



New York State
Teachers'
Retirement
System

Retirement Board GOVERNANCE MANUAL



Updated September 2021

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIREMENT BOARD GOVERNANCE MANUAL

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Overview

Introduction

The Retirement Board of the New York State Teachers' Retirement System ("NYSTRS" or the "System") is committed to excellence in board governance. Accordingly, this Retirement Board Governance Manual has been developed to assist Retirement Board members in fulfilling their fiduciary duties on behalf of the System, its members and beneficiaries. Retirement Board member fiduciary duties include the following:

- Duty of loyalty – The obligation to act for the exclusive benefit of the plan participants and beneficiaries. Regardless of how they have been selected, Retirement Board members must put the interest of all plan participants and beneficiaries above their own interests or those of any third parties.
- Duty of care – The responsibility to administer the plan efficiently and properly. The duty of care includes consideration and monitoring of the financial sustainability of funding practices and the effective administration of System benefits in compliance with applicable law.
- Duty of prudence – The obligation to act prudently in exercising power or discretion over the interests that are the subject of the fiduciary relationship. The general standard is that a Retirement Board member should act in a manner consistent with a reasonably prudent person exercising care, skill and caution.¹

In addition to guidance on best-practices, this manual incorporates System values, policies, Bylaws, and Rules and Regulations as well as pertinent requirements of the laws affecting the Retirement Board and its functions.

The Executive Committee of the Retirement Board shall have the particular responsibility for ensuring this Manual remains relevant, and shall do so with the assistance of Retirement Board members, the Executive Director and Chief Investment Officer and System senior staff.

¹ 11 N.Y.C.R.R. §136-1.6; GFOA Best Practice Statement on Governance of Public Employee Post-Retirement Benefits Systems (2010); Committee on Retirement Benefits Administration (CORBA)

Governing Documents

The System was established pursuant to Chapter 503 of the Laws of 1920. The provisions of Chapter 503 were subsequently recodified by Chapter 820 of the Laws of 1947 as Article 11 of the Education Law - the law governing the System. Among other things, the law provides for the Retirement Board to be the governing body of the System and the trustees of the System's assets. The principal statutory authority for the investment of System funds by the Retirement Board is contained in Education Law §508 and Retirement and Social Security Law §177.

The Retirement Board has the authority and responsibility to establish rules and regulations for the administration and transaction of System business, for the control of System funds, and to perform other functions as required to fulfill its responsibilities. The official Rules and Regulations of the System have the force of law in all legal proceedings. They are filed with the Secretary of State, and are also published in the New York Codes, Rules and Regulations (NYCRR) volume 21. They are promulgated by the System's Retirement Board and may be amended from time to time as the Retirement Board deems necessary. The System's Rules and Regulations, like those of other State instrumentalities, are divided into a number of separate 'Parts', each of which addresses a specific topic. Each Part implements relevant statutes and case law. An overview of the System's Rules and Regulations has been included in the appendices to this Manual and may be found in its entirety on the System's website.

The System publishes a compilation of the principal statutory laws governing the System. The laws referenced in the Appendix are accessible on the System's website (www.nystrs.org) and on the New York State Legislative Retrieval System website.

This Governance Manual contains pertinent excerpts from the Rules and Regulations, Compilation of Laws and System Bylaws as indicated throughout.

In addition, the System produces the Comprehensive Annual Financial Report as a valuable resource and includes a Summary of Benefits in the introduction. The Annual Report is accessible on the System's website (www.nystrs.org) and is available in its entirety in print from the System's Public Information Office.

Mission, Vision and Values

Mission

- To provide our members with a secure pension.

Vision

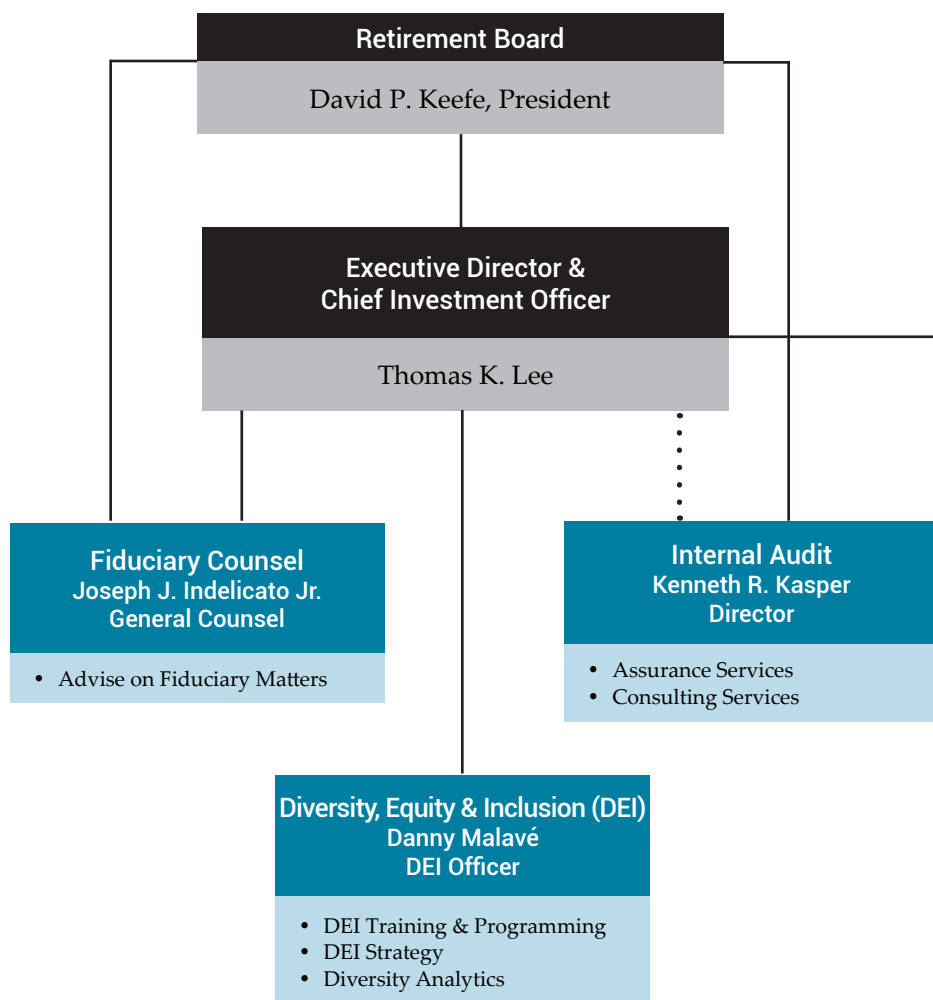
- To be *the* model for pension fund excellence and exceptional customer service.

Values

- Integrity
- Excellence
- Respect
- Resourcefulness
- Diversity
- Diligence
- Balance



Organizational Structure



Actuary Richard A. Young, Chief Actuary	<ul style="list-style-type: none"> Actuarial Valuations Fiscal Notes
Administration Miriam Dixon, Chief Administrative Officer	<ul style="list-style-type: none"> Human Resources Facilities Services Budget & Analytics Project Management
Office of the CFO Noreen Jones, Chief Financial Officer	<ul style="list-style-type: none"> Finance Investment Operations
Fixed Income Michael A. Wolfe Jr., Managing Director	<ul style="list-style-type: none"> Long/Short-Term Fixed Income Securities Global Bonds High-Yield Bonds
Information Technology Michael J. Gregoire, Chief Technology Officer	<ul style="list-style-type: none"> IT Technical Services IT Business Solutions
Legal Joseph J. Indelicato Jr., General Counsel	<ul style="list-style-type: none"> Contract Review FOIL Legislation Member Benefit Matters Litigation Member of the Ethics Committee Domestic Relations Orders
Member Relations Edward Rezny, Chief Customer Officer	<ul style="list-style-type: none"> Member & Employer Services Member Benefits Information & Communications Center Education & Outreach Quality Assurance
Private Equity Gerald J. Yahoudy II, Managing Director	<ul style="list-style-type: none"> Private Equity Investments Private Debt Opportunities
Public Equities Frederick W. Herrmann, Managing Director	<ul style="list-style-type: none"> Domestic, International & Global Equity Investments
Real Estate Administration David C. Gillan, Managing Director	<ul style="list-style-type: none"> Real Estate Equity Investments Commercial Lending
Risk Management Vacant	<ul style="list-style-type: none"> Enterprise Risk Investment Risk Information Security

Retirement Board Members and Officers

Retirement Board Member Expectation Statement

As fiduciaries of NYSTRS, it is expected that each Retirement Board member will commit to the following principles of behavior, individually and collectively, and consistently strive to act accordingly.

- To recognize policy setting as the primary role of the Retirement Board and policy implementation as the role of the Executive Director and Chief Investment Officer and his/her staff.
- To serve as fiduciaries, acting prudently and solely in the best interests of the NYSTRS' participants and beneficiaries.
- To avoid even the appearance of conflict, disclose any possible conflict in a timely manner, and refrain from participation in decision-making involving a matter where a Retirement Board member is, or may be viewed as, conflicted.
- To strive to attend all Retirement Board and committee meetings.
- To thoroughly review agenda materials and supporting documentation in preparation for all Retirement Board and committee meetings.
- To participate at Retirement Board and committee meetings by actively listening and asking relevant and substantive questions in a courteous manner.
- To operate in a collegial and transparent manner that acknowledges diversity of opinion.

The Retirement Board agrees to periodically review and update these expectations to ensure they remain constructive and dynamic.

These expectations are to be clearly articulated during the new Retirement Board member onboarding process to assist in understanding the responsibility of being a trustee. These expectations apply equally to all NYSTRS Retirement Board members.

Retirement Board Members, Terms of Office and Vacancies

The composition of the Retirement Board, the procedures for appointment or election of individual Retirement Board members and their terms of office are specified in Article 11 of the Education law.

1. Retirement Board Composition: The Retirement Board consists of ten members:
 - a. One current or former executive officer of a bank authorized to do business in New York State who is not an employee of the State. This member is elected by the University of the State of New York Board of Regents.
 - b. Two current or former trustees or members of the Board of Education of a school district in New York State. At least one of the two Retirement Board members must be a current or former executive officer of an insurance company. Neither may be an employee of New York State. These Retirement Board members of the University of the State of New York are elected by the Board of Regents from a list presented by the New York State School Boards Association, Inc., of five or more candidates with broad experience and ability in finance and investments.
 - c. Two administrative officers of the New York State school system, appointed by the Commissioner of Education.
 - d. The New York State Comptroller or one member appointed by the Comptroller who shall serve until a successor is appointed.
 - e. Three active teacher members elected from among the members of the System.
 - f. One retired teacher member elected from among the retired teachers of the System.
2. Term of Office: Except as noted above, each Retirement Board member serves a term of three years.
3. Oath of Office: Each member of the Retirement Board shall, within ten days after appointment or election, take the constitutional oath of office which shall be filed with the Department of State.
4. Expenses: Retirement Board Members shall serve without compensation, but shall be reimbursed for all actual necessary expenses and for any loss of salary or wages resulting from serving on the Retirement Board.
5. Leave of Absence: An active teacher member shall, upon request, be granted a leave of absence without pay from employment while serving on the Retirement Board. During the leave of absence, the Retirement Board member shall receive full credit in the System for the period of the leave.

6. Vacancies:

- a. A vacancy occurring during the term of a member elected by the Board of Regents or appointed by the Commissioner of Education shall be filled for the unexpired term by election or appointment in the same manner as his or her predecessor.
- b. A vacancy occurring during the term of an active teacher member shall be filled, until the next annual convention of delegates, by the Commissioner of Education and shall be filled for the unexpired term by delegate election at the next annual convention.
- c. A vacancy occurring during the term of the retired teacher member shall be filled by the retired teacher member's alternate. If the alternate candidate is unwilling or unable to serve out the unexpired term, the Retirement Board President shall request the three active teacher members to appoint a retired member of the System to do so. The appointment shall be made by a unanimous written declaration filed with the System.

(Source: Article 11 of the Education Law, § 504 and 505-a; NYSTRS Rules and Regulations Part 5021)

Election of Active Teacher Members to the Retirement Board

A convention of the System's members shall be held annually in New York State for the purpose of electing active teacher members of the Retirement Board. The meeting time and place shall be set by the Retirement Board on or before May 1, and the meeting shall be held in October or November.

Active teacher members shall be elected by a majority of those present and voting at the convention for a term of three years commencing on the first day of February following the election.

(Source: Article 11 of the Education Law § 505)

Election of a Retired Teacher Member to the Retirement Board

1. General provisions: The regular election for the position of retired teacher member of the Retirement Board commenced in October 1998 and will be held in October of every third year thereafter. The retired teacher member shall serve a term of three years commencing on the first day of January following the election.
2. Eligibility Requirements: The retired teacher member must be a retired member of the System, and must have retired no later than July 1 of the year in which the election is held.
3. Nominating Process
 - a. The System will announce the election in the System's retired member newsletter published in the spring prior to the election.
 - b. The System will prepare a nominating petition form to be available following publication of the newsletter, but no later than July 1.
 - c. All nominating petitions must be filed with the System by August 15.
 - d. The nominating petition on behalf of each candidate must be signed by at least 100 retired members of the System.
 - e. The nominating petition shall (i) set forth the position and term of office; (ii) contain the name and address of the candidate and of the alternate; (iii) be accompanied by a notarized acceptance of the nomination by the candidate; and (iv) be accompanied by a notarized statement of the alternate candidate stating that he or she shall accept the nomination and serve on the Retirement Board in the event the candidate cannot serve.

4. Candidate Mailings

- a. The System will complete one mailing for each qualified candidate. The candidate must make the request by September 1 on a form prescribed by the System.
- b. Payment for materials, postage and personnel costs shall be the responsibility of the candidate and must be received by September 10 in the form of a bank or certified check.
- c. A candidate wishing to merge his or her mailing with that of another candidate must obtain approval of the other candidate in writing, filed with the System by September 1. The System shall allocate the cost of the merged mailing on an equitable basis.
- d. The System reserves the right to bill and collect from any candidate any additional or unforeseen costs not covered by a candidate's payment.

5. Election

- a. All retired members of the System as of October 1 of the election year shall be entitled to vote in the election.
- b. The election shall be by secret written ballot in a form prescribed by the System.
- c. The names of candidates and alternates shall be listed on the ballot in the order in which the petitions on their behalf are filed with the System.
- d. Ballots shall be mailed by first class mail on or after October 1 and no later than October 15.
- e. All ballots shall be delivered or mailed to a location within New York State designated by the System for the purposes of counting the ballots and certifying the election. To be valid, ballots must be delivered by October 31 or postmarked by October 31 and received by the Saturday before the day the election is certified.
- f. If only one candidate is nominated, no election shall be held and the candidate shall be deemed to have been elected.
- g. The Board may, by resolution, establish an alternative procedure to conduct the election by electronic, telephone or other means which provides comparable security and convenience for the voters.

6. Counting Ballots and Certifying the Election

- a. The Board of Elections shall consist of two active or retired members of the System appointed by each candidate and a Chair appointed by the Retirement Board President. Candidate appointments must be filed by September 15 on a form prescribed by the System. The Retirement Board President shall appoint an active or retired member of the System to serve as Chair of the Board of Elections by filing a written designation with the System. Candidates and alternates may not serve on the Board of Election.
- b. No later than October 15, the System shall notify the members of the Board of Elections in writing of their appointment and of the date and time for the counting of the ballots.
- c. On the second Monday in November, the Board of Elections shall meet at the location designated by the System for certifying the election.
- d. The ballots shall be counted in accordance with a written procedure established by the System, and the candidate receiving the highest number of valid ballots cast shall win the election.
- e. The Chair of the Board of Elections shall notify the candidate so elected within five days after the Board of Elections certifies the election.
- f. The members of the Board of Elections shall be reimbursed for reasonable expenses actually incurred in accordance with the System's written reimbursement policies.
- g. Ballots shall be preserved by the System for at least 90 days after certification pursuant to a written procedure established by the System. No recount of the ballots shall be required except upon written petition of a candidate, alternate or of 100 retired members of the System eligible to vote in such election. The petition must be filed with the System no later than 30 days after the ballots were counted. If the margin by which a candidate was elected is less than 1 percent of the votes cast, the System shall bear the cost of the recount. Otherwise, the recount shall be at the expense of the person(s) requesting the recount and shall be paid in advance.

7. Procedures in the Event of a Tie Vote: If, by reason of a tie vote, no candidate can be certified as having won the election, the Board of Elections shall certify the tie vote and order a special election to be held in accordance with the procedures set forth below.

- a. A ballot shall be prepared setting forth the names of the candidates and alternate candidates who tied and listing them in the order in which they appeared on the original ballot.

- b. Ballots shall be mailed by first class mail to all retired members of the System eligible to vote in the regular election. The mailing shall take place during the month of November as soon as reasonably practical after the tie vote has been certified.
- c. All ballots must be delivered or mailed to the location within New York State established by the System. In order to be counted in the special election, ballots must be delivered or sent by mail post-marked no later than December 14 and received no more than one day (exclusive of Sunday) prior to the certification of the election.
- d. The Chair of the Board of Elections shall fix a date and time mutually convenient for the Retirement Board Members, but no later than December 31 to certify the election in accordance with the procedures set forth above. For the purposes of this section, however, the Board of Elections shall consist of the Chair and those appointees of the candidates standing for the special election.
- e. The Board of Elections shall certify the election of the candidate receiving the highest number of valid ballots and the Chair of the Board of Elections shall give written notice to the candidate so elected as soon as reasonably practicable after certification. In the event of another tie, the winner of the election shall be determined by the Board of Elections by lot.

(Source: Article 11 of the Education Law, §505-a; NYSTRS Rules and Regulations Part 5021)

Election and Role of Officers

1. The Retirement Board shall have as officers a President and a Vice President. The President and Vice President shall be members of the Retirement Board and shall be elected at the annual meeting in January. The term of office shall be one year commencing upon election and concluding with the election of officers at the following annual meeting.
2. The President shall preside at all meetings of the Retirement Board and of the Executive Committee. The President shall appoint all committees of the Retirement Board, and shall have power to act for the Retirement Board in all matters that may be referred to the President by the Retirement Board.
3. The Vice President, in the event the President is absent or otherwise unable to act, shall have all the powers of the President.
4. In the event a vacancy occurs in any elected office, the Retirement Board may fill such vacancy at any regular or special Retirement Board meeting.

(Source: Article 11 of the Education Law, § 507; NYSTRS Bylaws)

Charter for the Retirement Board President

Purpose and Responsibilities: The Retirement Board President shall conduct Retirement Board meetings in an efficient and productive manner and shall ensure the Retirement Board functions in accordance with its responsibilities as set forth in the law, System Bylaws, and the principles set forth in this Manual. The Retirement Board President has the following primary responsibilities:

1. Preside over all Retirement Board meetings.
2. Develop Retirement Board agendas and ensure coordination of Retirement Board meetings, schedules and presentations in consultation with the Executive Director and Chief Investment Officer.
3. Facilitate effective and open discussion of issues before the Retirement Board, and between the Retirement Board and the Executive Director and Chief Investment Officer.
4. Appoint the chairs and members of the standing committees of the Retirement Board, and appoint such other committees of the Retirement Board as the President may deem advisable.
5. Chair the Executive Committee.
6. Act as spokesperson on behalf of the Retirement Board, or designate another Retirement Board member to act as spokesperson, as the situation warrants.
7. Review for reimbursement any unusual expenses incurred by Retirement Board members, not specifically addressed in the Board Expense Reimbursement Policy.
8. Call special meetings of the Retirement Board, whether at the President's discretion, as recommended by the Executive Director and Chief Investment Officer or upon written request to the Executive Director and Chief Investment Officer by four members of the Retirement Board.

Election: The President shall be a member of the Retirement Board and shall be elected at the Retirement Board's January meeting. The term of office shall be one year commencing upon election and concluding with the election of officers at the following annual meeting.

(Source: NYSTRS Bylaws, Board Reimbursement Policy)

Charter for the Retirement Board Vice President

Purpose and Responsibilities: The Vice President, in the absence or inability of the President to act, shall have all the powers of the President. The Retirement Board Vice President has the following primary responsibilities:

1. Assume and perform the duties of the Retirement Board President in the event the Retirement Board President is absent or otherwise unable to fulfill the duties of Retirement Board President.
2. Serve on the Executive Committee.
3. Perform any other duties assigned by the Retirement Board.

Election: The Vice President shall be a member of the Retirement Board and shall be elected at the Retirement Board's January meeting. The term of office shall be one year commencing upon election and concluding with the election of officers at the following annual meeting.

(Source: NYSTRS Bylaws)

Charter for the Retirement Board Members

Purpose and Responsibilities: Retirement Board members serve as fiduciaries for the System and shall discharge their responsibilities in accordance with all applicable laws and regulations, System Bylaws and Rules and Regulations, and the principles set forth in this Board Governance Manual.

The General Counsel to the Retirement Board and to the System shall advise the Retirement Board on all legal matters necessary to fulfill its fiduciary duties. As warranted or as otherwise directed by the Retirement Board, the General Counsel or the Retirement Board President may seek the advice of independent fiduciary counsel.

Each Retirement Board member has the following primary responsibilities:

1. Discharge his or her duties:
 - a. solely in the interests of the members and beneficiaries;
 - b. for the exclusive purpose of providing benefits to members and beneficiaries;
 - c. with the care, skill, prudence and diligence under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims (as a prudent expert);
 - d. impartially and in accordance with the laws and regulations governing the System; and
 - e. incurring only such expenses as are necessary and reasonable.
2. Act with personal integrity and uphold in spirit and action the System's Code of Ethics.
3. Share his or her relevant knowledge and professional expertise when discussing issues and developing policies.
4. Be flexible and adaptable; encourage new ideas and open discussion among Retirement Board members.
5. Build positive relationships with other Retirement Board members, the Executive Director and Chief Investment Officer and senior staff.
6. Ensure he or she has sufficient knowledge to address Retirement Board issues and participate in Retirement Board discussions and policy-making deliberations. Where this knowledge does not exist, the Retirement Board member may acquire such knowledge by conferring with other Retirement Board members, requesting a presentation by staff through the Executive Director and Chief Investment Officer, or by attending educational seminars. New Retirement Board members shall attend the System's Retirement Board member orientation.
7. Allocate sufficient time to discharge his or her responsibilities appropriately.

8. Attend all Retirement Board meetings and meetings of the committees on which he or she serves, except when unable to attend for good cause.

(Source: Retirement and Social Security Law §177(9) (b))

Retirement Board Meetings and Agenda

1. The annual and quarterly meetings of the Retirement Board shall be held at the System's offices in Albany, New York.
2. Retirement Board meetings shall be held at least once in each quarter on a day set by the Retirement Board. One quarterly meeting, referred to as the annual meeting, must be held on a business day in January.
3. The Retirement Board President may call special meetings of the Retirement Board at his or her discretion, at the request of the Executive Director and Chief Investment Officer, or upon written request to the Executive Director and Chief Investment Officer by four Retirement Board members. The business transacted at the special meeting shall be limited to the purpose stated when the meeting is called.
4. The Executive Director and Chief Investment Officer shall notify each Retirement Board member of the time and place of each meeting by mail, at least seven days before the meeting. If the Retirement Board President calls a special meeting to address a matter requiring immediate action in order to prevent loss, the Executive Director and Chief Investment Officer shall give as prompt notice as is reasonably practical.
5. A Retirement Board member may waive written notice of any meeting in writing to the Executive Director and Chief Investment Officer.
6. A majority of the members of the Retirement Board shall constitute a quorum for the transaction of any business.
7. Unless noted otherwise, a majority vote of the members present shall be required for Retirement Board action.
8. A majority vote of the entire Retirement Board shall be required for the investment of funds or the sale or conversion of securities.
9. A majority vote of the entire Retirement Board and the concurrence of one active teacher member of the Retirement Board shall be required to adopt, amend or repeal any rule or regulation relating to member benefits.
10. The Retirement Board may act in person, or by means of conference telephone or other communications equipment allowing all persons participating in the meeting to hear one another at the same time.
11. The Retirement Board may act by a unanimous vote of its members taken by mail and/or facsimile on occasional matters determined by the President to require action prior to the next scheduled Retirement Board meeting, but non-controversial in nature so as not to require a special meeting of the Retirement Board.

