

**BOARD OF EDUCATION RETIREMENT SYSTEM**  
**Board Meeting Agenda**  
**May 30, 2024**

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Education Retirement System held on April 17, 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: Authorization of the Rebalancing of Funds of the Board of Education Retirement System – **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: NYC BERS Fiscal Year 2025 Budget – **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Authorization to Enter into an Agreement with Winson Surnamer, Inc. to Provide Printing and Mailing Services to BERS – **FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Confirmation of Alternate Members of the Executive Committee – **FOR CONSIDERATION AND ACTION.**
8. Calendar Item 22: Confirmation of Alternate Members of the Disability Committee – **FOR CONSIDERATION AND ACTION.**
9. Calendar Item 23: Confirmation of Members of the Audit Committee – **FOR CONSIDERATION AND ACTION.**
10. Calendar Item 24: Bureau of Asset Management (BAM) BERS Public Equity Annual Plan – **FOR CONSIDERATION AND ACTION.**
11. Calendar Item 25: Bureau of Asset Management (BAM) Responsible Property Management Standards – **FOR CONSIDERATION AND ACTION.**
12. Calendar Item 26: Authorization to the Comptroller of the City of New York for Research on Passive Index Investment Options in Each Asset Class for NYC BERS – **FOR CONSIDERATION AND ACTION.**
13. Calendar Item 27: Authorization to the Comptroller of the City of New York to Approve the 2024 Private Equity Emerging Manager Program – **FOR CONSIDERATION AND ACTION**

14. Calendar Item 28: STAR Report Review – **FOR DISCUSSION.**

**Board of Education Retirement System**  
**Meeting of the Board of Trustees**  
**Summary Minutes**  
**April 17, 2024**

**Appearances:**

Karine Apollon  
Shirley Aubin  
Tazin Azad  
Lilly Chan  
Marjorie Dienstag  
Gregory Faulkner  
Anita Garcia  
Anthony Giordano  
Naveed Hasan  
Alison Hirsh  
Alice Ho

Michelle Joseph  
Jessamyn Lee  
Donald Nesbit  
Alan Ong  
Kaliris Salas-Ramirez  
Maisha Sapp  
Thomas Sheppard  
Venus Sze-Tsang  
Gladys Ward  
Ephraim Zakry

**Agenda Item 1 - Calendar Item 1:** Noting the Minutes of the Meeting of the Board of Retirement held on April 17, 2024. On a motion by Mr. Nesbit and a second by Mr. Giordano, this item was unanimously approved.

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

**Agenda Item 3 – Calendar Item 18:** Adoption of the Disability Committee’s Recommendations. On a motion by Ms. Aubin and a second by Ms. Chan, these items were unanimously approved.

**Agenda Item 4 – Calendar Item 19:** NYC Office of the Actuary – Final Fiscal Year 2024 Employer Contribution. On a motion by Mr. Sheppard and a second by Ms. Lee, this item was unanimously approved.

**Agenda Item 5 – Calendar Item 20:** NYC Office of the Actuary – Preliminary Fiscal Year 2025 Employer Contribution. On a motion by Mr. Nesbit and a second by Mr. Zakry, this item was unanimously approved.

**Agenda Item 6 – Calendar Item 21:** Vitech Upgrade as a Service (UAAS) Subscription. On a motion by Mr. Giordano and a second by Mr. Zakry, this item was approved with one abstention from Ms. Hirsh.

**Agenda Item 7 – Calendar Item 22:** NYC BERS Fiscal Year 2025 Budget Preview. On a motion by Ms. Azad and a second by Ms. Lee, this item was discussed.

**Agenda Item 8 – Calendar Item 23:** 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. Nesbit and a second by Mr. Giordano, this item was unanimously approved.

**Agenda Item 9 – Calendar Item 24:** Authorization to the Comptroller of the City of New York to Terminate Current US Equity Portfolio Manager and Hire Alternate US Equity Portfolio Manager. On a motion by Mr. Nesbit and a second by Ms. Lee, this item was unanimously approved.

**Agenda Item 10 – Calendar Item 25:** Authorization to the Comptroller of the City of New York for Research on Passive Index Investment Options in Each Asset Class for NYC BERS. On a motion by Mr. Zakry and a second by Ms. Azad, this item was considered.

On a motion by Mr. Nesbit and a second by Ms. Azad, Calendar Item 26 through Calendar Item 30 were tabled for the next meeting of the Board of Trustees of the Board of Education Retirement System of New York City.

On a motion by Ms. Azad and a sec. ond by Ms. Lee, the meeting was adjourned at approximately 5:42pm

DRAFT

## REQUEST MEMO

**To:** Sharon Koppula, Director of Contracts and Procurement

**Cc:** Lisvett Jean, Deputy Director of Contracts and Procurement

**From:** Sally Sandoval, Director of Member Communications

**Date:** May 17, 2024

**Re:** Negotiated Services (NS) Request

*All questions appearing below must be **thoroughly** addressed. If approved, the below information will be used to determine whether it is not practicable and/or advantageous to award a contract by competitive sealed bidding or competitive sealed proposals. When submitting the completed Request Memo, you must also attach the vendor’s Statement of Work and the expected cost to BERS associated with this request (Vendor’s Cost Proposal). If the space provided is insufficient to provide complete responses, please attach additional sheets of paper to provide a complete response.*

I am writing to request an exception to competitive procurement to contract with vendor **Winson Surnamer Lithography (“Winson Surnamer”)**. Please find the justification for this request below.

