

BOARD OF EDUCATION RETIREMENT SYSTEM
Board Meeting Agenda
April 21, 2026

1. Calendar Item 1: Noting of the Minutes of the Meeting of the Board of Education Retirement System held on March 3, 2026 – **FOR CONSIDERATION AND ACTION.**
2. Executive Director’s Update – **FOR DISCUSSION.**
3. Calendar Items 2-17: Ordinary Business – **FOR CONSIDERATION AND ACTION.**
4. Calendar Item 18: Adoption of the Actuary’s Determination for the Preliminary Fiscal Year 2027 Employer Contribution – **FOR CONSIDERATION AND ACTION.**
5. Calendar Item 19: Adoption of the Disability Committee’s Recommendations – **FOR CONSIDERATION AND ACTION.**
6. Calendar Item 20: Adoption of BERS Bylaws – **FOR CONSIDERATION AND ACTION.**
7. Calendar Item 21: Recommendation to Amend Appendix A of the BERS Rules and Regulations to Permit Repayment of TDA Loans via Deductions from Pension Payroll – **FOR CONSIDERATION AND ACTION.**
8. Calendar Item 22: Authorization to the Comptroller of the City of New York to Divest from For-Profit Prison Companies – **FOR CONSIDERATION AND ACTION.**
9. Calendar Item 23: 2026 Public Equity Annual Plan and Diversity Statistics – **FOR DISCUSSION.**
10. Calendar Item 24: 2026 Public Fixed Income Annual Plan and Diversity Statistics – **FOR DISCUSSION.**
11. Calendar Item 25: Annual Climate Update – **FOR DISCUSSION.**

**Board of Education Retirement System
Meeting of the Board of Trustees
Summary Minutes
March 3, 2026**

Appearances via WebEx:

Adriana Alecia, Trustee (CEC Queens)
Debra Altman, Trustee (CEC Staten Island)
Karine Apollon, Trustee (Chancellor Designee)
Shirley Aubin, Trustee (Queens BP Rep)
Camille Casaretti, Trustee (Brooklyn BP Rep)
Jonath Collins, Trustee (Manhattan BP Rep)
Marjorie Dienstag, Trustee (Mayoral)
John Dorsa, Trustee (Comptroller Designee) *
Gregory Faulkner, Trustee (Chair)
Anita Garcia, Trustee (Mayoral)
Anthony Giordano, Trustee (Mayoral)

Naveed Hasan, Trustee (CEC Manhattan)
Alice Ho, Trustee (Mayoral)
Rima Izquierdo, Trustee (Bronx BP Rep)
Yadira Jiminez, Trustee (Mayoral)
Faraji Hannah-Jones, Trustee (CEC Brooklyn)
Donald Nesbit, Trustee (Employee Member)
Dr. Sharon Odwin, Trustee (Mayoral)
Brenida Parsons, Trustee (CEC Bronx)
Maisha Sapp, Trustee (Mayoral)
Frank Sirabella, Trustee (Employee Member)

**Denotes alternate attending for Primary Trustee*

Meeting commenced at approximately 4:11 PM.

Preamble: A declaration was read into the record regarding Executive Order No. 58, declaring a State Disaster Emergency, issued by Governor Hochul on February 22, 2026, thereby permitting a virtual meeting. On a motion by Ms. Altman and a second by Mr. Nesbit, this item was unanimously approved.

Ms. Garcia attended the meeting at approximately 4:20 PM

Ms. Jiminez attended the meeting at approximately 4:20 PM

Mr. Dorsa attended meeting at approximately 4:20 PM

Agenda Item 1 Calendar Item 1: – Noting of the Minutes of the Meeting of the Board of Education Retirement System held on February 10, 2026. On a motion by Mr. Nesbit and a second by Mr. Sirabella, this item was unanimously approved.

Agenda Item 2 – Executive Director Update

Agenda Item 3 – Calendar Item 2 – 17: Ordinary Business. On a motion by Mr. Sirabella and a second by Ms. Garcia, this item was unanimously approved.

Agenda Item 4 – Calendar Item 18: Adoption of an Amendment to the Investment Policy Statement of the Board of Education Retirement System. On a motion by Ms. Altman and a second by Ms. Garcia, this item was considered. On a motion by Mr. Faulkner and a second by Ms. Casaretti, Calendar Item 18 was unanimously tabled.

