

BOARD OF EDUCATION RETIREMENT SYSTEM

Board Meeting Agenda

June 21, 2022

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Retirement held on May 26, 2022 - **FOR CONSIDERATION AND ACTION.**
2. Executive Director Update - **FOR DISCUSSION.**
3. Calendar Items 2-17: Ordinary Business - **FOR CONSIDERATION AND ACTION.**
4. Calendar Item 18: Authorization for the Adoption of an Administrative Budget for Fiscal Year 2023 for the Board of Education Retirement System – **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: Adoption of a Policy Regarding Contract Approval Thresholds for the Board of Education Retirement System– **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Amendment to the Authority and Procedure of the Executive Committee -**FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Appointment of an Alternate Audit Committee Member – **FOR CONSIDERATION AND ACTION.**
8. Calendar Item 22: Authorization to Amend an Agreement with Jennifer Temps, Inc. to Provide Staffing Services to the Board of Education Retirement System – **FOR CONSIDERATION AND ACTION.**
9. Calendar Item 23: Authorization to Amend an Agreement with the TemPositions Group of Companies to Provide Staffing Services to the Board of Education Retirement System – **FOR CONSIDERATION AND ACTION.**
10. Calendar Item 24: Authorization to Amend an Agreement with McLean & Company to Provide HR Research and Advisory Services to the Board of Education Retirement System – **FOR CONSIDERATION AND ACTION.**
11. Calendar Item 25: Authorization to Enter into an Agreement with KPX Global to Develop the BERS Private Market ESG Pilot Project – **FOR CONSIDERATION AND ACTION.**
12. Calendar Item 26: Adoption of the Interim Chief Actuary’s Recommendation Regarding the Tier III/IV/VI Loan Insurance Premium Rate for Fiscal Year 2023 - **FOR CONSIDERATION AND ACTION.**
13. Calendar Item 27: Noting Receipt of Fiscal Note Report Dated June 15, 2022 – **FOR DISCUSSION.**

Board of Education Retirement System
SUMMARY MINUTES
Meeting of the Board of Trustees
May 26, 2022

Appearances via WebEx:

Dr. Vasthi Acosta
Tom Allon
Tazin Azad
Russell Buckley
Deborah Dillingham
Gregory Faulkner
Kyle Kimball

Anthony Lopez
Donald Nesbit
Dr. Kaliris Salas-Ramirez
Thomas Sheppard
Karina Taveras
Gladys Ward

Agenda Item 1 - Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Retirement held on April 12, 2022 and April 20, 2022. On a motion by Mr. Buckley and a second by Mr. Sheppard, this item was unanimously approved.

Agenda Item 2: Executive Director Update.

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

Agenda Item 4 - Calendar Item 18: Appointment of an Alternate Audit Committee Member. On a motion by Mr. Buckley and a second by Mr. Sheppard, this item was discussed. There were no volunteers to serve as an alternate audit committee member.

Agenda Item 5 - Calendar Item 19: Presentation of Preliminary Budget for Fiscal Year 2023. On a motion by Mr. Buckley and a second by Mr. Lopez, Daniel Miller, BERS Deputy Executive Director, made a presentation to the Board.

Agenda Item 6 - Calendar Item 20: Amendment to the Authority and Procedure of the Disability Committee. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was unanimously approved.

Agenda Item 7 - Calendar Item 21: Adoption of the Disability Committee's Recommendations. On a motion by Mr. Sheppard and a second by Mr. Lopez, this item was unanimously approved.

Agenda Item 8 - Calendar Item 22: Determination Regarding the State of Emergency Due to COVID-19. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was approved with an abstention from Mr. Buckley.

Agenda Item 9 - Calendar Item 23: Authorization for the Rebalancing of Funds of the New York City Board of Education Retirement System. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was unanimously approved.

Agenda Item 10 - Calendar Item 24: Noting Receipt of the Fiscal Note Report. On a motion by Mr. Buckley and a second by Mr. Lopez, Michael Samet, Acting Actuary, made a presentation to the Board.

Agenda Item 11- Calendar Item 25: Discussion Regarding the Proposed Equity for Surviving Spouses Act. On a motion by Mr. Buckley and a second by Mr. Lopez, Marta Ross, NYC Law Department Senior Counsel, made a presentation to the Board.

