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1 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
REGULAR BOARD MEETING  
2 Held on Thursday, February 26, 2015  
at  
3 55 Water Street  
New York, New York

4  
5

ATTENDEES:

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MELVYN AARONSON, CHAIRPERSON, Trustee, TRS  
7 SANDRA MARCH, Trustee, TRS  
THOMAS BROWN, Trustee, TRS  
8 JENNIFER MALDONADO, Trustee  
CAROLYN WOLPERT, Trustee, Finance  
9 JOHN ADLER, Trustee, Finance  
SUSANNAH VICKERS, Trustee, Comptroller's Office  
10 PATRICIA REILLY, Executive Director, TRS  
ANDREW BRADFORD, TRS  
11 VALERIE BUDZIK, TRS  
RENEE PEARCE, TRS  
12 LIZ SANCHEZ, TRS  
SUSAN STANG, TRS  
13 JOHN GIBNEY, Actuary's Office  
CAROL HASDAY, Actuary's Office  
14 KEITH SNOW, Corporation Counsel  
ROBERT BETHELMY  
15 CARMELA CRIVELLI  
ELLEN DELEO  
16 ANNETTE HANRAHAN  
ANTHONY MEZZACAPPA

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1 P R O C E E D I N G S  
2 (Time noted: 3:45 p.m.)  
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5 MS. REILLY: Good afternoon. We're going  
to begin the February 26, 2015 regular meeting of the  
6 Teachers' Retirement Board. I will start by calling  
7 the roll.

8

Melvyn Aaronson?

9

CHAIRPERSON AARONSON: Here.

10

MS. REILLY: Thomas Brown?

11

MR. BROWN: Here.

12

MS. REILLY: Jennifer Maldonado?

13 MS. MALDONADO: Here.  
14 MS. REILLY: Sandra March?  
15 MS. MARCH: Present.  
16 MS. REILLY: Susannah Vickers?  
17 MS. VICKERS: Here.  
18 MS. REILLY: John Adler?  
19 MR. ADLER: Here.  
20 MS. REILLY: We have a quorum.  
21 The next item is an update on TRS  
22 operations, Ellen Deleo.  
23 MS. DELEO: I have two updates. TRS has  
24 begun work on the effort to notify members required to  
25 take a minimum distribution in 2015. The population  
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1 of members who will be receiving their first RMD in  
2 2015 was provided to the UFT, so that they can invite  
3 these members to the RMD conference that they will be  
4 hosting to explain the RMD process. In advance of the  
5 conference TRS will be providing RMD notification to  
6 an estimated 2,568 first time RMD recipients.  
7 In addition to the first time recipients,  
8 approximately 19,400 members who received RMDs last  
9 year will be notified of their requirement to receive  
10 another RMD in the calendar year.  
11 CHAIRPERSON AARONSON: Ellen, does that  
12 mean we have approximately 22,000 retired members aged  
13 70 and older?  
14 MS. DELEO: That's correct. And there's  
15 a small additional population of TDAB participants  
16 that will also receive distribution.  
17 Fourth quarter 2014 statements were made  
18 available to our members for viewing using on our  
19 website. And the mailing of statements for those  
20 members wishing to receive a print copy was completed  
21 on February 6.  
22 MS. REILLY: Thank you.  
23 Next is a presentation by Deloitte &  
24 Touche.  
25 MR. MALLOY: Good afternoon. I'm Mike  
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1 Malloy. You should all have a letter.  
2 I will go through the letter. There are  
3 certain parts I will read from, but other parts I will  
4 just summarize for you. If there are questions,  
5 certainly we can go through those questions at the  
6 end.  
7 We have completed our audit of the  
8 Teachers' Retirement System for the City of New York,  
9 the qualified pension plan and the Teachers'  
10 Retirement System of the City of New York tax deferred  
11 annuity program -- TDA that's referred to -- and I  
12 will refer to it all as "the systems."  
13 We completed our audit for the year ending  
14 June 30, 2014 and for the year end as well. We issued

15 our report October 29, 2014, and the CAFR was issued  
16 December 18 -- my birthday.

17 MS. MARCH: You have the same birthday as  
18 Randi Weingarten, same day.

19 MR. MALLOY: So, the pension plan adopted  
20 GASB 7, which I will talk about a little bit in a few  
21 minutes. That was one of the adoptions that was an  
22 additional paragraph in the audit.

