



**AUDIT COMMITTEE OF THE CITY OF NEW YORK  
MINUTES OF THE AUDIT COMMITTEE MEETING  
WEDNESDAY, JANUARY 28, 2026  
AT THE OFFICE OF THE COMPTROLLER  
AND REMOTELY VIA ZOOM MEETING**

**ATTENDANCE**

**Chair**

Michael Spitzer (via Zoom)

**Private Members**

Larian Angelo (via Zoom)  
Mark Kaplan (via Zoom)  
Marcia Van Wagner (via Zoom)

**Public Members**

**Representing the Mayor** – Sara Wong (via Zoom)  
**Representing the Comptroller** – Jacqueline Thompson

**Secretary**

Katrina Stauffer

**Independent  
Auditors**

**Grant Thornton LLP** – Sharon Campbell, Kyle Chuber, Marla Hummel  
Kevin Morris, Will Richardson, Mike Ryan

**Others**

**New York City Employees Retirement System** – Charles Barkley, Herman Bernal, Nadine Clery (via Zoom), Chun Gong, Shameeka Ien, Alice Man, Daniel Nunez, Rita Sare (via Zoom), Heng Thio (via Zoom)

**New York City Teachers' Retirement System** – Kate Chen (via Zoom), Mitchell Fruchter, Barbara Owczarczyk (via Zoom), Nevena Platchkova (via Zoom)

**New York City Board of Education Retirement System** – Kazi Ahammad, Iyekeze Ade Ezefili (via Zoom), Chithra Subramanian

**New York City Police Pension Funds** – Modupe Fagbulu (via Zoom), Cody Israel (via Zoom), , Nikolaos Leonardos, Rachel Loo (via Zoom), Nazima Mohamed (via Zoom), Anna Russo, Stanley Thomas

**New York City Fire Pension Funds** – Meishan Cui (via Zoom), Amar Dyal (via Zoom), Hangjie Chen (via Zoom), Winnie Lin (via Zoom), Simone Saywack (via Zoom)

**New York City Other Postemployment Benefits Plan** –Anthony Odunsi

**New York City Office of Management & Budget** – Shirley Gu (via Zoom)

**New York City Mayor’s Office of Risk Management & Compliance** – Doug Giuliano (via Zoom), Julian Ross (via Zoom)

**New York City Office of the Actuary** – Anderson Huynh, Tom O’Hara

**New York City Department of Finance** – Bei Ge (via Zoom), John Fernandez (via Zoom), Francis Onakomaya (via Zoom), Jinah Seo (via Zoom), David Shostak (via Zoom)

**New York City Financial Information Service Agency/OPA** – Shamim Kabar (via Zoom), Neil Matthew (via Zoom), Dimas Muniz (via Zoom), Maureen Murphy (via Zoom), Peter Reddy (via Zoom)

**New York City Department of Education** – Leonel Ferreira (via Zoom), Scott Strickland (via Zoom), Desmond White (via Zoom)

**New York City Comptroller’s Office** – Camille Arezzo, Vanessa Blackman, Elizabeth Brown, Rosa Charles, Grace Cheng, Annie Cheung, Nancy Cheung (via Zoom), Lynne Fleischman, Daniel Haas, Joshua Jean, Patricia Kearns, Winnie Lum, Alyssa Gaia Moralda, Veronika Musheyeva, Mehdi Ben Zafar (via Zoom)

## Audit Committee Meeting - January 28, 2026

### I. **Call to Order and Roll Call**

Mr. Michael Spitzer, Chair, called the meeting to order at 9:30 a.m. Ms. Katrina Stauffer, the Audit Committee Secretary, took roll call; a quorum was present.

The meeting was held virtually in accordance with post-COVID Audit Committee guidelines.

### II. **Approval of the Draft Minutes of the Audit Committee Meeting held December 10, 2025.**

The next agenda item was the approval of the draft minutes of the Audit Committee Meeting held December 10, 2025. A motion was made to accept the minutes. The Committee approved the minutes of December 10, 2025, Audit Committee Meeting, subject to any non-substantive editorial comments submitted to the Secretary.