12. The System's Bylaws may be amended at any Retirement Board meeting, provided notice of such amendment is given at least seven days in advance of the meeting. The notice requirement may be waived at any meeting upon unanimous consent of the Retirement Board.
13. The records of the Retirement Board shall be open to public inspection.
14. The Executive Director and Chief Investment Officer and the Retirement Board President shall establish an agenda for each meeting, which shall include all matters necessary for the Retirement Board to fulfill its statutory obligations. Retirement Board members may suggest the addition of any matter to a meeting agenda, and such item may be added to the agenda by a majority vote of the Retirement Board.

Catastrophic Emergency Procedure

In the event of a "catastrophic emergency," the business of the Retirement Board shall be conducted by as many members of the Retirement Board as may be reasonably available, but not less than three individuals, the Executive Director and Chief Investment Officer and the General Counsel. If convening this group is not reasonably possible, the following guidelines in (a), (b) and (c) shall apply in constituting such group:

- a. If the General Counsel is not reasonably available to act, the Deputy General Counsel shall be substituted for the General Counsel.
- b. If either the Executive Director and Chief Investment Officer or the General Counsel is not reasonably available to act, and the Deputy General Counsel is not available to act for the General Counsel, the remaining members of the Executive Staff in order of seniority with the System shall be substituted for the Executive Director and Chief Investment Officer and/or General Counsel.
- c. If three or more Retirement Board members are not reasonably available to act, as many members of the Retirement Board as are reasonably available to act shall be deemed sufficient.
- d. If it is not reasonably possible to constitute such group as described above, a group consisting of as many Retirement Board members and as many members of a group of staff (consisting of the Executive Director and Chief Investment Officer, members of the Executive Staff, the Deputy General Counsel, and Manager of Finance) as are reasonably available, but not less than three individuals, shall be authorized to act for the Retirement Board during a catastrophic emergency.

- e. The groups as so determined shall constitute a quorum to conduct the business of the Retirement Board and shall fix the time and place of meeting to carry on the business of the Retirement Board during the period of the catastrophic emergency.
- f. For the purposes of the section, a “catastrophic emergency” shall mean a period during which prompt action by the Retirement Board is necessary to preserve the assets of the System or otherwise prevent loss to the System or its members and beneficiaries but it is impossible for the Retirement Board to conduct its business in accordance with the strict provision of law because of extraordinary loss of life, disease, destruction or damage to property, or disruption of means of transportation and communication.

(Source: Article 11 of the Education Law, § 506 & 508 paragraph 6; NYSTRS Bylaws; Retirement Board Resolution 1/24/96)

Retirement Board Evaluation

1. The Retirement Board shall evaluate its performance regularly to ensure it continuously meets its fiduciary commitment to the System.
2. The Board President or Vice President shall coordinate the Retirement Board evaluation effort.
3. The evaluation of the Retirement Board as a whole shall focus on the Retirement Board’s decision-making practices in support of the System’s mission and fiduciary duties. The Retirement Board members will periodically be provided with an evaluation form to assist the Retirement Board in assessing its performance as indicated in the Board Governance Manual. Each Retirement Board member shall have the opportunity to make recommendations for improvements to the Retirement Board’s effectiveness. Recommendations shall be made to the Retirement Board as a whole in the spirit of governing with excellence.
4. Individual Retirement Board members shall complete a self-evaluation form to assist in evaluating his or her performance as a fiduciary to the System. The self-evaluation will be performed periodically and focus on the principles set forth in the Retirement Board Member Expectation Statement. Individual responses shall remain confidential.
5. To conduct the self-evaluation, it is expected that a survey tool will be used to collect responses from each Board member. All responses to the survey tool will be compiled into a report. When possible, the prior year’s responses will be compared to the current year’s responses. The report will be discussed by the Board in closed session. To promote candor, the Board may use an external service provider to administer the self-evaluation, including developing a survey tool, tabulating the responses without attribution, and preparing a report. The survey tool will be periodically reviewed and updated as needed.

Retirement Board Indemnification

Retirement Board and Staff Indemnification

The System shall hold harmless and indemnify all System Retirement Board Members, officers and employees from financial loss arising out of any claim, demand, suit or judgment by reason of alleged negligence or other act performed in the discharge of his or her duties and within the scope of his or her position, provided:

1. The damages did not result from the individual's willful and wrongful act or gross negligence.
2. The individual delivers the original or copy of any summons, complaint, process, notice, demand or pleading to the System's legal advisor within five days of being served.

The System's legal advisor may assume control of the individual's representation upon delivery of the summons, complaint, process, notice, demand or pleading, and the individual shall cooperate fully with the System's legal advisor's defense.

The foregoing shall not in any way impair, limit or modify the rights and obligations of any insurer.

The benefits of this section shall inure only to System Retirement Board Members, officers and employees and shall not enlarge or diminish the rights of any other party.

(Source: Article 11 of the Education Law, § 507; NYSTRS Retirement Board Expense Reimbursement and Retirement Board Education policies.)

Retirement Board Committees

Committee Assignments and Principles

There shall be seven standing committees of the Retirement Board: Executive, Audit, Compensation, Disability Review, Ethics, Investment and Risk. The President shall have the power to appoint other committees as directed by the Retirement Board or as the President deems advisable.

1. Committee Assignments: Unless otherwise noted, the Retirement Board President shall appoint the chairs and members of the standing and ad hoc committees of the Retirement Board. Rotation shall not be mandatory with the exception of assignments to the Ethics Committee, which shall be rotated annually.
2. Committee Principles:
 - a. Each committee shall have a charter. The charter will set forth the purpose and responsibilities of the committee as well as specific qualifications for committee membership, if any. Each committee shall review its charter annually. Changes to committee charters will be made at the discretion of the Retirement Board as a whole, and may be recommended by the Retirement Board, the affected committee, or by staff.
 - b. Committee meeting schedules shall be made available to all members of the Retirement Board. Retirement Board members may attend meetings of any Retirement Board committee; however, voting on committee matters is reserved for committee members.
 - c. A majority of the members of any committee shall constitute a quorum.
 - d. The committee may act in person, or by means of conference telephone or other communications equipment allowing all persons participating in the meeting to hear one another at the same time.
 - e. Committees may not speak or act for the Retirement Board except as determined by the Retirement Board President.
 - f. Committees may request the Executive Director and Chief Investment Officer provide staff assistance in researching relevant issues.
 - g. Committees shall report to the Retirement Board following each of their meetings. Such report shall include a discussion of topics covered, as well as any committee proposals or action taken, and shall be made at the first Retirement Board meeting following the committee meeting.

(Source: NYSTRS Bylaws, System Code of Ethics)

Charter for the Committee Chairs

Purpose and Responsibilities: Each standing and ad hoc committee of the Retirement Board shall have a Committee Chair as designated by the Retirement Board President. The Committee Chair shall conduct committee meetings in an efficient and productive manner and shall ensure the committee functions in accordance with its charter, all applicable laws, System Bylaws and Rules and Regulations, and the principles set forth in this Board Governance Manual.

The Committee Chair has the following primary responsibilities:

1. Preside over all Committee meetings.
2. Develop the Committee's meeting schedule and agenda, as necessary, in consultation with the Retirement Board President, Executive Director and Chief Investment Officer and the committee members.
3. Consider all matters presented to the Committee by System staff.
4. Facilitate effective and open discussion of issues before the Committee, and among the Committee, the Retirement Board and the Executive Director and Chief Investment Officer.
5. Participate in the Retirement Board's self-evaluation, specifically to report the extent to which the Committee fulfilled the purpose and duties delineated in the Committee charter, and to make recommendations for improvements.
6. Report to the Retirement Board following each of the Committee's meetings. Such report shall include a discussion of the topics covered, as well as any committee recommendations, proposals or actions taken, and shall be made at the first Retirement Board meeting following the committee meeting.
7. Perform any other activities consistent with the Committee charter that the Retirement Board deems appropriate.

Charter of the Executive Committee

The Executive Committee assists the Retirement Board by overseeing matters relating to the overall operation of the System, including the System's budget, proposed legislation, proposed rules and regulations, personnel management, and provision of member services and benefits.

The Executive Committee has the following responsibilities:

1. Reviews and recommends Retirement Board adoption of the System's annual operating budget.
2. Reviews the System's quarterly financial statements with financial management.
3. Reviews the legislative program proposed by System staff for the coming calendar year when presented in concept at the July Retirement Board meeting and reviews and recommends Retirement Board adoption of the legislative program submitted at the October Retirement Board meeting.
4. Receives reports from System staff as to the progress of the System's legislative program and other relevant legislative developments and reviews and provides recommendations to the Retirement Board on any responses proposed by staff in connection with such developments.
5. Reviews and recommends Retirement Board action on changes to the System's Rules and Regulations recommended by System staff.
6. Reviews reports of the Executive Director and Chief Investment Officer regarding organizational issues, staffing needs, succession planning, filling of vacancies in senior staffing positions, compensation levels and benefits, and such other matters as may facilitate the proper operation of the System.
7. Reviews reports of retirements, other benefit payments, significant developments in the administration of System benefits, System communications, and other benefits related matters of significant interest impacting both System retirees and beneficiaries.
8. Meets as needed between meetings of the Retirement Board to transact business as authorized and directed by the Retirement Board; any actions at such meetings shall only be taken by unanimous vote.
9. Reviews the Board Governance Manual at least annually and recommends to the Retirement Board such changes as may be necessary or desirable.
10. Oversees the Retirement Board member orientation program.
11. Oversees the process for evaluating the Retirement Board and Retirement Board committees.
12. Reviews this charter annually and recommends any changes to the Retirement Board.
13. Performs any other activities requested by the Retirement Board consistent with this charter.

The Executive Committee shall consist of the President and Vice President of the Retirement Board and at least two other Retirement Board members appointed by the President of the Retirement Board.

(Source: NYSTRS Bylaws)

Charter of the Audit Committee

The Audit Committee assists the Retirement Board in overseeing the system of internal controls, including information technology security control; the audit process, and the System's process for monitoring compliance with laws, rules and regulations.

The Audit Committee has the following primary responsibilities:

General

1. Provides an avenue of communication among the independent auditors, the internal auditors, management, and the Retirement Board. In consultation with management, the independent auditors, and the internal auditors, considers the integrity of the System's internal control structure; and discusses steps management has taken to monitor, control and report significant risk exposures.
2. Understands the scope of the internal and external auditors' review of internal controls, and obtains reports on significant findings and recommendations, together with management's responses.
3. Reviews the findings of any examinations by regulatory agencies, and any auditor observations together with management's responses.
4. Obtains information and training to enhance the committee members' expertise in internal controls and risk management so that the committee may adequately oversee the audit process.
5. Meets quarterly, with authority to convene additional meetings as circumstances require. The Committee may hold private meetings with auditors, and executive sessions as permitted by law. The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided to members in advance, along with appropriate briefing materials. Minutes will be prepared as required by law.

External Audit

6. Recommends Retirement Board approval of the appointment, discharge, retention, fees and other significant compensation to be paid to the independent auditors for audit and non-audit services. If the System's financial statement audit has been performed by a single auditing firm for five or more years, determines whether to engage a new audit firm or request a rotation of the lead and reviewing audit partners assigned to the System's audit.
7. On an annual basis, reviews the performance of the independent auditors and reviews and discusses with the independent auditors any significant relationships they have that might impair the auditors' independence.
8. Reviews the independent auditors' audit plan and discusses the scope, staffing, reliance upon management and the System's internal auditors, and general audit approach.
9. Reviews the System's annual audited financial statements prior to their distribution. This review shall include discussion with management and the independent auditors of any significant issues regarding accounting principles,

practices and judgments as well as matters required to be communicated to audit committees in accordance with generally accepted auditing standards.

Internal Audit

10. Assures and maintains, through the organizational structure of the System and by other means, the independence of the internal audit process.
11. Ensures that internal auditors have full, free and unrestricted access to all activities, personnel, property, documents, information and systems in the organization. Ensures there are no unjustified restrictions or limitations placed on internal audit activities.
12. Reviews and approves the charter of the internal audit function.
13. Reviews and approves the annual internal audit plan.
14. Receives and reviews all internal audit reports.
15. Reviews the responsiveness and timeliness of management's follow-up activities pertaining to any material weaknesses or significant deficiencies.
16. Meets as deemed necessary with the Director of Internal Audit, but not less than quarterly.
17. Reviews the performance of the Director of Internal Audit on an annual basis.
18. Reviews and concurs in the qualifications, appointment, replacement or dismissal of the Director of Internal Audit.
19. Reviews and recommends appropriate action regarding any audit concerns brought forward by the Director of Internal Audit that involve the Executive Director.

Administration and Communication

20. Receives and reviews reports of how complaints were handled to satisfy itself that the mechanisms for reporting instances of potential fraud, waste or abuse, and questionable accounting or auditing practices are in place and working satisfactorily.
21. Obtains regular updates from management regarding compliance matters.
22. Meets as deemed necessary with the General Counsel.

Other

23. Reviews this charter annually and recommends changes, if any, to the Retirement Board.
24. Performs any other activities consistent with this charter that the Retirement Board deems appropriate.

The Audit Committee shall include three or more Retirement Board members independent of System management, major vendors, consultants and auditors. The President of the Retirement Board shall consider the Retirement Board members' understanding of auditing, accounting and financial matters when appointing the Chair and Committee members. The Committee shall also retain the services of one or more

Audit Committee Financial Experts to provide advice and counsel to the Committee. Any Audit Committee Financial Expert so retained shall possess the requisite education and experience defined in the GFOA Best Practice pertaining to Audit Committees.

(Source: NYSTRS Bylaws; Nonprofit Governance and Management, American Society of Corporate Secretaries, 2002; Example Audit Committee Charter, Association of Public Pension Fund Auditors, Inc., 2003; Government Finance Officers Association, Audit Committees, Best Practice, 2008)

Charter of the Compensation Committee

The Compensation Committee assists the Retirement Board by reviewing the compensation of the System's Executive Director and Chief Investment Officer and the System's Executives. The Compensation Committee has the following responsibilities:

1. Evaluates the performance of the Executive Director and Chief Investment Officer.
2. Receives reports of the Executive Director and Chief Investment Officer regarding the performance of System Executives.
3. Reviews and recommends to the Retirement Board compensation levels for the Executive Director and Chief Investment Officer and System Executives.
4. Reviews reports of the status of employee contract negotiations and recommends approval of the final contract to the Retirement Board.
5. Reviews this charter annually and recommends any changes to the Retirement Board.
6. Performs any other activities requested by the Retirement Board consistent with this charter.

The Compensation Committee shall consist of three or more Retirement Board members. Committee members and the Chair shall be appointed by the President of the Retirement Board.

(Source: NYSTRS Bylaws)

Charter of the Disability Review Committee

The Disability Review Committee assists the Retirement Board by overseeing the process of the System's Medical Board as it reviews and issues recommendations regarding qualifying disability retirement applications.

The Disability Review Committee has the following responsibilities:

1. Attends meetings of the System's Medical Board to the extent practical. During such meetings the Disability Review Committee observes the Medical Board's review of qualifying disability retirement applications and its recommendations as they relate to the merits of such applications. The Committee acts as a resource providing clarification of the applicant's job responsibilities.
2. Between meetings of the Retirement Board, retires members for disability whose applications have been recommended for approval by the System's Medical Board and the Executive Director and Chief Investment Officer. Such actions must be taken by unanimous vote in person, by mail, by facsimile, and/or by telephone, or video conference, confirmed by mail and/or facsimile, or by other electronic means approved by the Retirement Board.
3. Recommends to the Retirement Board those applications for disability retirement which have been recommended for denial by the System's Medical Board.
4. Recommends for Retirement Board approval qualified physicians to serve as both alternates and for appointment to the System's Medical Board as vacancies might occur.
5. Reviews this charter annually and recommends any changes to the Retirement Board.
6. Performs any other activities requested by the Retirement Board consistent with this charter.

The Disability Review Committee shall consist of four or more Retirement Board members. Committee members and the Chair shall be appointed by the President of the Retirement Board. The President of the Retirement Board may designate one or more Retirement Board members to serve as alternate members of the Disability Review Committee to act in place of any Committee member who is absent from the state or otherwise unable to act.

(Source: NYSTRS Bylaws)

Charter of the Ethics Committee

The Ethics Committee assists the Retirement Board by overseeing compliance with the System's Code of Ethics. The Ethics Committee has the following responsibilities:

1. Ensures each Retirement Board member and each member of staff (where required) has completed and submitted an annual disclosure statement.
2. Reviews all annual disclosure statements for compliance with the System's Code of Ethics and addresses any issues noted. This may include bringing the issue to the attention of the Retirement Board or the Executive Director and Chief Investment Officer and recommending an appropriate action.
3. Reviews the System's Code of Ethics where necessary or desirable and recommends changes, if any, to the Retirement Board.
4. Examines any actual or alleged breaches of the System's Code of Ethics referred or reported to the Committee.
5. Reviews, as necessary or desirable, the System's procedures for the submission and examination of concerns of employees or third parties regarding alleged ethical breaches or illegal acts.
6. Reviews this charter annually and recommends any changes to the Retirement Board.
7. Performs any other activities requested by the Retirement Board consistent with this charter.

The Ethics Committee shall consist of five members. The Executive Director and Chief Investment Officer and the General Counsel shall serve as continuing members. Three Retirement Board members (none of whom may be the President of the Retirement Board) shall be appointed one each from the following three groups for a term of one year on a rotating basis:

- a. The three members elected by the University of the State of New York Board of Regents.
- b. The two administrative officers of the New York school system appointed by the Commissioner of Education and the New York State Comptroller or his designee.
- c. The three active teachers elected at the annual convention of member delegates and the retired teacher elected by the retirees of the System.

The General Counsel shall maintain a record of the rotations. Each new Retirement Board member shall be assigned the next available place in the applicable rotation. The

Chair of the Ethics Committee shall be appointed by the President of the Retirement Board.

(Source: NYSTRS Bylaws; NYSTRS Code of Ethics)

Charter of the Investment Committee

The Investment Committee assists the Retirement Board by overseeing the investment and management of System assets. The Investment Committee has the following responsibilities:

1. Considers and recommends Retirement Board approval of investment policies, objectives and guidelines.
2. Considers the qualifications of investment professionals, including advisors, consultants and investment and fund managers, required to assist the Retirement Board in implementing investment policies and recommends their appointment by the Retirement Board.
3. Reviews the credentials of candidates proposed by System staff for the Investment and Real Estate Advisory Committees and recommends their appointment by the Retirement Board.
4. Reviews annually the System's asset allocation and recommends such changes as may be necessary or desirable for approval by the Retirement Board.
5. Considers investment transactions and investment funds and recommends their approval by the Retirement Board.
6. Monitors all phases of the System's investment programs, including by reviewing reports of investment performance and other investment reports prepared by System staff for quarterly Retirement Board meetings and such other reports relating to System investments as may be provided by System staff.
7. As permitted pursuant to Retirement Board resolutions delegating authority to approve investments between meetings of the Retirement Board, considers and approves private equity, mortgage and real estate investments recommended by System staff. The Investment Committee may take such actions pursuant to a meeting or by unanimous vote taken by mail or facsimile, by telephone confirmed by mail and/or facsimile, or by other electronic means approved by the Retirement Board.
8. Through a Corporate Governance Subcommittee, reviews the System's proxy voting guidelines and any changes to such policy recommended by System staff and reviews the annual proxy report prepared by System staff.
9. Reviews this charter annually and recommends any changes to the Retirement Board.
10. Performs any other activities requested by the Retirement Board consistent with this charter.

The Investment Committee shall consist of six members of the Retirement Board. The Committee members and the Chair shall be appointed by the President of the Retirement Board. The members of the Investment Committee shall also be members of Corporate Governance Subcommittee of the Investment Committee and the Chair of the Investment Committee shall be Chair of the Corporate Governance Subcommittee.

(Source: NYSTRS Bylaws; NYSTRS Investment Policy Manual)

Charter for the Risk Committee

The Risk Committee assists the Retirement Board in overseeing the System's material enterprise, information security and investment risks. The Committee provides an avenue of communication among the Executive Director and Chief Investment Officer, management, the Retirement Board and external risk advisors retained by the Committee. The Risk Committee has the following primary responsibilities:

1. In consultation with management and external risk advisors as deemed necessary, reviews and evaluates the System's overarching risk policy, appetite and tolerance. Makes recommendations to the Retirement Board regarding the risk appetite and tolerance levels for material risks.
2. Coordinates discussions with the Audit Committee, as necessary, at the discretion of the Committee chairs.
3. Receives regular updates concerning material risks as well as results of risk assessments conducted by the Risk Management Department.
4. Reviews significant findings and recommendations, together with management's response; monitors progress of recommendations via progress reports provided by management.
5. Receives reports from external risk advisors, as deemed necessary.
6. Obtains information and training to enhance the committee members' expertise.
7. Meets quarterly, with authority to convene additional meetings as circumstances require. The Committee may hold executive sessions as permitted by law. The Committee will invite external advisors or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided to members in advance, along with appropriate briefing materials. Minutes will be prepared as required by law.
8. Reviews this charter annually and recommends changes, if any, to the Retirement Board.
9. Performs any other activities consistent with this charter that the Retirement Board deems appropriate.

The Risk Committee shall include three or more Retirement Board members appointed by the President of the Retirement Board. Composition of the Committee shall include, at a minimum, one member from each of the following committees: Audit, Investment, and Executive. The President of the Retirement Board shall consider the Retirement Board members' understanding of risk management when appointing the Chair and Committee members. The Committee may also retain the services of one or more Risk

Management Committee Experts to provide advice and counsel to the Committee. Any Risk Management Committee Experts so retained shall possess the requisite education and experience deemed necessary to so advise the members of the Risk Committee, shall follow the code of ethics of their profession and shall act as a fiduciary to the System.

Medical Board and Investment Advisors

Charter for the Medical Board

Purpose and Responsibilities: The Medical Board shall determine the merit of qualifying applications for disability retirement. The Medical Board has the following primary responsibilities:

1. Meet regularly to review qualifying applications for disability retirement and the continued disablement of members retired for disability. Medical Board meetings shall normally be held on a monthly basis.
2. In cases where the member has requested an accelerated death benefit, determine if the member has (i) a terminal illness or (ii) a medical condition of a long continued and indefinite duration requiring extraordinary care or treatment regardless of life expectancy.
3. Designate other physicians, if necessary, to examine disability applicants and review the findings of such physicians prior to making its own recommendations to the Disability Review Committee.
4. Advise the Disability Review Committee on its recommendation approving or disapproving each disability retirement application.
5. Jointly with the Retirement Board President, the Disability Review Committee chairperson and the Executive Director and Chief Investment Officer, recommend to the Retirement Board alternate board-certified physicians to serve on the Medical Board whenever necessary.
6. Perform any other activities consistent with this Charter that the Board deems appropriate.

Composition: The Disability Review Committee shall recommend the appointment of a Medical Board of three physicians who shall hold office at the pleasure of the Board. In addition, an alternate may be appointed for each of the doctors appointed to the Medical Board. The alternate shall be board-certified in the medical specialty of the doctor for whom he or she will serve as alternate. In the event that one of the appointed doctors is unable to attend a regularly scheduled Medical Board meeting, the alternate shall be notified and, whenever possible, shall serve in the doctor's place.

(Source: NYSTRS Rules and Regulations Part 5020)

Charter for the Investment Advisory Committee

Purpose and Responsibilities: The Investment Advisory Committee shall discuss and offer guidance on the issues brought to them by the System.

The Committee has the following primary responsibilities:

1. Advise the Board on System investment policies and such other matters relating to fixed income, equity security and alternative investments as may be presented to the Committee by the System.
2. Perform any other activities consistent with the Charter that the Board deems appropriate.

Meetings: The Committee shall meet regularly, at least four times in a calendar year.

1. The System's Executive Director and Chief Investment Officer, or his or her designee, shall prepare the agenda of each meeting of the Committee.
2. The Committee may act in person, or by means of conference telephone or other communications equipment allowing all persons participating in the meeting to hear one another at the same time.
3. The Committee shall act only upon the affirmative vote of a majority of the Committee members in attendance or four members, whichever is greater.
4. Minutes shall be prepared and distributed to the participants.
5. Committee members shall be paid a fee established by the Board, together with actual necessary expenses incurred for attending Committee meetings.