23 We conducted our audit in accordance with  
24 auditing standards generally accepted in the United  
25 States of America. As part of doing an audit, the

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1 auditor is issuing an opinion on the financial  
2 statement with regard to fairness and presentation of  
3 the financial statements and disclosures, as well.

4 As part of doing any sort of audit, we're  
5 looking at internal controls, and from the standpoint  
6 of the pension systems we review the internal controls  
7 manually and electronically. We're not doing that  
8 from the standpoint of issuing a separate opinion on  
9 the internal controls. There's two reports that get  
10 issued, one on financial statements and one on  
11 controls.

12 That's not required for the pension  
13 system, so we don't don't issue two separate opinions.  
14 We look at internal controls, we do testing on  
15 internal controls from the standpoint of understanding  
16 of the controls, making sure they're operating  
17 effectively.

18 We do that also for purposes of trying to  
19 determine risk, errors of risk, and also for planning  
20 our audit testing, which requires us to outline the  
21 nature, time and extent of the detailed procedures  
22 that we did during our audit.

23 With regard to the financial statements,  
24 like all financial statements, there are certain  
25 elements, accounting estimates that go into preparing

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1 a set of financial statements. The pension system is  
2 no different. The more significant areas of  
3 estimation included in the pension system are the  
4 determination of fair value of the investments, the  
5 actuarial asset value, the actuarial liability, and  
6 the actuarial determined net liability.

7 For the year ended June 30, 2014, there  
8 were no changes with any of the significant estimates  
9 with regard in the method or the approach or how we  
10 calculated.

11 Uncorrected misstatements: There were no  
12 uncorrected misstatements, errors that are material.

13 Material misstatements: There were no  
14 materially corrected misstatements.

15 Significant accounting policies are laid  
16 out in Note 2 to the financial statements. There were

17 no significant changes with regard to them, other than  
18 the adoption of GASB 67 and 68.

19 With regard to disagreements with  
20 management, we had none. We're not aware of any  
21 communications that the pension system had with  
22 outside accountants.

23 However, I'd say the City did contract  
24 with KPMG to assist with the adoption of GASB 67, 68.  
25 There was a lot of reworking of the financial

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1 statement presentation this year. So they assisted  
2 really in just helping to draft the template format of  
3 each of the systems -- ultimately the prepared forms  
4 you see.

5 We had no difficulties with regard to  
6 conducting the audit. And attached to the letter is a  
7 representation letter that we received with regard to  
8 the issuance of financial statements in the CAFR as  
9 well.

10 I did mention there was a matter in the  
11 opinion of the financials. The City of New York, the  
12 pension systems each were required to adopt GASB 67  
13 this past year. That required, that's the accounting  
14 for pensions, each of the pension plans, to adopt GASB  
15 67. The City itself had to actually this year adopt  
16 GASB 68. But it had decided it was best for the City  
17 to adopt both simultaneously; which probably is a  
18 smart choice, because the pension systems have the  
19 same year end as the City.

20 And if you look at, if you went in the  
21 City pension systems and the state pension system, the  
22 systems' year end were different than the City year  
23 end. That's why you had the difference between the  
24 date of adoption of GASB 67 versus GASB 68. So the  
25 City adopted both this past year.

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1 And that was a major undertaking, because  
2 the City, when you think of governments, is really the  
3 third largest government other than the federal  
4 government in the country. California, State of New  
5 York, the City of New York. Probably if you took the  
6 City out of the state, the numbers, the City may be  
7 bigger than the state, I would guess.

8 So it was a very large effort in this  
9 adoption. We worked very closely with the Office of  
10 the Actuary, the folks over in the Comptroller's  
11 Office, also with each of the pension systems.

12 So it was a big undertaking in adopting  
13 standards. I can just tell you because of it I'm  
14 getting a lot of calls to say, "How did you do this,  
15 how did you get this done? What about this accounting  
16 issue, what about that?" So a lot goes into that,  
17 looking to the City's finances and also your  
18 financials with regard to adoption of standards.

19                   So, that's kind of it with regard to my  
20 comments related to the audits of the pension systems.  
21                   Any questions?  
22                   CHAIRPERSON AARONSON:   Anybody?  
23                   (No response.)  
24                   Thank you very much.  
25                   MR. MALLOY:   Thank you.

