

BOARD OF EDUCATION RETIREMENT SYSTEM

Board Meeting Agenda

January 23, 2024

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Education Retirement System held on December 12, 2023 – **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: Election of Co-Chairs of the Board of Trustees – **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: Election of Members of the Executive Committee – **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Election of Members of the Audit Committee – **FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Election of Members of the Disability Committee – **FOR CONSIDERATION AND ACTION.**
8. Calendar Item 22: Authorization to the Executive Committee to Approve Certain Transactions – **FOR CONSIDERATION AND ACTION.**
9. Calendar Item 23: Internal Audit Semiannual Update – **FOR DISCUSSION.**
10. Calendar Item 24: Direction to the Comptroller Regarding the Use of BIPOC Investment Managers for the Board of Education Retirement System Portfolio – **FOR CONSIDERATION AND ACTION.**

Board of Education Retirement System
SUMMARY MINUTES
Meeting of the Board of Trustees
December 12, 2023

Appearances:

Karine Apollon
Phoebe-Sade Arnold
Marjorie Dienstag
John Dorsa
Gregory Faulkner
Anthony Giordano
Angela Green
Naveed Hasan

Alice Ho
Jessamyn Lee
John Maderich
Donald Nesbit
Kaliris Salas-Ramirez
Maisha Sapp
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 Ms. Apollon and a second by Ms. Ho, this item was unanimously approved.

Agenda Item 2: Executive Director's Update.

**Ephraim Zakry arrived at approximately 4:47pm.*

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

Agenda Item 4 – Calendar Item 18: NYC Office of the Actuary June 30, 2021 Actuarial Valuation Report. On a motion by Mr. Zakry and a second by Mr. Dorsa, this item was discussed.

Agenda Item 5 – Calendar Item 19: Grant Thornton Post Audit Fiscal Year 2023 Presentation. On a motion by Mr. Maderich and a second by Ms. Apollon, this item was discussed.

Agenda Item 6 – Calendar Item 20: Authorization to the Comptroller of the City of New York to Invest, Sell and Exchange the Funds of the Retirement System. On a motion by Mr. Zakry and a second by Mr. Hasan, this item was unanimously approved.

Agenda Item 7 – Calendar Item 21: Authorization to Amend an Agreement with Baker Tilly US LLP to Provide Internal Audit Services to The Board of Education Retirement System. On a motion by Mr. Maderich and a second by Ms. Dienstag, this item was unanimously approved.

Agenda Item 8 – Calendar Item 22: Authorization to Enter into an Agreement with CEM Benchmarking Inc. for the Provision of Administration Benchmarking Services. On a motion by Mr. Giordano and a second by Dr. Green, this item was unanimously approved.

Agenda Item 9 – Calendar Item 23: Authorization to Amend an Agreement with Vitech Systems Sub LLC. On a motion by Ms. Apollon and a second by Mr. Maderich, this item was approved with one abstention from Mr. Giordano.

Agenda Item 10 – Calendar Item 24: Amendment to Videoconferencing Procedures. On a motion by Mr. Zakry and a second by Ms. Ho, this item was unanimously approved.

Agenda Item 11 – Calendar Item 25: Authorization to Permit Hardship Distributions from the BERS Tax-Deferred Annuity Program in Reliance on Self-Certification by the Applicant. On a motion by Mr. Maderich and a second by Dr. Green, this item was unanimously approved.

Agenda Item 12 – Calendar Item 26: Authorization to Permit Hardship Distributions from the BERS Tax-Deferred Annuity Program that Include Earnings on Contributions. On a motion by Mr. Giordano and a second by Mr. Zakry, this item was unanimously approved.

Agenda Item 13 – Calendar Item 27: 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 and a second by Ms. Apollon, this item was unanimously tabled.

On a motion by Mr. Dorsa and a second by Ms. Apollon, the meeting was adjourned at approximately 6:15 PM.

January 2024

**AUTHORIZATION TO THE EXECUTIVE COMMITTEE
TO APPROVE CERTAIN TRANSACTIONS**

WHEREAS, the Board of Trustees (“the Board”) adopted the Authority and Procedure of the Executive Committee of the Board of Education Retirement System (BERS) in January 2017 to more efficiently and effectively manage its duties; and

WHEREAS, the Board thereafter amended the Authority and Procedure of the Executive Committee in February 2020, December 2021, June 2022, September 2022, and October 2022; and

WHEREAS, the Board, as head of BERS, is vested by law with the authority to approve all investment transactions on behalf of BERS; and

WHEREAS, in December 2021, recognizing that investment transactions must often be executed on relatively short notice, according to a calendar which does not necessarily align with scheduled Board meetings, the Board amended the Authority and Procedure of the Executive Committee to authorize the Executive Committee to approve certain investment transactions through December 31, 2022; and that authority was extended through December 31, 2023; and

WHEREAS, in considering whether to extend the grant of such authority, the Board has reviewed the following:

- 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. other factors the Board considers pertinent to an analysis of the financial performance and planning, consistent with its obligation as a fiduciary;

and;

WHEREAS, having reviewed the foregoing, the Board wishes to extend the authority of the Executive Committee to approve certain investment transactions through December 31, 2024; now therefore be it

RESOLVED, that the Board hereby delegates its investment authority to the Executive Committee to the extent set forth herein through December 31, 2024:

the Executive 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.

