Internal Audit and the Chair are required to attend all Committee meetings.
- c) Notice of Committee meetings may be given by electronic mail.
- d) The Committee shall conduct its meetings in compliance with Article 7 of the New York Public Officers Law, also known as the Open Meetings Law.
- e) The Committee may enter into executive session pursuant to Section 105 of the New York Public Officers Law, or into attorney client session as required.
- f) Members of the Committee will be provided with an agenda two weeks in advance of each meeting to allow participants adequate time to formulate questions and conduct any necessary preliminary research prior to the meeting. Committee meeting agendas shall be the responsibility of the Chair, with input from Committee members, executive management, and the Director of Internal Audit.
- g) The Committee will communicate its requirements for information, which will include the nature, extent and timing of information. Information will be provided to the Committee at least one week prior to each Committee meeting.
- h) Meetings should be conducted in accordance with Robert's Rules of Order, and minutes will be recorded and circulated to attendees for approval at the next meeting.
- i) All members of the Resource Team (defined in Section 9, below) shall make themselves available to attend meetings of the Committee upon request.

### **v. Quorum**

- a) A majority of the members of the Committee shall constitute a quorum.
- b) In the absence of a quorum, a lesser number may adjourn the meeting.
- c) The concurrence of one employee representative and one non-employee representative shall be necessary for an act of the Committee.

## **7. RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE**

The responsibilities and duties of the Committee shall include the following:

**i. Financial Statements and Reporting**

- a) Report periodically to the Board on audit activities, findings and recommendations, and management's response and remediation efforts.
- b) Review with management, the external auditors, and/or the Internal Auditor, as required, the results of all audit activities, including any difficulties encountered.
- c) Review all significant recommendations, suggestions and/or adjustments proposed by the external auditors or the Internal Auditor.
- d) Review the annual management letter provided by the external auditors for any significant deficiencies or material weaknesses in the accounting controls.

Note: Financial statements preparation and reporting by external auditors is reviewed by the NYC Audit Committee. The external auditors report annually to the full BERS Board of Trustees on the results of their audit.

**ii. Fraud, Ethics and Values**

- a) Oversee and challenge management and the Internal Auditor to ensure that BERS has appropriate antifraud programs and controls in place to identify potential fraud and to ensure that investigations are undertaken if fraud is suspected or detected.
- b) Ensure that appropriate action is taken against known perpetrators of fraud.
- c) Provide oversight of the mechanisms established by management to establish and maintain BERS' values and high ethical standards for all managers and staff.
- d) Review, identify and deal with any legal or ethical violations.

**iii. System of Risk Management and Control**

- a) Annually review BERS' risk profile.
- b) Provide oversight on significant risk exposures and internal control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.
- c) Review and provide advice on the risk management policies and processes established and maintained by management.
- d) Review the assessment of any other regulatory body or consultant relating to BERS' system of risk management.
- e) Review the effectiveness of the BERS' internal control framework, including information technology security.

**iv. Internal Audit Activity**

- a) Review and approve the Internal Audit Charter annually to ensure it accurately reflects the purpose, authority and responsibility of the Internal Audit Department.
- b) Assure and maintain the independence and objectivity of the internal audit function through direct functional reporting by the Internal Auditor to the Committee.
- c) Provide governance over ethics or Whistleblower complaints.
- d) Review, provide input, and approve the Internal Audit Plan, objectives, performance measures, and outcomes.
- e) Ensure there are no unjustified restrictions placed on the Internal Auditor and that there is full access to all necessary documents, information and systems within BERS.
- f) Review all internal audit reports and other communications to management.
- g) Review the responsiveness and timeliness of management's follow-up activities and implementation of corrective actions.
- h) In conjunction with BERS' Executive Director, periodically review the performance of the Internal Auditor.
- i) Review the effectiveness of the Internal Audit function, including compliance with applicable standards.
- j) Ensure the internal audit activity is quality oriented and has a Quality Assurance and Improvement Program (QAIP) process administered by a qualified assurance provider.