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1                   MS. REILLY:   Next is the executive  
2 director's report.   The first item there is the next  
3 meeting.   It's been suggested that the next regular  
4 meeting of the Teachers' Retirement Board be held the  
5 fourth Thursday, March 26, 2015.  
6                   CHAIRPERSON AARONSON:   Please make sure  
7 you note that.  
8                   MS. REILLY:   Next is the actuary's  
9 recommendation for fiscal year 2015, employer  
10 contributions to the New York City Teachers'  
11 Retirement System.  
12                   MS. MARCH:   Please move to the resolve.  
13                   MS. REILLY:   "Resolved, that the employer  
14 contributions to the New York City Teachers'  
15 Retirement System for fiscal year 2015 be revised from  
16 \$3,133,925,933 to \$3,265,748,864; and such revision is  
17 hereby approved by the retirement board."  
18                   CHAIRPERSON AARONSON:   Is therer a motion  
19 to adopt that?  
20                   MR. BROWN:   So moved.  
21                   CHAIRPERSON AARONSON:   Is there a second?  
22                   MS. VICKERS:   Second.  
23                   CHAIRPERSON AARONSON:   Any discussion?  
24                   (No response.)  
25                   Seeing none, we'll vote.

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1                   All in favor?  
2                   (A chorus of "Ayes.")  
3                   Any opposed?  
4                   (No response.)  
5                   That's been accepted.  
6                   MS. REILLY:   Next is the actuarial  
7 extension.  
8                   MS. MARCH:   Move to the resolve.  
9                   MS. REILLY:   "Resolved, that Robert C.  
10 North, Jr., continue to perform the duties and  
11 functions of the actuary as set forth in the relevant  
12 provisions of the administrative code of the City of  
13 New York, and as directed by the Board of Trustees for  
14 the period commencing February 1, 2015 and ending  
15 February 28, 2015.  
16                   "And be it further resolved that during  
17 this time period Mr. North shall be known as the  
18 acting chief actuary, except for purposes of executing  
19 program benefits and certification and related  
20 documents, which he shall be authorized to sign as

21 chief actuary."  
 22 CHAIRPERSON AARONSON: Do I hear a motion?  
 23 MS. MARCH: So moved.  
 24 CHAIRPERSON AARONSON: A second?  
 25 MS. VICKERS: Second.  
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 1 CHAIRPERSON AARONSON: Any discussion?  
 2 (No response.)  
 3 Seeing none, all in favor of extending the  
 4 actuary's term?  
 5 (A chorus of "Ayes.")  
 6 Any opposed?  
 7 (No response.)  
 8 That's accepted.  
 9 MS. REILLY: Authorize the actuary to  
 10 utilize pension census data to compute post employment  
 11 benefit obligations for the fiscal year ending June  
 12 30, 2015.  
 13 MS. MARCH: Move to the resolve, please.  
 14 MS. REILLY: "Resolved, that the Board of  
 15 Trustees authorizes the actuary to utilize June 30,  
 16 2014 pension census data to determine other post  
 17 employment benefit obligations for the City of New  
 18 York, and where appropriate certain component units."  
 19 CHAIRPERSON AARONSON: Do I hear a motion?  
 20 MS. MARCH: So moved.  
 21 MS. VICKERS: Second.  
 22 CHAIRPERSON AARONSON: Any discussion?  
 23 (No response.)  
 24 All in favor?  
 25 (A chorus of "Ayes.")  
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 1 Any opposed?  
 2 (No response.)  
 3 The actuary can use our figures.  
 4 (Laughter.)  
 5 MS. REILLY: Budget modification.  
 6 MS. MARCH: Move to the resolves.  
 7 MS. REILLY: "Resolved, that the Trustees  
 8 of the Teachers' Retirement Board hereby approve a  
 9 modification of the fiscal year 2015 budget by  
 10 increasing such budget in the amount of \$1,156,618 to  
 11 provide pay increases for the executive director and  
 12 all eligible staff in accordance with the Mayor's  
 13 personal order 2015/1 and 2015/2."  
 14 CHAIRPERSON AARONSON: Do I hear a motion?  
 15 MS. MARCH: So moved.  
 16 MS. VICKERS: Second.  
 17 CHAIRPERSON AARONSON: It's been moved and  
 18 seconded. Any discussion?  
 19 (No response.)  
 20 Seeing no discussion, all those in favor  
 21 of giving teachers a raise, say "aye."  
 22 (Laughter.)