### III. **Presentation of the Financial Statements and Management Letters**

The next agenda item was the review of the financial statements and management letters (where applicable) of the following entities for the fiscal year ending June 30th, 2025.

- New York City Employee Retirement System (NYCERS)
- Teachers' Retirement System of New York City (TRS)
- New York City Board of Education Retirement System (BERS)
- New York City Police Pension Fund (Police/PPF)
- New York City Fire Department Pension Fund (Fire)
- New York City Other Postemployment Benefits Plan (OPEB)

## **New York City Employee Retirement System**

Ms. Chun Gong, Director of Finance, introduced the representatives of NYCERS and Bureau of Asset Management (BAM) that were present, and of the representatives of Grant Thornton LLP, independent auditors.

Like last year, NYCERS received two awards: the Government Finance Officers Association (GFOA) Certificate of Achievement, and the Public Pension Standards Award for Funding and Administration for NYCERS' June 30, 2025 (Annual Comprehensive Financial Report (ACFR)), which was released two weeks ahead of schedule. For the first time, NYCERS has fully automated the ACFR production process using Gravity, a new financial reporting tool. Manual workload has been reduced and data accuracy has increased.

As of June 30th, 2025, NYCERS' net assets reached \$93.1 billion, up from \$86.9 billion at June 30th, 2024. The Variable supplement Fund (VSF) net position was \$1.2 billion up from \$1 billion. The combined Qualified Pension Plan (QPP) and VSF net position is \$94.3 billion, up from \$87.9 billion. Total pension fund returned 10.05 percent for fiscal year 2025, less than the NYCERS policy benchmark of 11.66 percent.

Domestic equities, a quarter of the total portfolio, returned 14.08 percent, under the Russell 3000 benchmark of 15.3 percent total. Total world excluding USA and EAFE makes up about 10% of the total portfolio, and that returned 16.17 percent. Emerging markets constituting about 5% of the total portfolio returned 13 percent. The total fixed income segment holding was 38 percent of the total portfolio and returned 7.3%. Private equity return was 4.48%, and private real estate was 1.7%.

Based on the entry age normal cost method, the funded ratio was 82.2 percent as of the most recent actuarial evaluation from June 2023. The plan's fiduciary net position represents 87.7 percent of total pension liability for NYCERS and the five VSFs as of June 30, 2025. The QPP transferred benefit payments to four of five VSFs in the amount of \$7.6 million. Based on the actuary's estimate, the Transferable Earnings from NYCERS payable to the Correction Officers VSF for 2025 was \$157.4 million.

A question and answer session took place after the presentation. Several matters were discussed including:

- NYCERS finds value in analyzing benchmark returns relative to performance. The information gleaned is used on a granular level for management to gather insight into individual portfolio construction relative to the benchmark and discovery exposures. Regarding June 30, 2025 returns, the systems underperformed due to public market benchmarks.
- Investment earnings below benchmarks were both a matter of prudence and portfolio construction. Investments were valued on discounted cash flows using market comparable or multiples of earnings that were usually steadier over time than secondary market trading. The mark-to-market model creates stability during market declines as experienced in March 2020.
- Small balances in hedge fund and international equity investment accounts were left over from account divestment to pay final fees or tail payments on interest and dividends after removing securities. Eventually, the balances will be transferred to the general cash account and reinvested. NYCERS no longer uses hedge funds.

- Investment fees of over \$800 million were a result of the fee structure alternatives with base management fees plus incentives based on performance. Better portfolio performance resulted in higher fees. The waterfall process of underlying management divestment and fee generation caused ripples in accounting that would not exist if reporting was done on an accrual basis.
- The Committee was concerned about vast differences between management fees and assets under management. NYCERS described it as a peculiarity due to report timing. In an instance of a large fee reported over the course of a year relative to a small asset base, the portfolio divested underlying assets and generated profits credited as fees, while simultaneously assets under management fell significantly. Different reporting options may offer better understanding of the conventions.
- The management letter contained one item regarding IT. The control deficiency finding was related to IT personnel access to security administration which resulted in a segregation of duties conflict, whereby a user may inappropriately create or delete user access, resulting in incorrect transactions. Auditors expected to see monitoring control on the back end with management randomly pulling changes and activities to confirm appropriate usage.