Agenda Item 12 - Calendar Item 26: Adoption of Videoconferencing Procedures. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was approved with an abstention from Mr. Buckley.

Ms. Taveras departed the meeting at approximately 4:42 PM.

Agenda Item 13 - Calendar Item 27: Authorization to Enter Into an Agreement with Citrix Systems Inc. to Provide a Virtual Workspace. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was unanimously approved.

Agenda Item 14 - Calendar Item 28: Authorization to Enter Into an Agreement with Crown Castle to Provide Internet Security Services. On a motion by Mr. Buckley and a second by Mr. Lopez, this item was unanimously approved.

No other items of business were presented. On a motion by Mr. Buckley and a second by Mr. Sheppard, the meeting was adjourned at 5:54 PM.

AUTHORIZATION FOR THE ADOPTION OF AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2023 FOR THE BOARD OF EDUCATION RETIREMENT SYSTEM

- WHEREAS,** Chapter 307 of the Laws of 2002 was enacted on August 6, 2002; and
- WHEREAS,** Chapter 307 of the Laws of 2002 deems the administrative budget for the fiscal year beginning July 1, 2022 enacted by the retirement board to be effective as of the beginning of the fiscal year, and
- WHEREAS,** Chapter 307 of the Laws of 2002 authorizes the Retirement Board to establish a budget sufficient to fulfill the powers, duties and responsibilities set forth in the BERS rules and regulations and any other provision of law which sets forth benefits of members of the Retirement System and may draw upon the assets of the Retirement System to finance said budget; and
- WHEREAS,** the Executive Director and the administrative staff recommend as a budget for Fiscal Year 2023 a personnel services budget of \$19,045,980 that includes a fringe benefit cost of \$6,161,404 and an other than personnel services budget of \$15,961,478; and
- WHEREAS,** the Retirement Board has reviewed the Executive Director's budget request; now therefore be it
- RESOLVED,** that the Retirement Board of the Board of Education Retirement System adopts the Fiscal Year 2023 administrative budget and delegates to the Executive Director its powers within the authorized appropriation.

Respectfully Submitted,

Sanford R. Rich
Executive Director

ADOPTION OF A POLICY REGARDING CONTRACT APPROVAL THRESHOLDS FOR THE BOARD OF EDUCATION RETIREMENT SYSTEM

WHEREAS, the Board of Education Retirement System (BERS) has an ongoing need to procure various goods and services in support of BERS' mission; and

WHEREAS, there exists a need to adopt a policy regarding contract approval thresholds; now therefore be it

RESOLVED, that contract approval thresholds shall be approved as follows:

(1) Executive Director.

- i. competitive procurements not greater than \$100,000;
- ii. government contract rides/piggyback contracts up to \$500,000;
- iii. MWBE procurements up to \$500,000; and
- iv. contract amendments and extensions for a period of up to 1 year, such that the total term of the agreement shall not exceed 5 years and the cumulative total cost to BERS shall not exceed \$100,000.

(2) Executive Committee.

- i. procurements greater than \$100,000, but not greater than \$500,000;
- ii. government contract rides/piggyback contracts greater than \$500,00, but not greater than \$1,000,000;
- iii. contract amendments and extensions for a period greater than 1 year, but not greater than 3 years, such that the cumulative total contract amount shall not exceed \$100,000; and
- iv. emergency, sole source, and negotiated acquisition procurements not greater than \$100,000.

(3) Board of Trustees.

- i. all other procurements.

and be it further

RESOLVED, that notwithstanding the foregoing, the Board of Trustees has the authority to approve any and all procurements and contracts on behalf of the Board of Education Retirement System; and be it further

RESOLVED, that the administrative staff of BERS shall report to the Board of Trustees regarding all procurements and contracts authorized by the Executive Director and the Executive Committee.