23 (A chorus of "Ayes.")  
24 Any opposed?  
25 (No response.)

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1 MS. MARCH: I think their negotiations  
2 were much easier than ours.

3 (Laughter.)

4 CHAIRPERSON AARONSON: I think that the  
5 staff at the Teachers' Retirement System is probably  
6 the finest group of public employees anywhere in the  
7 world, except for staff of the City of New York --

8 (Laughter.)

9 We appreciate it and hope that the people  
10 who get this enjoy it and use it.

11 MS. REILLY: Thank you very much.

12 Next is Reso 6.

13 CHAIRPERSON AARONSON: Resolution 6 is a  
14 resolution to honor Kathleen Grimm, and I'd like to  
15 read the whole thing into the minutes.

16 "Whereas, Kathleen Grimm began her  
17 distinguished service to the City of New York in 1985,  
18 which included serving as First Deputy Commissioner of  
19 the Department of Finance, and New York State Deputy  
20 Comptroller for the City of New York, before joining  
21 the Department of Education in 2002, where she served  
22 as Deputy Chancellor in charge of Operations to four  
23 chancellors;

24 "And, whereas Kathleen Grimm was  
25 designated by the then Chancellor of the Department of

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1 Education as his representative to the Teachers'  
2 Retirement Board on October 17, 2002, and brought her  
3 unique and valuable perspective to the Board as a  
4 Trustee through January 2015;

5 "And whereas, Kathleen Grimm's  
6 responsibilities as Deputy Chancellor of Operations  
7 affected every New York City student and she was known  
8 for her continued devotion to the City's schools and  
9 its students and her calm under pressure;

10 "And, whereas, Kathleen Grimm passed away  
11 on February 1, 2015, leaving behind a loving family,  
12 friends and colleagues who mourn her loss;

13 "And, whereas, she was known as a role  
14 model for women in City government, as well as her dry  
15 sense of humor and sense of decorum, and was highly  
16 respected by her colleagues and the Mayors and  
17 Chancellors she served;

18 "Therefore, be it resolved that the  
19 Trustees of the Teachers' Retirement Board and the  
20 staff of TRS extend their deepest sympathies to the  
21 Grimm family and friends. The Trustees and associates  
22 of TRS share their sense of loss, for we will miss her  
23 experience and her dedication to the schools and  
24 students of New York City. Although Kathleen Grimm is