Ms. Dienstag attended meeting at approximately 4:34 PM

Ms. Jiminez departed the meeting at approximately 4:38 PM

Ms. Izquierdo attended meeting at approximately 5:00 PM

Ms. Alecia departed the meeting at approximately 5:30 PM

Agenda Item 5 – Calendar Item 19: Adoption of an Amendment to the Authority and Procedure of the Executive Committee of the Board of Education Retirement System. Contingent to Calendar Item 18, there were no motions to discuss this item, and it was bypassed for action items.

Agenda Item 6 – Calendar Item 20: Adoption of an Amendment to the Authorization to the Executive Committee to Approve Certain Transactions. Contingent to Calendar Item 18, there were no motions to discuss this item, and it was bypassed for action items.

*On a motion by Ms. Garcia and a second by Ms. Casaretti, the Board of Trustees voted unanimously to enter Executive Session.

****** Executive Session ******

Agenda Item 7 - Calendar Item 21: Not-for-profit Prison Divestment Update. On a motion by Ms. Garcia and a second by Ms. Casaretti, this item was discussed.

Agenda Item 8 - Calendar Item 22: Review 2025 Annual Plan for Public Equity and BIPOC statistics. On a motion by Mr. Hannah-Jones and a second by Ms. Izquierdo item was discussed.

Agenda Item 9 - Calendar Item 23: Developed Markets ex-US. On a motion by Mr. Sirabella and a second by Mr. Hannah-Jones, this item was unanimously approved.

**On a motion by Mr. Dorsa and a second by Mr. Giordano, the Board of Trustees voted unanimously to exit Executive Session.*

On a motion by Mr. Dorsa and a second by Ms. Ho, the meeting was adjourned at approximately 6:26 PM.

APRIL 2026

**REQUEST FOR THE BOARD OF TRUSTEES TO ADOPT THE ACTUARY'S
DETERMINATION FOR THE PRELIMINARY FISCAL YEAR 2027 EMPLOYER
CONTRIBUTION TO THE NEW YORK CITY BOARD OF EDUCATION RETIREMENT
SYSTEM**

- WHEREAS,** The Actuary, in a letter dated March 26, 2026, determined that the Preliminary Employer Contribution for Fiscal Year 2027 (i.e., July 1, 2026 through June 30, 2027) is \$304,686,169 to the New York City Board of Education Retirement System; and
- WHEREAS,** The Board of Trustees has reviewed the determination; now, therefore, be it
- RESOLVED,** The Board of Trustees hereby approves a Preliminary Fiscal Year 2027 Employer Contribution to the New York City Board of Education Retirement System of \$304,686,169.

Respectfully Submitted,

Sanford R. Rich
Executive Director

April 2026

ADOPTION OF THE DISABILITY COMMITTEE'S RECOMMENDATIONS

- WHEREAS,** the Disability Committee of the Board of Trustees ("Disability Committee") held a meeting on April 14, 2026; and
- WHEREAS,** the Disability Committee reviewed 12 applications for disability retirement; and
- WHEREAS,** the Disability Committee has made recommendations to the Board of Trustees regarding 9 applications; now therefore be it
- RESOLVED,** that the Board of Trustees hereby adopts the recommendations of the Disability Committee with regard to the applications reviewed on April 14, 2026.

Respectfully Submitted,

Sanford R. Rich
Executive Director

ADOPTION OF BYLAWS

WHEREAS, the BERS bylaws require certain updates to ensure that such bylaws include a current and comprehensive framework for BERS governance; now therefore be it

RESOLVED, that the Board hereby adopts the bylaws attached as hereto.

Respectfully Submitted,

Sanford R. Rich
Executive Director

BOARD OF EDUCATION RETIREMENT SYSTEM

BYLAWS

Section I – Applicable Law

1. The Board of Education Retirement System of the City of New York (“BERS” or “The New York City Board of Education Retirement System”) and the Retirement Board (“the Board” or “the Board of Trustees”) were established in accordance with Education Law § 2575.
2. BERS and the Board operate in accordance with Education Law § 2575, the BERS Rules and Regulations, the Retirement and Social Security Law, the Administrative Code of the City of New York, the Internal Revenue Code, and all other applicable state and federal laws.