Respectfully Submitted,

Sanford R. Rich
Executive Director

AMENDMENT TO THE AUTHORITY AND PROCEDURE OF THE EXECUTIVE COMMITTEE OF THE BOARD OF EDUCATION RETIREMENT SYSTEM

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 Trustees thereafter amended the Authority and Procedure of the Executive Committee in February 2020 and December 2021; and

WHEREAS, the Board recognizes that certain decisions, including decisions related to shareholder engagement and contracting, must often be executed on relatively short notice, according to a calendar which does not necessarily align with scheduled Board meetings; and

WHEREAS, the Board seeks to amend the Authority and Procedure of the Executive Committee to 1) authorize the Executive Committee to approve certain decisions related to shareholder engagement, 2) authorize the Executive Committee to approve certain contracts, and 3) modify the delegation of the Board’s investment authority as it relates to investment transactions; now therefore be it

RESOLVED, that the Board hereby amends the Authority and Procedure of the Executive Committee as follows:

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 ~~the Common Investment Meetings held by the Comptroller of the City of New York’s Bureau of Asset Management,~~ (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.

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 ~~the Common~~ 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; and**
- (l) 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.

Respectfully Submitted,

Sanford R. Rich
Executive Director

June 2022

AUTHORIZATION TO AMEND AN AGREEMENT WITH JENNIFER TEMPS, INC. TO PROVIDE STAFFING SERVICES TO THE BOARD OF EDUCATION RETIREMENT SYSTEM

- WHEREAS,** the Board of Education Retirement System (BERS) entered into an agreement with Jennifer Temps, Inc. (Jennifer Temps) for a period of twelve months to provide staffing services to BERS at a cost not to exceed \$1,111,007; and
- WHEREAS,** on June 24, 2021, the Board of Trustees resolved to extend the agreement with Jennifer Temps for an additional twelve (12) months at no additional cost; and
- WHEREAS,** on September 23, 2021, the Board of Trustees authorized additional funds toward the existing agreement with Jennifer Temps at an additional cost of \$1,989,759; and
- WHEREAS,** the Director of Human Resources recommended that the Board of Trustees extend the agreement with Jennifer Temps for an additional three (3) months, extending through and terminating on September 30, 2022 at no additional cost; and
- WHEREAS,** the Board accepts the recommendation of the Director of Human Resources; now therefore be it
- RESOLVED,** the Board of Trustees authorizes the Executive Director of BERS to amend the contract with Jennifer Temps to provide staffing services for an additional three (3) months, terminating on September 30, 2022 at no additional cost, such that the total amount of the agreement is not to exceed \$3,100,766, and subject to agreement by Jennifer Temps, Inc. If any of the foregoing terms are not agreed upon by the parties to the contract, the proposed contract amendment will be brought back to the Board for further review and action before such amendment is executed; 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 agreement.

Respectfully Submitted,

Sanford R. Rich
Executive Director

June 2022

AUTHORIZATION TO AMEND AN AGREEMENT WITH THE TEMPOSITIONS GROUP OF COMPANIES TO PROVIDE STAFFING SERVICES TO THE BOARD OF EDUCATION RETIREMENT SYSTEM

WHEREAS, on July 29, 2020, the Board authorized an agreement with the Tempositions Group of Companies (TemPositions) to Provide Staffing Services to the Board of Education Retirement System (BERS) at a cost not to exceed \$254,597; and

WHEREAS, BERS has determined a continued need for staffing services; and

WHEREAS, it is necessary for BERS to utilize temporary staff to continue to fulfill the needs of its membership; and

WHEREAS, the administrative staff have recommended that BERS continue to utilize TemPositions for such services for an additional three months; and

WHEREAS, the Board of Trustees accepts the recommendation of the administrative staff regarding such staffing services; now therefore be it

RESOLVED, that the Board of Trustees authorizes the Executive Director to extend the agreement with TemPositions to provide staffing services, at an additional cost of \$180,000, such that the total amount of the agreement is not to exceed \$434,597 and terminates on September 30, 2022, subject to agreement by TemPositions. If any of the foregoing terms are not agreed upon by the parties to the contract, the proposed contract will be brought back to the Board for further review and action before such contract is executed; 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 agreement.