1. Provide a description of the goods/services being procured.

The Member Communications department of BERS is required to comply with a legal mandate/requirement. On December 8, 2023, New York Governor Kathy Hochul signed into law Chapter 721 of the Laws of 2023 (“Chapter 721”). This law, which takes effect on July 1, 2024, provides that certain employees eligible for BERS membership will be automatically enrolled in BERS unless they opt-out within 90 days (“auto-enrollment law”). Although the responsibility of notifying the employees is on the Employer and Unions, BERS also has a fiduciary responsibility to ensure eligible employees are properly informed of the ability to opt out and the benefits of a BERS membership. Contracting with Winson Surnamer, the vendor that previously provided all BERS printing and mailing services, will allow BERS to reach out to BERS-eligible employees in a timely manner. Below is a list of printing and mailing services the vendor will perform for approximately 26,961 members with the estimated deliverable dates.

Service Job 1: Mailing Letters - 3 Lots	Estimated Delivery Date to Post Office
Lot A (90 Day Letter)	June 24, 2024
Lot B (60 Day Letter)	July 25, 2024
Lot C (30 Day Letter)	August 23, 2024

1st Class Postage	
<b>Service Job 2 Estimate: Reminder Postcards - 4 Lots</b>	
Lot A (90 Day)	July 9, 2024
Lot B (60 Day)	August 8, 2024
Lot C (30 Day)	September 6, 2024
Lot D(15 Days)	September 20, 2024
1st Class Postage	
<b>Service Job 3 Estimate: Welcome Packet</b>	
Welcome Letter	November 4, 2024
Congratulations Flyer	
Enrollment Applications (2 Sheets)	
Beneficiary Applications (3 Sheets)	
Return Envelope	
Outside Mailing Envelope	
Collate & Mail	
1st Class Postage	
<i>Note: Any unmailed items from Job 3 (Welcome Packet) will be collated and delivered unsealed to BERS at 55 Water Street.</i>	

2. What are the benefits of this service?

The benefits of this service is that BERS will be able to notify prospective members that effective October 1, 2024, they will be automatically enrolled into the BERS pension plan unless they complete an *Opt-Out Form* by September 30, 2024. Additionally, once eligible employees are enrolled on October 1<sup>st</sup>, they will receive a *Welcome Packet* that will include required forms and important account information.

3. What is the term of this contract, including any extensions, if any? Indicate dates.

The proposed term of this contract is May 31, 2024 – December 31, 2024.

4. Is this request retroactive (is the vendor already provided services)? If the answer is “yes,” please explain why.

No, this request is not retroactive.

5. The three main circumstances in which a Negotiated Services procurement method may be used are provided below. Select the applicable circumstance(s) **and** provide a statement describing how the circumstance applies to this request.

A. A time-sensitive situation where a vendor must be retained quickly for one of the following reasons:

- i. To fulfill or comply with a time-sensitive legal mandate/requirement;

On December 8, 2023, New York Governor Kathy Hochul signed into law Chapter 721 of the Laws of 2023 ("Chapter 721"). This law, which takes effect on July 1, 2024, provides that certain employees eligible for BERS membership will be automatically enrolled in BERS unless they opt-out within 90 days. Although the responsibility of notifying the employees is on the Employer and Unions, BERS also has a fiduciary responsibility to ensure eligible employees are properly informed of the ability to opt-out and the benefits of a BERS membership.

6. What research was done to determine that this company is the best provider of this service?

BERS has previously worked with Winson Surnamer to produce the printing and mailing of notification letters and other similar print materials. The quality and efficiency of their previous deliverables make them the best provider of this service.

7. What is the annual and total contract amount?

The estimated contract amount is \$199,890.57 based upon the current numbers of BERS-eligible employees in our records. This estimated contract amount could change if the number of eligible employees increases or decreases due to opt-out forms received, employees hired or resigned between the dates of the contract period. Due to the potential increase in eligible employees, Member Communications is requesting that the Board authorize a not to exceed amount of \$215,000 for the requested services.

8. Has the vendor provided a detailed Scope of Work describing all the goods/services/deliverables to be provided during the term of the requested contract (including any extension term, if applicable), along with a corresponding Cost Proposal. Have you reviewed Work Plan and Cost Proposal for completeness and accuracy?

Yes, refer to the attached vendor's estimate of services and deliverables for the proposed contact period.

9. Is the pricing offered fair and reasonable? If so, how was this substantiated?

When comparing Winson Surnamer's price to prior quoted services their pricing has been consistent with their estimates or less than previous quotes received. Therefore, pricing for this request is determined to be fair and reasonable.