Section II – Meetings of the Retirement Board

3. All Board meetings shall be held at BERS executive office or at such place as may be determined by the Co-Chairs of the Board.
4. Monthly meetings shall be held on a date set by the Co-Chairs. At each meeting, either Co-Chair shall announce the date of the next monthly or annual meeting.
5. The annual meeting shall be held in January of each year.
6. Special meetings of the full Board of Trustees shall be held on the call of either Co-Chair with the concurrence of the other Co-Chair, or on the written request of a majority of the Board including at least one employee representative, provided, however, that notice of such meetings shall be given not less than twenty-four hours in advance and shall state the special matters to be considered. No other matters shall be considered at special meetings except with the consent of all the members present.
7. If a quorum is not present, the meeting shall be adjourned.
8. Trustees must attend all Board and Committee meetings in person, as required by Article 7 of the Public Officers Law (“the Open Meetings Law”). Attendance by videoconference may be permitted in very limited circumstances, within the Open Meetings Law and BERS Videoconferencing Procedures.
9. The agenda, resolutions, and other supporting documents for each Board meeting shall be distributed by BERS staff to the Board no later than two days prior to said meeting. Matters not on the previously distributed agenda shall be considered only by unanimous consent of those trustees present at the meeting.

Section III – Co-Chairs

1. At the annual meeting, the Board shall elect from its membership two Co-Chairs.
2. A majority vote of the entire Board, including at least one employee member vote, shall be necessary for election.
3. The official term of each Co-Chair shall continue from the date of the annual meeting until the annual meeting of the succeeding year, or until a successor is chosen.
4. In the event of a vacancy in the position of either Co-Chair one month or more before the unexpired term, a special election shall be held to complete the unexpired term.

Section IV – Board Composition

1. The membership of the Board consists of the Board of Education (a/k/a the Panel for Educational Policy) and two employee representatives elected by BERS membership, in accordance with BERS Rules and Regulations § 5a.

Section V - Retirement Board and Executive Director

1. The Board is the head of BERS, in accordance with Education Law § 2575(23)(a)(3) and BERS Rules and Regulations § 5.
2. All BERS employees are under the supervision of the Executive Director, in accordance with BERS Rules and Regulations § 5.
3. As head of BERS, the Board has the sole discretion to appoint, dismiss, and set the Executive Director's compensation.

Section VI – Committees

1. The Board shall constitute from among its members the following standing committees:
 - a) The Audit Committee, whose composition, duties, and procedure are governed by the Audit Committee Charter.
 - b) The Disability Committee, whose composition, duties, and procedure are governed by the Authority and Procedure of the Disability Committee.

- c) The Executive Committee, whose composition, duties, and procedure are governed by the Authority and Procedure of the Executive Committee.
2. The Board may amend the Charters and Authority and Procedure documents of the standing committees by resolution.
3. The Board may delegate duties to ad hoc committees, or form new standing committees, by resolution specifying the composition, duties, and procedure of such committees.

Section VII – Parliamentary Procedure

1. A quorum of the Board shall consist of a majority of the Board as a whole including at least one employee representative, in accordance with BERS Rules and Regulations § 5b and Education Law § 2575. The size of the Board as a whole includes any vacancies, in accordance with General Construction Law § 41.
2. Each act of the Board shall be introduced by a motion by any member with a second by any other member.
3. Each act of the Board shall be by resolution adopted following a majority vote by the Board as a whole, in accordance with BERS Rules and Regulations § 5b.
4. The concurrence of one employee representative shall be necessary for an act of the Board, in accordance with BERS Rules and Regulations § 5b.
5. The Board will follow Robert’s Rules of Order in the conduct of its business except as otherwise noted in these Bylaws.

Section VIII – Order of Business

1. The order of business at all regular and annual Board meetings shall be as follows, provided that the Co-Chairs shall have the authority to revise the order of business for purposes of expediency:
 - a) Roll call of Board members
 - b) Noting of the minutes of the prior meeting
 - c) Executive Director’s update

- d) Ordinary business of BERS
- e) Previously tabled business
- f) New business
- g) Adjournment

Section IX – Financial Matters

1. Member Contributions

- a. The employee contributions of Tier 1 and 2 members, other than contributions required as a consequence of participation in early retirement programs, are deposited into the Annuity Savings Fund (ASF), and administered in accordance with BERS Rules and Regulations § 8 and all other applicable state and federal laws.
- b. The employee contributions of Tier 4 and 6 members, other than contributions required as a consequence of participation in early retirement programs, are deposited into the Member Contributions Accumulation Fund (MCAF), and administered in accordance with Retirement and Social Security Law § 613 and all other applicable state and federal laws.
- c. The employee contributions of members required as a consequence of participation in early retirement programs are deposited into the Additional Member Contributions Fund (AMCF), and administered in accordance with the various provisions of Article 11 and Article 15 of the Retirement and Social Security Law that established these programs and all other applicable state and federal laws.
- d. BERS shall certify the balances of these and all other funds to the Board, and publish the same its Annual Comprehensive Financial Report.