Conflicts of Interest: A Committee member shall disclose conflicts of interests, and shall not participate in any discussion or recommendation involving the performance of any action where the performance or non-performance of such action would provide the member of a related person a pecuniary or material benefit which is different from that which would be provided to a broad class of persons, or in circumstances where the exercise of independent judgment by the member would be restricted or compromised or the member otherwise had a material conflict of interest.

Composition: The Committee shall be composed of six or more members of the external investment community with extensive experience in banking, investment, finance or related fields, and shall be appointed by the Board. A Committee member's term of office shall be three years, and terms shall be staggered to provide stability and continuity. Should a member of the Committee resign or otherwise be unable to serve, the vacancy shall be filled by the Board for the remainder of the member's term. The Committee Chair shall be designated by the System's Executive Director and Chief Investment Officer.

(Source: NYSTRS Rules and Regulations Part 5027.1)

Charter for the Real Estate Advisory Committee

Purpose and Responsibilities: The Real Estate Advisory Committee (REAC) shall advise the Retirement Board on real estate and mortgage investments and related matters presented to the Committee by the System. The Committee has the following primary responsibilities:

1. Review, and if appropriate, recommend for Retirement Board approval, traditional conventional mortgages and property-specific equity investments identified by the System for consideration.
2. Recommend, on a conceptual basis, non-property specific real estate investments referred to the Committee by the System's Executive Director and Chief Investment Officer.
3. Perform any other activities consistent with this Charter that the Retirement Board deems appropriate.

Meetings: The Committee shall meet upon request of the Executive Director and Chief Investment Officer, or his or her designee.

1. The System's Executive Director and Chief Investment Officer, or his or her designee, shall prepare the agenda of each meeting of the Committee.
2. The Committee may act in person, or by means of conference telephone or other communications equipment allowing all persons participating in the meeting to hear one another at the same time.
3. Minutes shall be prepared and distributed to the participants.
4. The Committee may act upon the affirmative vote of a majority of the Committee members in attendance or who have provided their telephone vote, confirmed by mail, facsimile or other electronic means acceptable to the System, or of four members, whichever is greater.
5. The Committee may act upon unanimous vote of its members, if the Executive Director and Chief Investment Officer, or his or her designee, requests the Committee to act by mail, facsimile or other electronic means acceptable to the System in lieu of meeting.
6. Committee members shall be paid a fee established by the Retirement Board, together with actual necessary expenses incurred for attending Committee meetings.

Conflicts of Interest: A Committee member shall disclose conflicts of interests, and shall not participate in any discussion or recommendation involving the performance of any action where the performance or non-performance of such action would provide the member or a related person a pecuniary or material benefit which is different from that

which would be provided to a broad class of persons, or in circumstances where the exercise of independent judgment by the member would be restricted or compromised or the member otherwise had a material conflict of interest.

Composition: The Committee shall include six or more members each with extensive experience in real estate investment. A Committee member's term of office shall be three years and terms shall be staggered to provide stability and continuity. Appointments shall be made by the Retirement Board. Should a member of the Committee resign or otherwise be unable to serve, the vacancy shall be filled by the Retirement Board for the remainder of the member's term. The Committee Chair shall be designated by the System's Executive Director and Chief Investment Officer.

(Source: NYSTRS Rules and Regulations Part 5027.2)

Advisory Committee Indemnification

Members of the Investment and Real Estate Advisory Committees shall be considered System employees solely for the purposes of section 18 of the Public Officers Law. Therefore, they shall be entitled to the benefits of section 18 of the Public Officers Law in addition to defense or indemnification protection conferred by any other law.

(Source: NYSTRS Rules and Regulations Part 5027.3)

Executive Director and Chief Investment Officer,
Executive Staff and Management Team

Employing the Executive Director and Chief Investment Officer

Employing the Executive Director and Chief Investment Officer

1. The Executive Director and Chief Investment Officer is hired by the Retirement Board.
2. The Retirement Board President will review candidate qualifications and recommend candidates for Retirement Board consideration, or the Retirement Board President will appoint a committee to do so.

Providing for the Executive Director and Chief Investment Officer's Succession

1. The Executive Director and Chief Investment Officer will provide sufficient notice in advance of his or her departure from service to allow for an orderly succession, unless prevented by extraordinary unforeseen circumstances.
2. In the event the Executive Director and Chief Investment Officer is granted a leave of absence, or the position of Executive Director and Chief Investment Officer becomes vacant, the Retirement Board will select a qualified individual to serve as the Acting Executive Director and Chief Investment Officer until the position is filled on a permanent basis.

Charter for the Executive Director and Chief Investment Officer

Purpose and Responsibilities: The Executive Director and Chief Investment Officer is the chief executive officer of the System. The Executive Director and Chief Investment Officer has the following primary responsibilities:

1. Oversee the orderly and efficient operation of the System and ensure the System's business is conducted in accordance with applicable law and the System's Bylaws, Rules and Regulations, and established policies and procedures.
2. Oversee the preparation of the System's budget and presentation to the Retirement Board.
3. Oversee the Actuary's calculation of the employer contribution rate and recommendations for any changes in actuarial factors submitted to the Retirement Board for its approval.
4. Develop and recommend to the Retirement Board necessary investment policies and procedures and assure timely and proper implementation of policies and procedures approved by the Retirement Board.

5. Oversee the investment of System assets in accordance with the directions and policies established by the Retirement Board, and monitor and report to the Retirement Board on the activities and performance of the System's internally managed investment portfolios and third-party investment managers.
6. Oversee the administration and payment of System benefits and report to the Retirement Board on the significant activities of benefits staff.
7. Ensure an effective system of internal control is in place for financial reporting and risk management and oversee the work of the System's internal audit staff and external independent auditor.
8. Serve as the System's primary representative to constituent groups, industry organizations and all other interested parties and stakeholders.
9. Oversee the preparation and submission of the System's legislative program, the preparation of any necessary changes to the System's Rules and Regulations recommended for approval by the Retirement Board, and reporting on any litigation to which the System is a party.
10. Serve on the Ethics Committee of the Retirement Board.
11. Be available to discuss matters of importance with the Retirement Board and its Committees, and ensure the Retirement Board is informed regarding any matter of importance to the System.
12. Provide reports for the Retirement Board regarding succession planning, actual or impending vacancies among Executive Staff positions, evaluations of the Executive Staff, and status of the employee contract negotiations.
13. Ensure continuity of services by naming one or more executives to temporarily assume the Executive Director and Chief Investment Officer's duties in the event the Executive Director and Chief Investment Officer cannot be reached during an emergency or becomes temporarily incapacitated. If more than one executive is named, the specific responsibilities assigned to each executive will be clearly defined.
14. Coordinate the scheduling of meetings of the Retirement Board and Retirement Board committees; coordinate the preparation of meeting agendas and the assembly of all documentation and presentations for such meetings; and cause minutes to be taken of all such meetings.
15. Perform such other duties as may be assigned by the Retirement Board.

The Retirement Board may, by resolution, authorize the Executive Director and Chief Investment Officer to delegate any or all of his or her duties.

(Source: NYSTRS Bylaws)



POSITION DESCRIPTION

Title: Executive Director and Chief Investment Officer

Incumbent: Thomas Lee

Division: Executive

Department: N/A

Position Purpose: Reporting to the NYSTRS Retirement Board of Directors, the Executive Director and Chief Investment Officer serves as the chief executive officer and the chief investment officer of the System and is responsible for the overall management and administration of the System, including ensuring the Member Benefits and Investment programs are conducted in accordance with System Bylaws, Rules and Regulations and applicable laws.

Key Responsibilities

- Ensures the System is properly staffed to perform its functions: develops and prepares reports for the Retirement Board regarding succession planning and actual or impending vacancies among Executive Staff and other key positions; identifies and appoints members of the Executive Staff; establishes and implements staff salaries and other compensation; oversees the negotiation of the employee contract negotiations; and ensures that appropriate employment policies have been developed and established for the conduct of System employees.
- Ensures continuity of services by naming one or more executives to temporarily assume the Executive Director and Chief Investment Officer's duties in the event the Executive Director and Chief Investment Officer cannot be reached during an emergency or becomes temporarily incapacitated. If more than one executive is named, the specific responsibilities assigned to each executive will be clearly defined.
- Oversees the Actuary's calculation of the employer contribution rate necessary to pay benefits and the administrative expenses of the System and the determination of the actuarial factors required for such calculation.
- Oversees the administration of member benefits provided to over 400,000 members, retirees and beneficiaries and ensures exemplary customer service. Operations include employer reporting, member and retired benefits, information and communications center, death and disability, member loans and public information office.
- Oversees implementation of legislative changes to member benefits. Includes necessary information technology programming changes, member outreach efforts, and implementation of policies and procedures.

- Oversees the operating budget and recommends a proposed budget to the Retirement Board annually.
- Develops and recommends to the Retirement Board necessary investment policies and procedures and assure timely and proper implementation of policies and procedures approved by the Retirement Board.
- Oversees the work of System's professional investment staff in managing the internally-managed investment portfolios, developing and performing due diligence on potential external investment opportunities, and monitoring and reporting on the activities and performance of third-party investment managers and funds in which the System has invested.
- Chair of the System's Internal Investment Committee. The committee members include the Executive Director and Chief Investment Officer; Managing Director of Private Equity; Managing Director of Fixed Income; Managing Director of Public Equities; and Managing Director of Real Estate.

The Committee reviews and recommends the following: Investment proposals, annual Asset Allocation plan, annual Private Equity Strategic plan, and the annual Real Estate Strategic plan. The Committee receives periodic updates from internal investment staff, external investment managers and investment consultants.

- Identifies and recommends to the Retirement Board qualified candidates for appointment to the System's Investment Advisory Committee and the Real Estate Advisory Committee.
- Coordinates the scheduling of the Retirement Board and Retirement Board Committee meetings, coordinates the preparation of meeting agendas and the assembly of all documentation and presentations for such meetings; and cause minutes to be taken of such meetings and suitably maintained for future reference.
- Is available to discuss matters of importance with the Retirement Board and its Committees, and ensure the Retirement Board is informed regarding any matter of importance to the System.
- Oversees Retirement Board member education, including new Retirement Board member orientation.
- Ensures an effective system of internal control is in place for financial reporting and risk management.
- Coordinates with the System's Internal Auditor to facilitate completion of the annual internal audit plan and ensure that audit findings are promptly addressed by staff.
- Assures the proper execution of contracts and legal documents as authorized by the Retirement Board.

- Acts as the System's primary representative to constituent groups, industry organizations, and other interested parties, including, but not limited to the Governor, Legislature, the State Board of Regents and Commissioner of Education, National Council on Teacher Retirement (NCTR), National Association of State Retirement Administrators (NASRA), Council of Institutional Investors (CII), New York State Schools Boards Association, School Administrators Association of New York State (SAANYs), New York State Council of School Superintendents (NYSCOSS), New York State United Teachers (NYSUT), and Retired Educators of New York (RENY).
- Oversees the implementation of the System's Ethics and related policies and serves on the Ethics Committee of the Retirement Board.
- Develops and recommends to the Retirement Board the System's annual legislative program.
- Performs such other duties as may be assigned by the Retirement Board.

Ensuring an Effective Management Team

The Executive Staff will be organized according to the needs of the System.

1. The Retirement Board will employ the Executive Director and Chief Investment Officer as chief executive of the System and appoint a counsel to serve as the Retirement Board's legal advisor.
2. The Executive Director and Chief Investment Officer will be responsible for recruiting and retaining such other members of the Executive Staff as necessary for proper administration of the System.
 - a. The names and qualifications of candidates for executive positions will be provided to the Retirement Board prior to the position being filled.
 - b. The Retirement Board will have the opportunity to discuss the candidates with the Executive Director and Chief Investment Officer and to express reservations about or support for individual candidates.
 - c. The Executive Director and Chief Investment Officer will make the final selection for executive-level appointments.
 - d. The Executive Director and Chief Investment Officer will inform the Retirement Board in advance of any significant changes to executive-level assignments.
3. Barring extraordinary unforeseen circumstances, each executive will provide sufficient notice to the Executive Director and Chief Investment Officer in advance of his or her departure from service to allow for an orderly succession.
4. The Executive Director and Chief Investment Officer will report to the Retirement Board, at least annually, as to the status of planned departures of System executives and key managers. The report will include plans for filling anticipated vacancies and internal development of potential successors.

(Source: Article 11 of the Education Law, § 507)

Evaluating and Compensating the Executive Staff

Evaluating the Executives

The Compensation Committee will conduct an annual review of the Executive Director and Chief Investment Officer's performance. The evaluation will be based on criteria documented in the Charter for the Executive Director and Chief Investment Officer or otherwise established by the Retirement Board and communicated to the Executive Director and Chief Investment Officer with sufficient notice to ensure the Executive Director and Chief Investment Officer's success in meeting his or her responsibilities.

The Executive Director and Chief Investment Officer will provide his or her evaluation of the Executive Staff to the Retirement Board annually.

Compensating the Executives

The Compensation Committee will review the compensation for the Executive Director and Chief Investment Officer and Executive Staff annually, and will recommend executive compensation levels to the Retirement Board.

(Source: Article 11 of the Education Law, § 507)

New York State Teachers' Retirement System
Short Term
Executive Director and Chief Investment Officer (ED/CIO)
Succession Plan

Introduction

The New York State Teachers' Retirement System ("NYSTRS") Retirement Board recognizes its responsibility to make provisions for leadership of the organization. In fulfilling this responsibility, the Retirement Board acknowledges that situations may arise which will require a need for interim leadership.

Accordingly, this Short Term ED/CIO Succession Plan is designed to address provision for leadership during anticipated or unanticipated absences of the ED/CIO when the ED/CIO is unable to fulfill the duties of the position. It is not intended to apply to routine short term absences of the ED/CIO, including but not limited to business travel and/or vacations.

The NYSTRS Retirement Board is responsible for the approval, implementation and modifications of this plan.

Procedures

In a situation where the ED/CIO is unable to be reached during an emergency, or is temporarily absent and unable to carry out the ED/CIO responsibilities, the following procedure will be followed:

- 1) As soon as possible, and not more than five business days after the date on which it is known that the ED/CIO is unable to carry out the responsibilities of the position, the Retirement Board authorizes the Retirement Board President, or Vice-President in the absence of the Retirement Board President, to assign those staff designated by the ED/CIO to assume the responsibilities of the position. Such designation(s) will be made annually by the ED/CIO, as specified below.
 - a) At the beginning of each fiscal year, the ED/CIO will designate staff to assume the ED and CIO roles in his or her absence. The ED/CIO may designate one person to assume both roles, or a different person to assume each role. The ED/CIO will also designate backups, in the event the primary designees are unable to assume their role(s).
 - b) The ED/CIO will provide the Executive Committee with the staff designation(s) at its April meeting each year. The Executive Committee will then report such designations to the Retirement Board at the subsequent meeting of the Retirement Board in April of such year.

- 2) Throughout the temporary absence of the ED/CIO, the Retirement Board President will be responsible for:
 - a) Ensuring that interim leadership arrangements are communicated to the Retirement Board, staff and key stakeholders of NYSTRS; and
 - b) Maintaining communications with the person(s) appointed to provide interim leadership.
- 3) Depending on the duration of the absence and the circumstances leading to such absence, the Retirement Board may determine that a longer-term solution is appropriate and necessary.
- 4) The assignments specified in #1 above, will remain in place until:
 - a) The ED/CIO is able to resume his or her ED/CIO responsibilities.
 - b) An interim/acting ED/CIO is appointed by the Retirement Board.
 - c) Other assignments are made by the Retirement Board or the Executive Committee acting on behalf of the Board.
- 5) The Retirement Board maintains and reserves the authority to appoint or discontinue interim leadership arrangements at any time.

Administration

Actuarial Valuation of Assets and Liabilities

The System's Actuary shall prepare an actuarial valuation of the System's current and prospective assets and liabilities (except those associated with the Administrative Expense Fund) each year. The Actuary will report the results of the actuarial valuation to the Retirement Board, including the plan's funded status, and the resulting employer contribution rate.

Annually, the System's Actuary completes an experience study in order to regularly monitor the reasonableness and appropriateness of the actuarial assumptions used in the actuarial valuation. These assumptions are used to estimate the probability a member will cease teaching by retirement, withdrawal, disability or death. In addition, the assumptions are used to estimate future salary increases, future investment earnings and the probability of death for retired members and beneficiaries. The Actuary will review the experience study and report his or her findings and relevant recommendations to the Retirement Board. New actuarial assumptions are typically recommended every five years, although may be revised more frequently if warranted.

Every five years an actuarial replication audit will be conducted by a qualified independent actuary to provide an in-depth evaluation of the reasonableness and accuracy of valuation results, actuarial assumptions, and application of the actuarial cost method. In addition, an opinion will be rendered as to whether the valuations were performed in accordance with principles and practices established by the Actuarial Standards Board. The results of this actuarial audit will be presented to the Audit Committee at the conclusion of the audit. The actuarial methods, calculations and actuarial assumptions used by the System's Actuary must be in accordance with standards of practice prescribed by the Actuarial Standards Board and generally accepted actuarial principles and procedures.

The actuarial assumptions, methods and procedures used by the System's Actuary to calculate the employer contribution rate for the plan are also reviewed as part of the annual independent financial statement audit by an external CPA firm. This review includes:

1. a review of the actuarial assumptions, methods and procedures stated in the System's Actuarial Valuation Report;
2. a review of the methodology used to estimate the payroll; and
3. a review of the System's Experience Studies.

An opinion is provided annually by the independent CPA firm on this review to the Retirement Board.

The Retirement System files an Annual Statement with the New York State Department of Financial Services. Every five years, or sooner if determined appropriate by the Superintendent, the Department of Financial Services examines the operations of the Retirement System with an emphasis on the actuarial methods, calculations and actuarial assumptions used by the System's Actuary.

(Source: Article 11 of the Education Law, § 508 and 517)

Employer Contribution Rate

1. The Employer Contribution Rate (ECR) is made up of four parts:
 - a. Normal Rate funds accruing member benefits and results from the annual actuarial valuation.
 - b. Group Life Rate funds the first fifty thousand dollars (\$50,000) of member death benefits.
 - c. Administrative Expense Rate funds the System's member-related operating expenses. (Investment-related operating expenses are offset directly by investment income.)
 - d. Excess Benefit Plan Rate funds benefits in excess of the limitations established by Section 415 of the Internal Revenue Code.
2. The Retirement Board, upon the recommendation of the System's Actuary, determines the amounts to be contributed by participating employers to fund benefits. This is a combination of the Normal, Group Life, and Excess Benefit Plan rates.
3. The Retirement Board, upon the recommendation of the System's Manager of Finance, determines the amounts to be contributed by participating employers to pay the System's member-related operating expenses (the Administrative Expense rate).

(Source: Article 11 of the Education Law, § 517, 519, 521, 532, 532-a and 538; and Article 4-B of the Retirement and Social Security Law §186)

Custody of Funds

Statutory Custodian and Depository Bank

Article 11, Section 507 of the New York State Education Law designates the head of the Division of Treasury as statutory custodian of System funds. A depository bank is jointly selected by the System and the Treasurer of the State of New York via a Request for Proposal (RFP). Services provided by the depository bank include deposit of all cash receipts and disbursement of all checks and electronic funds transfers including the monthly retirement payroll.

The depository bank disburses System funds only upon warrants signed as established by Retirement Board resolution.

Custodian Bank

A custodian bank is also jointly selected, based on an RFP, to hold all securities investments (equities and debt), process all securities transactions and collect all investment income. The custodian bank is authorized to participate in an electronic clearing corporation (DTC) and Federal Reserve Book Entry and to hire foreign entities to act as its agent for foreign securities while remaining absolutely liable for any loss with respect to such securities.

(Source: Article 11 of the Education Law, § 507)

Investment of Funds

The System maintains a comprehensive investment policy manual describing the roles, responsibilities, laws and policies governing the investment of System funds. The Investment Policy Manual is reviewed and updated annually by System staff and is presented to the Retirement Board for its acceptance each October.

As trustees of the System's assets, the Retirement Board is responsible for completing each of the duties below as a prudent expert:

1. Set the policies, objectives, and guidelines for investment of the System's assets and evaluate compliance with investment policy and the laws of New York.
2. Study thoroughly each issue affecting the System's investments to make educated and prudent decisions.
3. Select qualified professionals to assist in implementing the investment policies.
4. Evaluate total fund performance as well as all of its distinct components.
5. Oversee procedures to manage risk.

In fulfilling its responsibilities, the Retirement Board will have available the advice of System staff and the Retirement Board's investment consultants.

(Source: Article 11 of the Education Law § 508; NYSTRS Investment Policy Manual)

Strategic Plan and Operating Budget

1. The Executive Director and Chief Investment Officer and members of the executive staff are responsible for developing and updating the System's strategic plan.
2. The Chief Administrative Officer is responsible for developing the System's operating budget accordingly and presenting the operating budget and business plan for the coming fiscal year to the Retirement Board.
3. The Retirement Board is responsible for reviewing the operating budget and business plan to ensure the Retirement Board's priorities have been addressed and that the operating budget supports the System's business plan and strategic direction.
4. The Retirement Board will adopt and approve the operating budget.

Risk Management

Chief Risk Officer

The Chief Risk Officer shall provide an independent yet centralized, coordinating point to facilitate enterprise risk management, which is a comprehensive program to identify, evaluate and address risks to the System's property interests, investments, customers and employees.

The risk management function facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in identifying risks, defining the target risk exposure and reporting adequate risk-related information throughout the organization. This is considered to be the second line of defense in effective risk management and control.¹

Executive Director and Chief Investment Officer

The Executive Director and Chief Investment Officer ensures an effective system of internal control is in place for financial reporting and risk management, ensures that a business continuity plan is in place for continuity of critical business processes and maintenance of System assets and to ensure System objectives are met.

Additionally, NYSTRS must comply with numerous laws, policies and standards. Many of these are set at the state and federal level, others emerge from professional organizations or are policies resulting from NYSTRS' internal governance structure. NYSTRS shall align its compliance policies and procedures with applicable laws, policies and standards and assign responsibilities for these practices at appropriate levels within the organization.

Asset Protection

The Executive Director and Chief Investment Officer is responsible for providing for the protection and maintenance of System assets.

(Source: NCTR Board Member Handbook, Third Edition)

¹ Source: IIA Position Paper: The Three Lines of Defense in Effective Risk Management and Control – January 2013.

Basis for the Internal Audit Function

The Rules and Regulations of the State of New York indicate that the New York State Teachers' Retirement System (NYSTRS) shall have on its staff an internal auditor who shall report to the Retirement Board and shall submit to the Retirement Board regular reports of the audits of the system's records and accounting procedures including recommendations for improvement and correction [11 CRR-NY-136-1.4 (g)]. Further, the policy of NYSTRS is to establish and support an Internal Audit Department with sufficient resources and skills to properly evaluate System activities.

Purpose

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. To this end, the Internal Audit Department will furnish management and the Board with analyses, recommendations, counsel, and information concerning the activities reviewed.

Mission

The mission of the internal audit profession, as promulgated by the Institute of Internal Auditors (IIA), is: *To enhance and protect organizational value by providing risk-based objective assurance, advice, and insight.*

The mission statement of the NYSTRS Internal Audit Department, in conjunction with above, is: *To be a strategic business partner by conducting high quality, risk-based assurance and consulting engagements which are aligned with the System's mission and objectives.*

Authority

To provide for the independence of the Internal Audit Department, its personnel report to the Director of Internal Audit who, in turn, reports administratively to the Executive Director and functionally to the Board via the Audit Committee.

The Internal Audit Department shall have no responsibility for, or authority over, any activities reviewed. The Director of Internal Audit and staff of the Internal Audit Department are authorized to have full, free, and unrestricted access to all NYSTRS activities, records, property, and personnel. The Director of Internal Audit must apprise the Audit Committee of any restrictions or interference of internal audit activities and discuss the implications with the Committee.

Administration

The Director of Internal Audit and all staff members of the Internal Audit Department shall follow the International Professional Practices Framework (IPPF), as promulgated by the IIA.