10. Has the vendor provided assurance that BERS is receiving the lowest price(s) offered for the services we are receiving? If so, in what form was that assurance provided?

Yes, BERS is receiving the lowest price for this contracted service. Through requirements discussions Winson Surnamer has prioritized our desire to keep costs low while also providing a quality service.

11. How will future requests for the goods/services/deliverables described here be addressed?

BERS Member Communications Department is currently collaborating with Contracts and Procurement to prepare a competitive solicitation to address future printing needs.



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>	

Asset values estimated as of 12/26/23 (values are unaudited)



# 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>-</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>-</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>-</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>-</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>-</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





## OFFICE OF NEW YORK CITY COMPTROLLER BRAD LANDER

Steven Meier, Deputy Comptroller - Asset Management / Chief Investment Officer

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**TO:** Trustees of the Board of Education Retirement System of the City of New York (BERS)

**FROM:** John Adler, Alison Hirsh, BAM Investment Committee

**DATE:** March 20, 2024

**RE:** Responsible Property Management Standards

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The Bureau of Asset Management (BAM) is recommending that TRS, NYCERS, Police, Fire, and BERS (collectively “the Boards” or “Systems”) adopt the attached Responsible Property Management Standards Policy (“RPMS Policy”) as part of their Investment Policy Statement (IPS) for Real Estate. The RPMS Policy is designed to ensure that managers selected by the Systems take prudent and careful action to support and encourage fair practices towards residents living in properties owned or funded by investment managers on behalf of the Boards. These Responsible Property Management Standards, consistent with fiduciary duty, aim to improve the long-term quality and sustainability of residential rental real estate investments and reduce housing instability for residents, while providing sufficient flexibility to manage investment risks and attain target financial returns. The form and applicability of the RPMS Policy is modeled after the Systems’ Responsible Contractor Policy that has been in place for many years.

Property management practice in residential rental real estate varies considerably across the industry and is further complicated by an inconsistent patchwork of state and local landlord tenant laws. The absence of robust standards exposes the Boards to a variety of risks including higher capital and operating costs associated with low resident satisfaction, higher turnover rates, difficulties retaining management employees, and a growing array of regulatory and reputational challenges.

The RPMS Policy provides assurance that the residential properties in which the Boards invest through diversified national portfolios are maintained and operated to a consistent standard of quality that provides expected financial returns, assures fair and equitable treatment of tenants, and enhances long-term value.

BAM developed this RPMS Policy with the help of an external consultant and through multiple consultations with many stakeholders, including the Systems’ residential real estate managers and consultants, tenant advocacy and policy groups, real estate market experts, and industry associations. They all provided thoughtful and practical feedback that was incorporated into the policy BAM is recommending. Trustees have attended multiple presentations about the developing standards over the course of the past 18 months.

If approved, BAM will promptly implement the RPMS Policy on behalf of the Boards for all prospective private real estate equity funds.





## DISCLOSURES

The information contained in this investment memo is confidential, may not be distributed to unauthorized persons, and may contain material non-public information pertaining to certain investment activities and portfolio companies. Past performance does not guarantee the future performance of any manager or strategy. The performance results and historical information provided herein may have been adversely or favorably impacted by events and economic conditions that will not prevail in the future. Therefore, these results are not indicative of the future performance of any strategy, index, fund, manager or group of managers. This program does not constitute investment advice and should not be viewed as a recommendation to purchase or sell any investment product included herein.

**NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM**  
**STATEMENT OF INVESTMENT POLICY**  
**FOR**  
**RESPONSIBLE PROPERTY MANAGEMENT STANDARDS**  
**APRIL 2024**

*This Policy is effective immediately upon adoption and shall apply on a prospective basis to all Applicable Investments, as defined in Section II below.*

**I. INTRODUCTION**

The Responsible Property Management Standards Policy (“the RPMS Policy”) is designed to ensure that managers selected by the New York City Board of Education Retirement System take prudent and careful action in accordance with the RPMS Policy, as described herein. The New York City Board of Education Retirement System, through the RPMS Policy, supports and encourages fair practices towards residents living in properties owned or funded by managers. The Responsible Property Management Standards (“RPMS”), consistent with fiduciary duty, aim to improve the long-term quality and sustainability of residential rental real estate investments and reduce housing instability for residents, while providing sufficient flexibility to manage investment risks and attain target financial returns. Notwithstanding any other considerations set forth in the RPMS Policy, managers must always manage assets for the exclusive benefit of and with loyalty, honesty, good faith, and fairness towards all holders of ownership interests in such investments, including, without limitation, investors, plan participants, and beneficiaries.

The New York City Board of Education Retirement System has a deep interest in the living conditions of residents living in properties owned or funded by managers selected by the New York City Board of Education Retirement System. Property management practice in residential rental real estate varies considerably across the industry and is further complicated by an inconsistent patchwork of state and local landlord tenant laws. The absence of robust standards exposes investors to a variety of risks including higher capital and operating costs associated with low resident satisfaction, higher turnover rates, difficulties retaining management employees, and a growing array of regulatory and reputational challenges.

