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5 TEACHERS' RETIREMENT BOARD MEETING

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14 HELD AT:

15 55 WATER STREET

16 NEW YORK, NEW YORK

17 MARCH 18, 2010

18 3:45 P.M. TO 3:59 P.M.

19 B E F O R E:

20 MELVYN AARONSON, ACTING CHAIRMAN

21

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23

24 REPORTED BY:

25 LIZ SANCHEZ-PAZ

 EXECUTIVE ASSISTANT TO NELSON SERRANO

2 A P P E A R A N C E S :

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TRS :

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NELSON SERRANO, Executive Director

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MELVYN AARONSON, Teachers' Trustee

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SANDRA MARCH, Teachers' Trustee

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MONA ROMAIN, Teachers' Trustee

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8 COMPTROLLER'S OFFICE :

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THAD McTIGUE, Trustee

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CORPORATION COUNSEL :

11

INGA VAN EYSDEN, Law Department

12

13 OFFICE OF THE ACTUARY :

14

ROBERT C. NORTH JR., Chief Actuary

15

MAYOR'S APPOINTEE :

16

BUD LARSON, Trustee

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DIANE BRATCHER, Alternate Trustee

18

DEPARTMENT OF EDUCATION :

19

JAIME SMARR, Trustee

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21 PANEL FOR EDUCATIONAL POLICIES :

22

TINO HERNANDEZ, Trustee

23

24

25

2 TRS STAFF:

3 ROBERT BETHELMY
CARMELA CRIVELLI

4 JOEL GILLER
MARC KATZ

5 VIRGINIA LEE
RENEE PEARCE

6 PAUL RAUCCI
PATRICIA REILLY

7 ROBERT SANTANGELO
MANGESH TARIBAGIL

8

9 OTHER ATTENDEES:

10 LARRY SCHLOSS, Comptroller's Office

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1 TRS Regular Board Meeting, MARCH 18, 2010

2 P R O C E E D I N G S

3 MR. SERRANO: Good afternoon. We will begin the
4 March 18, 2010 regular meeting of the Teachers'
5 Retirement Board by calling the roll.

6 MR. SERRANO: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MR. SERRANO: Jamie Smarr?

9 MR. SMARR: Present.

10 MR. SERRANO: Tino Hernandez?

11 MR. HERNANDEZ: Here.

12 MR. SERRANO: Bud Larson?

13 MR. LARSON: Here.

14 MR. SERRANO: Thad McTigue?

15 MR. McTIGUE: Here.

16 MR. SERRANO: Sandra March?

17 MS. MARCH: Present.

18 MR. SERRANO: Mona Romain?

19 MS. ROMAIN: Here.

20 MR. SERRANO: Everybody is here and we definitely
21 have a quorum, but we need to nominate an Acting Chairperson.

22 MR. LARSON: I nominate Mel Aaronson.

23 MR. SERRANO: Will anybody second that?

24 MR. McTIGUE: Second.

25 MR. SERRANO: All those in favor say aye.

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2 (Whereupon all those present so indicated.)

3 MR. SERRANO: Any opposed? Any abstentions? Hearing
4 none, we will continue with the Agenda. The next item on
5 the Agenda is an Update on TRS Operations. Each of you
6 has an updated copy of the Calendar of Events and Patricia
7 Reilly will provide us with a few updates.

8 MR. REILLY: This week, TRS implemented Class Coverage
9 pension deductions for the first time on the March 15th
10 payroll. We sent out a message along with our 4th Quarter
11 Quarterly Account Statements ("QAS") letting members know
12 that they will start seeing deductions against Class
13 Coverage. We will be sending out another message with our
14 next QAS letting them know that the deductions have started.

15 MR. SERRANO: We understand that deductions took well.
16 We have not received any complaints.

17 MS. REILLY: No, no complaints. In February, we started
18 health deductions for our advanced payment members. This
19 month in March, they will start to see those health
20 deductions against their paychecks.