2. Administration of Benefits

- a. BERS administers all Qualified Pension Plan (QPP) benefits in accordance with Internal Revenue Code § 401(a).
- b. Service Retirement
 - i. BERS administers the service retirement benefits of Tier 1 and 2 members in accordance with BERS Rules and Regulations §§ 11 through 14-a and all other applicable state and federal laws.
 - ii. BERS administers the service retirement benefits of Tier 4 and 6 members in accordance with Retirement and Social Security Law §§ 602 through 604 and all other applicable state and federal laws.

- iii. BERS administers the service retirement benefits of members retiring under early retirement programs in accordance with the various provisions of Article 11 and Article 15 of the Retirement and Social Security Law that established these programs and all other applicable state and federal laws.

c. Disability Retirement

- i. BERS administers the disability retirement benefits of Tier 1 and 2 members in accordance with BERS Rules and Regulations §§ 15 through 19 and all other applicable state and federal laws.
- ii. BERS administers the disability retirement benefits of Tier 4 and 6 members in accordance with Retirement and Social Security Law § 605 and all other applicable state and federal laws.

d. Deferred Vested Benefits

- i. BERS administers the deferred vested benefits of Tier 1 and 2 members in accordance with BERS Rules and Regulations §§ 15 through 19 and all other applicable state and federal laws.
- ii. BERS administers the deferred vested benefits of Tier 4 and 6 members in accordance with Retirement and Social Security Law § 612 and all other applicable state and federal laws.
- iii. BERS administers the deferred vested benefits of members retiring under early retirement programs in accordance with the various provisions of Article 11 and Article 15 of the Retirement and Social Security Law that established these programs and all other applicable state and federal laws.

e. Death benefits

- i. BERS administers the death benefits of Tier 1 and 2 members in accordance with BERS Rules and Regulations §§ 20 and 21 and all other applicable state and federal laws.
- ii. BERS administers the death benefits of Tier 4 and 6 members in accordance with Retirement and Social Security Law §§ 606, 606-a, 607, and 607-i and all other applicable state and federal laws.

f. TDA Program benefits

- a. BERS administers all Tax Deferred Annuity (TDA) Program benefits in accordance with Internal Revenue Code § 403(b), BERS Rules and Regulations § 33, and all other applicable state and federal laws.

3. Loans to Members

- a. BERS administers all loan payments and policies in accordance with Internal Revenue Code § 72(p). BERS shall report to the Board the total number and aggregate amount of loans made to members monthly.
- b. BERS administers loans from the ASF in accordance with BERS Rules and Regulations § 10(5) and all other applicable state and federal laws.
- c. BERS administers loans from the MCAF in accordance with Retirement and Social Security Law § 613-b and all other applicable state and federal laws.
- d. BERS administers loans from the AMCF in accordance with Retirement and Social Security Law § 613-b, the various provisions of Article 11 and Article 15 of the Retirement and Social Security Law that established these programs, and all other applicable state and federal laws.
- e. BERS administers loans from the TDA Program in accordance with BERS Rules and Regulations Appendix A and all other applicable state and federal laws.

Section X – Conflicts of Interest

1. Chapter 68 of the New York City Charter governs conflicts of interest for all Board members and BERS employees.
2. All Board members are officers of the City of New York with substantial policy discretion within the meaning of Section 2604 of the New York City Charter (“the Charter”), and are therefore required to file annual financial disclosures with the New York City Conflicts of Interest Board per Section 2603(d) of the Charter.