**v. Compliance**

- a) Review the effectiveness of the system for monitoring compliance with applicable laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- b) Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.
- c) Obtain regular updates from management and the BERS General Counsel regarding compliance matters.

**vi. Organizational Governance**

- a) Review and provide advice on the governance process established and maintained within BERS and the procedures in place to ensure that the process is operating as intended.

**8. COMMUNICATIONS**

The Committee will report orally or in writing to the Board on all matters discussed at each Committee meeting.

**9. RESOURCES**

**i. Resource Team**

The following Resource Team will attend and participate in Committee meetings at the request of the Committee:

- a) Executive Director
- b) Director of Fiscal Operations
- c) Director of Internal Audit
- d) Legal Counsel (Law Department and/or BERS General Counsel)
- e) External Auditors

The Committee may request other parties, such as representatives from the New York City Office of the Actuary or New York City Office of the Comptroller, to attend and participate in Committee meetings as may be required.

**ii. Outside Advisors**

The Committee may, with the consent of the Board, retain any external advisors and consultants (collectively "Advisors") it deems necessary to carry out the Committee's responsibilities.

**10. EFFECT**

This Charter shall be effective immediately upon its adoption by the Board.

An aerial, grayscale photograph of New York City, showing the dense skyscrapers of Manhattan, the Hudson River to the west, and the East River to the east. The image is semi-transparent, serving as a background for the text.

**BERS**

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**Upgrade as a Service (UaaS) Subscription**

An aerial, grayscale view of the New York City skyline, showing the Hudson River, the East River, and the dense cluster of skyscrapers in Lower Manhattan. The image is semi-transparent, serving as a background for the text.

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## Background: Pre-CPMS

- BERS utilized different programs for each unit to process transactions
- Operational silos - utilizing a different program for each unit to process transactions
- Delayed, monthly updates for member profiles
- Poor data maintained by external provider, PRU

The background of the slide is an aerial photograph of New York City, showing the Hudson River, the East River, and the dense Manhattan skyline. A semi-transparent blue overlay covers the entire image. The BERS logo is positioned in the upper left quadrant.

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## Background: CPMS V9 Go Live

- BERS discontinued use of previous programs and utilized only V9 to process transactions and review member data
- Live updates to member accounts in QPP and TDA Participant Accounts
- Spent development time working out kinks in design and processes
- Introduced a read-only Member Self Service profile



An aerial, grayscale view of the New York City skyline, showing the Hudson River, the East River, and the dense cluster of skyscrapers in Lower Manhattan. The image is semi-transparent, serving as a background for the text.

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## Background: CPMS V10 Go Live

- Introduced new features to capture workflow process for most applications
- Opened interactive MSS functionality
- Setup CRM to record member interactions
- IVR
- Cloud based storage

An aerial, grayscale view of the New York City skyline, showing the dense cluster of skyscrapers in Lower Manhattan, the Hudson River to the west, and the East River to the east. The image is semi-transparent, allowing text to be overlaid.

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## Background: Velocity Go Live

- Completed workflow effort
- PPMS integration
- Additional MSS capabilities - member versus retiree portals

An aerial, grayscale view of the New York City skyline, showing the Hudson River, the East River, and the dense cluster of skyscrapers in Lower Manhattan. The image is semi-transparent, serving as a background for the text.

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## Discussion: Velocity 2.0

- Security Enhancements for MSS - TOTP, Passkey, Captcha, 2<sup>nd</sup> layer authentication
- DocuSign for first and second party
- Visual designer for workflows
- AI document detection
- Fillable forms
- CRM Enterprise

An aerial, grayscale photograph of the New York City skyline, showing the Hudson River, the East River, and the dense cluster of skyscrapers in Lower Manhattan. The image is semi-transparent, serving as a background for the text.