With New York City Board of Education Retirement System’s diversified national portfolio, the RPMS provides assurance that the properties in which New York City Board of Education Retirement System invests are maintained and operated to a consistent standard of quality that provides target risk-adjusted financial returns, assures fair and equitable treatment of tenants, and enhances long-term value. Implementing a uniform set of standards for quality property management protects the long-term sustainability and profitability of rental housing market investments.

## **II. APPLICABLE INVESTMENTS AND PHASING**

“Applicable Investments” are equity investments (and associated advisor or partner and subcontractor contracts and bids arising out of those investments) in the private real estate asset class, including partnerships, joint ventures, co-investments, and direct investments entered into after the effective date of this RPMS Policy in domestic residential rental real estate, whether single family, multi-family, or other forms of residential rental real estate. Prospective real estate funds in which New York City Board of Education Retirement System invests shall commit to adopting this RPMS Policy, consistent with their fiduciary duties as enunciated in Section IV below. Adopting this Policy means committing to abide by the Principles, Standard Practices, and Disclosures as described in Section V below, consistent with their fiduciary duties, and making best efforts to comply with the Best Practices also described in Section V.

This RPMS Policy specifically excludes all other types of investments, including mezzanine debt, hybrid debt, international investments, secondary funds, and indirect, specialty and mortgage investments lacking equity features, and their respective advisors, although the System strongly encourages all managers to comply with the entire policy to the extent possible. The practicality, schedule, and method of extending this RPMS Policy in the future, beyond those investments described herein, shall depend on factors that include the structure of the investment and the degree of control New York City Board of Education Retirement System can exercise.

## **III. DEFINITION OF THE RESPONSIBLE PROPERTY MANAGEMENT STANDARDS**

The Responsible Property Management Standards are designed to ensure that managers take prudent and careful action in accordance with the RPMS Policy, provided that such action remains consistent with the

discharge of a manager's fiduciary duties. There are four components to the RPMS: Principles, Standard Practices, Best Practices, and Disclosures.

There are seven (7) *Principles*:

1. Implement consistent and fair tenant screening and selection practices.
2. Offer clear and fair leases; reduce undue burdens of security deposits.
3. Maintain safe, quality, accessible housing.
4. Foster positive tenant-landlord relations.
5. Honor tenants' rights to free speech and free association.
6. Optimize tenant stability.
7. Minimize evictions and other negative exits.

Each principle is associated with one or more Standard Practices, which represent the minimum expectations. Beyond the Standard Practices, the principles are supported by several Best Practices, which are intended to provide a road map for managers of Applicable Investments seeking to further elevate property management quality over time. For the purposes of the RPMS, a "Standard Practice" is a norm or common approach, policy, procedure and/or process employed as an established practice to produce a consistent desired outcome. Whereas a "Best Practice" is a method or approach that experience and research have shown is likely more effective at producing a desired outcome. The RPMS are not intended to conflict with any Federal, State, or local law or regulation, and are designed to augment such laws and regulations to further enhance tenant protections, thereby resulting in greater stability of occupancy, which redounds to the benefit of investors, plan participants, and beneficiaries.

Finally, the principles and practices are accompanied by a set of public Disclosures. The Disclosures are designed to increase market transparency and enable prospective tenants to make more informed choices. The Disclosures are intended to be public and are in addition to any disclosures that might be provided in the normal course of investor due diligence.

#### **IV. INITIAL REQUIREMENTS OF THE RESPONSIBLE PROPERTY MANAGEMENT STANDARDS POLICY**

- A. **Duty of Loyalty** - Notwithstanding any other considerations, assets will be managed for the exclusive benefit of and with loyalty, honesty, good faith and fairness toward the Applicable Investments and all holders of the ownership interests in such Applicable Investments, including, without limitation, plan participants and beneficiaries.
- B. **Prudence** - The Trustees, the Comptroller’s Office Staff (“Staff”), and Managers and Advisors are charged with the fiduciary duty to exercise the care, skill, prudence, and diligence appropriate to the task.
- C. **Competitive Return** - All investments and services must be made and managed in a manner that produces a competitive, risk-adjusted rate of return.
- D. **Local, State, and National Laws** – Managers, contractors and subcontractors shall observe all local, state, and national laws (including, by way of illustration, those related to insurance, withholding taxes, labor, anti-discrimination, environmental, occupational health and safety, and the right to organize unions).

**V. PRINCIPLES, STANDARD PRACTICES, BEST PRACTICES AND DISCLOSURES**

The RPMS consists of the following Principles, Standard Practices, Best Practices and Disclosures:

**Principle 1.0 — Implement consistent and fair tenant screening and selection practices.**

Standard 1.1 — Ensure compliance with federal, state, and local fair housing, civil rights, and consumer protection laws.

- Disclosure: Violations of federal, state, and local fair housing and civil rights laws.