APRIL 2026

**RECOMMENDATION TO AMEND APPENDIX A
OF THE BERS RULES AND REGULATIONS
TO PERMIT REPAYMENT OF TDA LOANS
VIA DEDUCTIONS FROM PENSION PAYROLL**

- WHEREAS,** Appendix A of the BERS Rules and Regulations currently specifies that retirees with outstanding TDA loans must make direct monthly payments to BERS; and
- WHEREAS,** BERS administrative staff have determined that it is now technically feasible to arrange for such loans to be repaid via deductions from pension payroll, and recommend that Appendix A be amended to permit this option; and
- WHEREAS,** permitting repayment of TDA loans via deductions from pension payroll would increase the convenience and security of retirees while minimizing the number of lost or misdirected payments; and
- WHEREAS,** Section 2575 of the Education Law provides that all changes to the BERS Rules and Regulations must be approved, first by the Board of Education (BOE) (otherwise known as the Panel for Educational Policy), and second by the Teachers Retirement System (TRS) Board of Trustees; and
- WHEREAS,** this Board agrees with the recommendation of the administrative staff to amend Appendix A accordingly; now therefore be it
- RESOLVED,** that the Board hereby recommends that the BOE and the TRS Board of Trustees adopt the attached amendment to Appendix A of the BERS Rules and Regulations.

Respectfully Submitted,

Sanford R. Rich
Executive Director

Board of Education Retirement System of the City of New York
Rules and Regulations – Appendix A

TDA LOAN PROGRAM PLAN DOCUMENT

Introduction

As authorized by paragraph (d) of subdivision 20 of section 2575 of the Education Law, the Board of Education Retirement System of the City of New York (BERS) shall implement, pursuant to section 403(b) of the Internal Revenue Code (IRC), a Tax Deferred Annuity (TDA) Loan Program (the Program). This document summarizes the major provisions of the Program.

Pursuant to the Program, which will be administered by BERS, eligible participants in the TDA program set forth in section 33 of these rules and regulations shall be permitted to borrow from the accumulated contributions in their TDA accounts. Members will be required to repay the loan within five years. Interest will be charged at the rate at which interest is credited to the Fixed TDA accounts at the time the loan is issued (currently 8 ¼ %). [*Following Chapter 504 of the Laws of 2009, the rate is 7% for UFT members.*] Payments of principal and interest will be credited to the borrowers' accounts. A one-time service charge will be assessed to cover the Program's costs. Repayment by members in active service will be via payroll deduction. Repayment by members on leave or in deferral status will be made by direct monthly payments to BERS. **Retirees will have the option of arranging for repayment either via pension payroll deduction or by direct payments to BERS, provided that the pension payroll deduction option shall only be available if the net pension payroll amount is sufficient to cover the loan repayment.** Any amounts remaining unpaid upon service termination will be considered distributed to the member, unless the member is eligible for and elects TDA Deferral status. While in TDA Deferral status, loans may be maintained and initiated until such deferred benefits become payable or the member defaults. In either case, the amount will then be considered a distribution and a 1099-R form will be issued.

Wherever this plan document is silent, BERS may adopt any policies consistent with the provisions of governing laws, rules and regulations. In the event that any provision of the plan outlined in this document is inconsistent with any applicable IRC or Education Law provision, the IRC or Education Law provision will govern.

I. Eligibility

Members eligible for a TDA loan are defined as all BERS TDA participants with at least one year of participation in the TDA program (1) who are in active service, on authorized leave of absence (2) who at the time of applying for a loan, are in TDA Deferral status as a result of (a) having retired for service or disability or resigned with vested rights and (b) having elected to defer distribution of their TDA accounts pursuant to subdivision 20 of section 2575 of the Education Law. Members who are in default of payment on an existing TDA loan and members who have retired or otherwise terminated service without having elected TDA Deferral status are not eligible to initiate loans.

Eligibility for a TDA loan is subject to the following conditions:

- A. No TDA loan has been issued to the member during the previous twelve month period;
and
- B. The member is not otherwise restricted from making a loan (see II. "Restrictions")

Restrictions

A member may have one new TDA loan in a twelve month period. If a member applies for a TDA loan while there is an outstanding balance of a previous TDA loan, and the member has less than \$10,000.00 in outstanding employer sponsored loans including the newly requested loan amount, the previous TDA loan balance will on the member's election, be merged into the new loan which will be effective on the date of issuance. If the loans are merged, the total amount of the new loan will equal the previous loan balance, plus the newly requested loan amount, plus a service fee. If the member has more than \$10,000.00 in employer sponsored loans including the newly requested loan amount, each new loan shall be a separate loan.

Loans must be requested in multiples of \$10. Where no prior TDA loan balance exists, the minimum amount which can be requested is \$1,000. Members who have an existing loan balance may request a minimum amount of \$250, however, the newly requested loan amount plus the previous loan balance must equal at least \$1,000.