Respectfully Submitted,

Sanford R. Rich
Executive Director

January 2024

**DIRECTION TO THE COMPTROLLER REGARDING THE USE OF BIPOC
INVESTMENT MANAGERS FOR THE BOARD OF EDUCATION RETIREMENT
SYSTEM PORTFOLIO**

WHEREAS, the Board of Trustees (Board) is committed and required to invest the members' pension assets with qualified managers to generate investment returns for the exclusive benefit of, and in order to pay retirement benefits to, BERS members and their beneficiaries; and

WHEREAS, the Board implements all policies consistent with the Trustees' fiduciary duties, BERS Investment Policy Statement (IPS), and applicable federal, state and local laws; and

WHEREAS, a "Staff FAQ Relating to Investment Adviser Consideration of DEI Factors" published by staff of the United States Securities Exchange Commission advises:

An investment adviser is required to have a reasonable belief that the advice it provides is in the best interest of the client based on the client's objectives. Such a reasonable belief that advice is in the best interest of the client typically includes consideration of a variety of factors. Accordingly, an adviser that recommends other investment advisers to or selects other advisers for their clients may consider a variety of factors in making a recommendation or selection, *including, but not limited to, factors relating to diversity, equity, and inclusion*, provided that the use of such factors is consistent with a client's objectives, the scope of the relationship, and the adviser's disclosures. Further, the adviser's fiduciary duty does not mandate restricting such a recommendation or selection to investment advisers with certain specified characteristics, such as a minimum amount of assets under management or a minimum length of track record.; and

WHEREAS, legal scholars, citing studies by prominent business schools and investment institutions, have found evidence supporting a correlation between diversity practices and financial performance, and stronger evidence that diversity is a "key ingredient for cognitively 'smart' businesses," and have posited that there is a "business argument for Diversity" based on "its impact on the corporation's reputation with regulators and key stakeholders and, by extension, on its cost of capital, access to talent and business partners, and its attractiveness to customers ... [and] the rational basis for business leaders to conclude that attention to good [diversity, equity and inclusion]

practices makes good business sense in terms of improving the likelihood that a corporation will be sustainably profitable;” and

WHEREAS, the Board is committed to integrating diversity and inclusion into its decision-making, including consideration of firmwide diversity in the selection of consultants and investment managers and supporting diversity among service providers to its investment managers; and

WHEREAS, the Board believes that professionals and decision-makers who come from diverse backgrounds contribute different points of view that enhance organizational quality and economic performance; and

WHEREAS, in order to achieve the best economic performance, the Board wishes to maximize opportunities for members of the Black, Indigenous, and People of Color (BIPOC) community, to be considered for positions as managers of BERS assets;

RESOLVED, that the Board will establish prudent parameters for investment manager searches that promote the consideration of qualified BIPOC managers and financial service providers; and

BE IT FURTHER RESOLVED, that the Board directs the Bureau of Asset Management (BAM), in coordination with BERS administrative staff, to take prudent steps to increase the use of qualified BIPOC managers. These steps shall include but not be limited to the following:

- BERS’ general consultant shall include at least one BIPOC manager in recommendations to BAM for public markets searches when appropriate and consistent with the searches’ evaluation criteria; and
- BERS’ private asset specialty consultants and BAM shall consider qualified BIPOC private asset managers in the private asset classes in which BERS invests, when appropriate and consistent with evaluation criteria; and

BE IT FURTHER RESOLVED, that BAM and BERS staff provide the Board with an annual diversity report with a section describing assets managed by BIPOC managers, broken out by class and manager; and a section describing diversity metrics of all managers; and

BE IT FURTHER RESOLVED

that this Direction to the Board shall, in all effects and terms, supersede the “Resolution to Amend the Investment Policy Statement in Relation to the Use of Black, Indigenous, and People of Color Financial Institutions for the Board of Education Retirement System of the City of New York” introduced to and voted on by the Board on June 13, 2023.

Respectfully Submitted,

Sanford R. Rich
Executive Director

**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.

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.

**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.