25 no longer with us, her contributions will not be  
0015 forgotten."  
1  
2 Do I hear motion to accept that  
3 resolution?  
4 MS. MARCH: So moved.  
5 CHAIRPERSON AARONSON: A second?  
6 MS. VICKERS: Second.  
7 CHAIRPERSON AARONSON: Any discussion at  
8 all?  
9 (No response.)  
10 Would you like to make a comment?  
11 MS. MALDONADO: Thank you very much.  
12 I think Kathleen very much respected the  
13 work of everyone around the table, and took her  
14 responsibility to make sure that the Teachers'  
15 Retirement System represented all of the employees  
16 here and past. She took that responsibility very,  
17 very seriously.  
18 And I know it was one of the -- I wouldn't  
19 say joys -- one of the really important parts of her  
20 job. She took that very seriously.  
21 Thank you very much.  
22 CHAIRPERSON AARONSON: Her monthly visit  
23 and contributions to our Board was probably, of all  
24 the things she did, the one she liked the most.  
25 (Laughter.)  
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1 And if you would let us know, we would  
2 like to send a copy of this resolution --  
3 MS. MALDONADO: I will. Thank you very  
4 much.  
5 CHAIRPERSON AARONSON: Thank you.  
6 Anybody else?  
7 MS. REILLY: That concludes the executive  
8 director's report.  
9 The next item on the agenda is the  
10 calendar. Each Board member should have received a  
11 calendar previously, listing all the transactions and  
12 payments for the month.  
13 I'll go over a summary of that.  
14 First, the matter of approval of the  
15 minutes of the regular board meeting held on January  
16 22, 2015.  
17 CHAIRPERSON AARONSON: Motion to approve  
18 the minutes?  
19 MS. MARCH: So moved.  
20 CHAIRPERSON AARONSON: A second?  
21 MS. MALDONADO: Second.  
22 CHAIRPERSON AARONSON: Discussion?  
23 (No response.)  
24 All in favor?  
25 (A chorus of "Ayes.")  
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1 Any opposed?  
2 The minutes are approved.  
3 MS. REILLY: To the calendar.  
4 Pages 1 through 14 inclusive are the  
5 monthly periodic payroll TDA excess loan payments.  
6 Page 15 is the payroll summary accounts  
7 payable new retirees TDA accounts.  
8 Page 16 through 41 inclusive is transfer  
9 of TDA deferred annuity payments.  
10 Pages 42 through 98 inclusive are  
11 fractional payments.  
12 Pages 99 through 111 inclusive are checks  
13 of deceased members.  
14 Pages 112 through 127 are beneficiary  
15 continued option payments.  
16 Pages 128 through 138 inclusive are  
17 conversion of pop-up payments.  
18 Pages 139 to 141 inclusive are Nager II  
19 lump sum payments.  
20 Pages 142 through 189 inclusive are  
21 beneficiaries to receive one time payments for the TDA  
22 accounts.  
23 Pages 190 through 192 inclusive are  
24 returns of salary deductions.  
25 Page 193 is the transfer of funds between  
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1 banks.  
2 Pages 194 through 198 are the purchase and  
3 sales of securities, transactions for the Passport  
4 fund program.  
5 Pages 199 through 200 are successive  
6 installments.  
7 Page 201 to 205 are outstanding checks.  
8 Pages 206 through 213 inclusive are  
9 revisions of rescinded and revised coverage.  
10 Page 214 are layoffs without pay.  
11 Page 215 through 217 are payments for  
12 service credit.  
13 Page 128 is denied accident disability  
14 benefits.  
15 Page 219 is denied ordinary benefits.  
16 Page 220 is minimum accumulations.  
17 Page 221 is new service retirement.  
18 That's it.  
19 CHAIRPERSON AARONSON: Do I hear a motion  
20 to adopt the calendar?  
21 MS. MARCH: So moved.  
22 MS. VICKERS: Second.  
23 CHAIRPERSON AARONSON: Any discussion?  
24 (No response.)  
25 Seeing no discussion, all in favor?

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1 (A chorus of "Ayes.")  
2 Any opposed?

3 (No response.)  
4 The calendar is adopted.  
5 MS. REILLY: The next item on the agenda  
6 is any other business before the Board.  
7 MS. MARCH: I'd like take this  
8 opportunity to thank the Teachers' Retirement System  
9 on behalf of all the retirees in the City of New York  
10 who are eligible to receive retroactive money. That  
11 money was paid to their EFT accounts at the Teachers'  
12 Retirement System. And for that small number of  
13 people who do not have EFT deposits, the address is  
14 used to send the remaining number of people -- and it  
15 is a small number, about 400 -- the remaining 400  
16 people, the checks at home.  
17 And so I want again to thank the Teachers'  
18 Retirement System for helping our members have a very  
19 easy life in retirement.  
20 MS. REILLY: Thank you very much.  
21 CHAIRPERSON AARONSON: Anybody else?  
22 (No response.)  
23 Other business?  
24 Anybody from the public?  
25 (No response.)

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1 Nobody from the public.  
2 Is there a motion to adjourn?  
3 MR. ADLER: So moved.  
4 MS. MARCH: Second.  
5 CHAIRPERSON AARONSON: All in favor of  
6 adjourning?  
7 (A chorus of "Ayes.")  
8 Any opposed?  
9 We're adjourned.  
10 (Time noted: 4:07 p.m.)  
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1 C E R T I F I C A T I O N  
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3 I, Jeffrey Shapiro, a Shorthand Reporter  
4 and Notary Public, within and for the State of New

5 York, do hereby certify that I reported the  
6 proceedings in the within-entitled matter, on  
7 Thursday, February 26, 2015, at the offices of the NEW  
8 YORK CITY TEACHERS RETIREMENT SYSTEM, 55 Water Street,  
9 New York, New York, and that this is an accurate  
10 transcription of these proceedings.

11 IN WITNESS WHEREOF, I have hereunto set my  
12 hand this 27th day February, 2015.

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JEFFREY SHAPIRO