To avoid the federal income tax consequences of IRC section 72 (p), the maximum amount (including the service charge) that a member may borrow is restricted by the following conditions:

- For Tier I and II members who have at least 15 years of credited service, or who have attained age 55, the available loan will be the lesser of restrictions A and B, below. For other members in Tier I and II, the available loan will be the lesser of restrictions A, B, and C.
- For Tier III/IV members with at least 10 years of credited service, the available loan will be the lesser of restrictions A and B, below. For other members in Tier III/IV, the available loan will be the lesser of restrictions, A, B, and C.

Restrictions on amounts available:

- A. \$50,000, less the member's highest combined outstanding balance in his/her TDA and Retirement System Annuity Savings Fund (QPP) loan account (s) during the previous 12-month period.
 - B. 75% of the full value of the member's TDA account(s) (i.e., unreduced by any outstanding loan balance), less any outstanding loan balance.
 - C. The greater of: (i) 50% of the combined value of the member's TDA account(s) plus QPP account balances (other than ITHP), or (ii) \$10,000, less the current combined outstanding balance in his/her TDA and QPP loan account(s).
- ❖ Restriction C does not apply to vested members because the value of their accrued benefit (QPP and TDA) is sufficient to meet the IRC regulation which limits loans to 50% of this benefit.

In the event that a member files for a QPP and TDA loan simultaneously, the above restrictions will be applied first to the QPP loan and then to the TDA loan.

For active members, loan amounts may be further limited if the repayment amount would exceed net pay. **For retirees, the option to make repayments via pension payroll deduction will be available only if the net pension payroll payment amount is sufficient to cover the repayment amount.**

The value of an account is based on the most recent account balances and unit values of the Variable Annuity Program available to BERS when the loan is calculated. There is typically a two-month lag in the updating of account balances. For example, a loan issued in June may be based on the account balance for April.

II. Service Charge

When a loan is issued, the member will be charged a one-time non-refundable service charge to cover associated administrative costs. The amount of the charge is included in the total amount borrowed.

At the inception of the Program, a service charge of \$40 will be set by resolution of the Board of Trustees based on an estimate of expected administrative costs. Thereafter, the service charge will be reevaluated annually based on program experience and anticipated demand for loans during the next year. Any change in the service charge will be made via resolution of the Board of Trustees. Any unrecovered costs or unexpended fees will be taken into account when calculating subsequent fees.

Start-up costs (i.e., those costs which are incurred in the initial implementation of the program) and maintenance costs for the program initially will be charged against the TDA Administrative Expense fund.

III. Life Insurance

All loans issued will be covered by life insurance beginning 30 days after the date of the loan check. Prior to that date, there is no insurance coverage. The member will be fully insured against the member's death for 100% of the unpaid balance of the loan. Premiums will be added to each installment of the repayment of principal and interest. The premium will be assessed as an annual rate and applied on a monthly basis to the loan account balance outstanding as of the previous month. At program inception, the rate will be 0.4%. That portion of the repayment representing the insurance premium will not be credited to the member's TDA account balance. The insurance premium rate will be calculated by the Office of the Actuary for the City of New York. The Office of the Actuary will review this rate periodically, at least every five years. Relevant demographic information for all eligible members will be provided for this purpose. When necessary, a change in the insurance rate will be effectuated via resolution of the Board of Trustees.

The loan insurance premium will be uniform for all borrowers, regardless of age or sex, and will be administered as an increase in the basic rate of interest charged on the loan. Premiums collected will be deposited into a TDA Loan Program Insurance Fund.

The rate in effect at the time of loan issuance will remain in effect for the entire term of the loan. Where a portion of a loan remains outstanding when an additional loan is issued, the aggregate new loan is considered a new loan for this purpose and is subject to the insurance rate in effect at the time the new loan is issued. Insurance premiums will not be charged, nor will coverage be provided, on loans in default status.

During any period for which payment is not made, unpaid insurance premiums will remain outstanding until subsequent payments are made, or until the loan is liquidated on account of withdrawal or default. When a loan is liquidated, any balance of unpaid insurance premiums will be offset against the TDA account balances, on pro-rata basis.

IV. Interest on Loans

Members will pay interest on TDA loans at the same rate at which interest is credited to the Fixed accounts at the time the loan is issued (currently 8 ¼%). Interest will be charged to the loan accounts on a monthly basis based on the loan outstanding from the previous month. Payment of these charges will be incorporated into the repayment amount and credited to the members' TDA accounts.

The rate of interest will remain the same during the term of the loan. When a new loan is issued, the entire amount of the new loan will be subject to the then effective interest rate, including that portion, if any, that was used to satisfy an outstanding loan.