The Director of Internal Audit shall develop the annual risk-based audit plan, which works toward increasing the efficiency and effectiveness of operations and compliance with applicable laws, rules, and regulations. Said plan shall be submitted to the Executive Director and to the Audit Committee for review and approval.

NYS Teachers' Retirement System
Internal Audit Department Charter
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The Director of Internal Audit shall provide the Executive Director and the Audit Committee with an annual report on the Internal Audit Department's activities and accomplishments, audit personnel, suspected fraudulent activities, and any unwarranted restrictions placed on audit activity.

The Director of Internal Audit shall establish and maintain a Quality Assurance and Improvement Program designed to provide reasonable assurance that departmental activities are performed in an efficient and effective manner; and are perceived by stakeholders as adding value.

The Director of Internal Audit shall coordinate and administer external audit services pertaining to financial and actuarial audits. The Director of Internal Audit shall also cause to be conducted an annual vulnerability assessment and penetration test of the System's information technology infrastructure.

Responsibilities

Assurance Services

An assurance engagement is an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the System (i.e., audits or reviews). Examples may include financial, performance, compliance, system security, and due diligence engagements. Regardless of the approach to individual audits or reviews, the total effort shall include the following goals:

1. Audit or review System activities at appropriate intervals using a risk-based approach.
2. Evaluate the adequacy and effectiveness the System's internal control processes in responding to risks within the System's governance, operations, and information systems regarding the:
 - a) Achievement of the System's strategic objectives.
 - b) Reliability and integrity of financial and operational information.
 - c) Effectiveness and efficiency of operations and programs.
 - d) Safeguarding of assets.
 - e) Compliance with laws, regulations, policies, procedures, and contracts.
3. Prepare written reports covering the results of assurance engagements, the audit opinions formed, and the jointly developed plans for action. Distribute reports to the Audit Committee, Executive Director and appropriate management staff.
4. In conjunction with the operating departments, develop and monitor plans for action to address opportunities for improvement noted during engagements.
5. Periodically review the System's Governance Manual and governance processes.

NYS Teachers' Retirement System
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Consulting Services

Consulting services consist of advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Retirement Board and System Policies

Retirement Board Member Development

Each Retirement Board member brings his or her own unique skills and competencies to governing the System. Governing with excellence also requires basic knowledge of the following:

1. The System's mission, vision and values
2. Governing laws and statutory benefit structure
3. The System's financial statements and operating budget
4. Organizational relationships
5. Retirement Board member responsibilities
6. Principles of a defined benefit plan
7. Investment allocation and performance measurement
8. Actuarial principles
9. System policies
10. Knowledge specific to Retirement Board committee responsibilities

Individual Retirement Board members will take advantage of appropriate educational opportunities to enhance or acquire such knowledge after joining the Retirement Board. In addition to the orientation program provided to new Retirement Board members, knowledge may be obtained by conferring with other Retirement Board members, or by attending staff presentations, educational seminars, conferences, etc.

Retirement Board Member Orientation: An orientation program will be provided to each new Retirement Board member when he or she joins the Retirement Board. The orientation will include an overview of System operations and guiding principles, and provide an opportunity for the new Retirement Board member to meet the Executive Director and Chief Investment Officer, executive staff and key managers.

Staff Presentations: A variety of staff presentations relevant to System business will be made at Retirement Board meetings throughout the year. Certain presentations, such as those regarding the actuarial rate and the operating budget, are made at regularly scheduled intervals. Presentations may also be requested by Retirement Board members based on current needs.

Advisor/Consultant Presentations: Presentations will be made periodically by the Retirement Board's investment consultants and investment advisors. Topics will include investment performance, asset allocation and other matters of interest.

Educational Seminars, Conferences, etc.: Reimbursement shall be made for Board member attendance at the Council of Institutional Investors (CII) spring and fall meetings, the National Council on Teacher Retirement (NCTR) annual conference and the National Institute on Retirement Security (NIRS) annual conference. Audit Committee members will be reimbursed for attendance at one Audit Trustee conference annually.

In addition, an expense allocation will be made available to each Retirement Board member for the purpose of attending educational seminars and conferences relevant to System business.

1. The following guidelines will be used to determine if a particular educational opportunity is appropriate for Retirement Board member attendance:
 - a. The opportunity must benefit the Retirement Board member in the exercise of his or her responsibilities as a fiduciary of the System.
 - b. The sponsoring organization must have a reputation for providing quality educational opportunities.
 - c. The educational opportunity must be included on the System's Approved Domestic Conference List or Approved International Conference List (Lists) or as approved by the Executive Director and Chief Investment Officer on a case by case basis. Retirement Board members may request the Executive Director and Chief Investment Officer to determine if particular opportunities merit being added to the Lists.
 - d. The relative cost of attending the program.
 - e. The availability of funds.
2. Availability of funds for conferences subject to the expense allocation:
 - a. The annual expense allocation for travel and education will be \$6,000 per Retirement Board member per year.
 - b. Each Retirement Board member will be reimbursed for expenses associated with educational opportunities up to the annual allocation. Any expenses that exceed the allocation will be borne by the Retirement Board member, with one exception: If the initial conference for a given fiscal year is from the international list, and the cost of that one conference exceeds the allocation amount, the Retirement Board member will be reimbursed for

the full cost of the conference regardless of the amount; however, no other conferences will be paid for in that year.

- c. Funding for domestic conferences is limited to the annual allocation; there is no limit on the number of trips that can be taken. International conferences are also limited by the annual allocation, but are further limited to one trip per year.
 - d. Reimbursement will be made in accordance with the System's Guidelines for Reimbursable Meeting and Conference Expenses.
3. Educational opportunity providers may limit the number of attendees from a single organization. The following guidelines will be used for attendance at provider-restricted educational opportunities.
- a. The Retirement Board member will inform the Executive Director and Chief Investment Officer, or his designee, of the Retirement Board member's desire to attend a particular educational opportunity by the date indicated on the Lists.
 - b. If space is available, the Executive Director and Chief Investment Officer will notify the member within one week of the date noted on the Lists of the member's ability to attend.
 - c. If the number of members wishing to attend exceeds the limit imposed by the provider, the Executive Director and Chief Investment Officer will apply the following rules to determine which member will attend, and will notify the interested members within one week of the date noted on the Lists.
 - 1. The Retirement Board member for whom the greatest time has passed since attendance at an international educational opportunity or a domestic opportunity will have highest priority.
 - 2. In case of a conflict, the member with the longest tenure of service on the Retirement Board will have the next priority.
 - d. The System will coordinate registration of the Retirement Board member(s) attending the provider-restricted educational opportunity.
4. Vendor sponsored trips are prohibited by the NYSTRS Code of Ethics.
5. Appeals of decisions made in accordance to this policy will be made to the entire Retirement Board.

Retirement Board Expense Reimbursement

Reimbursement will be provided for expenses incurred in connection with attendance at Retirement Board meetings, Retirement Board committee meetings, meetings of the System's Advisory Committees and the Medical Board, the Annual Delegates Meeting, approved educational conferences and seminars, and other member/retiree related functions as approved by the Retirement Board.

In accordance with the Ethics Policy, all travel and educational expenses will be paid by the System. Retirement Board members may not accept payment, directly or indirectly, for travel or other expenses associated with speaking engagements while holding themselves out as or being represented as members of the Retirement Board.

Reimbursable Expenses: Actual and necessary expenses incurred by members of the Retirement Board in connection with System business will be reimbursed according to the following guidelines.

1. Transportation

- a. Transportation by common carrier will be reimbursed at coach or economy rates, except for flight segments greater than six hours which will be reimbursed at business class rates.
- b. Personal automobile mileage will be reimbursed at the current IRS rate.
- c. Automobile rental costs will be reimbursed when sufficiently justified.

2. Lodging

- a. Permitted the night before an event when departure would have been before 7:30 AM the morning of the event.
- b. Permitted the night after an event when arrival home would have been after 6:00 PM.
- c. Rooms should be reserved at the government rate when possible.
- d. When attending conferences, Retirement Board members will be reimbursed up to published conference hotel rates.
- e. Utilize the appropriate Tax Exemption Certificate to avoid tax charges within NYS.

3. Meals

- a. Reasonable cost of meals.
- b. Meals exceeding \$75.00 will be reviewed on a case by case basis.

- c. If the meal expense is for more than one eligible person, the names of each person must be indicated on receipt.
- 4. Incidental items (i.e., tips, cab fare, parking, tolls, etc.) will be reimbursed.
- 5. IRS guidelines provide that certain expenses are deemed taxable as follows:
 - a. Lodging is taxable unless an overnight stay is necessary per the IRS guidelines.
 - b. Meals are taxable unless an overnight stay is necessary per the IRS guidelines.
 - c. Unreceipted meals in excess of \$75.00 are taxable. System form FIN-140.4 Certificate of Expenditure is not considered a receipt for IRS purposes.
 - d. Telephone calls are taxable if not directly related to System business.
 - e. While in daily travel status and leaving before 7:30 AM and/or arriving after 6:00 PM, meals will be reimbursed and will be reported as non-employee compensation on IRS Form 1099 MISC. in accordance with IRS regulations.

Non-Reimbursable Expenses

- 1. Alcohol
- 2. Expenses of Retirement Board member's spouse or guest

Travel Expense Forms and Supporting Documentation

- 1. Travel Expense Forms and Purpose
 - a. FIN-140.1 Board Member Travel Voucher – summarized claim of travel expenses
 - b. FIN-140.3 Statement of Automobile Travel – mileage claim for personal vehicle use
 - c. FIN-140.4 Certificate of Expenditure – to replace unavailable or misplaced receipts
 - d. ST-129 Tax Exemption Certificate – to exclude state and local hotel occupancy taxes
 - e. FIN-216 NYSTRS Tax Exemption Certificate – to exclude taxes on purchases
- 2. Supporting Documentation

- a. Receipts for the following items, if applicable, must accompany the travel voucher:
 - i. Original lodging receipts
 - ii. Transportation ticket stubs or receipts
 - iii. Airfare itinerary
 - iv. Meals in excess of \$25.00
 - v. Incidental expenses
- b. If a receipt was not available or misplaced for an expense in excess of \$25.00, a “Certification of Expenditure” (Form FIN-140.4) must be submitted with the voucher.
- c. Executive Director and Chief Investment Officer’s approval to attend a conference not on the approved conference list must be attached to the voucher.

Travel Expense Process and Approvals

1. The complete travel expense voucher package (including all required forms and supporting documentation) should be submitted promptly at the conclusion of each trip.
2. A travel expense voucher should contain reimbursement for a single travel trip.
3. The Retirement Board Member must sign the payee’s certification section of the Board Member Travel Voucher form indicating that expenses are just, true, and correct.
4. Expense vouchers are to be submitted to the Finance Department for review and approval.
5. Executive Director and Chief Investment Officer approves the travel expense voucher.
6. The Finance Department offers reimbursement of expenses by both check and ACH.

Other Procedures

1. Retirement Board Members may make travel arrangements directly with the System’s designated travel agent and have the cost of airline and train tickets billed directly to TRS. Arrangements may also be made by contacting Travel@nystsr.org or the Executive Assistant to the Executive Director and Chief Investment Officer.

Appropriate charges will be deducted from the Retirement Board member's allocation for travel.

2. Conference fees may be paid directly by NYSTRS based on properly completed registration forms submitted by the Retirement Board member. If paid by the Retirement Board member a receipt will be submitted when reimbursement is requested.
3. The Retirement Board President will review and approve Retirement Board member requests for reimbursement that are outside these guidelines prior to reimbursement.

Contacts

1. For all travel expense related questions, please contact:
 - a. Manager of Finance
 - b. Assistant Manager of Finance
2. For additional travel expense forms, please contact: Executive Assistant to the Executive Director and Chief Investment Officer.

Board Reimbursement for Loss of Salary or Wages

Statute

Education Law Section 506(4) provides as follows:

“The members of the retirement board shall serve without compensation, but they shall be reimbursed from the expense fund for all actual necessary expenses and for any loss of salary or wages they may suffer through serving on the retirement board.”

Reimbursement Policy for Loss of Salary or Wages

1. In accordance with the statute, a Retirement Board member, or employer, shall be reimbursed for any loss of salary or wages suffered due to Retirement System service pursuant to the administrative procedures established by the Executive Director and Chief Investment Officer, or his designee.
2. The Retirement Board member, and his or her employer, shall certify such lost salary or wages associated with attending the specific function for which reimbursement is sought.
3. Annually, staff shall report to the Retirement Board. Such report shall include a summary of the salary or wage reimbursements issued to Retirement Board members and/or the employer. The report shall be based on the preceding fiscal year.
4. The reimbursement of actual and necessary expenses incurred by members of the Retirement Board in connection with System business will be reimbursed pursuant to the Board Expense Reimbursement policy.

Definitions

For the purposes of reimbursement, the following terms shall be defined as follows:

1. “Service” is defined as Retirement Board member attendance and reasonable travel time during work hours associated with the following functions:
 - a. Regular and Special Meetings of the Retirement Board and the Retirement Board Retreat;
 - b. Meetings of Committees of the Retirement Board;
 - c. Meetings of the Investment Advisory Committee and the Real Estate Advisory Committee;

- d. Annual Delegates Convention pursuant to Education Law §505;
 - e. Meetings of the Medical Board pursuant to Education Law §507(6);
 - f. Council of Institutional Investors (CII) spring and fall meetings, the National Council on Teacher Retirement (NCTR) annual conference and the National Institute on Retirement Security (NIRS) annual conference; and,
 - g. One audit trustee conference annually for Trustees serving on the Board's Audit Committee.
- 2. "Salary or wages" shall mean regular compensation earned and paid to a Retirement Board member and may include charges made to vacation or personal leave accruals and, if applicable, pro-rata reimbursement of employer paid FICA and health insurance, and the ECR.
 - 3. "Employer Contribution Rate" or "ECR" shall mean the actuarially determined employer contribution rate for the applicable fiscal year payroll.
 - 4. "Fiscal year" shall mean the fiscal year of the Retirement System (July 1 -June 30).

(Source: Article 11 of the Education Law, §506)

Retirement Board Communications Policy

Purpose: The NYSTRS' Retirement Board Communications Policy is intended to ensure accurate, consistent and timely communication among members of the Retirement Board and NYSTRS' management, and with active and retired members, the media and external stakeholders.

Objectives: The objectives of the NYSTRS' Retirement Board Communications Policy are to ensure the following:

1. Retirement Board members receive and have equal access to pertinent System information in a uniform manner.
2. Communications are timely and factual.
3. Retirement Board members are respectful of the Retirement Board, its policies and its decisions in all communication with internal and external stakeholders.
4. Retirement Board members communicate with all stakeholders in a collective voice to represent NYSTRS as a unified identity.

Principles: Retirement Board members will consider these principles when communicating with all internal and external NYSTRS stakeholders:

1. In the spirit of representing NYSTRS and the Retirement Board as a unified identity, the Retirement Board President is designated to serve as spokesperson on behalf of the Retirement Board or will designate a member of staff or another Retirement Board member to do so.
2. Unless authorized by the Retirement Board President, no member will speak on behalf of the Retirement Board. The following protocol will be observed when designated to speak on behalf of NYSTRS:
 - a. The Retirement Board member will clearly express that he or she is representing NYSTRS and not another entity. The Retirement Board member will indicate if he or she is speaking in a capacity other than as a member of the Retirement Board.
 - b. The Retirement Board member will be cognizant of the potential liabilities and harm to NYSTRS' constituents that could result from miscommunication. To that end, the Retirement Board member will take steps to ensure any information he or she communicates is accurate, current and within the scope of his or her responsibilities.
3. Retirement Board members will share information germane to Retirement Board matters with fellow Retirement Board members and the Executive Director and Chief Investment Officer in a timely manner. If a Retirement Board member requests information from the Executive Director and Chief Investment Officer the information will be distributed to all Retirement Board members.

4. Retirement Board members will refrain from offering specific retirement- or career-related advice to members. Rather, Retirement Board members will refer members to the appropriate NYSTRS manager or department for information on System benefits, or suggest the members speak with private advisors to address their general financial inquiries or concerns.
5. In an effort to ensure consistent communication with the membership, the Executive Director and Chief Investment Officer will send Administrative Bulletins, newsletters and other member- or employer-specific publications to Retirement Board members for reference in advance of their official release. Likewise, prior to distributing materials or information they have prepared concerning NYSTRS matters, Retirement Board members will share these materials with the Executive Director and Chief Investment Officer or appropriate staff to review for accuracy. This will help prevent NYSTRS from being inadvertently put at risk.
6. If a member, participating employer, or external constituent attempts to submit a Freedom of Information Law (FOIL) request to a Retirement Board member, the Retirement Board member will instruct the requestor to direct such request to the System's Records Access Officer.

Policy Guidelines:

1. Communication among Retirement Board Members

Retirement Board members will practice open, constructive communication with one another for the good of the Retirement Board and NYSTRS and will handle differences of opinion in a constructive manner.

Confidential matters, such as those discussed during Executive Sessions of Retirement Board meetings, will only be discussed with the Retirement Board members and System staff directly involved with the matter.

2. Communication between Retirement Board Members and NYSTRS Management

NYSTRS' Executive Director and Chief Investment Officer will communicate routinely and consistently with the Retirement Board. Such correspondence with Retirement Board members will keep the Retirement Board apprised of System operations and activities. Additionally, the Executive Director and Chief Investment Officer will communicate pressing concerns or activities to Retirement Board members as needed.

During Retirement Board meetings, NYSTRS management and selected staff will present reports on System operations and activities in an effort to keep Retirement Board members well informed. Such reports may also be given during regularly scheduled Retirement Board committee meetings.

In order to streamline communications, Retirement Board members will direct their inquiries and concerns to the Executive Director and Chief Investment Officer or the appropriate Executive Staff member. NYSTRS' non-management and non-executive staff will refrain from direct communication with Retirement Board members unless instructed by the Executive Director and Chief Investment Officer or a member of the executive staff.

3. Retirement Board Member Communication with the Media

All NYSTRS media inquiries are to be facilitated through the Education & Outreach Office. If contacted directly by the media, Retirement Board members should direct the inquiry to Education & Outreach for response.

If it is determined that the Retirement Board President should speak to the media, it is recommended that – if feasible – Education & Outreach's Manager and/or Assistant Manager be present during the interview to facilitate and lend support to the process.

When interviewed – or otherwise contacted – by the media in regard to NYSTRS affairs, Retirement Board members will not make unilateral statements on behalf of the Retirement Board or NYSTRS. In addition, the Retirement Board member will notify the Executive Director and Chief Investment Officer or Manager of Education & Outreach of this contact.


In the event that the media requests to visit NYSTRS headquarters, Education & Outreach's Manager and/or Assistant Manager will facilitate the visit.

If the media requests to be present during a Retirement Board meeting, Education & Outreach staff will serve as escorts. Retirement Board members will be informed of media attendance at these meetings. Media inquiries regarding meeting proceedings or actions taken should be directed to Education & Outreach for response.

The Executive Director and Chief Investment Officer and Education & Outreach are responsible for NYSTRS press releases. The Executive Director and Chief Investment Officer will provide copies of all press releases to the Retirement Board in a timely manner.

4. Retirement Board Member Communication with External Stakeholders


Communications between Retirement Board members and external stakeholders (e.g., investment managers, consultants, and the general public) will be consistent with the Retirement Board members' fiduciary responsibility to represent the interests of all NYSTRS members and stakeholders.

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Section I. Definitions

When used hereafter and unless otherwise expressly stated:

1. "System" means the New York State Teachers' Retirement System.
2. "Appear" and "appear before" mean communicating in whatever form, whether personally or through another person.
3. "Business dealing" means (a) having or providing any contract, service, or work with the System; (b) buying, selling, renting, leasing, or otherwise acquiring from or dispensing to the System any goods, services, or property; or, (c) applying for, petitioning, requesting, or obtaining any service, benefit, or other privilege from the System.
4. "Person" means an individual, corporation, partnership, unincorporated association, and all other entities.
5. "Family member" shall mean (a) any person living in the same household as the System Retirement Board member or employee; or, (b) any person who is a direct descendant of the System Retirement Board member's or employee's grandparents or the spouse of such descendant.
6. "Related person" means:
 - a. a family member;
 - b. any corporation of which the System Retirement Board member or employee is an officer or director or of which he or she legally or beneficially owns or controls more than 10% of the outstanding stock;
 - c. any partnership or unincorporated association of which the System Retirement Board member or employee is a member or employee or in which he or she has an ownership interest which is greater than 10%;
 - d. any person with whom the System Retirement Board member or employee, or his or her family member has an employment, professional, business or financial relationship; and,
 - e. any person from whom the System Retirement Board member or employee, or his or her spouse, has received within any 12-month period during the previous 24 months, a pecuniary or material benefit having an aggregate value greater than \$2,000.

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7. "Spouse" means a husband or wife from whom an individual is not legally separated.
8. "System person in a policy-making or investment-related position" shall mean any member of the System's Retirement Board and any System employee who either participates in the Manager/Executive Plan or participates in the negotiating unit in a Grade 18 or higher title (including trainee titles, for which the target title is Grade 18 or higher) in the Procurement Office, Real Estate, Investment Information, or Investment Departments.
9. "Member of the System Retirement Board member or employee's household" means the Board member or employee's significant other, or any other adult person who regularly resides with the Board member or employee.


Section II. Annual Disclosure Statements

1. Each System person in a policy-making or investment-related position shall file an Annual Disclosure Statement. The Annual Disclosure Statement shall be signed and filed with the System's Chief Administrative Officer/Deputy Chief Administrative Officer (i) upon assumption of office after first being elected or appointed to the Retirement Board or commencement of employment with the System; and, (ii) no later than January 15th following the close of each calendar year, commencing with the first January 15th occurring not less than six months after such assumption of office or employment.
2. If any System person in a policy-making or investment-related position is not able, after reasonable efforts, to obtain some or all of the information required by the Annual Disclosure Statement which relates to his or her spouse, member of his or her household, and or dependent, he or she so shall state, as part of the Annual Disclosure Statement.

See [NYSTRS Annual Disclosure Statement](#) and [NYSTRS Annual Disclosure Statement Instructions](#)

Section III. Conflict of Interest Disclosure Statements

1. A System Retirement Board member or employee shall disclose any instance in which he or she is involved in a decision or business dealing on behalf of the System involving any person or entity meeting the definition of a family member or related person as set forth in this code, or with which the Board member or employee has a personal relationship. Depending on the


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circumstances, the System Retirement Board member or employee may be directed to recuse themselves from any such decision or transaction.

2. Such disclosure shall include a brief description of the decision or business dealing in which the employee is involved and the nature and length of the relationship between the System Retirement Board member or employee and the person or entity.

Section IV. Review of Disclosure Statements

1. The Ethics Committee shall consist of five members; three Retirement Board members, each appointed to a one-year term in the manner designated below; and the Executive Director and the General Counsel of the System as continuing members. The three Retirement Board members of the Ethics Committee (none of whom shall be president) shall be appointed one each from the following three groups: (a) the three members elected by the Board of Regents of the University of the State of New York [Ed. Law Section 504 subd. 2(a), (b)]; (b) the two administrative officers of the New York State school system appointed by the Commissioner of Education, and the Comptroller of the State of New York or his appointee [Ed. Law Section 504 subd. 2(c), (d)]; and, (c) the three members elected from the membership of the System together with the member who is a retired teacher [Ed. Law Section 504, subd. 2(e), (f)]. Retirement Board members in each group shall serve their one-year terms on a rotating basis according to their length of service or the length of service of their predecessor(s) as fixed within each group at the time the Ethics Committee was initially constituted. The General Counsel shall maintain a list showing the rotation within each group.
2. The Ethics Committee shall review all annual disclosure statements filed pursuant to Section II of this code and determine whether any person required to file such a statement has failed to file or has filed a deficient statement or has filed a statement that reveals a possible violation of the code of ethics. In the event the Ethics Committee finds any person has failed to file a required disclosure statement or any statement is deficient or reveals a possible violation, the Ethics Committee shall recommend that the Retirement Board take appropriate action. Any member of the Ethics Committee or other member of the Retirement Board shall recuse himself or herself in regard to any action or other proceedings which may be taken in respect to his or her own disclosure statement.
3. The Chief Administrative Officer/Deputy Chief Administrative Officer, in conjunction with the General Counsel or designee, shall review disclosure statements made in accordance with Section III

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of this code and determine whether recusal from a decision or business dealing is required.