There being no further questions, the Chair thanked the representatives of NYCERS for their participation at today's meeting.

**Teachers' Retirement System of the City of New York**

Mr. Mitchell Fruchter, Deputy Chief Accountant, introduced other representatives of TRS present and representatives of Grant Thornton LLP, independent auditors.

The TRS QPP net position as of June 30, 2025 was \$82.1 billion compared to \$74.5 billion as of June 30, 2024. The TDA net position increased 7.7% to \$52.9 billion. The combined position of net position was \$134.9 billion.

Target asset allocations were 34 percent in fixed income, 27.9 percent in domestic equity, 17.5 percent in international equity, 20.6 percent in alternative investments. Investment performance for US equities was 15.3 percent, international stocks returned 19.3 percent, US mortgage-backed security index was 6.52%, and NYC structured index return was 5.7%. Overall, the pension fund returned 10.85 percent.

Benefit payments increased 4.9%, QPP was 3.5%, and there was a 3.5% increase in retiree payments. Tax Deferred Annuity (TDA) payments increased 7.9% due to larger minimum withdrawals and death benefits. As of December 31, 2025, returns increased another 6.6% for a total of \$143.8 billion in combined assets. Regarding funding status, TRS was at 90.4 percent using the Government Accounting Standards Board (GASB) 67 market return level.

Administrative expenses included modernization including Roth functions on the TDA.

TRS received the GFOA's Certificate of Excellence in Financial Reporting for 2024, and an unqualified opinion for Fiscal Year 2024 and 2025.

A question and answer session took place after the presentation. Several matters were discussed including:

- TRS investment management fees were nearly double NYCERS' fees. Such high-level

investments should have given TRS the buying power to make more profitable fee arrangements with managers and brokers. TRS and BAM replied that the timing of fees or carried interest created year-over-year distortions. TRS and BAM also reassured the Committee that they were mindful of costs when negotiating broker fees on behalf of all five systems.

- TRS broker fees were not totaled in the report as they were in NYCERS' report. A column of fees with no total was not ideal for understanding cost. While it was not a requirement, TRS going forward will add the total for consistency with other entities.

There being no further questions, the Chair thanked the representatives of TRS for their participation at today's meeting.

### **New York City Board of Education Retirement System**

Ms. Chithra Subramanian, Director of Fiscal Operations, introduced other representatives of BERS present and representatives of Grant Thornton LLP, independent auditors.

Legislative changes affecting operations in fiscal year 2025 include Chapter 721 mandating automatic enrollment into BERS for all eligible employees unless they opt out within 90 days of employment. The change created a significant increase in membership, with approximately 24,000 new members joining in fiscal year 2025.

Under the Federal Secure 2.2 Act of 2022, Roth TDA options became available starting January 2024 for participants meeting certain age and income criteria. BERS expanded the opportunity to all participants contributing to TDA. The members can make Roth contributions directly to the TDA program. Chapter 551, effective December 11, 2024, gave any active BERS members

with a UFT-represented title to transfer their membership to TRS through December 10, 2025. BERS received around 3,100 transfer applications.

The BERS combined net position of \$11.17 billion was a 10% increase from fiscal year 2024 to fiscal year 2025. The qualified pension plan closed the year with a net position of \$7.62 billion and the TDA program ended at \$3.54 billion. Total investments were \$11.78 billion with a return of 9.17%. The fixed investment allocation consisted of 47 percent equity, 28 percent fixed income, and 25 percent alternative private investments. Total contributions from employer and employees were \$456 million and the benefit payment total was \$525 million. The QPP net position for fiscal year 2025 as a percentage of total pension liability was 102.5 percent with a funding ratio of 94.8 percent based on the 2023 valuation.

BERS received the GFOA Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2024 ACFR as well as the Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year 2024 PAFR.