Standard 1.2 — Provide plain language explanation of application fees, screening criteria, and documentation requirements.

Best Practice 1.2.1 — Minimize application fees such that they accurately reflect the actual costs incurred by the manager and its agents in the evaluation and processing of an application.

Standard 1.3 — Disclose all tenant financial obligations including rent, utilities, fees, etc. at the time of application.

Best Practice 1.3.1 — Offer draft lease terms or key information, e.g., term, rate, deposits, late fees, limits on occupancy, etc., and other communications in plain language and offer translated copies in multiple languages to non-English speaking tenants.

Standard 1.4 — Accept Housing Choice Vouchers and do not use source of income as a tenant screening criteria.

Best Practice 1.4.1 — Explore utilization of and reporting of positive screening criteria, e.g., positive rental payment history data, as a potential offset for items such as a low credit score, and limit use of public records of bankruptcies, foreclosures, and eviction filings (not successful evictions).

Standard 1.5 — Share screening criteria before accepting an application and limit criminal background checks to convictions (not arrests) for serious offenses.

Best Practice 1.5.1 — Limit the use of criminal convictions (not arrests), except for in the case of serious offenses, as a singular criteria for denial of a rental application, adopt reasonable lookback periods (a maximum of ten years), mitigate the utilization of screening criteria and criminal background data that is discriminatory in nature and allow applicants the opportunity to provide mitigating evidence.

Standard 1.6 — Limit collection of personal data to decision-critical information.

Best Practice 1.6.1 — Prohibit use of proprietary screening algorithms that do not routinely utilize algorithmic bias detection to test for discriminatory bias and, as necessary, employ mitigation practices. Utilize alternative credit scoring models demonstrated to reduce bias.

Standard 1.7 — Ensure application and screening process is consistent across all properties under the same ownership.

Best Practice 1.7.1 — Minimize the impact of past evictions, bankruptcies, and foreclosures in screening.

Standard 1.8 — Disclose the reason(s) to the applicant when an application is rejected and, if applicable, require third party vendors to also follow similar disclosure procedures.

**Principle 2 — Offer clear and fair leases; reduce undue burdens of security deposits.**

Standard 2.1 — Provide a minimum 1-year renewable lease with clear explanation of all lease terms, tenant rights and responsibilities.

- Disclosure: Contract rents benchmarked against HUD [fair market rents](#) and [income limits](#) for each property including adjustment for unit sizes.

Standard 2.2 — Provide at least 30-day notice for rent increases and limit increases on one-year renewals of existing leases to no more than the 12-month change in CPI + 5% . In circumstances where the asset managers deem an increase exceeding the 12-month change in CPI + 5% necessary in accordance with fiduciary duty, a minimum 60-day notice will be provided, and the increase will be reported to the investors.

Best Practice 2.2.1 — Provide at least 30-day notice for rent increases and limit increases on new leases to no more than the 12-month change in CPI + 5% and refer tenants unable to afford rent increases to relocation assistance services and resources and provide relocation assistance to tenants unable to afford rent increases. In circumstances where the asset managers deem an increase exceeding the 12-month change in CPI + 5% necessary in accordance with fiduciary duty, a minimum 60-day notice will be provided, and the increase will be reported to the investors.

Standard 2.3 — The lease must not include hidden fees or other unfair or deceptive practices.

Best Practice 2.3.1 — Ensure that any additional fees, such as those for pets, parking, and amenities, are not in excess of market rates.

Standard 2.4 — Limit security deposits to a maximum of 1.5x monthly rent and return security deposits within 14 days of departure, or provide notice within 14 days of departure of the amount of the security deposit to be returned and return the security deposit within 30 days.

Standard 2.5 — Fully disclose security deposit policies including conditions, process, and timelines for return; prohibit mid-lease increases in security deposits.

Best Practice 2.5.1 — Allow early lease termination under a defined set of circumstances clearly specified in the lease agreement.

### **Principle 3 — Maintain safe, quality, accessible housing.**

Standard 3.1 — Keep all properties up to habitability standards as described in Section 302a of the [Revised Uniform Residential Landlord and Tenant Act \(2015\)](#).

- Disclosure: Local health and safety violations.

Best Practice 3.1.1 — Upgrade/maintain properties to meet green building standards such as the [Enterprise Green Communities Criteria](#).

Standard 3.2 — Ensure that heat and air conditioning are available at all times required by applicable laws.

Best Practice 3.2.1 — Provide air conditioning in all units in locations that regularly experience [extreme heat conditions as defined by FEMA](#).

Standard 3.3 — Provide a user-friendly process for reporting, tracking, and resolving maintenance and repair issues.

Best Practice 3.3.1 — Allow for repair deductions from rent under defined circumstances.

#### **Principle 4 — Foster positive tenant-landlord relations.**

Standard 4.1 — Establish and monitor service levels for response and resolution of repair and maintenance issues.

- Disclosure: Average time to resolve maintenance requests.

Standard 4.2 — Provide at least 24 hours' notice for access to premises, except as requested by the tenant or in case of emergencies.