Section V. Conflicts of Interest

General Rule: No System Retirement Board member or employee shall have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Standards


1. No System Retirement Board member or employee shall accept any other assignment or position which will impair his or her independence of judgment in the exercise of his or her official duties.
2. No System Retirement Board member or employee shall use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others.
3. No System Retirement Board member or employee shall engage in any transaction as representative or agent of the System with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.
4. A System Retirement Board member or employee shall not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.
5. A System Retirement Board member or employee shall abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.
6. A System Retirement Board member or employee shall endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

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7. No System Retirement Board member or employee shall act as attorney, agent, broker, employee, consultant, or representative for any person in connection with any business dealing or other matter with the System except on behalf of the System or his or her own behalf.
8. No System Retirement Board member or employee shall appear as attorney, agent, broker, employee, consultant, or representative against the interests of the System in any matter in which the System is a party.
9. No partnership or unincorporated association of which a System Retirement Board member or employee is a member or employee or in which he or she has an ownership interest greater than 10%, nor any corporation of which he or she is an officer or director or legally or beneficially owns or controls more than 10% of the outstanding stock, shall appear before the System on behalf of any person other than the System or itself.
10. No System Retirement Board member or employee shall, directly or indirectly, solicit, accept or receive any gift* under circumstances in which it could reasonably be inferred that the gift* was intended to influence him or her, or could reasonably be expected to influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part. No person shall, directly or indirectly, offer or make any such gift* to a System Retirement Board member or employee under such circumstances.

***See also: [NYSTRS Gift Policy](#)**

11. No System Retirement Board member or employee shall take or refrain from taking any action, or agree to take or refrain from taking any action, or induce or attempt to induce any other Retirement Board member or employee to take or refrain from taking any action, on any matter before the System in order to obtain a pecuniary or material benefit for himself or herself or any related person.
12. No System Retirement Board member or employee shall participate in any decision to hire, promote, discipline or discharge a family member for any compensated position with the System.

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13. No System Retirement Board member or employee who has an ownership interest greater than 10% in a firm or association or who owns or controls 10% or more of the stock in a corporation, shall sell any goods or services having a value in excess \$25 to the System unless pursuant to an award or contract let after public notice and competitive bidding.
14. Nothing contained in this code shall be construed to prohibit a System Retirement Board member or employee from receiving a System service or benefit which is generally available to a class of members or retirees of the System in which such Retirement Board member or employee is included.

Section VI. Compliance with Laws, Professional Standards, and System Policies

System Retirement Board members and employees shall, as applicable, comply with and abide by professional standards and all laws and regulations governing the System, and shall be subject to all System policies, as such policies may be amended from time to time by the System.

Section VII. Confidential Information

1. System Retirement Board members and employees shall only access confidential information in the discharge of their assigned System responsibilities.
2. No System Retirement Board member or employee shall disclose confidential information acquired by him or her in the course of his or her official duties to any other person, whether external or internal to the System, except to the extent that a person internal to the System has a bona fide “need to know” in order to perform their NYSTRS duties.
3. No System Retirement Board member or employee shall use confidential information acquired by him or her in the course of his or her official duties to further his or her personal interests or the personal interests of any other person.
4. No System Retirement Board member or employee shall accept employment or engage in any business or professional activity that will require him or her to disclose confidential information gained by reason of his or her official position or authority.

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See NYSTRS Confidentiality & Release of Employee Data & Personal Information Policy

https://trsnet.strs.us/TRSNET/media/Human_Resources/Policies/ConfidentialityReleaseofEmployeeInformationPolicy.pdf

Section VIII. Post Employment

1. Post Employment Restrictions


- 2-Year Ban – Former System Retirement Board members or employees may not appear or practice before the System, or receive compensation for any services rendered in relation to any case, proceeding, application or other matter before the System, within a period of two years after leaving the System service.
- Lifetime Ban – Former System Retirement Board members or employees may not appear, practice, communicate or otherwise render services before the System, or receive compensation for services in relation to any matter with which they were directly concerned and in which they personally participated, or which was under their active consideration while employed by the System.

2. Exceptions to Post Employment Restrictions

- Government-to-Government Exception – Under this exception, a System Retirement Board member or employee who leaves the System and is employed for another government entity may appear before the System in their capacity with the other government entity, regardless of how much time has elapsed since the individual left System service.
- Ministerial Exception – Under this exception, a System Retirement Board member or employee who is a member of the System may handle matters pertaining to their membership after leaving the employ of the System.

3. Job Offers

- System employees may not solicit a post-employment opportunity with a person or entity with whom the employee is engaged in a business dealing on behalf of the System.
- When a System employee receives an unsolicited inquiry or contact about an employment opportunity with an entity or person with whom the employee is engaged in a business dealing on behalf of the System, the employee must decline to engage in discussions, or, if interested in pursuing the employment opportunity, wait 30 days from the date on which he/she is reassigned or recused from business dealings with such entity or individual, if such reassignment or recusal is granted. In either instance, the employee must report the inquiry or contact to the System.

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- System Retirement Board Members must recuse themselves from participating in discussions and/or decisions involving any matter that comes before the Board when the Board Member is engaging in discussions about or considering an employment opportunity with the individual or entity involved in such matter. The employment opportunity should be disclosed as soon as the Board Member becomes aware that the matter will be before the Board.

Section IX. Securities Transactions

No System Retirement Board Member or employee shall engage either in:


1. Insider trading, which is an illegal activity in which a person makes trades based on proprietary and confidential information they received about a security that investors generally do not know; or,
2. Front running, which is an illegal activity in which a person, knowing an institution or firm is about to make a market-moving trade in a security, takes or sells a position in that security “in-front” of the trade in order to make a personal profit.

This prohibition applies even if employment with the System ceases, until such time, if ever, as the information has become generally available to the public, other than through disclosure by or through the Retirement Board Member, employee or related person.

A brief description of the law pertaining to insider trading is attached as Appendix A.

Section X – Enforcement

Failure to comply with the Code of Ethics and/or falsification of the required disclosure forms constitutes grounds for corrective and/or disciplinary action, up to and including, termination.


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Appendix A: “Insider Trading” and Material Non-Public Information

The Insider Trading and Securities Fraud Enforcement Act of 1988 expands the Securities and Exchange Commission’s (SEC) authority to seek penalties against persons who communicate or use any material, non-public information while purchasing or selling securities. Substantial additional penalties can be assessed against both a person who commits an insider trading violation and any controlling person, which could include an employer or even a manager, who “knew or recklessly disregarded the fact that such controlled person was about to engage in the act or acts constituting the violation and failed to take appropriate steps to prevent such act or acts before they occurred.” Criminal penalties for insider trading violations have been increased from 5 to 10 years’ imprisonment and individual criminal monetary penalties have been increased to \$1 million.


“Insider Trading” is not defined in the securities law, but the term is used broadly to refer to the purchase or sale of securities while in possession of “material” information (generally, information that will be important to an investor in making a decision to buy or sell a security) that is not available to the general public (that is, “non-public”). Although there is no statutory definition of insider trading, this activity is proscribed by provisions of the securities laws, including Section 17(a) of the Securities Act and Sections 10(b) and 14(e) of the Securities Exchange Act of 1934. In addition, case law has developed over time interpreting these provisions, with Rule 10-b-5, promulgated by the SEC, being subject to the most extensive judicial interpretation. These provisions prohibit fraudulent practices in connection with the purchase and sale of any security, including trading while in possession of material, non-public information. These provisions cover more individuals than those who are traditionally thought of as insiders, namely corporate directors, brokers and dealers. The development of case law of this area has made it clear that this duty extends beyond these traditional corporate insiders to prohibit the misuse of material, non-public information by market professionals and others including underwriters, investment analysts, lawyers, accountants and financial printers. This is based on the theory that these individuals have a duty not to misappropriate information from their employers or otherwise.

Under the securities law, “corporate insiders” and those to whom they communicate (“tip”) material, non-public (“inside”) information about a corporation are required either to disclose that information to the investing public or to refrain from trading in, or recommending, the corporation’s securities. For purposes of the prohibition of insider trading, the term “corporation” encompasses all state and local governments and other public agencies and authorities (hereinafter “other public entities”). In addition, tipping or trading in material, non-public information about a tender offer violates the rules of the Securities and Exchange Commission under most circumstances.


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Employees who trade on inside information, or communicate inside information, obtained from or through their respective Departments, whether obtained from legitimate information, may be held to have “misappropriated” it under Federal securities or other laws, even if such employee is not deemed a “corporate insider.” A “corporate insider” generally includes persons to whom corporate officers give insider information and would include an employer and its employees with respect to information given by persons in connection with matters with which the employer may be involved.

What constitutes inside information or material, non-public information must be determined on the basis of all pertinent circumstances. However, the following will generally fall into that category if not publicly known: (a) information concerning its business financial matters and management, such as changes in earnings or dividends, significant technical achievements, important discoveries of natural resources, the obtaining or losing of major contracts, or changes in management and (b) information concerning the company’s or other public entity’s securities, including the market for a security or its terms, such as prospective tender offer, merger or acquisition, prospective block trade, prospective private placement or public offering, impending stock dividend or stock split or proposed recapitalization.

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- I. A gift is anything of value given to a System Retirement Board member or employee. It may be in many forms including, but not limited to:
 - A. Money
 - B. Service
 - C. Loan
 - D. Travel
 - E. Meals
 - F. Refreshments
 - G. Lodging
 - H. Entertainment
 - I. Discounts not offered to the public, but rather on the basis of status as a System Retirement Board member or employee of NYSTRS
 - J. Promise of favor
 - K. Forgiveness from debt or obligation
- II. The offer of reciprocity or actual reciprocity does not negate receipt of a gift.
- III. A System Retirement Board member or employee may not designate another person or entity (e.g. charity) to receive a gift.
- IV. Gifts may never be solicited.
- V. Gifts may not be accepted in circumstances where accepting the gift would create a real or perceived conflict of interest with the proper discharge of the System Retirement Board member's or employee's official duties.
- VI. Since a perceived conflict of interest is likely if the source of the gift is among the following, gifts may not be accepted from such sources, except as specifically permitted by this policy.
 - A. A person or entity who seeks or may seek to do business with NYSTRS
 - B. A person or entity that currently does business with NYSTRS
 - C. A person or entity whom has litigation adverse to NYSTRS
 - D. A person or entity whose interest(s) are affected by NYSTRS decision making authority
 - E. A person or entity who appears before or negotiates with NYSTRS
- VII. Forms of Gifts and Exceptions.
 - A. Travel Expenses.
Travel Expenses (including ground transportation) are generally prohibited with the following exceptions:
 1. Travel provided in conjunction with attendance at an Annual Meeting/Fund Advisory committee/LP/Board meeting in relation to an existing NYSTRS investment where attendance is necessary to fulfill NYSTRS' fiduciary responsibility with respect to the investment, and where such expenses are paid for all investors, board or committee members attending the meeting.

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2. Group transportation via rental cars when touring properties.
3. Group ground transportation provided to all conference/meeting attendees when attending a conference or meeting.

B. Lodging.

Lodging is generally prohibited with the following exceptions:

1. Lodging provided in conjunction with attendance at an Annual Meeting/Fund Advisory committee/LP/Board meeting in relation to an existing NYSTRS investment where staff attendance is necessary to fulfill NYSTRS' fiduciary responsibility with respect to the investment, and where such expenses are paid for all investors or board or committee members attending the meeting.

C. Entertainment/Recreational Activities.


Entertainment and recreational activities are generally prohibited with the following exceptions:

1. Activities included in a conference fee at a conference sponsored by a non-vendor third party (NCTR, NASRA, etc). Activities must be on the conference agenda and open to all attendees.
2. Even if widely attended and on the agenda, activities at an Annual Meeting/Fund Advisory committee/LP/Board meeting or a vendor sponsored/ client conference are permitted only if the System Retirement Board member or employee pays the full cost of attendance and there is no benefit afforded the System Retirement Board member or employee as a result of the relationship with the vendor or business partner. Factors to be considered include access and discounted costs (i.e. reimbursing the vendor for tickets to attend a sold out sports event would not be permissible, even if the vendor is reimbursed, since tickets would not be available, but for the relationship). Prior approval must be obtained and proof of payment must be provided.
3. Speakers or music provided in conjunction with a conference meal open to all attendees.

D. Food and Beverage

Meals are generally prohibited with the following exceptions:

1. Meals provided in conjunction with attendance at an Annual Meeting/Fund Advisory committee/LP/Board meeting in relation to a NYSTRS investment where staff attendance is necessary to fulfill NYSTRS' fiduciary responsibility with respect to the investment, and where such expenses are paid for all investors, board or committee members attending the meeting.
2. A group meal at a non-vendor conference that is on the agenda and open to all attendees.
3. Vendor sponsored hospitality rooms at a conference if the reception is on the agenda and open to all conference attendees.
4. Modest refreshments, including breakfast or lunch, brought into a meeting site during a working meeting.

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5. Modest refreshments at a vendor sponsored educational seminar/conference. (e.g. coffee, water, bagels, cookies etc.)
6. Group meals at widely attended events sponsored by a borrower /broker at a large real estate conference/event, which is attended by NYSTRS in its capacity as a mortgage lender. Attendance at the meal must serve a compelling business purpose. If known in advance, prior authorization must be received. If not known, immediate disclosure of attendance must be made upon return from the event.

E. Holiday Gifts.

Holiday gifts are prohibited.

NYSTRS will send an annual letter to all business partners requesting holiday offerings not be sent, including charitable contributions made on behalf of an employee or NYSTRS. If gifts are sent, a reinforcement of the policy will be communicated. Non perishable items will be returned. Perishable items will be placed in a public area in the building, and a reinforcement of the policy will be communicated.


F. Promotional Items/Raffles.

Promotional items and raffles are prohibited unless:

1. Of nominal value, or;
2. Given as part of a vendor fair at a conference and available to all attendees of the conference, or;
3. Received as part of a contest or raffle open to all participants at a widely attended event, such as a conference. If a large gift (i.e. electronics, bike, etc) is won, the System Retirement Board member or employee must disclose the winnings and certify that the raffle met these criteria.

G. Gifts from Family Members/Personal Friends Who Have or May Have Business Dealings with the System.

1. Gifts or invitations to attend personal or family social events from a family member, member of the same household or person with a personal relationship may be accepted, if the circumstances clearly establish that it is the family, household or personal relationship that is the primary motivating factor in the gift and/or invitation. In determining motivation, the following factors will be considered:
 - a. The history and nature of the relationship between the parties
 - b. Whether items/invitations have been historically exchanged
 - c. Whether the same or similar gifts/invitations were provided to other business partners.
2. Under no circumstances will such an exchange be considered to be based on the family or personal relationship, if the donor seeks to charge or deduct the cost as a business expense, or is otherwise reimbursed for the cost.
3. Similarly, personal relationships which result from the business relationship, would typically not meet the criteria for this exception. Accordingly, in this circumstance you must seek guidance prior to accepting any gift and/or invitation.

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H. Gifts from Customers.

Staff may accept modest gifts (of a non-cash nature) from customers in appreciation for excellent service. An example is flowers sent to an employee who helped a member with an issue.

VIII. NYSTRS Staff Prior Approval.

Attendance at conferences must be approved in advance. A Conference Request Form must be completed and submitted to the Manager/Executive, as appropriate. Attendance at client conferences/events also require the approval of the Executive Director or designee.

IX. NYSTRS Staff Review Procedures.

- A. Because determinations are often fact specific, a staff member, who after reviewing this policy is uncertain as to the appropriateness of a particular situation, should seek advance approval from their Manager or Executive, who will consult with the Executive Director or designee, as necessary. Such approval should be sought in advance.
- B. In rare circumstances where advance approval is not possible, staff should:
 1. exercise their best judgment consistent with the policy ,and;
 2. report anything accepted after the fact for review.
- C. If an after the fact review results in disapproval, NYSTRS will determine the appropriate response based on all of the facts and circumstances, including whether the staff member exercised reasonable judgment given the direction provided in the guidelines. Possible responses include, but are not limited to, educating the staff member for future reference, requiring the staff member to reimburse the donor for the cost of the gift, and/or counseling or disciplinary action if the staff member was found to have acted in a manner contrary to the direction provided in this policy.

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1. A whistleblower is defined as an employee of NYSTRS who, in good faith, reports an activity that he/she believes to be illegal, dishonest or otherwise a violation of the NYSTRS Code of Ethics.
2. An employee who has knowledge of or a concern of illegal, dishonest or unethical activity including questionable accounting or operating practices, should promptly report such incident(s) or concerns.
3. All reports will be promptly and diligently investigated.
4. Reports may be filed without fear of reprisal. Retaliation against employees for filing a report of wrongdoing or for assisting in any investigation resulting from a report filed under this policy will not be permitted.
5. The right of a whistleblower for protection against retaliation does not include immunity for unrelated adverse employment actions, or any personal wrongdoing that is alleged, investigated and substantiated. This includes, but is not limited to, intentionally filing a false whistleblower report.

Reporting Procedure

Reports should be made to any supervisor, manager, assistant manager or executive with whom the employee feels comfortable, or through the System's Fraud Hotline. Any report received in accordance with this policy must be referred to the Chief Administrative Officer/Deputy Chief Administrative Officer, General Counsel or Director of Internal Audit by the supervisor, manager or executive to whom the report is made.

Investigation

Unless recused due to direct involvement or other conflict of interest, the Chief Administrative Officer/Deputy Chief Administrative Officer, General Counsel and Director of Internal Audit shall together determine who shall lead the investigation. Confidentiality will be maintained throughout the investigation process to the extent practical and appropriate under the circumstances. However, identity may need to be disclosed to conduct a thorough investigation, to comply with the law and/or to provide accused individuals with due process. If the allegation involves suspected wrongdoing by the Executive Director and Chief Investment Officer, the Executive leading the investigation will discuss the matter with the President of the Board.

Protection Against Retaliation

Any whistleblower who believes he/she is being retaliated against should contact the Chief Administrative Officer/Deputy Chief Administrative Officer unless such complaint involves the Chief Administrative Officer/Deputy Chief Administrative Officer in which case the whistleblower should contact the General Counsel.

NYSTRS Internal Control Policy

The Retirement Board provides oversight of the System's internal controls by ensuring the System has an effective internal control framework in place. This framework includes assessment and management of key financial and non-financial risks and an effective monitoring and oversight process supported by timely and accurate information and clear communication channels.

Objectives

Internal control is broadly defined as a process, effected by the Retirement Board, management and other personnel, to provide reasonable assurance regarding the achievement of the following:

1. Effectiveness and efficiency of operations
2. Reliability of internal and external reporting
3. Compliance with applicable laws and regulations
4. Safeguarding assets
5. Achieving plans, programs, goals, and objectives

Roles and Responsibilities

Everyone in the System has responsibility for internal control.

1. The Retirement Board - The Retirement Board (especially the Audit Committee) is the *oversight* group. The Retirement Board provides governance, guidance and oversight, and most importantly, resources to enable management to implement and maintain an effective system of internal controls.
2. Management - Management has primary responsibility for developing and instituting an effective system of internal control. Executive management, the *stewardship* group, provides leadership and sets the "tone at the top," providing the basis and support for a sound control structure. Managers and supervisors at all levels, the *performance* group, are responsible for implementing specific internal controls to ensure department and unit objectives are met.
3. Internal Audit - Internal Audit, the *assurance* group, provides independent, objective assurance and consulting, designed to add value and improve the System's operations. It helps the System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

4. External Audit - External auditors, also part of the *assurance* group, contribute indirectly through the annual financial statement audit. The external auditors consider the System's internal controls in determining their auditing procedures and report on any material weaknesses noted.

Internal Control Framework

A sound internal control framework is composed of an effective control environment, an assessment of key risks, control activities, timely and effective information and communication, and a monitoring process.

1. The control environment is the foundation for the entire internal control system. It includes factors such as integrity, ethical values, the competence of personnel, and management's philosophy and operating style.
2. The risk assessment process allows management to identify and manage risks relevant to achieving the organization's objectives.
3. Control activities are policies and procedures that help ensure management directives are properly carried out in a timely manner. They include approvals, authorizations, verifications, reconciliations, safeguarding assets and segregation of duties.
4. Timely and effective information and communication processes allow those within the organization to carry out their respective responsibilities. This includes preparing reports of operational, financial, and compliance related information as well as day-to-day communication processes among employees, supervisors, and senior management.
5. An effective monitoring and oversight process allows senior management and the Retirement Board to assess whether controls are functioning as intended and whether they are modified when necessary to accommodate changes in conditions. This can be accomplished through ongoing monitoring activities, separate evaluations of internal control such as self assessments and internal audits, or both.

(Source: Corporate Governance Best Practices: A Blueprint for the Post-Enron Era; The Conference Board Internal Control – Integrated Framework; Committee of Sponsoring Organizations of the Treadway Commission; The Professional Practices Framework; The Institute of Internal Auditors)

Placement Agent Policy

As a matter of policy, the System will not invest in any new fund or engage any investment manager in any new assignment where the fund or manager uses a placement agent or other intermediary for the purpose of interacting or communicating with the System to obtain an introduction of the fund or manager to the System or to obtain the System's investment in the fund or engagement of the manager.

The full Transparency and Accountability policy is found in the System's Investment Policy Manual available at the Investments page at [NYSTRS.org](https://www.nystrs.org).

Office of Foreign Assets Control ("OFAC") Policy

The System has adopted a policy to ensure compliance with state and federal law and the avoidance of transactions in violation of applicable anti-money laundering ("AML") legislation, rule, regulation or order administered or promulgated by the Office of Foreign Assets Control ("OFAC") of the US Department of the Treasury. As a matter of policy, the System will not invest in any fund, engage any investment manager or transact with any borrower where the fund, manager or borrower does not comply with applicable AML and OFAC laws and regulations and does not provide an annual certification regarding such compliance.

The full OFAC Compliance Procedure policy and sample certification is found in the System's Investment Policy Manual available at the Investments page at [NYSTRS.org](https://www.nystrs.org).

	Anti-Discrimination and Anti-Harassment Policy	Document # HR-EH-03
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ANTI-DISCRIMINATION AND ANTI-HARASSMENT POLICY

The New York State Teachers' Retirement System ("NYSTRS") prohibits any form of discrimination or harassment of any employee by anyone in the workplace (including supervisors, managers, executives, board members, coworkers, consultants, vendors, customers, and other non-employee personnel conducting business with NYSTRS) for any illegal discriminatory reason based on any protected classification, including: race, color, sex, national origin, ethnicity, military or veteran status, mental or physical disability, marital status, sexual orientation, genetic information/predisposition or carrier status, age, religion, creed, domestic violence victim status, and any other classification protected by federal, state, and local law. NYSTRS takes this prohibition seriously and the behavior of individuals engaging in such conduct, or supervisors/managers, who knowingly allow such behavior to continue, will not be tolerated.

I. Scope:

This policy applies to all employees, whether supervisory or non-supervisory, interns, contractors, and other non-employee personnel conducting business with NYSTRS.

II. Unlawful Discrimination and Harassment Defined

Discrimination and harassment can occur in a variety of forms among any combination of individuals at NYSTRS.

Unlawful harassment is a form of unlawful discrimination. Harassment is unlawful when it subjects an individual to inferior terms, conditions, or privileges of employment. Harassment need not be severe or pervasive to be unlawful and can be any harassing conduct that consists of more than petty slights or trivial inconveniences.

NYSTRS prohibits harassment on the basis of any classification protected by federal, state, and local law. Unlawful harassment includes, but is not limited to, unwelcome or inappropriate verbal, physical, or other communication or conduct that denigrates or shows hostility or aversion to an individual and/or group and:

- Has the purpose or effect of creating an intimidating, hostile, or offensive work environment; or
- Has the purpose or effect of unreasonably interfering with the individual's work performance.

Unlawful harassment may include, but is not limited to: jokes, epithets, slurs, negative stereotyping; threatening, intimidating, or hostile acts; or written or graphic material including email that denigrates or shows hostility or aversion toward an individual or group on the basis of a protected characteristic.