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## Discussion: Velocity 2.0 Cost Options

### Upgrade as a Service

- Efficient upgrades every 18-months or sooner, based on client ask
- Flat fee for 5 years

### Pay-per-hour

- BERS pays latest rate x estimated hours
- Rate expected to increase at least 5% per annum per agreement



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# Discussion: Velocity 2.0 Cost Cont'd

Summary Comparison:

		T&M Cost
Upcoming Upgrade	7/1/2024	\$1,720,000.00
Next Upgrade	1/1/2026	\$1,422,225.00
Next Upgrade	7/1/2027	\$1,493,336.25
Next Upgrade	1/1/2029	\$1,646,403.22
		<b>\$6,281,964.47</b>
		UaaS Cost
Year 1	2024	\$875,000.00
Year 2	2025	\$875,000.00
Year 3	2026	\$875,000.00
Year 4	2027	\$875,000.00
Year 5	2028	\$875,000.00
		<b>\$4,375,000.00</b>

2024 Annual Plans:

-Public Equity



# BERS INVESTMENT MEETING EXECUTIVE SESSION



February 21, 2024

# **PUBLIC EQUITY 2024 ANNUAL PLAN**



# PUBLIC EQUITY: STRATEGIC ASSET ALLOCATION

BERS	Previous Strategic Allocation	Current/New Strategic Allocation	Difference	Rebalancing Range +/-	Reference Portfolio	Manager Performance Benchmark	Structural Premium Required
<b>Public Equity</b>	<b>47%</b>	<b>47%</b>	<b>0.0%</b>		<b>MSCI ACWI</b>	<b>Varies</b>	<b>0</b>
U.S. Equity	31%	34%	3.0%	5%	Russell 3000	Varies	0
Developed ex U.S. Equity	10%	9%	-1.0%	3%	MSCI World ex-USA IMI	Varies	0
Emerging Markets Equity	6%	4%	-2.0%	3%	MSCI Emerging Markets	Varies	0
<b>Public Fixed Income</b>	<b>27%</b>	<b>28%</b>	<b>1.0%</b>			<b>Varies</b>	<b>0</b>
<b>Alternative Assets</b>	<b>26%</b>	<b>25%</b>	<b>-1.0%</b>			<b>Varies</b>	<b>0-400</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>					



# PUBLIC EQUITY: 2023 PLAN ACCOMPLISHMENTS & STATUS

- ❑ Policy allocation to Fund of Funds Emerging Managers increased to 10% from 6%:
  - [After approved, describe planned timing... ]
- ❑ Developed/World ex-U.S. Equity Search
  - Evaluated Managers using DDQ responses and Zoom meetings
- ❑ Ongoing Manager Due Diligence



# PUBLIC EQUITY: 2024 ANNUAL PLAN

- ❑ Move to New Policy Target Allocations, and
  - Implement increase to Fund of Fund Emerging Managers [if approved]
  - Complete Developed/World ex-U.S. Equity Search
    - ✓ Move to new allocation when concluded
  - Initiate “Developing Manager” Search for larger Emerging Managers
  - Ongoing Manager Due Diligence



# STRATEGIC ASSET ALLOCATION: MOVING TO NEW TARGETS

- ❑ Increase to U.S. Equity
  - No transition needed as U.S. Equity acts as reverse parking place to offset Private Equity overweight
- ❑ Reduction to Developed/World ex-U.S. Equity
  - Currently underweight new policy but within rebalancing range (wait for Search results)
- ❑ Reduction to Emerging Markets Equity
  - Used to fund increase to Int'l Fund of Funds
  - Sold as needed to fund other asset classes and cash needs
- ❑ Details on following slides



# U.S. EQUITY - SUMMARY

	<u>\$MM</u>
BERS Total AUM	\$ 8,821
BERS U.S. Equity (34% Policy)	\$ 2,999
Parking Place Adjustment	\$ 36
<u>Adjustment for Global</u>	<u>\$ (79)</u>
New/Current US Domestic Equity Target	\$ 2,956
<u>Actual Allocation</u>	<u>\$ 2,698</u>
Projected Change to Implement	\$ 258