A question and answer session took place after the presentation. Several matters were discussed including:

- Like NYCERS and TRS, BERS reported substantial investment management fees, but no total was provided. Each system reported a different number of top assets and bond holders. The lack of consistency made it difficult for a governing body to compare the systems and comment effectively.
- The Committee sought explanation for the inconsistent and confusing range of investment management fees, including a negative balance of \$301K for Carlyle. BERS assumed it was a rebate, or a claw-back resulting from a provision allowing the system

to reclaim fees if managers violate an agreement. BERS will look into it and provide footnotes in future reports for such unusual line items.

- The Committee discussed the need for homogenization among management and broker fees among pension systems. There was room to maximize profits for pension contributors.
- BERS clarified that systems did not negotiate different fees when investment managers were hired, but system could choose different managers and strategies. Systems also uniformly negotiated for alternative investment fees.

There being no further questions, the Chair thanked the representatives of BERS for their participation at today's meeting.

### **New York City Police Pension Fund**

Mr. Stanley Thomas, Chief Fiscal Officer, introduced other representatives of Police present and representatives of Grant Thornton LLP, Police's independent auditor.

For fiscal year 2025, Police's net position restricted for benefits totaled \$62.2 billion, an increase of \$3.6 billion from fiscal year 2024, compared to an increase of \$4.3 billion from fiscal year 2023 to fiscal year 2024. Fluctuations in the Fund's net position were attributed to investment returns, contributions, and pension payments and withdrawals. Member contributions decreased 19.3% from fiscal year 2024 to fiscal year 2025 due to cut overtime and required and voluntary contributions. Benefit payments and withdrawals totaled \$4.65 billion, and administration expenses totaled \$32.2 million.

Portfolio assets consisted of 27 percent US equities, 37 percent fixed income, 6.5% international equities, and 3.2% emerging markets. Private real estate and equities were 19.1 percent, hedge funds was 6.2%, and the overall portfolio return was 9.7%. The asset allocation for PPF's superior variable supplement fund was 65 percent equity and 35 percent fixed income with a total portfolio return of 13.2 percent. The Police Officer's variable supplement fund consisted of 67 percent equity and 33 percent fixed income with a portfolio return of 13 percent. Overall, fiscal year 2025 was a positive year for Police's investment returns.

The COPS 2.0 project started in 2023 was going smoothly as PPF transitions to steady state operations. Rollout 1 remained steady with no issues, and certain aspects of Rollout 3 were advancing. The program rollout remained on track for completion in 2028.

A question and answer session took place after the presentation. Several matters were discussed including:

- The Committee reiterated concern about the vast difference between assets and investment fees. Committee members agreed to revisit previous discussions about a cooperative solution to prevent retirement systems from overpaying investment fees.
- The Committee was surprised to learn that lower contributions in fiscal year 2025 came from the police department cutting overtime hours for active uniformed members.
- "Litigation income" was explained as separately allocated security litigations stemming from Police investments and had always been included in Police financial reports. Blank pages for "Opportunistic Fixed Income" could be removed. "Economically Targeted Investment Manager" was described as a carveout whereby investments were made as a percentage of the overall allocation. They were mortgage-backed securities, whole

loans, and real estate investments in New York properties.

- Small securities accounts remained open after funds were divested by the manager to allow for receivables which could take years from foreign jurisdictions. Accounts were regularly monitored and written off when necessary.
- The Committee asked about the large negative balances on the Schedule of Investment Expenses. They were likely rebates or claw-backs, and PPF offered to provide a better breakdown. Unlike other retirement systems, PPF's Schedule of Investment Expenses did not include asset values. The Committee found the lack of consistency between retirement systems' schedules problematic.
- The management letter included one comment which recurred for about six years. There was a segregation of duties issue related to the COPS 1.0 application. Two IT personnel were found to maintain security administrator access to migrate changes to production and elevated batch job access. Management provided a response that Police was comfortable with, and the issue should dissolve upon full rollout of COPS 2.0.
- Regarding the management letter comment about reviewing options to augment the staff, Police submitted a request to OMB for additional funding, though not specific to database administration. Police would need to supplement its request for additional head counts, but the rollout of COPS 2.0 should resolve the management letter comment.

There being no further questions, the Chair thanked the representatives of Police for their participation at today's meeting.