Other unwelcome conduct may constitute harassment, such as:

- Verbal: derogatory slurs, off-color jokes, propositions, threats, or suggestive or insulting sounds;
- Visual/non-verbal: derogatory posters, cartoons, or drawings; suggestive objects or pictures; graphic commentaries; leering; or obscene gestures;
- Physical: unwanted physical contact, including touching, interference with an individual's normal work movement, or assault; and
- Other: making or threatening reprisals to an individual who opposes, objects to, or complains about illegal discrimination including harassment.

Verbal and physical conduct may constitute harassment when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions; or
- The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

III. Sexual Harassment Defined

Sexual harassment is a form of discrimination and harassment that is against the law and prohibited by this policy.

What is Sexual Harassment

Sexual harassment is a form of sex discrimination and may include harassment on the basis of sex, sexual orientation, self-identified or perceived sex, gender expression, gender identity, and the status of being transgender.

Sexual harassment is unlawful when it subjects an individual to inferior terms, conditions, or privileges of employment. Harassment need not be severe or pervasive to be unlawful and can be any harassing conduct that consists of more than petty slights or trivial inconveniences.

Sexual harassment includes unwelcome conduct which is either of a sexual nature, or which is directed at an individual because of that individual's sex when:

- The conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment, even if the reporting individual is not the intended target of the sexual harassment;
- The conduct is made either explicitly or implicitly a term or condition of employment; or
- Submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual's employment.

A sexually harassing hostile work environment includes, but is not limited to, words, signs, jokes, pranks, intimidation or physical violence which are of a sexual nature, or which are directed at an individual because of that individual's sex. Sexual harassment also consists of any unwanted verbal or physical advances, sexually explicit derogatory statements, or sexually discriminatory remarks made by someone which are offensive or objectionable to the recipient, which cause the recipient discomfort or humiliation, which interfere with the recipient's job performance.

Sexual harassment also occurs when a person in authority tries to trade job benefits for sexual favors. This can include hiring, promotion, continued employment, or any other terms, conditions, or privileges of employment. This is also called “quid pro quo” harassment.

Any employee who feels harassed should report so that any violation of this policy can be corrected promptly. Any harassing conduct, even a single incident, can be addressed under this policy.

Examples of Sexual Harassment

The following describes some of the types of acts that may be unlawful sexual harassment and that are strictly prohibited:

- Physical acts of a sexual nature, such as:
 - Touching, pinching, patting, kissing, hugging, grabbing, brushing against another individual's body or poking another individual's body;
 - Rape, sexual battery, molestation, or attempts to commit these assaults.
- Unwanted sexual advances or propositions, such as:
 - Requests for sexual favors accompanied by implied or overt threats concerning the target's job performance evaluation, a promotion, or other job benefits or detriments;
 - Subtle or obvious pressure for unwelcome sexual activities.
- Sexually oriented gestures, noises, remarks, or jokes, or comments about a person's sexuality or sexual experience, which create a hostile work environment.
- Sex stereotyping occurs when conduct or personality traits are considered inappropriate simply because they may not conform to other people's ideas or perceptions about how individuals of a particular sex should act or look
- Sexual or discriminatory displays or publications anywhere in the workplace, such as:
 - Displaying pictures, posters, calendars, graffiti, objects, promotional material, reading materials or other materials that are sexually demeaning or pornographic. This includes such sexual displays on workplace computers or cell phones and sharing such displays while in the workplace.
- Hostile actions taken against an individual because of that individual's sex, sexual orientation, self-identified or perceived sex, gender expression, gender identity, and the status of being transgender, such as:
 - Interfering with, destroying, or damaging a person's workstation, tools or equipment, or otherwise interfering with the individual's ability to perform the job;
 - Sabotaging an individual's work;
 - Yelling or name calling.

Who Can Be a Target of Sexual Harassment

Sexual harassment can occur between any individuals, regardless of their sex or gender. New York law protects employees, paid or unpaid interns, and non-employees, including independent contractors, and those employed by companies contracting to provide services in the workplace. Harassers can be a superior, a subordinate, a coworker, or anyone in the workplace including an independent contractor, contract worker, vendor, client, customer, or visitor.

Where Can Sexual Harassment Occur

Unlawful sexual harassment is not limited to the physical workplace itself. It can occur while employees are traveling for business or at employer sponsored events or parties. Calls, texts, emails, and social media usage by employees can constitute unlawful workplace harassment, even if they occur away from the workplace premises, on personal devices, or during non-work hours.

IV. Retaliation Prohibited

NYSTRS will not take any adverse employment action in retaliation against any employee who, with a good faith belief, reports that s/he has been discriminated against, harassed, or brings or voices a report of such conduct pursuant to this policy on behalf of him or herself or on behalf of another. Any employee of NYSTRS who retaliates against another individual for: (1) making a report under this policy; (2) participating in any investigation into discrimination or harassment; or (3) opposed acts of unlawful discrimination in the workplace, will be subjected to disciplinary action, up to and including termination.

Under New York State law, an individual is protected from retaliation if that individual engages in "protected activity." Protected activity occurs when a person has:

- Made a report of harassment, either internally or with any anti-discrimination agency;
- Testified or assisted in a proceeding involving harassment under the Human Rights Law or other anti-discrimination law;
- Opposed harassment by making a verbal or informal complaint to management, or by simply informing a supervisor or manager of harassment;
- Reported that another employee has been harassed; or
- Encouraged a fellow employee to report harassment.

Adverse employment action need not be job-related or occur in the workplace to constitute unlawful retaliation.

Individuals who knowingly bring false charges of discrimination, including any form of harassment, against another NYSTRS employee or other individual shall be subjected to disciplinary action, up to and including termination.

V. Reporting Discrimination and Harassment

NYSTRS cannot prevent or remedy discrimination or harassment unless it is aware of it. Any individual who experiences or becomes aware of discrimination or harassment has a responsibility to promptly report the behavior.

Any individual who believes that they have been the victim of discrimination or harassment or who has witnessed discrimination or harassment should report the incident to one, or all, of the following:

- Chief Administrative Officer;
- Deputy Chief Administrative Officer;
- Human Resources Manager, Assistant Manager, or Employee Relations Specialist;
- Department Manager or Assistant Manager; or
- The individual's Supervisor.

Reports submitted under this policy may be made formally or informally, verbally or in writing, and are not required to be made within the employee's chain of command. Employees are encouraged to report incidents of discrimination and harassment, including sexual harassment, using the complaint form provided by NYSTRS.

All employees, including supervisors/managers, are required to immediately report all formal and informal complaints to Human Resources. In addition to being subjected to discipline if they engaged in discriminatory or harassing behavior themselves, supervisors/managers will be subjected to discipline for failing to report suspected discrimination or harassment or otherwise knowingly allowing discrimination or harassment to continue.

The investigation of any report, information, or knowledge of any discrimination or harassment will be prompt and thorough, commenced immediately and completed as soon as possible. The investigation will be kept confidential to the extent possible. All persons involved, including those making a report, witnesses, and alleged harassers, will be accorded due process, as outlined below, to protect their rights to a fair and impartial investigation. Any employee who participates in such an investigation will not be retaliated against.

Investigations of discrimination and harassment may be conducted by NYSTRS in accordance with the following steps:

- Conduct an immediate review of the allegations upon receipt of the verbal or written report and take such interim actions as may be appropriate. If the report is verbal, an individual may be asked to fill out the complaint form. If the employee refuses or would prefer not to do so, a complaint form will be prepared by Human Resources based on the verbal report.
- Take steps to obtain and preserve documents, emails, and/or phone records that are relevant to the investigation.
- Request and review all relevant documents, including all electronic communications.
- Interview all parties involved, including any relevant witnesses.
- Create written documentation of the investigation, which may contain the following:
 - A list of all documents reviewed, along with a detailed summary of relevant documents;
 - A list of names of those interviewed, along with a detailed summary of their statements;
 - A timeline of events;
 - A summary of prior relevant incidents, reported or unreported; and
 - The basis for the decision and final resolution of the report, together with any corrective action.
- Keep the written documentation and associated documents in a secure and confidential location.
- Promptly notify (1) the individual who reported; and (2) the individual(s) against whom the report was made, of the final determination and implement any corrective actions identified in the written document.
- Inform the individual who reported of the right to file a complaint or charge externally as outlined below.

Any individual determined to have engaged in unlawful discrimination or harassment, including sexual harassment, will be subject to discipline, up to and including termination.

Link to: [NYSTRS COMPLAINT FORM FOR REPORTING DISCRIMINATION AND/OR HARASSMENT](#)

VI. Legal Protections and External Remedies

Discrimination and harassment are not only prohibited by NYSTRS, but are also prohibited by federal, state, and, where applicable, local law.

In addition to the internal process at NYSTRS, individuals may choose to pursue legal remedies with the governmental entities identified below. While individuals are not required to retain a private attorney to file a complaint with a governmental agency, they may seek the advice of an attorney.

(1) New York State Division of Human Rights

The Human Rights Law (HRL), codified as N.Y. Executive Law, art. 15, § 290 et seq., applies to all employers in New York State with regard to sexual harassment, and protects employees, paid or unpaid interns and non-employees, regardless of immigration status. A complaint alleging violation of the Human Rights Law may be filed either with the Division of Human Rights (DHR) or in New York State Supreme Court.

Complaints with DHR may be filed any time within one year of the harassment. If an individual did not file at DHR, they can sue directly in state court under the HRL, within three years of the alleged sexual harassment. An individual may not file with DHR if they have already filed an HRL complaint in state court.

Complaining internally to NYSTRS does not extend an individual's time to file with DHR or in court. The one year or three years is counted from date of the most recent incident of harassment. Individuals do not need an attorney to file a complaint with DHR, and there is no cost to file with DHR.

DHR will investigate the complaint and determine whether there is probable cause to believe that sexual harassment has occurred. Probable cause cases are forwarded to a public hearing before an administrative law judge. If sexual harassment is found after a hearing, DHR has the power to award relief, which varies but may include requiring the employer to take action to stop the harassment, or redress the damage caused, including paying of monetary damages, attorney's fees and civil fines.

DHR's main office contact information is: NYS Division of Human Rights, One Fordham Plaza, Fourth Floor, Bronx, New York 10458. You may call (718) 741-8400 or visit: www.dhr.ny.gov.

Contact DHR at (888) 392-3644 or visit dhr.ny.gov/complaint for more information about filing a complaint. The website has a complaint form that can be downloaded, filled out, notarized and mailed to DHR. The website also contains contact information for DHR's regional offices across New York State.

(2) The United States Equal Employment Opportunity Commission

The United States Equal Employment Opportunity Commission (EEOC) enforces federal anti-discrimination laws, including Title VII of the 1964 federal Civil Rights Act (codified as 42 U.S.C. § 2000e et seq.). An individual can file a complaint with the EEOC anytime within 300 days from the harassment. There is no cost to file a complaint with the EEOC. The EEOC will investigate the complaint, and determine whether there is reasonable cause to believe that discrimination has occurred, at which point the EEOC will issue a Right to Sue letter permitting the individual to file a complaint in federal court.

The EEOC does not hold hearings or award relief, but may take other action including pursuing cases in federal court on behalf of complaining parties. Federal courts may award remedies if discrimination is found to have occurred. In general, private employers must have at least 15 employees to come within the jurisdiction of the EEOC.

An employee alleging discrimination at work can file a "Charge of Discrimination." The EEOC has district, area, and field offices where complaints can be filed. Contact the EEOC by calling 1-800-669-4000 (TTY: 1-800-669-6820), visiting their website at <https://www.eeoc.gov> or via email at info@eeoc.gov.

If an individual filed an administrative complaint with DHR, DHR will file the complaint with the EEOC to preserve the right to proceed in federal court.

(3) Local Agencies

Many localities enforce laws protecting individuals from sexual harassment and discrimination. An individual should contact the county, city or town in which they live to find out if such a law exists. For example, employees who work in New York City may file complaints of sexual harassment with the New York City Commission on Human Rights. Contact their main office at Law Enforcement Bureau of the NYC Commission on Human Rights, 40 Rector Street, 10th Floor, New York, New York; call 311 or (212) 306-7450.

(4) Local Police Department

If the harassment involves unwanted physical touching, coerced physical confinement, or coerced sex acts, the conduct may constitute a crime. Contact the local police department.

VII. Conclusion

This policy and procedures have been established to ensure that every employee may work in an environment free from illegal discrimination, including illegal harassment. Any questions regarding this policy and procedure should be brought to the attention of Human Resources.

- Each employee is personally responsible to read and understand the policy. Questions should be directed to the Manager, Human Resources.
- All employees are required to attend Discrimination, Harassment and Retaliation Prevention training as directed.

NYSTRS Equal Employment Opportunity Policy

The System subscribes to a policy of equal opportunity in employment without discrimination on the basis of age, race, religion, creed, color, national origin, gender, sexual orientation, disability, military status, marital/familial status, genetic predisposition/carrier status, having been a victim of domestic violence, or any other classification prohibited by applicable law. All employment related decisions are based solely on individual qualifications, merit, and ability, in conjunction with applicable law, rules and regulations.

Appendices

Retirement Board Code of Conduct

NYSTRS Bylaws

Overview of NYSTRS Rules and Regulations

Retirement Board Member Orientation

Open Meetings Law

Glossary of Terms

Chronology

NYSTRS RETIREMENT BOARD CODE OF CONDUCT

Guiding Principles

No code can replace the thoughtful behavior of individual Retirement Board Members and it is not the intention of this code to do so. Rather, the purpose is to affirm the Retirement Board's commitment to a climate of integrity and accountability.

Standards:

Each Retirement Board Member in exercising his or her authority and in discharging his or her responsibilities shall:

- a) Act honestly and in good faith and in the best interests of NYSTRS.
- b) Conduct himself or herself with decorum, integrity, and professionalism in all aspects of his or her duties and relationships with fellow Retirement Board Members, staff, service providers, and other parties.
- c) Exercise care, diligence and skill in all aspects of his or her decision making, including thoroughly preparing for meetings by reviewing all materials in advance of the meeting.
- d) Utilize the authority and stature afforded his or her position for the exclusive purpose for which it was intended.
- e) Ensure his or her personal interest and duty to NYSTRS are not brought into conflict.
- f) Ensure he or she does not obtain or receive, directly or indirectly, a personal profit, gain or other monetary benefit as a result of his or her relationship with NYSTRS.
- g) Abide by the laws, rules and regulations pertaining to the System, particularly:
 - i) Article 11 of the NYS Education Law
 - ii) Articles 14, 15, 18, 19 and 20 of the Retirement and Social Security Law
 - iii) NYSTRS Rules and Regulations (21 NYCRR, Parts 5000 and following)
 - iv) NYS Open Meetings Law (Public Officers Law, Article 7)
- h) Abide by all policies pertaining to the Retirement Board and the System, particularly:

- i) NYSTRS Code of Ethics
- ii) NYSTRS Harassment Prevention Policy
- iii) Equal Employment Opportunity Policy

Enforcement Provisions

- a) The Retirement Board President, in presiding over meetings of the Retirement Board, will enforce and attempt to rectify any breaches of this Code that may occur during meetings of the Retirement Board. Similarly, Committee chairs shall do the same during meetings of their respective committees.
- b) A Retirement Board Member who is aware of any possible breach of the code shall disclose the information regarding the breach to the Retirement Board President and Vice President in a signed written statement within 6 months of the day on which he or she knew of the breach.
- c) The President and Vice President, in consultation with the Executive Director and Chief Investment Officer, shall consider the disclosure and take whatever action they determine to be appropriate under the law and circumstances of the disclosure.
- d) In the case of disclosure of any breach of the code involving the Retirement Board President, the report should be made to the Vice President and the Executive Director and Chief Investment Officer.
- e) In the case of disclosure of any breach of the code involving the Vice President, the report should be made to the President and the Executive Director and Chief Investment Officer.

Bylaws as amended on February 19, 1969; April 25, 1969; November 10, 1969; October 30, 1980; January 29, 1981; October 27, 1983; October 25, 1990; October 24, 1991; April 27, 1995; October 26, 1995; April 28, 2005; October 28, 2010; January 30, 2020.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

BYLAWS

Article I

Retirement Board Meetings

1. All meetings of the Board shall be held in the office of the Retirement System in Albany, unless, in the case of a special meeting, a different location is specified in the call.

2. The annual meeting of the Board shall be held on a business day in the month of January each year.

3. In addition to the annual meeting, the Board shall have three stated meetings each year, at least once in each quarter, on a business day set by the Board.

4. Special meetings of the Board may be held upon call of the President. Upon written request to the Secretary by four of the members of the Board, the President shall call a special meeting of the Board. The call or request shall state the business to be considered at the special meeting and no other business shall be transacted at such special meeting.

5. Notice of the time and place of all annual, stated and special meetings of the Board shall be mailed by the Secretary to each member at the member's last known post office address at least seven days before each meeting, except when the President determines a special meeting of the Board is necessary to address a matter requiring

immediate action by the Board in order to prevent loss, in which event the Secretary shall give as prompt notice as is reasonably practical.

6. A member of the Board may waive written notice of any annual, stated, or special meeting by presenting such waiver in writing to the Secretary on or before the day of the meeting for which notice is being waived.

7. In addition to any other authorized procedure for the Board or any committee thereof to conduct meetings, the Board or any committee thereof may act by means of a conference telephone or other communications equipment allowing all persons participating in the meeting to hear each other at the same time.

8. The Board may act by a unanimous vote of its members taken by mail and/or facsimile on occasional matters determined by the President to be non-controversial in nature so as not to require a special meeting of the Board but having circumstances which make it impractical to delay action until the next annual or stated meeting of the Board.

Catastrophic Emergency Procedure

9. In the event of a “catastrophic emergency”, the business of the Board shall be conducted by as many members of the Board as may be reasonably available to act in the circumstances, but not less than three members, its Secretary and General Counsel or, if the foregoing group cannot be constituted, such group or groups of available Board members and staff as the Board may have determined by resolution. The groups as so determined shall constitute a quorum to conduct the business of the Board and shall fix the time and place of meeting and carry on the business of the Board at such place during the period of the catastrophic emergency.

For the purposes of this section, a “catastrophic emergency” shall mean a period during which prompt action by the Board is necessary to preserve the assets of the System

or otherwise prevent loss to the System or its members and beneficiaries but it is impossible for the Board to conduct its business in accordance with the strict provision of law because of extraordinary loss of life, disease, destruction or damage of property, or disruption of means of transportation and communication.

Article II

Officers and Their Duties

1. The Board shall have as officers a President and a Vice President. The President and Vice President shall be members of the Board and shall be elected by the Board at its annual meeting in January. Upon election they shall assume office upon such election and hold same until the next annual meeting of the Board.

2. The President of the Board shall preside at all meetings of the Board and of the Executive Committee. The President shall appoint the members of all committees of the Board. The President shall have power to act for the Board in all matters which may be referred to the President by the Board.

3. The Vice President, in the absence or inability of the President to act, shall have all the powers of the President.

4. In the event a vacancy occurs in any elected office, the Board may fill such vacancy at any regular or special Board meeting.

5. The Board shall employ a Secretary, who shall be the chief executive officer of the System and shall, for the purposes of conducting System business, be known as the Executive Director of the System. The Secretary shall cause minutes to be taken of all meetings of the Board and Committees of the Board, shall cause such minutes and all such records as may be required by law or by order of the Board or as may be necessary for the proper operation of the System to be compiled and suitably maintained, shall conduct the

affairs of the System, and shall provide for carrying out all provisions of law applicable to the System. To that end, the Secretary shall cause the staff of the System to take the following actions under his direction:

- (a) receive applications for System membership and benefits;
- (b) secure such information relevant to the determination of such applications or as otherwise may be necessary for the proper operation of the System;
- (c) compute the contributions by employers necessary to pay benefits authorized under law and obtain the timely collection thereof, as well as of member contributions required by law;
- (d) invest the funds of the System committed to the management of System staff in accordance with the directions, policies and procedures established by the Board and monitor and report on the activities and performance of such third-party investment managers as may be appointed by the Board to invest the funds of the System;
- (e) execute all contracts and legal documents as authorized by the Board;
- (f) determine, compute and pay all benefits to which System members, retirees and beneficiaries may be entitled under the laws governing the System; and
- (g) perform such other duties as may from time to time be assigned by the Board.

6. Subject to such matters as may be determined by the Board, the Secretary shall have the authority to hire and compensate System staff and to delegate any or all of his/her duties to employees of the System as he/she shall determine.

Article III

Executive and Other Committees

1. The Executive Committee of the Board shall consist of the President, Vice President, and at least two other Board members appointed by the President. The

Executive Committee shall have power, at intervals between meetings of the Board, to transact such business as the Board may from time to time authorize and direct.

2. In addition to the Executive Committee, there shall be six other standing committees of the Board: Audit, Compensation, Disability Review, Ethics, Investment, and Risk.

3. The responsibilities of each standing committee shall be set forth in a written charter which shall be maintained in the Board Governance Manual.

4. Between meetings of the Board, the Investment Committee is empowered to acquire and sell real estate investments, to make and discharge mortgage investments and to make private equity investments within the asset allocation and such other limitations as may be prescribed by the Board and to authorize such other actions as may be necessary or required to implement the foregoing or as the Board may delegate to the Investment Committee by resolution. The Investment Committee is empowered to take such actions by unanimous vote taken by mail and/or facsimile, or telephone confirmed by mail, facsimile and/or other electronic means approved by the Board by resolution.

5. The Disability Review Committee shall consist of not less than four members of the Board. The President may designate one or more members of the Board as alternate members of the Disability Review Committee who may replace any member of the Committee who is absent from the state or is otherwise unable to act. Between meetings of the Board, the Disability Review Committee is empowered to retire for disability those members whose applications have been recommended for approval by the Medical Board and the Secretary. The Disability Review Committee is empowered to take such actions by unanimous vote taken by mail and/or facsimile, or telephone confirmed by mail, facsimile and/or other electronic means approved by the Board by resolution.

6. The President shall have the power to appoint such other committees of the Board as directed by the Board or as the President may deem advisable.

7. A majority of the whole number of members of any committee shall constitute a quorum.

Article IV

1. These Bylaws may be amended at any meeting of the Board, provided notice of such amendment is mailed to the members of the Board at least seven days prior to the date of the meeting or such amount of time as the Board deems appropriate by resolution. The notice requirement may be waived at any meeting upon unanimous consent of the Board.

Overview of NYSTRS Rules and Regulations

The Rules and Regulations are the official rules and regulations of the System, and have the force of law in all legal proceedings. They are promulgated by the Retirement Board pursuant to enabling legislation in Article 11 of the Education Law, Articles 14 and 15 of the Retirement and Social Security Law and other statutes, have been filed with the Secretary of State, and are published in volume 21(c) of the Official Compilation, Codes, Rules and Regulations of the State of New York.

The System's Rules and Regulations, like those of other State instrumentalities, are divided into a number of separate 'Parts', each of which addresses a specific topic. Each Part incorporates all relevant statutes and case law.

The System's Rules and Regulations have been summarized below. Refer to the System's website at www.nystrs.org for the entire text.

Membership: Membership rules are found in Part 5000 (general provisions relating to membership); Part 5006 (rules relating to cessation of membership); and Part 5008 (transfers of memberships between the various public retirement systems of New York State). In addition, Part 5025 governs the reinstatement of previous expired memberships in public retirement systems in certain cases; and Part 5026 contains rules governing admission of teachers in charter schools to membership in the System.

Benefits, Rights and Features: Rules dealing with eligibility for and the computation of benefits are to be found in Part 5001 (service credit); Part 5002 (prior service); Part 5003 (Final Average Salary); Part 5009 (vesting and deferred retirement); Part 5020 (disability retirement); and Part 5024 (accelerated death benefit). Part 5004 sets forth rules pertaining to loans, while Part 5007 addresses refunds of contributions. Part 5010 addresses employee contributions required of certain Tier 3 through 6 members.

Beneficiaries: System members when retiring are entitled to select from a number of different retirement options. These retirement options are described in detail in Part 5014. Part 5011 establishes a group life insurance plan under rulings issued by the Internal Revenue Service. Under Part 5011, the first fifty thousand dollars (\$50,000) of an in-service death benefit is group life insurance for tax purposes. Pursuant to §5011.5, this plan will exist so long as the favorable IRS rulings remain in effect. Part 5012 governs the creation of savings accounts for beneficiaries under a legal disability, and Part 5013 governs the designation of trusts as beneficiaries.