V. Repayment

The member must indicate on his/her loan application the time within which they will repay. By law, all loans must be repaid within five years. If there is an outstanding loan balance after 5 years, a taxable distribution will result and a 1099-R form will be issued. The distributed amount will be subject to income taxes. In addition, a 10% penalty may be charged by the Internal Revenue Service (IRS).

Members who are in active service on the payroll will make repayment via payroll deduction. Members on leave of absence or in deferral status will make direct monthly payments to BERS. **Retirees will have the option of arranging for repayment either via pension payroll deduction or by direct payments to BERS, provided that the pension payroll deduction option shall only be available if the net pension payroll amount is sufficient to cover the loan repayment.** Coupons will be given to borrowers who **have arranged** to make direct payments.

That portion of the repayment attributable to principal and interest will be credited to the member's account (s) in accordance with their then current contributions election. For loans initiated by participants in TDA Deferral status, repayment will be credited as elected on the loan application.

VI. Application and Issuance

Members must submit a completed TDA Loan Application. To be accepted, the application must be signed, dated and notarized and must indicate the amount requested and the number of months for repayment. If the member has funds in both fixed and variable accounts, the loan amount will be drawn on pro-rata basis from each of the accounts.

The effective date of the loan application is the date on which a validly completed application is received at BERS' office for processing.

Withdrawal of an application for a TDA loan can be effected only in writing. Once the application has been approved and processed, the loan will be issued and the borrower will incur all applicable charges.

VII. Account Management

Upon issuance of a TDA loan, the member's account(s) will be reduced by the amount borrowed plus the amount of the service charge and a loan account will be established for the member. As repayment is made to his/her TDA account(s) the loan account will be reduced accordingly.

Only one TDA loan may be outstanding at any one time, therefore, if application is made and approved for a new loan while there is an outstanding balance, the new loan amount must include the full amount needed to satisfy the outstanding loan.

When members have both a fixed and a variable account, the loan proceeds will be prorated based on the dollar value of each account.

Repayment of principal and interest will be credited to the member's TDA account(s) in accordance with their then current contribution election or, for loans initiated by participants in TDA Deferral status, as elected on the loan application. The number of units purchased by each payment credited to a variable account will be based on the unit value in effect for the month in which payment is made.

Upon service termination, if the participant elects TDA Deferral status, the loan account may be maintained with direct payments being made via coupons.

VIII. Defaulted Loans

A loan will be in default when a scheduled payment is not received within 90 days of its due date. If a repayment is 60 days delinquent, BERS will send a warning of impending default status to the member, requesting repayment of the amount in arrears, or a lump-sum repayment, before the end of the 90 day period.

For active members in default of their TDA loans, BERS will liquidate these loans to the extent that TDA monies are available for withdrawal (member is over age 59 ½ or has a grandfathered balance). Any remainder will be considered an outstanding debt and will be due BERS until repaid, or until funds later become available to liquidate it. The entire amount of the defaulted loan will be reported as a taxable distribution to the member on form 1099-R. Any amount which remains outstanding will be reflected in the member's TDA account as an amount previously taxed. Any amount previously taxed would be considered an offset in determining the taxability of future distributions.

Interest accrues on defaulted loans until the loan is satisfied upon service termination. While the loan is in default, if required by IRS Regulations, this interest will be reported annually as a distribution for tax purposes. In that event, it will be reflected in the member's TDA account as an amount previously taxed.

For deferred members who default, the loan will be liquidated. This taxable distribution will be reported to the member and to the IRS on form 1099-R.

Any loan balance remaining outstanding five years after the loan's issuance will receive treatment similar to a loan in default and will be reported as a distribution.

IX. Retirement, Resignation or Termination

If a member who has an outstanding loan balance retires or discontinues service with a vested right to receive a deferred retirement allowance, he or she may elect TDA Deferral status. If they so elect, their TDA account(s) and loan will continue to be maintained by BERS. Subsequent payments on the loan will be made directly to BERS with monthly coupons which will be provided to the member. Members in TDA Deferral status are also eligible to apply for new loans.

If TDA deferral status is not elected and the loan is not paid up within 90 days of separation from service, the loan balance will be treated as a distribution and reported on form 1099-R.

A taxable distribution may also result. Tax consequences of that distribution may include a 10% penalty imposed by the Internal Revenue Service if service was terminated prior to the year the member reached age 55.