**New York City Fire Pension Fund**

Mr. Amar Dyal, Chief Accountant, introduced the representatives of FIRE present, and the representatives of Grant Thornton LLP, independent auditors.

Fire reported on the QPP, New York City Firefighters Variable Supplemental Fund, and the New York City Fire Officers Variable Supplemental Fund. The Fund received the GFOA Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2024.

The QPP portfolio of \$22.3 billion gained 10.1% for fiscal year 2025. Investment performance showed significant gain across most assets and was above the actuarial assumed rate of 7%. Investment return for the Variable Supplemental Funds for Firefighters and Fire Officers posted gains of \$469.4 million and \$374 million, respectively. The combined net position was \$21.1 billion at the start of fiscal year 2025 and increased 8.5% to \$22.9 billion at the end of the year. Fire completed applications for 1,037 new members. Member contributions for fiscal year 2025 totaled \$133.6 million, representing 10.3% lower than fiscal year 2024.

A question and answer session took place after the presentation. Several matters were discussed including:

- The Committee noted it was the fifth pension plan presenting completely different asset and fee schedules. Consistency was needed among pension plan reporting. Reports should include more information about negative balances and other irregular line items.
- Fire's financial report included average cost per share, not found in any of the other retirement systems' reports. Other reports listed Assets Under Management, but the column was blank on Fire's report. Dashes instead of fee totals gave the impression there were no assets or fees, and the Committee noted another instance of negative

assets listed without explanation.

- Fire was advised to revise their description of Equity Securities - Level 1 for consistency with other entities.
- The Committee asked if anything came of Fire's experience study that revealed an inability to provide information due to a lack of resources. Additional corpus resources would be necessary, but they would have to be part of the OMB- and comptroller-approved budget. Fire will review the experience study and provide an answer.

There being no further questions, Chairman Spitzer thanked the representatives of Fire for their participation at today's meeting.

### **New York City Other Postemployment Benefits Plan**

Mr. Anthony Odoti, Accounting Services at Office Management and Budget, introduced the representatives of OPEB present, and the representatives of Grant Thornton LLP, independent auditors.

For fiscal year 2025, the employers' contribution totaled \$4.062 billion, an increase of \$864.88 million. Net investment income was \$183.9 million, an 18.5 percent decrease of \$41.8 million from fiscal year 2024 due to net unrealized lost interest income due to market conditions. For fiscal year 2025, benefits payments by OPEB totaled \$4.059 billion, a 9.6% increase of \$355.8 million from fiscal year 2024, resulting from raised insurance rates of retiring members.

Total net position restricted for postemployment benefits other than pension payment at the end of fiscal year 2025 was \$5.2 billion, up \$186.73 million from the year prior. Total OPEB liability increased by \$1.1 billion due to the purchase price of investment security payable at the end of June 2025.

On August 28, 2025, the mayor and the Office of Labor Relations announced a joint proposal between EmblemHealth and United Healthcare to self-insure the comprehensive benefit plan for active and pre-Medicare retirees. The proposal was ratified by the Municipal Committee, then came into effect on January 1, 2026, and the valuation was not yet reflected in financial reports.

A question and answer session took place after the presentation. Several matters were discussed including:

- OPEB confirmed that the amounts listed on page 10, in the third paragraph of the June 2025 measurement, should be "6.8 billion" instead of "6.8 million," and "12.8 billion" instead of "12.8 million."
- The Committee asked what the increased interest income did to the value of the portfolio. OPEB explained the paragraph on page 8 specifically related to the interest income portion of the fixed investment, and it had nothing to do with potential appreciation or recognized gains.
- The Committee suggested OPEB submit their financial reports to GFOA for awards like other pension systems do. The lack of fee schedule was concerning.

There being no further questions, the Chair thanked the representatives of OPEB for their participation at today's meeting.

#### **IV. Executive Session**

Chairman Spitzer asked for a motion to enter Executive Session. A motion was made to enter

Executive Session for the purpose of discussing non-public financial information about The City of New York. The motion was unanimously approved.

**V. Adjourn**

Following the Audit Committee's return to Public Session, there being no further business before the Committee, a motion was made to adjourn the January 28, 2026 Audit Committee meeting; the motion was unanimously approved.