Respectfully Submitted,

Sanford R. Rich
Executive Director

June 2022

AUTHORIZATION TO AMEND AN AGREEMENT WITH MCLEAN & COMPANY TO PROVIDE HR RESEARCH AND ADVISORY SERVICES TO THE BOARD OF EDUCATION RETIREMENT SYSTEM

WHEREAS, on January 29, 2020, the Board authorized an agreement with McLean & Company for a period of one year commencing on January 31, 2020, at a cost not to exceed \$60,000, to provide HR research and advisory services to BERS; and

WHEREAS, on November 23, 2021, the Board authorized an amendment to the existing agreement with McLean & Company at an additional cost not to exceed \$84,581 and terminating on November 21, 2023; and

WHEREAS, BERS has an additional need for HR research and advisory services to support recently promoted leaders at BERS; and

WHEREAS, the Director of Human Resources that recommended that the Board amend its existing agreement with McLean & Company to provide such additional HR research and advisory services; now therefore be it

RESOLVED, that the Board of Trustees authorizes the Executive Director of BERS to amend the existing agreement with McLean & Company to provide HR research at an additional cost not to exceed \$26,220, such that the total amount of the agreement is not to exceed \$170,801, subject to agreement by McLean & Company. If any of the foregoing terms are not agreed upon by the parties, the contract will be brought back to the Board for further review and action before such a contract is executed; 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 agreement.

Respectfully Submitted,

Sanford R. Rich
Executive Director

June 2022

**AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH KPX GLOBAL TO
DEVELOP THE BERS ESG INTEGRATION PILOT PROJECT**

WHEREAS, the BERS Investment Policy Statement (IPS) expresses the importance of “integrating environmental, social, and governance factors (ESG) [. . .] into [BERS’] decision making;” and

WHEREAS, BERS has determined a need for a consultant to assist BERS with an ESG Integration Pilot Project that includes: 1) a qualitative assessment of goals, priorities, stakeholders, and current systems and projects; and 2) a quantitative assessment of BERS’ underlying private market portfolio based upon identified priorities and other qualitative assessments; and

WHEREAS, the Director of Investment Strategy has recommended KPX Global to provide such services; and

WHEREAS, it is the desire of the Board to contract with KPX Global for a period of eight months commencing in Fiscal Year 2023; now therefore be it

RESOLVED, that the Board of Trustees authorizes the Executive Director of BERS to enter into a contract with KPX Global to provide consulting services for the BERS ESG Integration Pilot Project for a period of eight months at a cost not to exceed \$125,000, subject to agreement by KPX Global. If any of the foregoing terms are not agreed upon by the parties, the contract will be brought back to the Board for further review and action before such a contract is executed; 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 agreement.

Respectfully Submitted,

Sanford R. Rich
Executive Director

**ADOPTION OF THE INTERIM CHIEF ACTUARY'S RECOMMENDATION REGARDING
THE TIER III/IV/VI LOAN INSURANCE PREMIUM RATE FOR FISCAL YEAR 2023**

- WHEREAS,** in accordance with the legislation establishing a Loan Program for Tier III/IV/VI members of the New York City Board of Education Retirement System, the Board of Trustees is required, at least annually, to review the Loan Insurance Premium Rate applicable to the Loan Program; and
- WHEREAS,** based on the recommendation of the prior Actuaries, such Loan Insurance Premium Rate has been set each year at 0.50% per annum of the outstanding loan balances for loans originating between July 1, 1991 and June 30, 1998, at 0.30% per annum of the outstanding loan balances for loans originating between July 1, 1998 and June 30, 2015, and at 0.20% per annum of the outstanding loan balances for loans originating between July 1, 2015 and June 30, 2022; and
- WHEREAS,** in a Report dated June 15, 2022, the Interim Chief Actuary has analyzed the experience and current status of the Loan Program, concluded that no change needs to be made and recommends to the Board of Trustees that the Loan Insurance Premium Rate be continued at 0.20% per annum of the outstanding loan balances for any loans originating during Fiscal Year 2023 (i.e. July 1, 2022 through June 30, 2023); now, therefore, be it
- RESOLVED,** that the Board of Trustees hereby adopts the recommendation of the Interim Chief Actuary as stated in his Report dated June 15, 2022 and stipulates the Tier III/IV/VI Loan Insurance Premium Rate be continued at its current rate of 0.20% per annum of the outstanding loan balances for any loans originating during Fiscal Year 2023 (i.e. July 1, 2022 through June 30, 2023).

Respectfully Submitted,

Sanford R. Rich
Executive Director