21 Next week, we are going to start hitting the schools
22 with Beneficiary Posters that urge our members to file
23 and maintain their beneficiary information. The poster's
24 theme is "Don't gamble with your loved ones' future." We
25 are hoping that we will see a substantial increase in the

1 TRS Regular Board Meeting, MARCH 18, 2010

2 return of these beneficiary forms.

3 MR. AARONSON: Patricia, will you take a second to let
4 the Board Members all know what the problem is with that?

5 MS. REILLY: Sure. Over the past several years, we have
6 been tracking the return rate of beneficiary forms for our
7 new members and for our existing members. Especially for our
8 newer members, we have a very low return rate; somewhere
9 near 20% return the forms and about 80% do not. Tragically,
10 things may happen and their benefits get tied up through
11 their estates instead of the benefits going directly to their
12 loved ones. We are trying very hard to tell them how
13 important it is to file those beneficiary forms so that their
14 intended beneficiary get what they deserve in a timely
15 manner.

16 MR. AARONSON: A recent case that made the news
17 mentioned how a couple jogging in Staten Island were hit by
18 a car. One of them was a teacher and was killed. When we
19 investigated and tried to process the beneficiary benefits,
20 we found that he had no designation of beneficiary on file.
21 These things do happen too frequently so we are trying to
22 have this campaign in the schools as soon as possible.

23 MR. SMARR: Do we have any sense of reasons as to
24 why they do not fill them out?

25 MS. MARCH: They are overwhelmed by all of the paper-

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2 work that is given to them.

3 MR. HERNANDEZ: Do we know if it is the younger
4 members or the new members?

5 MS. ROMAIN: It is usually the newer members who do
6 not file their forms.

7 MS. REILLY: It is new people to the System, but our
8 older members, when they have life changes, they forget
9 to change or re-file their beneficiary forms. This usually
10 results in benefits going to someone who you did not wish to
11 receive your benefits. It is a problem on both ends.

12 Our Member Education and Member Services Department are
13 going to be hosting a table and delivering a presentation at
14 the UFT's Paraprofessional Festival on March 20, 2010.

15 MS. MARCH: We would like to thank you in advance,
16 because we know how successful it always is.

17 MS. REILLY: Thank you.

18 MR. HERNANDEZ: This is like an event for Paras?

19 MS. MARCH: Yes. Our Paras have a luncheon and the
20 System provides two or three educational panels so that the
21 Paras can learn about their pensions.

22 MR. AARONSON: The main reason for doing it is because
23 Paraprofessionals are among the most underpaid employees of
24 the Department of Education and are not mandated into a
25 retirement system. They have to elect to join a retirement

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2 system. We have discovered that many of these Paras
3 have never joined the System and by having these work-
4 shops, we get them the information they need to join the
5 System. When they retire, after all of their service, they
6 can collect a benefit from the City.

7 MR. HERNANDEZ: I do not want to assume, but if you are
8 a Para for five years are you entitled to buyback time?

9 MR. SERRANO: Yes.

10 MS. MARCH: I do not want to say too many nice things
11 about the staff; there was a time when the staff did not do
12 the workshops and the three of us did it. We have such
13 tremendous confidence because the staff has become so
14 efficient in being able to do the education for our Paras
15 that we invite them to do it instead of us.

16 MS. REILLY: Next week, TRS will be implementing a
17 new Customer Relationship Management Software that is going
18 to help us track and manage our member inquiries that come
19 into our Walk-In and Call Centers. We are very excited about
20 that and we think it will help us to service our customers
21 better.

22 Take Our Children to Work is scheduled to coincide with
23 our next Board Meeting and we are currently planning on the
24 different events that we are going to be having for the kids
25 that day.

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2 MR. SERRANO: Will it be ok with the Board of the
3 children sit-in during our Board Meeting?

4 (All of the Trustees agreed to allow the children to
5 sit-in during the next Board Meeting.)

6 MR. SERRANO: Thank you for the updates, Patricia.
7 We will now move to the Executive Director's Report. The
8 first item is the Next Meeting. It has been suggested that
9 the next regular meeting of the Teachers' Retirement Board
10 be held on the fourth Thursday of the month, April 22, 2010.