X. Transfers of Membership

Where membership and TDA accumulations are being transferred to another eligible retirement system (e.g., New York City Teachers' Retirement System), the outstanding loan balance will only be transferred if the successor retirement system has a loan provision in its tax-deferred program and it agrees to accept the loan. Where the loan cannot be transferred, the member will be sent a warning notice advising that unless he/she repays the balance within 90 days, the outstanding loan balance will be treated as a distribution (see x. "Retirement, Resignation or Termination").

XI. Withdrawals and Transfers

When a member elects to withdraw from the TDA Program (i.e., takes a distribution) or to transfer their TDA account(s) to another eligible TDA Program while there is a loan outstanding, the amount paid out or transferred will be the actual monies then credited to the account(s).

In the case of a withdrawal, the total amount distributed is the amount paid out plus the amount of the outstanding loan. In the case of a transferal, if the other TDA Program accepts the loan, no distribution of the loan balance results. Otherwise, the member must repay the loan prior to transfer to avoid a taxable distribution.

Amounts in the members' account(s) which were previously taxed will be offset in determining the taxable portion of any resultant distribution. (see Section IX)

XII. Tax Reporting and Withholding Requirements

No tax reporting is required at loan initiation. Reporting is only required when a default occurs.

Generally, no withholding is required at default, but if the loan is automatically defaulted upon service termination, the defaulted amount may be considered an eligible rollover distribution which may be subject to mandatory 20% withholding.

AUTHORIZATION TO THE COMPTROLLER OF THE CITY OF NEW YORK TO DIVEST FROM FOR-PROFIT PRISON COMPANIES

WHEREAS, the Board of Trustees (Board) of the New York City Board of Education Retirement System (BERS or System) administers the System; and

WHEREAS, the Board has been concerned by reported health and safety violations at for-profit prisons and the rise in mass incarcerations targeting the minority community; and

WHEREAS, in 2017, the Board identified for-profit prison companies as those that derive 20% or more of their revenue from the operation of incarceration facilities (For-Profit Prison Companies); and

WHEREAS, in 2017, the Board directed the Comptroller's Office to instruct investment managers to divest from all For-Profit Prison Companies as previously identified and to prohibit future purchases in these companies; and

WHEREAS, in February 2026 the Board expanded the identification of For-Profit Prison Companies as those that derive any amount of their revenue from the operation of incarceration facilities; and

WHEREAS, in February 2026 the Board commissioned a renewed comprehensive review of the System's exposure to For-Profit Prison Companies from the Comptroller's Office - Bureau of Asset Management (BAM) and the Board's investment consultant; and

WHEREAS, in April 2026, the Board received analyses from BAM and the Board's investment consultant, along with a memorandum from the Law Department regarding possible total divestment; and

WHEREAS, the Board, acting in the best interest of the System, concludes after careful consideration that total divestment from investments in For-Profit Prison Companies would have a de minimis effect on the BERS portfolio's risks or returns and would be consistent with the Board's risk profile and objectives; now therefore be it

RESOLVED, that:

1. The Board directs the Comptroller's Office to instruct investment managers to divest from all For-Profit Prison Companies as defined within and to prohibit future purchases in these companies;
2. The scope of such divestment shall extend to public equity and public fixed income investments, whether domestic or international, and whether in

active or passive products; including Core Civic Corporation (previously known as Correction Corporation of America), (NYSE: CXW), The Geo Group (NYSE: GEO), G4S (LON: G4S), and Target Hospitality Corp. (NYSE: TH);

3. Upon completion of the above-referenced divestment (see numbers 1 and 2), the Comptroller's Office will notify the Trustees of actions taken to effect this resolution; and
4. In 2027 and in each year thereafter, the Comptroller's Office, with the aid of the consultants as needed, shall use an appropriate database to create an updated annual list of all For-Profit Prison Companies, and shall use that list in a portfolio review to determine whether any new for-profit prison investments have been added to the BERS portfolio. The Comptroller's Office shall notify the Trustees annually if such analysis shows any new for-profit prison investment in the portfolio, and shall provide an analysis of the impact of a divestment of such additional investment.

Introduced by Gregory Faulkner and Co-Sponsored by Adriana Alecia, Debra Altman, Shirley Aubin, Camile Casaretti, Amy Fair, Yadira Jiminez, Dr. Sharon Odwin, Brenida Parsons, and Maisha Sapp.

Respectfully Submitted,

Sanford R. Rich
Executive Director