Actuarial Assumptions: The System is a *defined benefit* plan. In other words, benefits provided by the System are calculated on the basis of statutory straightforward formulas; for example, in the case of retirement benefits, based upon (i) years of service credit and (ii) final average salary. Employer and employee contributions to the System go to fund all benefits and are not allocated to individual members. If and to the extent contributions, and investment earnings thereon, do not sufficiently provide for the payment of plan benefits, employers must make additional contributions to fund those benefits.

The calculation of certain benefits requires the use of actuarial *assumptions*, including with respect to life expectancies of members and their beneficiaries. In addition, the required level of employer contributions must be determined using actuarial assumptions, including with respect to rate of return on investment, salaries and mortality. These assumptions are set forth in Part 5018.

Miscellaneous: Other topics are covered in Part 5015 (employer responsibilities); Part 5016 (election of delegates to the System's annual meeting); Part 5017 (amendment of the Rules and Regulations); Part 5019 (requests for information under the Freedom of Information Law); Part 5021 (election of retired teacher Retirement Board member); Part 5022 (direct rollover of certain benefit distributions); Part 5023 (employment of System retirees).

The Executive Director and Chief Investment Officer shall ensure the System's rules and regulations properly implement the provisions of law applicable to the System. The rules and regulations shall be readily available to the Board, System staff and the general public.

Section 5017.1 - General

The rules and regulations may be amended by a majority vote of the entire Retirement Board at any duly called meeting, provided notice of the substance of the amendment is mailed to the members of the Retirement Board at least seven days prior to the date of the meeting.

(Source: NYSTRS Rules and Regulations)

Retirement Board Member Orientation

New Retirement Board members will take part in a one-day orientation program. When possible this will be scheduled prior to his or her first Retirement Board Meeting. The informal program will allow the new Retirement Board member to meet and interact with Executive Staff and other key personnel.

An orientation manual will be presented to the Retirement Board member either before or at the orientation session and will be helpful in understanding the basic operation of the Retirement System. A Retirement Board Governance Manual will also be distributed and should be considered a key resource.

Topics covered at the orientation include:

- System Administration
- Member Relations
- Investments
- Real Estate
- Legal/Legislation
- Retirement Board Committees
- Employer Contribution Rate
- Audit
- Funding
- Key Stakeholders
- Fiduciary Responsibilities

During the session, System personnel will review relevant financial statements and Retirement Board materials. Retirement Board members are encouraged to ask questions about these materials.

Supplemental items

1. Oath of Office
2. Code of Ethics
3. Disclosure Statement
4. Comprehensive Annual Financial Report
5. System Operating Budget
6. Compilation of Laws
7. Legislative Program
8. Litigation Summary
9. Plan Description
10. Bylaws
11. Rules and Regulations
12. List of Investment Managers and Consultants
13. Investment Policy Manual
14. Travel Guidelines
15. System Publications

New York State Committee on Open Government

Open Meetings Law

PUBLIC OFFICERS LAW, ARTICLE 7

OPEN MEETINGS LAW

- Section 100. Legislative declaration.
101. Short title.
102. Definitions.
103. Open meetings and executive sessions.
104. Public notice.
105. Conduct of executive sessions.
106. Minutes.
107. Enforcement.
108. Exemptions.
109. Committee on open government.
110. Construction with other laws.
111. Severability.

§100. Legislative declaration. It is essential to the maintenance of a democratic society that the public business be performed in an open and public manner and that the citizens of this state be fully aware of and able to observe the performance of public officials and attend and listen to the deliberations and decisions that go into the making of public policy. The people must be able to remain informed if they are to retain control over those who are their public servants. It is the only climate under which the commonwealth will prosper and enable the governmental process to operate for the benefit of those who created it.

§101. Short title. This article shall be known and may be cited as "Open Meetings Law".

§102. Definitions. As used in this article: 1. "Meeting" means the official convening of a public body for the purpose of conducting public business, including the use of videoconferencing for attendance and participation by the members of the public body.

2. "Public body" means any entity, for which a quorum is required in order to conduct public business and which consists of two or more members, performing a governmental function for the state or for an agency or department thereof, or for a public corporation as defined in section sixty-six of the general construction law, or committee or subcommittee or other similar body of such public body.

3. "Executive session" means that portion of a meeting not open to the general public.

§103. Open meetings and executive sessions. (a) Every meeting of a public body shall be open to the general public, except that an executive session of such body may be called and business transacted thereat in accordance with section one hundred five of this article.

(b) Public bodies shall make or cause to be made all reasonable efforts to ensure that meetings are held in facilities that permit barrier-free physical access to the physically handicapped, as defined in subdivision five of section fifty of the public buildings law.

(c) A public body that uses videoconferencing to conduct its meetings shall provide an opportunity to attend, listen and observe at any site at which a member participates.

* (d) Public bodies shall make or cause to be made all reasonable efforts to ensure that meetings are held in an appropriate facility which can adequately accommodate members of the public who wish to attend such meetings.

* (d) 1. Any meeting of a public body that is open to the public shall be open to being photographed, broadcast, webcast, or otherwise recorded and/or transmitted by audio or video means. As used herein the term "broadcast" shall also include the transmission of signals by cable.

2. A public body may adopt rules, consistent with recommendations from the committee on open government, reasonably governing the location of equipment and personnel used to photograph, broadcast, webcast, or otherwise record a meeting so as to conduct its proceedings in an orderly manner. Such rules shall be conspicuously posted during meetings and written copies shall be provided upon request to those in attendance.

* The law contains two (d) subdivisions.

(e) Agency records available to the public pursuant to article six of this chapter, as well as any proposed resolution, law, rule, regulation, policy or any amendment thereto, that is scheduled to be the subject of discussion by a public body during an open meeting shall be made available, upon request therefor, to the extent practicable as determined by the agency or the department, prior to or at the meeting during which the records will be discussed. Copies of such records may be made available for a reasonable fee, determined in the same manner as provided therefor in article six of this chapter. If the agency in which a public body functions maintains a regularly and routinely updated website and utilizes a high speed internet connection, such records shall be posted on the website to the extent practicable as determined by the agency or the department, prior to the meeting. An agency may, but shall not be required to, expend additional moneys to implement the provisions of this subdivision.

(f) Open meetings of an agency or authority shall be, to the extent practicable and within available funds, broadcast to the public and maintained as records of the

agency or authority. If the agency or authority maintains a website and utilizes a high speed internet connection, such open meeting shall be, to the extent practicable and within available funds, streamed on such website in real-time, and posted on such website within and for a reasonable time after the meeting. For the purposes of this subdivision, the term "agency" shall mean only a state department, board, bureau, division, council or office and any public corporation the majority of whose members are appointed by the governor. For purposes of this subdivision, the term "authority" shall mean a public authority or public benefit corporation created by or existing under any state law, at least one of whose members is appointed by the governor (including any subsidiaries of such public authority or public benefit corporation), other than an interstate or international authority or public benefit corporation.

§104. Public notice. 1. Public notice of the time and place of a meeting scheduled at least one week prior thereto shall be given or electronically transmitted to the news media and shall be conspicuously posted in one or more designated public locations at least seventy-two hours before such meeting.

2. Public notice of the time and place of every other meeting shall be given or electronically transmitted, to the extent practicable, to the news media and shall be conspicuously posted in one or more designated public locations at a reasonable time prior thereto.

3. The public notice provided for by this section shall not be construed to require publication as a legal notice.

4. If videoconferencing is used to conduct a meeting, the public notice for the meeting shall inform the public that videoconferencing will be used, identify the locations for the meeting, and state that the public has the right to attend the meeting at any of the locations.

5. If a meeting will be streamed live over the internet, the public notice for the meeting shall inform the public of the internet address of the website streaming such meeting.

6. When a public body has the ability to do so, notice of the time and place of a meeting given in accordance with subdivision one or two of this section, shall also be conspicuously posted on the public body's internet website.

§105. Conduct of executive sessions. 1. Upon a majority vote of its total membership, taken in an open meeting pursuant to a motion identifying the general area or areas of the subject or subjects to be considered, a public body may conduct an executive session for the below enumerated purposes only, provided, however, that no action by formal vote shall be taken to appropriate public moneys:

(a) matters which will imperil the public safety if disclosed;

(b) any matter which may disclose the identity of a law enforcement agent or informer;

(c) information relating to current or future investigation or prosecution of a criminal offense which would imperil effective law enforcement if disclosed;

(d) discussions regarding proposed, pending or current litigation;

(e) collective negotiations pursuant to article fourteen of the civil service law;

(f) the medical, financial, credit or employment history of a particular person or corporation, or matters leading to the appointment, employment, promotion, demotion, discipline, suspension, dismissal or removal of a particular person or corporation;

(g) the preparation, grading or administration of examinations; and

(h) the proposed acquisition, sale or lease of real property or the proposed acquisition of securities, or sale or exchange of securities held by such public body, but only when publicity would substantially affect the value thereof.

2. Attendance at an executive session shall be permitted to any member of the public body and any other persons authorized by the public body.

§106. Minutes. 1. Minutes shall be taken at all open meetings of a public body which shall consist of a record or summary of all motions, proposals, resolutions and any other matter formally voted upon and the vote thereon.

2. Minutes shall be taken at executive sessions of any action that is taken by formal vote which shall consist of a record or summary of the final determination of such action, and the date and vote thereon; provided, however, that such summary need not include any matter which is not required to be made public by the freedom of information law as added by article six of this chapter.

3. Minutes of meetings of all public bodies shall be available to the public in accordance with the provisions of the freedom of information law within two weeks from the date of such meeting except that minutes taken pursuant to subdivision two hereof shall be available to the public within one week from the date of the executive session.

§107. Enforcement. 1. Any aggrieved person shall have standing to enforce the provisions of this article against a public body by the commencement of a proceeding pursuant to article seventy-eight of the civil practice law and rules, or an action for declaratory judgment and injunctive relief. In any such action or proceeding, if a court determines that a public body failed to comply with this article, the court shall have the power, in its discretion, upon good cause shown, to declare that the public body violated this article and/or declare the action taken in relation to such violation void, in whole or in part, without prejudice to reconsideration in compliance with this article. If the court determines that a public body has violated this article, the court may require the members of the public body to participate in a training session concerning the obligations imposed by this article conducted by the staff of the committee on open government.

An unintentional failure to fully comply with the notice provisions required by this article shall not alone be grounds for invalidating any action taken at a meeting of a public body. The provisions of this article shall not affect the validity of the authorization, acquisition, execution or disposition of a bond issue or notes.

2. In any proceeding brought pursuant to this section, costs and reasonable attorney fees may be awarded by the court, in its discretion, to the successful party. If a court determines that a vote was taken in material violation of this article, or that substantial deliberations relating thereto occurred in private prior to such vote, the court shall awards costs and reasonable attorney's fees to the successful petitioner, unless there was a reasonable basis for a public body to believe that a closed session could properly have been held.

3. The statute of limitations in an article seventy-eight proceeding with respect to an action taken at executive session shall commence to run from the date the minutes of such executive session have been made available to the public.

§108. Exemptions. Nothing contained in this article shall be construed as extending the provisions hereof to: 1. judicial or quasi-judicial proceedings, except proceedings of the public service commission and zoning boards of appeals;

2. a. deliberations of political committees, conferences and caucuses.

b. for purposes of this section, the deliberations of political committees, conferences and caucuses means a private meeting of members of the senate or assembly of the state of New York, or of the legislative body of a county, city, town or village, who are members or adherents of the same political party, without regard to (i) the subject matter under discussion, including discussions of public business, (ii) the majority or minority status of such political committees, conferences and caucuses or (iii) whether such political committees, conferences and caucuses invite staff or guests to participate in their deliberations; and

3. any matter made confidential by federal or state law.

§109. Committee on open government. The committee on open government, created by paragraph (a) of subdivision one of section eighty-nine of this chapter, shall issue advisory opinions from time to time as, in its discretion, may be required to inform public bodies and persons of the interpretations of the provisions of the open meetings law.

§110. Construction with other laws. 1. Any provision of a charter, administrative code, local law, ordinance, or rule or regulation affecting a public body which is more restrictive with respect to public access than this article shall be deemed superseded hereby to the extent that such provision is more restrictive than this article.

2. Any provision of general, special or local law or charter, administrative code, ordinance, or rule or regulation less restrictive with respect to public access than this article shall not be deemed superseded hereby.

3. Notwithstanding any provision of this article to the contrary, a public body may adopt provisions less restrictive with respect to public access than this article

§111. Severability. If any provision of this article or the application thereof to any person or circumstances is adjudged invalid by a court of competent jurisdiction such judgment shall not affect or impair the validity of the other provisions of the article or the application thereof to other persons and circumstances.

For further information, contact: Committee on Open Government, NYS Department of State, One Commerce Plaza, 99 Washington Ave., Suite 650, Albany, NY 12231

Glossary of Terms Used by the System

Accelerated Death Benefit is a payment members may receive if they qualify for a disability retirement benefit and either have a) a terminal illness resulting in a life expectancy of no more than 12 months or b) a medical condition requiring extraordinary care or treatment. This benefit equals the death benefit that would have been paid if a member died on the last day of reportable service. It would be paid in lieu of both a monthly retirement benefit and a death benefit paid to a beneficiary.

Accidental Death Benefit is a payment to which a beneficiary may be entitled if a Tier 3-6 active member dies as the result of an accident sustained in the performance of his or her duties. This benefit would be paid in lieu of an in-service death benefit, and the annual payment would be 50% of the regular salary the member earned during the last year of service. The beneficiaries of the benefit are defined by law.

Active Teacher Member is a Board member elected from among the active members of the System.

Actuarial Accrued Liability is calculated according to the Plan's funding method and representing the present value of member benefits earned to date.

Actuarial Assumptions are factors used by the actuary to project future occurrences such as retirement, death, and withdrawal, as well as the future rates of investment return and salary increases. These assumptions project future benefits which are used to develop the employer contribution rate. Actuarial assumptions are segregated into two types, economic and demographic. Economic assumptions include the valuation rate of interest, rate of inflation and salary scale. Demographic assumptions include rates of mortality, withdrawal, retirement and disability.

Actuarial Valuation is an examination of a pension plan's financial solvency, including a determination of the actuarial liabilities, assets, and employer contribution required to ensure sufficient assets will be available to pay benefits when due.

Administrative Employer Contribution Rate is the percentage of employer payroll required to defray the estimated member-related administrative expenses for the ensuing fiscal year. This rate is included in the total Employer Contribution Rate.

Administrative Fund receives an allocation from employer contributions designated by law to cover all non-investment related operating expenses. Investment expenses are offset directly by investment income. All operating expenses of the System are paid through this fund as allocated in the operating budget. All other funds are collectively referred to as the General Fund.

Age Factor is a component of the pension calculation formula. No age reduction applies to Tier 2-4 members who retire either at: age 62 or later; or, with at least 30 years of service credit. No age reduction applies to Tier 5 members who retire either at: age 62

or later; or, at age 57 or later with at least 30 years of service credit. Tier 6 members who retire before age 63 are subject to the Age Factor regardless of the number of years of service. The reduction percentage is prorated by month.

Alternative Investments are nontraditional investments not covered by another investment class (e.g., private equity).

Alternative Option is a benefit payment option a retiring member may elect instead of the optional forms of retirement benefit established in statute or pursuant to the System's Rules and Regulations. Such an election must be deemed reasonable, must be computable actuarially and must be approved by the Retirement Board.

American Depositary Receipts (ADR's) are receipts for the shares of a foreign-based corporation, held in the vault of a U.S. bank and entitling the shareholder to all dividends and capital gains. These are traded on various U.S.-based exchanges and are available for hundreds of stocks from numerous countries.

Annual Delegates Meeting is the convention held for the delegates of the System to elect one of the three active teacher members of the Retirement Board to a three-year term.

Annuity Reserve is the current Annuity Savings Fund balance of a Tier 1 or 2 retiree who elected the Declining Annuity Reserve Lump Sum Option at retirement.

Annuity Savings Fund (ASF) is a fund containing the member contributions made by Tier 1 or 2 members. Members have an ASF if they either a) joined NYSTRS before July 1, 1970 and made member contributions or b) purchased prior service under Tier 1 or 2. ASF monies are credited with 5% annual interest. Members may take loans from their ASF and, at retirement, may either withdraw their ASF in a lump sum or receive it as an annuity.

Article 11 refers to a) the portion of New York State's Education Law that governs Tier 1 benefits, and b) the section of New York State's Retirement and Social Security Law that governs Tier 2 benefits.

Article 14 refers to the portion of New York State's Retirement and Social Security Law that governs Tier 3 benefits.

Article 15 refers to the portion of New York State's Retirement and Social Security Law that governs Tier 4 benefits (which are available to both Tier 3 and Tier 4 members). Article 15 was further modified by Chapter 504 of the Laws of 2009 and Chapter 18 of the Laws of 2012 to provide benefits for Tier 5 and Tier 6 members.

Article 19 is the section of New York State's Retirement and Social Security Law that a) provides up to two years of additional credit at retirement for Tier 1 and Tier 2 members who were in active service for at least 20 days in any one school year on or after July 1, 1992, and b) enables Tier 3 and Tier 4 members to stop making member contributions when they have 10 years of membership or service credit. This portion of Article 19 does

not apply to Tier 5 or Tier 6 members as they are required to contribute throughout their active membership.

Asset Allocation refers to the distribution of investment funds among asset classes such as domestic equities, international equities, domestic fixed income securities, global fixed income securities, real estate, mortgages, alternative investments and cash.

Beneficiary refers to either a) a person whom a member has designated to receive a benefit that may be due when the member dies, or b) a person who is already receiving such a benefit.

Benefit Payment Election is a choice that members make at retirement. They may either a) elect to receive the Maximum benefit during their retirement or b) select an option that may provide for a beneficiary(ies) after they die, but which reduces the retirement allowance amount they will receive. NYSTRS' *Maximum or Options* publication describes each of these choices in detail.

Benefit Profile is a document mailed by NYSTRS annually to active members that a) summarizes their employment status, service credit, contributions and loan information; b) projects their retirement benefits; c) estimates their disability retirement benefits and death benefits, and d) lists their designated beneficiaries.

Business Plan is the operating plan for the System supporting the System's strategic intent, and used to allocate resources in the operating budget.

Career Plan is a term used for the pension plan under which most Tier 1 members retire.

CETA Service Credit is credit members receive for certain work under the federal Comprehensive Employment and Training Act (CETA). To claim service, a member must submit verification of the employment and a Prior Service Claim form.

Commercial Mortgage Backed Securities are multi-class bonds backed by pools of commercial mortgages.

Commercial Mortgage Lending investments are notes and bonds secured by a mortgage or deed of trust providing a first lien on real estate.

Compact is the former name of the NYSTRS newsletter that addressed topics of interest to our retired members. Beginning with the 2003-2004 school year, the newsletter name was changed to *Resource*.

Contract Salary is the total of a member's annual full-time base salary plus any additional compensation paid for administrative duties (e.g., department head, chairman, team leader). It does not include termination pay or payments for coaching, adult education or extracurricular activities. NYSTRS uses this amount in the service credit formula.

Cost-of-Living Adjustment (COLA) is an automatic retirement benefit increase that eligible retirees receive each September. By law, eligible retirees receive a COLA of 1% to 3% annually on the first \$18,000 of their maximum retirement benefit. The percentage is determined by taking 50% of the Consumer Price Index (CPI) increase from one March to the next, and rounding up to the nearest tenth. To be eligible, retirees must be either a) at least age 62 and retired for at least five years, or b) at least age 55 and retired for at least 10 years, or c) receiving a NYSTRS disability retirement benefit and retired for at least five years. Spouses who are receiving a lifetime benefit (i.e., are the beneficiary of a deceased member who elected a survivor option or pop-up survivor option) will receive half the COLA the retiree would have received.

Date of Membership is the date that NYSTRS coverage begins for a member. For those mandated to join NYSTRS, the date of membership is their first day of covered employment. For those who have the option of joining NYSTRS, the date of membership is the first day they are employed on or after the notarization date on their Application for Membership. (Members with a ceased membership in NYSTRS or another New York State public retirement system are eligible for reinstatement to their earliest date of membership.)

Death Benefit Coverage is available to members who meet certain eligibility requirements. NYSTRS offers several types of death benefits: In-Service, Accidental, Vested, Post-Retirement, and Accelerated.

Declining Annuity Reserve Lump Sum Option is a benefit payment option that retiring Tier 1 and Tier 2 members may elect if they leave their Annuity Savings Fund (ASF) in the System at retirement. Under this option, any ASF balance that was not paid before a retiree's death (i.e., the annuity reserve) is paid to the retiree's beneficiary(ies).

Declining Reserve Lump Sum Option is a benefit payment option for Tier 1 members in which the balance of the total reserve (i.e., the retiree's pension reserve + annuity reserve, if any) is paid to the retiree's beneficiary(ies) when the retiree dies. (Members who have a life-threatening illness may want to consider this option as it provides the largest payment to a beneficiary if the member dies early in retirement.)

Delegates are district representatives to NYSTRS who serve a two-year term. Delegates have two main functions: to elect a teacher member to the Retirement Board at the Annual Delegates Meeting, and to serve as a liaison between NYSTRS and the members in their school district. The System's website has a separate "Delegates" page designed to keep these representatives up-to-date on the latest NYSTRS developments.

De Minimis Retirement is a lump-sum retirement benefit available to retirees whose pension is \$2,400 or less per year. NYSTRS will automatically notify members who are eligible for this benefit and provide a choice to receive a monthly pension or an actuarially calculated lump-sum payment.

Derivatives are financial instruments such as forwards, futures, options, or other instruments whose values are "derived" from another financial instrument.

Direct Deposit is the means by which most retirement benefits are paid. On the last business day of each month, benefit payments are automatically deposited into the checking, savings or brokerage account designated by each retiree and benefit recipient. Members may enroll in direct deposit or change the account to which their retirement benefit is deposited by filing a Direct Deposit Authorization Agreement.

Disability Retirement is a benefit for which members may be eligible if they are no longer able to work because of a serious illness or injury. Additional information is available on the Benefits > Disability Retirement page on the System's website.

Domestic Equity Securities for System purposes typically consist of corporate common stock. These stocks must be registered on a national securities exchange or must be otherwise registered as provided in the Securities Exchange Act of 1934 as amended, with price quotations furnished through a nationwide automated quotations system approved by the National Association of Securities Dealers, Inc. (NASD). Domestic Equity Securities also include stock in corporate real estate investment trusts (REITs), which are traded on a national exchange and acquired by the Investment Department as part of an internally managed index fund or by one of the System's domestic equity managers.

Domestic Fixed Income Securities are U.S. Treasury or Government agency obligations; equipment trust certificates; corporate, industrial, or utility bonds; U.S. dollar denominated Euro or Yankee bonds, including Canadian obligations payable in U.S. dollars; mortgage-backed securities; and pass-through certificates. For System purposes, domestic fixed income securities primarily consist of instruments with maturities in excess of 12 months at time of purchase.

Domestic Relations Order (DRO) is a judgment, decree or court order indicating how benefits will be divided between parties who are divorcing or are already divorced. Before seeking court approval of a DRO, attorneys are strongly advised to submit the proposed DRO language to NYSTRS. Our Legal Department will review the proposal to determine if we can administer it and whether it is consistent with the laws applicable to the System. Additional information is available in our publication *Domestic Relations Orders and a Member's Retirement Benefit*.

Earnings After Retirement are limited when retirees under age 65 return to work for a New York State public employer. Such retirees would be subject to the restrictions of either Section 211 or Section 212 of the Retirement and Social Security Law.

Effective Date of Retirement is the date that a member's retirement takes effect. Members may file their service retirement application as late as their effective date of retirement, but no more than 90 days before this date.

Employer Contribution Rate is the percentage of member payroll employers contribute to NYSTRS on behalf of members. This rate is determined annually through an actuarial valuation of NYSTRS' assets and liabilities.

Employment Base represents the contractual time of a member's primary assignment during a school year, including paid vacations. An employment base of 200 days was used for a 10-month employee; a base of 220 days is used for an 11-month employee; and a base of 240 days is used for a 12-month employee. In certain instances, the employment base plays a part in assisting the district when determining and reporting the number of Service Days worked.