Standard 4.3 — Deploy periodic tenant satisfaction surveys leveraging tools like the Kingsley Resident Survey, National Apartment Association Survey of Operating Income & Expenses in Rental Apartment Communities, etc.

- Disclosure: Property management staff turnover.

Best Practice 4.3.1 — Results of the periodic tenant satisfaction surveys accessible for tenants and investors and aggregated similarly to the Kingsley Resident Survey, National Apartment Association Survey of Operating Income & Expenses in Rental Apartment Communities, etc.

#### **Principle 5 — Honor tenants' rights to free speech and free association.**

Standard 5.1 — Commit to neutrality in tenant organizing and explicitly prohibit harassment and retaliation.

Best Practice 5.1.1 — Recognize and negotiate with tenant unions/organizations.

- Disclosure: Information on existing tenant union/organization and current contact information for the tenant union/organization.



Best Practice 5.1.2 — Allow the use of common spaces for tenant meetings and organizing activities.

**Principle 6 — Optimize tenant stability.**

*Standard 6.1* — Track and monitor the reasons for tenant moves.

- Disclosure: Tenant exits by reason for move.

*Best Practice 6.1.1* — Reasons for tenant moves accessible for investors.

*Standard 6.2* — Refer residents to rental assistance and other services that support stable tenancy. Include information on rental assistance and services in late payment and pre-filing notices.

- Disclosure: Median annual rent increase by unit size.

*Best Practice 6.2.1* — Engage with strategic partners to provide and/or refer tenants to comprehensive resident services programs to enhance financial capability, health, and well-being.

*Best Practice 6.2.2* — Facilitate reporting of **all** rent payment history to the major credit bureaus.

*Best Practice 6.2.3* — Offer tenants the right to purchase when a property is put up for sale. Applicable only to single family rental properties, not multifamily rental properties, and where the ownership structure allows for individual unit transactions.

**Principle 7 — Minimize evictions and other negative exits.**

*Standard 7.1* — Clearly define and communicate causes for eviction based on tenant responsibilities defined in the lease.

- Disclosure: [Eviction filing rate](#) benchmarked against aggregate rates calculated by the [Eviction Lab](#).

*Standard 7.2* — Provide a late notice within the first two weeks of the month in which a tenant has failed to pay rent.

*Best Practice 7.2.1* — Implement repayment plans for tenants in arrears.

*Best Practice 7.2.2* — Use mediation and conflict resolution processes to resolve landlord-tenant disputes.

*Standard 7.3* — Provide 30 days pre-filing notice before filing for eviction of tenants who are in arrears on rent and allow an opportunity to cure of at least 14 days.

Best Practice 7.3.1— Offer opportunities for redemption following an eviction judgment or proceeding the actual event.

Standard 7.4 — Prohibit harassment and other activities intended to pressure residents to move such as performing construction work outside of normal business hours etc. or neglecting hazardous conditions.

## **VI. INVESTMENT POLICY RESTRICTIONS**

The System will not make investments that have the potential of reducing the long-term quality and sustainability of residential rental real estate investments and increasing housing instability for residents, and will seek investments in which the manager, advisor or partner demonstrates a commitment to standards of good conduct, and will reject investments that would pose a reputational risk to the System or bring public or regulatory scrutiny.

## **VII. TRANSITION, MONITORING, RESPONSIBILITIES AND ENFORCEMENT**

- A. **Notification** - The System and/or Staff shall provide a copy of this policy to all current and prospective managers of Applicable Investments.
- B. **Contracts and Renewals** - All contracts entered into after the effective date of this Policy and pertaining to Applicable Investments, including renewals of such contracts, shall reference this Policy. The New York City Board of Education Retirement System will take into account compliance with this policy in considering manager contract renewals or re-ups.
- C. **Responsibilities** - The responsibilities of Staff, managers of Applicable Investments, and property managers and subcontractors are defined as follows:
  - 1. The Staff and/or consultants shall have the following responsibilities:
    - a. Review the managers' reports regarding compliance with the Policy.
    - b. Report to the System's Board of Trustees on incidents of non-compliance of Applicable Investments with the Policy and make recommendations for corrective action as necessary.
  - 2. Managers of Applicable Investments shall have the following responsibilities:
    - a. Communicate the Policy to all property or asset managers.

- b. Report, on an annual basis, to the Staff, any deviations from the standard practices and/or the utilization of any of the best practices as outlined in the RPMS including their own efforts as well as those by property or asset managers and their subcontractors.
  - c. Monitor and enforce the Policy, including the investigation of potential violations.
  - d. Select property managers in a manner consistent with this Policy.
- 3. Property or asset managers of Applicable Investments shall have the following responsibilities:
  - a. Abide by the Policy consistent with the commitment made by the Managers of Applicable Investments.
  - b. Communicate the Policy to any interested party, including actual tenants, prospective tenants, or organizations representing actual or prospective tenants.
  - c. Provide property or asset level annual report information to Managers.