# U.S. EQUITY - DETAIL

Manager	Current Assets \$MM	Actual %	SAA Rebal. \$MM	Adjusted Assets \$MM	Adjusted Actual %	Current Target Range
SSGA-US LC Russell TOP 200 Core	758.5	28.1%	-	758.5	25.7%	5% to 30%
BlackRock US LMC R1000 Core	1,524.2	56.5%	258	1,782.2	60.3%	50% to 85%
BlackRock US SCG R2000	0.0	0.0%	-	0.0	0.0%	0% to 4%
<u>BlackRock US SCV R2000</u>	<u>64.4</u>	<u>2.4%</u>	<u>-</u>	<u>64.4</u>	<u>2.2%</u>	<u>0% to 4%</u>
<i>Passive Total</i>	<i>2,347.2</i>	<i>87.0%</i>	<i>258</i>	<i>2,605.2</i>	<i>88.1%</i>	<i>75% to 90%</i>
Wasatch-US (small cap growth)	90.7	3.4%	-	90.7	3.1%	2% to 5%
Wellington-US (mid cap)	242.4	9.0%	-	242.4	8.2%	8% to 13%
<u>NYCERS-TOTAL LEGATO (fund of funds)</u>	<u>17.8</u>	<u>0.7%</u>	<u>-</u>	<u>17.8</u>	<u>0.6%</u>	<u>0.5% to 1%</u>
<i>Active Total</i>	<i>350.9</i>	<i>13.0%</i>	<i>-</i>	<i>350.9</i>	<i>11.9%</i>	<i>10% to 25%</i>
<b>Total</b>	<b>2,698.0</b>	<b>100.0%</b>	<b>258</b>	<b>2,956.0</b>	<b>100.0%</b>	



# DEVELOPED/WORLD EX U.S. EQUITY - SUMMARY

	<u>\$MM</u>
BERS Total AUM	\$ 8,821
BERS Developed ex U.S. Equity (9% Policy)	\$ 794
<u>Adjustments for Int'l FoF and Global</u>	<u>\$ (115)</u>
New/Current Developed ex U.S. Target	\$ 679
<u>Actual Allocation</u>	<u>\$ 697</u>
Projected Change to Implement	\$ (18)

Asset values estimated as of 12/26/2023 (values are unaudited)



# DEVELOPED/WORLD EX U.S. EQUITY - DETAIL

Baillie Gifford WorldxUS LMCC (growth bias)	290.1	41.6%	-	290.1	41.6%	25% to 45%
<u>Sprucegrove WorldxUS LMCC (value bias)</u>	<u>294.4</u>	<u>42.2%</u>	-	<u>294.4</u>	<u>42.2%</u>	<u>25% to 45%</u>
<i>subtotal World ex USA Large-Mid-All Active</i>	<i>584.4</i>	<i>83.9%</i>	-	<i>584.4</i>	<i>83.9%</i>	<i>50% to 90%</i>
Acadian WorldxUS (small cap)	91.6	13.2%	-	91.6	13.2%	10% to 18%
<u>Algert EAFE (small cap)</u>	<u>20.6</u>	<u>3.0%</u>	-	<u>20.6</u>	<u>3.0%</u>	<u>2.3% to 3.8%</u>
<i>Total Developed/World ex U.S. Small Cap Active</i>	<i>112.2</i>	<i>16.1%</i>	-	<i>112.2</i>	<i>16.1%</i>	<i>10% to 18%</i>
<i>Total Developed/World ex U.S.</i>	<i>696.7</i>	<i>100.0%</i>	-	<i>696.7</i>	<i>100.0%</i>	

Asset values estimated as of 12/26/2023 (values are unaudited)