Equity Real Estate Investments are any investments in real property, either made directly or through the use of pooled vehicles such as limited partnerships, open or closed-end commingled funds, REITs or REOCs acquired through the System's Real Estate Department.

Final Average Salary (FAS) is a component of the pension calculation formula. FAS is generally the average of a member's three highest consecutive years of regular salary earned (five years for Tier 6). It excludes termination payments, non-regular compensation and the following:

- Tier 1 - increases exceeding 20% of previous year's salary.
- Tier 2 - increases exceeding 20% of average of previous two years' salaries.
- Tiers 3-5 - increases exceeding 10% of average of previous two years' salaries.
- Tier 6 - increases exceeding 10% of average of previous four years' salaries.

Tier 1 members will automatically receive the higher of the three-year FAS or an alternative five-year FAS. For Tier 1 members whose date of membership precedes June 17, 1971, termination pay and non-regular compensation may be eligible for inclusion in the five-year FAS calculation, which is not subject to the 20% salary increase limits.

Tier 6 members are only eligible for a 5-year FAS. The same general rules applicable to the 3-year FAS apply to Tier 6 members with the following:

- Salary greater than the NYS governor's salary (currently \$179,000) cannot be included in the FAS calculation.
- For those with multiple employers and over 200 days of employment within a school year, pensionable salaries are limited to only two employers during a school year.
- Salary increases exceeding 10% of the average of the previous four years' salaries are excluded.

Fiscal Notes/Legislative Fiscal Notes are a calculation of the estimated financial impact of proposed legislation.

Fiscal Year is the time period designated as the beginning and ending period for recording financial transactions. The System's fiscal year begins July 1 and ends June 30.

Fund Balance represents the net differences in assets and liabilities in a governmental fund.

General Fund is the term commonly used to describe all funds used to accumulate contributions or pay benefits including the Annuity Savings Fund, Annuity Reserve Fund, Pension Accumulation Fund, Pension Reserve Fund, Group Life Insurance Fund, CO-ESC Member Contributions Fund and Supplemental Retirement Allowance Fund.

Global Fixed Income Securities/Global Bonds are investment grade treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers denominated in multiple currencies from the Americas, Europe, Middle East, Africa and Asian-Pacific region. For System purposes, Global bonds are managed externally, benchmarked to the Barclays Global Aggregate Float-Adjusted Index and are predominantly hedged to the U.S. dollar with marginal latitude for non-investment grade exposure.

Guarantee Period Options are benefit payment options that guarantee a designated number of retirement benefit payments will be made. If a retiree receives at least the guaranteed number of payments (for either 5 or 10 years, depending on the election made), payments cease upon the retiree's death. If a retiree dies before receiving the guaranteed number of payments, the beneficiary receives the remaining guaranteed payments.

Hotline is NYSTRS' toll-free phone line, available 24 hours a day, which enables callers to order NYSTRS forms and hear messages about NYSTRS benefits. The Hotline number is (800) 348-7298.

In-Service Death Benefit is a benefit paid to the beneficiary of a deceased active member. The eligibility requirements and benefits differ by tier.

Tier 1— The benefit is generally 1/12 of a member's last 12 months of regular compensation for each year of service, to a maximum of three times earnings (although the benefit may be greater if the member was eligible to retire without an age-related reduction). To be eligible for such coverage, the member must have been credited with at least three months of service since last becoming a member and at the time of death either:

- a. being paid for regular salary reportable to NYSTRS
- b. in-service within the previous year and had not otherwise been gainfully employed since leaving teaching; or
- c. off payroll due to a disability that continued until death and were not otherwise gainfully employed since leaving teaching.

Tiers 2-6 - The benefit is one year's salary after a year of service, two years' salary after two years of service, and three years' salary after three years of service, but the benefit is reduced after age 60. To be eligible, members must have been credited with at least one year of service since last becoming a member and at the time of death either:

- a. in service being paid for employment reportable to NYSTRS; or
- b. in service within the previous year and had at least one year of continuous employment since last entering their employer's service and had not otherwise

- been gainfully employed (other than in service reportable to NYSTRS) since leaving teaching; or
- c. off payroll due to a disability and had died while on an approved medical leave.

Internal Revenue Code Section 415 (Excess Benefit Plan) allows for the payment of service retirement benefits to the extent they exceed the IRC § 415 benefit limits.

Internal Revenue Code Section 401(a)(17) limits the compensation which may be used in the FAS calculation for all members joining the System on or after July 1, 1996. The limits apply to service and disability retirements as well as death benefits. Please note, death benefits are also further limited by Section 130 of the Civil Service Law.

International Equity Securities are common or preferred corporate stocks and investment trust shares. Only stocks registered on recognized exchanges outside the U.S. are to be considered International Equity Securities.

Investment-Related Expenses directly or indirectly support the System's investment operations.

Joint & Survivor Options are benefit payment options that provide for a continuing benefit to a single beneficiary after the retiree's death for the remaining life of such beneficiary.

Largest Non-Declining Lump Sum Option is a benefit payment option that enables retiring members to provide the largest possible fixed payment to a beneficiary after their death. This option is not available to members retiring under Tier 3.

Loans are available to members who a) have at least one year of service credit, and b) have a designated minimum amount in their Annuity Savings Fund (\$400 for Tier 1 and Tier 2) or Required Contributions Fund (\$1,334 for Tiers 3 - 6). Members may borrow only from the funds they contributed and the interest those contributions have earned. By law, Tier 1 and Tier 2 members pay a 5% fixed interest rate and may take one loan every six months. Tier 3 - 6 members pay a 6.50% fixed interest rate and may take one loan every 12 months. Loans have a \$30 service charge and an annual 0.10% life insurance premium. Loans are fully insured after 30 days (unless they are in default). For more information, see *Borrowing from Your NYSTRS Contributions* publication.

Lump Sum Options is a general term used to describe three of the benefit payment options available to members upon their retirement - Declining Annuity Reserve, Declining Reserve and Largest Non-Declining.

Majauskas Formula is the most commonly used equitable distribution formula for a public pension and was established by the State Court of Appeals in *Majauskas v. Majauskas*. This formula provides an ex-spouse with one-half of that part of a member's pension earned during the marriage. In the formula, the numerator represents the

years of service credit the member earned while the marriage was in effect. The denominator represents the total service credit used in the pension calculation.

Maximum Benefit is the benefit payment election that provides the largest monthly payments to a retiree for life, but does not provide any payment to a beneficiary after the retiree's death. The Maximum benefit is determined by the pension calculation formula.

Member Contributions are the amount that members contribute toward their retirement benefit. The following rules apply:

- Tier 1 and Tier 2 members would have made such contributions only if they either a) joined NYSTRS prior to July 1, 1970 and made member contributions or b) purchased prior service under Tier 1 or Tier 2. These amounts would be part of the member's Annuity Savings Fund.
- Tier 3 and Tier 4 members contribute 3% of their salary toward the Required Contributions Fund until they have either 10 years of membership or service credit.
- Tier 5 members contribute 3.5% of their salary toward the Required Contributions Fund throughout their active membership.
- Tier 6 members contribute between 3.0% and 6.0% of their salary toward the Required Contributions Fund throughout their active membership. The contribution percentage is based on prior salary earned.

Member-Related Expenses directly or indirectly support member and employer services.

Member Service Credit is the credit that members earn after their NYSTRS date of membership.

Military Service Credit is the credit members receive for active duty military service. To apply, members should forward a copy of their honorable military discharge Form DD214 to NYSTRS for evaluation. For more information, see *Claiming Military Service*.

National Council on Teacher Retirement (NCTR) is an organization that hosts an annual meeting providing an educational forum for all teacher retirement systems in the country.

Non-Contributory Retirement (NCR) Plan is a plan available only to certain Tier 1 members whose date of membership precedes July 1, 1970. This plan offers a different pension calculation than most Tier 1 members receive under the Career Plan. When an eligible member retires, NYSTRS will base the pension on the highest possible calculation to which the member is entitled.

Non-Regular Compensation (NRC) represents taxable fringe benefits, bonus payments, and payments that members receive in lieu of health insurance. These earnings are not included in the three-year Final Average Salary (FAS) calculation, but can be included as part of the five-year FAS calculation applicable to eligible Tier 1 members.

Operating Budget is the document describing the expenses necessary to administer the System for the fiscal year.

Option is the general term for a retirement benefit payment election that provides a reduced payment during the member's lifetime, and provides payment to a beneficiary after a retiree's death. NYSTRS' *Maximum or Options* publication describes each of these choices in detail.

Out-of-State Prior Service Credit is credit that Tier 1 members may receive for teaching service in another state's public schools or colleges before their NYSTRS date of membership. Eligible members may receive up to 10 years of such credit, but any such service that brings a member's total service above 35 years is excluded from the pension calculation. (Tier 2 members receive this credit only if it was credited under a prior Tier 1 membership in NYSTRS.)

Paragraph 2 Death Benefit (Tiers 2-6) is a benefit that may provide a member's beneficiary with either an in-service death benefit or a post-retirement death benefit. Members who elected the Paragraph 1 Death Benefit (before it was eliminated by New York State law on January 1, 2001) are covered by the Paragraph 2 Death Benefit unless the Paragraph 1 Death Benefit is greater.

Pension is the defined benefit amount that members receive after retirement based on their total service credit, age and Final Average Salary. For most members, this amount equals their retirement benefit. However, for Tier 1 and Tier 2 members who have an Annuity Savings Fund and do not withdraw it at retirement, the pension is one portion of their retirement benefit.

Pension Calculation Formula is the formula that determines a member's Maximum annual pension (i.e., Pension Factor x Age Factor (if applicable) x Final Average Salary = Maximum Annual Pension).

Pension Factor is the component of the pension calculation formula that considers a member's total service credit. The pension factor (and thus the pension) generally increases with additional service credit.

Pension Reserve is the amount that NYSTRS sets aside, based on a member's actuarial life expectancy, to fund a retirement benefit payment. If a Tier 1 member elects the Declining Reserve Lump Sum Option and dies before receiving the pension reserve and annuity reserve, the beneficiary is paid the combined reserve balance (i.e., the total reserve).

Performance Measures gauge how well a program is accomplishing its mission through the delivery of products, services, or processes. Performance measures are included in the System's operating budget document.

Input Measures: Input indicators measure the volume of resources, both monetary and non-monetary, that are used in delivering a program or service.

Output Measures: Output indicators report the quantity or volume of products and services provided by the program. Indicators may also measure the demand for goods and services compared to the amount of service currently being provided.

Effectiveness/Outcome: Effectiveness indicators, also known as outcome indicators, measure the results, accomplishments, or quality of the item or service provided. Measures may include responsiveness, timeliness, compliance, accuracy or degree of program mission accomplishment.

Efficiency Measures: Efficiency indicators quantify the relationship between input and output. They may include the cost or time to produce an item or provide a service.

(Source: *Implementing Performance Measurement in Government*, by Joni L. Leithe, produced by the GFOA.)

Pop-up Survivor Options are benefit payment options that provide a continuing benefit to a beneficiary, but revert to the Maximum benefit if the beneficiary dies before the retiree.

Post-Retirement Death Benefit (Tiers 2 - 6) is a benefit that would be paid to the beneficiary of a Tier 2 - 6 retiree whose Paragraph 2 Death Benefit was in effect at retirement. The post-retirement benefit is 50% of the death benefit in effect at retirement if the member dies in the first year after retirement, 25% of the death benefit at retirement if the member dies in the second year after retirement, and 10% of the death benefit at retirement for ensuing years. Members' eligibility for this benefit coverage is jeopardized if they have gainful employment (other than service reportable to NYSTRS) between the date they ceased teaching and their date of retirement.

Power of Attorney is a legal tool that enables an agent to act on an individual's behalf in a designated range of personal, legal and financial matters. Under a durable power of attorney, the agent can act on behalf of the principal even if the individual becomes incapacitated.

PREP Seminars NYSTRS Pension & Retirement Education Program (PREP) seminars are designed to enable members of all ages to plan for retirement. Members tailor the program to fit their needs by attending the day-long session or selecting a module of their choice: NYSTRS benefits, financial planning, Social Security, estate planning, adjusting to your new life, filing for retirement, and retirement income. Seminars are held throughout the state and three schedules are issued each year: fall (available mid-September); winter/spring (available mid-December); and summer (available mid-May). These seminar schedules are available through the "Retirement Planning" page on our website and members can book their seminar attendance through their MyNYSTRS account or by calling NYSTRS.

Prior Service Credit is credit that members receive for public service before their NYSTRS date of membership. Creditable service includes service already credited in a New York State public retirement system, prior New York State service not credited to a

public retirement system and (for certain Tier 1 and Tier 2 members) out-of-state prior service. Tier 1 and Tier 2 members are not charged for prior service. For Tier 3 and Tier 4 members, prior service credit may be purchased at a cost of 3% of salary received during the service period, plus 5% annual interest in most cases. For Tier 5 members the cost is 3.5% of salary received during the period of service, plus 5% annual interest. For Tier 6 members the cost is 6% of salary received during the period of service, plus 5% annual interest. Additional information is available in the publication *You Deserve the Credit*.

Projected Member Salary Base is the estimated future total salary of all active members of the System for the year projected.

Real Estate Mezzanine Funds are investments in funds or partnerships whose portfolios consist of junior loans secured by real estate or partnership interests in real estate ownership.

Regular Compensation represents earnings that are always included in a member's Final Average Salary calculation. These include pay for contractual salaries, coaching, adult education, home tutoring, summer school and other teaching-related duties.

Reinstatement permits active NYSTRS members with ceased memberships in NYSTRS or another New York State public retirement system to reinstate to their earliest date of membership. If that membership was part of an earlier tier, that tier status is also reinstated.

Required Contribution Fund contains the contributions made by Tier 3-6 members toward their retirement benefit, plus the 5% annual interest accrued on these contributions (see also Member Contributions).

Resource is the NYSTRS newsletter that addresses topics of interest to our retired members. Articles spotlight changes to System benefits, new NYSTRS services and general interest items for retirees. The System mails three issues per year to retirees, unless the retiree opted-out of receiving the hard copy and elected delivery through their MyNYSTRS account.

Retired Member Profile is a document mailed to retirees that indicates their date of retirement, benefit payment election, designated beneficiary (if applicable), gross income, cost-of-living adjustments, deductions and net payment amount.

Retirement Benefit is the total benefit a member receives after retirement. For most members, this equals their pension. Tier 1 and Tier 2 members with an Annuity Savings Fund can elect to receive those funds as an annuity, which will be paid monthly in addition to their pension.

Retirement Date - See "Effective Date of Retirement."

Retirement Incentive may be either statewide or local. Generally, statewide incentives have allowed districts to opt in and which positions to target. Eligible members would

receive extra service credit if they retire under the statewide incentive. In contrast, districts at their discretion provide local incentives in the forms of cash to encourage members to retire. These cash payments are considered termination pay and can only be included in a 5-year Final Average Salary for members with a membership date before 6/17/71, and only if the incentive was part of the district's negotiated contract and was paid no later than the end of the calendar year the retirement took place. See also "Termination Payment (TP)".

Retired Teacher Member is the Board member elected from among the retired members of the System.

Salary Earned represented the regular compensation that a member earned for all teaching-related duties during a school year. This was a component of the service credit formula used in our legacy system and was reported in the Benefit Profile.

Salary Received was a term used in our legacy systems that represented the compensation a member was actually paid during a school year. This amount was reported in the Benefit Profile.

School Year is the period from July 1 to June 30. A member's service credit for a school year is calculated based on the salary that the member's employer reports to NYSTRS. Members can receive a maximum of one year of service credit for a school year.

Section 211 is the section of New York State Retirement and Social Security Law that enables NYSTRS retirees under age 65 to return to New York State public employment and earn more than the designated limit under Section 212. To be eligible, retirees must receive prior approval from the agency having jurisdiction over the employment. Members cannot return to work in the same or similar position for a period of one year after their date of retirement. In addition, if a) retirees work for an employer from whom they received pay in the two years prior to retirement and b) those salaries were used in their Final Average Salary (FAS), earnings are limited to the difference between the retirees' Maximum retirement benefit and their FAS (or, if greater, the salary they would be receiving if they had not retired).

Section 212 is the section of New York State Retirement and Social Security Law that establishes an annual earnings limit for NYSTRS retirees under age 65 who return to New York State public employment on a temporary or occasional basis. Retirees who exceed the earnings limit must repay part of their retirement benefit to NYSTRS or suspend their retirement benefit.

Securities Lending occurs when the System transfers a security to a borrower for cash or non-cash collateral pursuant to an agreement to return the collateral for an identical security in the future.

Service Credit is the general term for credit that a member can receive as a NYSTRS member. Types of credit include member service, prior service, transfer service, military service and Article 19 service (for Tier 1 and 2 members). A member's total

service credit helps determine his or her pension factor, which is a component of the pension calculation formula. Additional information about service credit is available in the publication *You Deserve the Credit*.

Service Credit Formula is the calculation used in our legacy systems that determined how much credit to assign to a member's service. The formula was $\text{Salary Earned} \times \text{Employment Base} / \text{Contract Salary} = \text{Days of Service}$. Days of service were then converted into months of credit, with nine months of full-time service equaling one year of credit.

Service Reduction is a reduction to the pension factor that Tier 1 members (retiring under the Career Service Plan) and Tier 2 members receive if they retire with less than 20 years of NYS service credit. In such cases, the pension factor is reduced by 5% for each year the member has less than 20 years of NYS service credit (not to exceed 50%).

Service Retirement is the benefit for which active Tier 2-4 members are eligible if they are at least age 55 and have five or more years of New York State service credit. For Tier 5, members must be at least age 57 with ten or more years of New York State service credit and for Tier 6, members must be at least 63 with ten or more years of New York State service credit. Tier 1 members may retire at any age with 35 years of total service credit, or at age 55 with less than five years of New York State service if two years of service were credited since age 53.

Short Term Investments (Cash Equivalents) include, but are not limited to, interest bearing or discount instruments such as money market funds; U.S. Treasury Bills; corporate-issued commercial paper; bank-issued Certificates of Deposit; bankers' acceptances; and fully collateralized repurchase agreements. For System purposes, short-term investments consist primarily of instruments maturing in 12 months or less at time of purchase.

Social Security Offset is a reduction applicable to Tier 3 members who retire under Article 14 of the Retirement and Social Security Law. The reduction begins at age 62 and generally equals half of the Social Security benefit the member accrued while in NYS public service.

Source (officially Your Source) is the NYSTRS newsletter for active members. Articles spotlight changes to System benefits, new NYSTRS services and items that help better plan for retirement. The System mails three issues per year to members, unless the member opted-out of receiving the hard copy and elected delivery through their MyNYSTRS account.

Stable Contribution Option was approved by the Retirement Board on April 9, 2013, as provided for under Chapter 57 of the Laws of 2013 specifically Part BB (signed by the governor on March 23, 2013, as part of the state budget). Under Chapter 57, BOCES and public school districts who were participating employers had the opportunity to elect a seven-year plan as an alternative to paying the actuarially determined employer contribution rate. Initially 10 employers opted into the SCO plan, but by spring 2017 all had opted out.

Termination Pay represents payments for unused leave, local retirement incentives or other such payments made to members in anticipation of retirement. These earnings are not included in the three-year Final Average Salary (FAS) calculation, but are included as part of the five-year FAS calculation applicable to Tier 1 members whose date of membership precedes June 17, 1971.

Tier classification specifying the type of benefits for which a member may be eligible. Tier status is determined by a member's NYSTRS date of membership.

- Members with a date of membership before July 1, 1973 belong to Tier 1.
- Those with a date of membership from July 1, 1973 through July 26, 1976 belong to Tier 2.
- Those with a date of membership on or after July 27, 1976, but before September 1, 1983, belong to Tier 3.
- Those with a date of membership on or after September 1, 1983 but before January 1, 2010 belong to Tier 4.
- Those with a membership date on or after January 1, 2010 but before April 1, 2012 belong to Tier 5.
- Those with a membership date on or after April 1, 2012 belong to Tier 6.

Tier 3 members may retire with either Tier 3 or Tier 4 benefits.

Tier Reinstatement - See "Reinstatement."

Total Reserve is the combined balance in a retiree's pension reserve and annuity reserve. This amount would be paid to the beneficiary of a Tier 1 retiree who elected the Declining Reserve Lump Sum Option at retirement and died before receiving this total.

Total Service Credit is the combined amount of service credit a member has accumulated, including member service, prior service, transfer service, military service and (for Tier 1 and Tier 2 members) Article 19 service. This amount helps determine a member's pension factor, which is a component of the pension calculation formula.

Transfer Service Credit is credit a NYSTRS member receives when transferring a membership and its related service credit from another New York State public retirement system to NYSTRS.

Unclaimed Funds are contributions left in NYSTRS by former members whose membership rights have ceased. To help locate these former members and enable them to receive their outstanding funds, we include a list of their names on the "Unclaimed Funds" page of our website.

Vested is the status members attain when they have at least five years of New York State service credit, which makes them eligible for a retirement benefit at age 55. Tier 5 and Tier 6 members require 10 years of service credit to vest.

Vested Death Benefit is the benefit that would apply if a member died before retirement and a) had at least 10 years of total service credit and b) was not eligible for an in-service death benefit. The vested death benefit equals one-half of the in-service death benefit that would have been paid if the member had died on the last day of creditable service.

Video Consultations - The System's program that allows face-to-face communication with a System representative located at System headquarters in Albany via video cameras and computers.

Voluntary Defined Contribution Plan (VDCP), under Chapter 18 of the Laws of 2012 (Tier 6) non-unionized employees earning \$75,000 or more and hired on or after July 1, 2013 have the option of joining the VDCP instead of joining NYSTRS. Unlike the defined benefit plan NYSTRS administers, the VDCP is a defined contribution plan. In the VDCP, employers contribute 8% of the participant's salary and the participant contributes at the same sliding-scale rate in effect for Tier 6 members.

Withdrawal from Membership is a choice that members may have if they are no longer teaching (or are only teaching part time) and their obligation to a participating employer has ended. Tier 1 and Tier 2 members may withdraw from membership at any time. Tier 3 - 6 members may withdraw from membership only if they have less than 10 years of service credit or if eligible under Chapter 553 of 2011. Members who withdraw their membership would receive a refund of their Annuity Savings Fund (Tier 1 and Tier 2) or Required Contributions Fund (Tiers 3 - 6) plus interest. NYSTRS membership automatically ceases for members if they a) have less than five years (Tiers 1-4) or less than 10 years (Tier 5 and Tier 6) of total service credit and b) have not received the equivalent of 20 full-time days of credit in a school year for seven consecutive school years.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIREMENT BOARD GOVERNANCE MANUAL

CHRONOLOGY: Summary of Significant Changes

Overview

- 2021 September – added updated organizational chart
- 2021 February – added updated organizational chart as of Dec 2020
- 2020 February – added updated organizational chart

Retirement Board Members and Officers

- 2020 February – updated charter for Retirement Board Members (approved at Jan 30, 2020 board meeting)
- 2019 February – added Retirement Board Member Expectation Statement

Retirement Board Committees

- 2021 February – Charter of the Audit Committee updated (approved at the January 28, 2021 Board meeting)
- 2020 February – updated charters for Compensation and Executive Committee, dissolution of Retired Members Committee (folded into the Executive Committee), added a Risk Committee (approved at Jan 30, 2020 board meeting)

Medical Board and Investment Advisors

- No changes Feb 2020

Executive Director and CIO, Executive Staff and Management Team

- No changes Feb 2020

Administration

- 2021 February – Charter for Internal Audit Department updated (approved at the January 28, 2021 Board meeting)
- 2020 February – updated Internal Audit Department Charter (approved at Jan 30, 2020 board meeting)

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM
RETIREMENT BOARD GOVERNANCE MANUAL
CHRONOLOGY: Summary of Significant Changes

Retirement Board and System Policies

- 2020 February – updated retirement board member development, board expense reimbursement and reimbursement for loss of salary or wages (approved at July 31, 2019 board meeting)

Appendices

- 2020 February – addition of a new section to the Board Governance Manual called 'Chronology' to capture dates of significant changes to the manual; updated NYSTRS Bylaws to reflect the deletion of the Retired Members Committee and the addition of a Risk Committee (approved at Jan 30, 2020 board meeting)