**D. Enforcement –**

- 1. If the Staff receives complaints alleging a violation of this Policy, it shall gather information relating to the complaint and forward it, as appropriate, to the Board. Complaints will be taken seriously. Staff will expect managers to provide prompt communication and full information.
- 2. If the Staff becomes aware of a formal determination by a law enforcement or regulatory agency or a court, that a manager, property or asset manager or subcontractor of an Applicable Investment has violated applicable laws, regulations, or standards, either directly or by failing to take appropriate steps to prevent or remedy violations and that constitutes a violation of this Policy, then:
  - a. The Staff will consider all reasonably available remedies and recommend to the Board any appropriate ones that they believe will address the violation in a manner that satisfies the Board's fiduciary duties of loyalty and prudence; and
  - b. The Staff may place the manager on a watch list. If the manager, even after discussions with the Staff and/or consultants, does not modify its pattern of conduct, and/ or cause its property or asset manager(s) or subcontractor(s) to modify their conduct, the Board shall consider this pattern of conduct along with other information when it reviews the manager's contract for possible renewal, or when considering investment in a subsequent fund or partnership of the manager. The key indicator is a pattern of conduct that is inconsistent with the provisions of the Policy. Incidents of non-compliance will be reported to the System's Board of Trustees on a timely basis, and no less than quarterly.

**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.

**BERS** | Board of Education  
Retirement System

▀ **FY 2025  
Administrative  
Budget**

BE  
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Securing your financial future today

## ► Proposed Administrative Budget FY 2025

<b>Proposed Budget</b>	<b>\$35,876,958</b>
Personal services (PS)	\$24,726,410
<u>Other than personal services (OTPS)</u>	<u>\$11,150,548</u>

# ▸ Budget Trend

	FY 2022	FY 2023	FY 2024	FY 2025 (presented)	FY 2025 (proposed)
Administrative Budget	\$32,843,115	\$31,658,009	\$34,096,572	\$35,791,957	\$35,876,957
Corpus paid investment expense	-	-	\$842,083	\$950,179	\$950,179
Capital Budget Cash outflow	\$3,310,000	-	\$3,800,000	-	-
<b>Total outflow</b>	<b>\$36,153,115</b>	<b>\$31,658,009</b>	<b>\$38,738,655</b>	<b>\$36,742,136</b>	<b>\$36,827,136</b>
<u>Headcount</u>					
Full time employees	136	136	166	169	169
Total administrative budget increase/(decrease)%	22.06%	3.61%	7.70%	4.97%	5.22%
Total outflow increase (decrease)%	18%	-12%	22%	-5%	-5%





## Key drivers for FY 2025

### Preliminary Administrative Budget

- \$1.04M- Contractual and Mayoral Increases
- \$375K- UAAS- Velocity upgrade
- \$320K- Autoenrollment
- \$100K- DOE medical doctors
- \$85K- Consulting service for Quality Assurance review and purchase of Internal Audit Software
- (\$625K)- Reduction in vitech maintenance and support hours
- (\$580K)- 4.76% reduction in the fringe rate
- (\$85K) → Reduction in OT costs



▶ *Thank you*

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May 2024

**REQUEST FOR THE BOARD OF TRUSTEES TO ADOPT THE AUTHORIZATION OF REBALANCING OF FUNDS FOR THE NEW YORK CITY BOARD OF EDUCATION RETIREMENT SYSTEM**

**WHEREAS,** the BERS' Rules Sections 9(b)(F) and 45 require the Actuary, for purposes of determining funded status and rebalancing adjustments, to determine the actuarial value of assets and liabilities of BERS' Qualified Pension Plan (QPP) and the BERS' Tax-Deferred Annuity (TDA) Program as of each fiscal year; and

**WHEREAS,** BERS' Rules Section 45 states that where the assets of either the TDA or the QPP exceed its respective value, there shall be a transfer from such fund to the other where such value exceeds its assets; and

**WHEREAS,** the Actuary, by letter dated May 23, 2024, determined that as of July 1, 2023, the TDA was overfunded compared to its value by \$99,492,627, and that such amount should be transferred to the QPP's Contingent Reserve Fund; and

**WHEREAS,** the Actuary, by letter dated May 23, 2024, determined that as of July 1, 2023, the QPP Variable Fund was overfunded compared to its value, by \$6,900,405, and that such amount should be transferred from the QPP Variable Fund to the QPP's Contingent Reserve Fund; and therefore be it

**RESOLVED,** that the Board adopts the Actuary's recommendation and authorizes BERS staff to effectuate the internal rebalancing described above in accordance with such recommendation.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director



**AUTHORIZATION FOR THE ADOPTION OF AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2025 FOR THE BOARD OF EDUCATION RETIREMENT SYSTEM OF THE CITY OF NEW YORK**

- 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 2025 a personnel services budget of \$24,726,410, including a fringe benefit cost of \$ 7,628,906, and an other than personnel services budget of \$11,150,548; 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 2025 administrative budget and delegates to the Executive Director its powers within the authorized appropriation.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director