# EMERGING MARKETS EQUITY – SUMMARY & DETAIL

	<u>\$MM</u>
BERS Total AUM	\$ 8,821
BERS Emerging Markets Equity (4% Policy)	\$ 353
<u>Adjustments for Int'l FoF and Global</u>	<u>\$ (51)</u>
New/Current Emerging Markets Target	\$ 302
<u>Actual Allocation</u>	<u>\$ 435</u>
Projected Change to Implement	\$ (134)

Manager	Current Assets \$MM	Actual %	SAA Rebal. \$MM	Adjusted Assets \$MM	Adjusted Actual %	Current Target Range
Acadian Emerging Markets	302.5	69.50%	(104.0)	198.5	65.9%	59% to 79%
JP Morgan AM-EM ACG (growth bias)	132.8	30.50%	(30.0)	102.8	34.1%	21% to 41%
Total Emerging Markets	435.2	100.0%	(134.0)	301.2	100.0%	

Asset values estimated as of 12/26/2023 (values are unaudited)



# INTERNATIONAL FUND OF FUNDS/EMERGING MANAGERS

Manager	Current Assets \$MM	Actual %	SAA Rebal. \$MM	Adjusted Assets \$MM	Adjusted Actual % <sup>(1)</sup>	Target Range Proposed
BERS-TOTAL INTL XPONANCE (fund of funds)	79.7	6.58%	30.0	109.7	9.9%	9% to 11%

<sup>(1)</sup> % of International Active

Asset values estimated as of 12/26/2023 (values are unaudited)



# GLOBAL EQUITY (CONCENTRATED GLOBAL & CLIMATE CHANGE)

Manager	Current Assets \$MM	Actual %	SAA Rebal. \$MM	Adjusted Assets \$MM	Adjusted Actual % <sup>(1)</sup>	Current Target Range
Fiera-Global	91.1	2.23%	(27.0)	64.1	1.5%	1% to 2%
Morgan Stanley-Global	82.2	2.01%	(19.0)	63.2	1.5%	1% to 2%
Total Global	173.4	4.2%	(46.0)	127.4	3.0%	2.5% to 5.5%

<sup>(1)</sup> % of Total Public Equity

Asset values estimated as of 12/26/2023 (values are unaudited)



# APPENDIX 1: PUBLIC EQUITY PERFORMANCE SUMMARY

BERS	Trailing 1-Year			Trailing 3-Year			Trailing 5-Year			Trailing 7-Year (ITD for Int'l Fund of Funds and Global)		
	System Returns	Benchmark Returns	Net Excess Returns	System Returns	Benchmark Returns	Net Excess Returns	System Returns	Benchmark Returns	Net Excess Returns	System Returns	Benchmark Returns	Net Excess Returns
Composite												
U.S. Equity	20.55%	20.46%	0.09%	8.78%	9.38%	-0.60%	8.82%	9.14%	-0.32%	11.60%	11.64%	-0.04%
Developed ex-USA	20.27%	23.03%	-2.76%	0.08%	5.45%	-5.37%	3.20%	3.12%	0.08%	6.54%	5.30%	1.24%
Emerging Markets	18.03%	11.70%	6.33%	-0.66%	-1.73%	1.06%	-0.11%	0.55%	-0.67%	3.02%	3.22%	-0.21%
Int'l Fund of Funds	21.27%	20.19%	1.07%	4.09%	3.77%	0.31%	3.87%	2.57%	1.29%	4.73%	3.81%	0.92%
Global Equity	27.50%	20.80%	6.70%	1.42%	6.89%	-5.47%	8.79%	6.46%	2.32%	8.11%	6.77%	1.34%

Net of Fee Returns as of 9/30/23



March 2024

**ADOPTION OF THE ACTUARY'S DETERMINATION FOR THE PRELIMINARY FISCAL  
YEAR 2025 EMPLOYER CONTRIBUTION TO THE NEW YORK CITY BOARD OF  
EDUCATION RETIREMENT SYSTEM**