May 2024

**AUTHORIZATION TO ENTER INTO AN AGREEMENT WITH WINSON SURNAMER, INC. TO PROVIDE PRINTING AND MAILING SERVICES TO THE BOARD OF EDUCATION RETIREMENT SYSTEM OF THE CITY OF NEW YORK**

**WHEREAS,** BERS has determined a need for printing and mailing services to respond to recent legislation, requiring the auto-enrollment of BERS-eligible employees; and

**WHEREAS,** BERS has determined that it is necessary to contract with a vendor for such services, without a competitive solicitation, to comply with a time sensitive legal mandate, Chapter 721 of the Laws of 2023; and

**WHEREAS,** the Board has received a recommendation from BERS' Director of Member Communications regarding the selection of Winson Surnamer, Inc. ("Winson Surnamer") to provide such printing and mailing services; and

**WHEREAS,** it is the desire of the Board to contract with Winson Surnamer for a period of seven months, commencing on May 31, 2024; now therefore be it

**RESOLVED,** that the Board does hereby authorize the Executive Director to enter into a contract with Winson Surnamer, Inc. to provide printing and mailing services to BERS for a period of seven months commencing May 31, 2024, not to exceed \$215,000, and 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 the agreement with Winson Surnamer, Inc.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director

May 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 April 17, 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,

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Sanford R. Rich  
Executive Director

**APPROVAL OF THE RESPONSIBLE PROPERTY MANAGEMENT STANDARDS  
POLICY FOR PRIVATE REAL ESTATE EQUITY**

- WHEREAS,** prudent and careful action is necessary to support and encourage fair practices towards residents living in properties owned or funded by investment managers on behalf of the Boards; and
- WHEREAS,** property management practice in residential real estate varies considerably and is further complicated by inconsistencies in state and local landlord tenant laws; and
- WHEREAS,** the absence of robust residential real estate standards exposes the Boards to a variety of risks, including but not limited to higher capital and operating costs associated with low resident satisfaction, higher turnover rates, difficulties retaining management employees, and a growing array of regulatory and reputational challenges; and
- WHEREAS,** the Office of the NYC Comptroller’s Bureau of Asset Management has developed a prudent policy for the Responsible Property Management Standards (“RPMS”) with the rationale and elements of guidance provided by the Board; now therefore, be it
- RESOLVED,** that the Board of Trustees adopts the attached RPMS policy as guidance for an approach to residential properties invested through diversified national portfolios to be maintained and operated to a consistent standard of quality that provides expected financial returns, assures fair and equitable treatment of tenants, and enhances long-term value; and be it further
- RESOLVED,** that the Board of Trustees hereby approves the Responsible Property Management Standards Policy as presented to the Board on April 17, 2024; and be it further
- RESOLVED,** that this resolution will be appended to the BERS Investment Policy Statement.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director

May 2024

**AUTHORIZATION TO THE COMPTROLLER OF THE CITY OF NEW YORK  
FOR RESEARCH ON PASSIVE INDEX INVESTMENT OPTIONS IN EACH  
ASSET CLASS FOR NYC BERS**

**WHEREAS,** given the lack of a speedy process to replace an investment manager, the Executive Committee on April 4, 2024 proposed the use of passive index investment funds to limit any risks arising from such delays; and

**WHEREAS,** Segal Marco Advisors (“the Consultant”) recommends that the Board of Trustees (“the Board”) authorize the Comptroller of the City of New York to research and secure a passive index investment fund in each asset class for which such a fund will be commercially available; and

**WHEREAS,** the administrative staff and the Executive Committee have reviewed and discussed the above recommendation, and all endorse this action; now therefore be it

**RESOLVED,** that the Board hereby directs the Comptroller to effectuate the foregoing research process in accordance with this recommendation dated April 17, 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; and be it further

**RESOLVED,** that the Board hereby directs the Comptroller to report to the Board on the progress of such actions.

Respectfully Submitted,

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Sanford R. Rich  
Executive Director



May 2024

**AUTHORIZATION TO THE COMPTROLLER OF THE CITY OF NEW YORK TO APPROVE THE 2024 PRIVATE EQUITY EMERGING MANAGER PROGRAM**

- WHEREAS,** after review and discussion of the analyses and recommendations of its investment advisor, the Comptroller of the City of New York (“the Comptroller”), and the concurrence of the administrative staff of the Board of Education Retirement System, who all endorse this action, Segal Marco Advisors (“the Consultant”) recommends that the full Board of Trustees (“the Board”) approve the 2024 Private Equity Emerging Manager Program in accordance with the recommendations of the Comptroller; and
- WHEREAS,** the Board accepts the recommendations from its investment advisor, the Comptroller, the administrative staff and the Consultant regarding the 2024 Private Equity Emerging Manager Program; now therefore be it
- RESOLVED,** that the Board hereby directs the Comptroller to effectuate the foregoing process in accordance with his recommendation of March 28, 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; 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,

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Sanford R. Rich  
Executive Director