- WHEREAS,** the Actuary, in a letter dated March 19, 2024, determined that the Preliminary Employer Contribution for Fiscal Year 2025 (i.e., July 1, 2024 through June 30, 2025) is \$248,653,634 to the New York City Board of Education Retirement System; and
- WHEREAS,** the Board of Trustees has reviewed the determination; now therefore be it
- RESOLVED,** the Board of Trustees hereby approves a Preliminary Fiscal Year 2025 Employer Contribution to the New York City Board of Education Retirement System of \$248,653,634.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director

**MARCH 2024**

**AUTHORIZATION TO AMEND AN AGREEMENT WITH VITECH SYSTEMS SUB LLC**

- WHEREAS,** in January 2019, the Board of Education Retirement System (“BERS”) contracted with Vitech Systems Sub LLC (“Vitech”) to subscribe to the V3locity Service, BERS’ Comprehensive Pension Management System (“CPMS”) (the “Service Agreement”) and to the license the associated software (the “License Agreement”) beginning on January 1, 2019 and continuing until terminated; and
- WHEREAS,** the Service Agreement was thereafter amended in October 2020 and July 2023 to 1) incorporate the V3locity Digital Self Service platform, and 2) add database and document and file repository capacity, respectively; and
- WHEREAS,** the Service Agreement requires periodic upgrades by BERS to maintain the latest functionality of the CPMS system and its code base; and
- WHEREAS,** Vitech has represented that it is willing and able to offer Upgrades as a Service (“UaaS”) to BERS at a cost of \$875,000 per annum for five years effective July 1, 2024; and
- WHEREAS,** an analysis by BERS administrative staff indicates that the UaaS solution offered by Vitech would be more cost-effective than proceeding with the required upgrades on a time and materials basis; and
- WHEREAS,** the Board accepts the recommendations of BERS administrative staff regarding the preference to utilize the UaaS solution offered by Vitech; now therefore be it
- RESOLVED,** that the Board authorizes an amendment to the License Agreement to add UaaS at an additional amount not to exceed \$875,000 per annum for five years commencing July 1, 2024; and be it further
- RESOLVED,** that the Executive Director of BERS be authorized to receive and control funds and to direct the Comptroller of the City of New York to disburse funds in accordance with this resolution.

Respectfully Submitted,

---

Sanford R. Rich  
Executive Director

March 2024

**AUTHORIZATION TO THE COMPTROLLER OF THE CITY OF NEW YORK TO PROCEED WITH THE PUBLIC EQUITY ANNUAL IMPLEMENTATION PLAN**

**WHEREAS,** after review and discussion of the analyses and recommendations of BERS' investment advisor, the Comptroller of the City of New York ("the Comptroller") and the concurrence of the administrative staff of BERS who all endorse this action, Segal Marco Advisors ("the Consultant") recommends that the Board of Trustees ("the Board") proceed with the Public Equity Annual Implementation Plan; and

**WHEREAS,** the Board accepts the recommendations from the Comptroller, the Consultant, and the NYC BERS administrative staff regarding the Public Equity Annual Implementation Plan; now therefore be it

**RESOLVED,** that the Board hereby directs the Comptroller to effectuate the foregoing process in accordance with this recommendation dated March 26, 2024; and be it further

**RESOLVED,** that the Board directs that such process shall be completed within a reasonable period of time and in a manner consistent with the Comptroller's guidelines for such actions; towards the NYC BERS strategic asset allocation of 34% for US public equities, 9% for Developed Market public equities, and 4% for Emerging Market public equities; and be it further

**RESOLVED,** that the Board hereby directs the Comptroller to report to the Board on the progress of such action and to make such recommendations to the Board as the Comptroller shall deem appropriate with respect to such action.

Respectfully Submitted,

---

Sanford R. Rich  
Executive Director