11 The second item is the resolution concerning the
12 election of a Chairperson.

13 MS. MARCH: Lay it over please.

14 MR. SERRANO: The third item is a Request for the
15 Retirement Board to Adopt the Actuary's Recommendation for
16 Updated Preliminary Fiscal Year 2010 Employer Contributions
17 to the New York City Teachers' Retirement System.

18 MS. MARCH: Lay it over please.

19 MR. SERRANO: Item 4 is the Authorization to the
20 Comptroller of the City of New York to Invest Certain Funds.
21 At its meeting on December 17, 2009, the Teachers'
22 Retirement Board authorized the Comptroller to invest certain
23 funds of the Teachers' Retirement System for a period of
24 three (3) months. In the event that the Board desires to
25 continue this authorization, the following resolution is

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2 submitted for consideration and approval:

3 Resolved, by the Teachers' Retirement Board as
4 trustees of the Teachers' Retirement System that, in
5 accordance with Section 13-513 and Section 13-534 of the
6 Administrative Code of the City of New York, the
7 Comptroller of the City of New York is hereby authorized
8 and requested, in accordance with Section 13-702 of the
9 Administrative Code of the City of New York to invest
10 consistent with the investment policies of Teachers'
11 Retirement System of the City of New York the contingent
12 reserve fund, the pension reserve fund, the annuity savings
13 fund and the annuity reserve fund referred to in Section
14 13-520 of the Administrative Code of the City of New York,
15 other than the portion thereof held for current needs,
16 pursuant to Section 13-538, subject to the terms and
17 limitations set forth herein:

18 1. The Comptroller shall have the power:

19 a. To make any investment, which the trustees of the
20 Teachers' Retirement System are authorized by law
21 to make, including stock investment in securities
22 as authorized by the Retirement Board in its
23 resolution of November 20, 1990. However, any
24 investment in any tax-exempt security shall
25 require prior approval of the Board.

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2 b. To hold, sell, assign, transfer, or dispose of
3 any of the properties, securities or investments
4 in which any of the funds of the Teachers'
5 Retirement System shall have been invested,
6 including the proceeds of such investments and
7 any monies belonging to such fund, subject to the
8 terms, conditions, limitations, and
9 restrictions impose by the law upon the trustees
10 of the Teachers' Retirement System.

11 c. In the name of the Comptroller, as agent of the
12 trustees, to foreclose mortgages upon default or
13 to take title to real property in such
14 proceedings in lieu thereof, or to lease and sell
15 any properties so acquired.

16 2. Any termination, expiration or revocation of this
17 delegation to invest shall not affect any binding
18 commitment previously made by the Comptroller
19 pursuant to such delegation and the Comptroller
20 shall have the power to discharge fully any such
21 binding commitment according to its terms.

22 3. The authority hereby granted to the Comptroller of
23 the City of New York by the Teachers' Retirement
24 Board for the investing of its funds shall be
25 limited to a three-month period terminating

1 TRS Regular Board Meeting, MARCH 18, 2010

2 June 30, 2010.

3 4. Investment of funds of the Teachers' Retirement
4 Board in real estate mortgages which are not
5 guaranteed by the City of New York, the State of
6 New York, and/or the United States governments,
7 may be made by the Comptroller in accordance with
8 an agreed procedure contained in a memorandum
9 dated March 16, 1968.

10 5. The transactions executed within the provisions
11 of paragraphs 1-4 of this resolution shall be
12 submitted to the Teachers' Retirement Board at
13 the next meeting following the execution of such
14 transaction.

15 MS. MARCH: So moved.

16 MS. ROMAIN: Second.

17 MR. AARONSON: All those in favor say aye.

18 (Whereupon all those present so indicated.)

19 MR. AARONSON: Any opposed? Any abstentions? Hearing
20 none, we will continue.

21 MR. SERRANO: The fourth resolution concerns the
22 Authorization to the Comptroller of the City of New York
23 to Invest Certain Tax-Deferred Annuity Funds. At its
24 meeting on December 17, 2009, the Teachers' Retirement
25 Board authorized the Comptroller invest, for a period of

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2 three (3) months, the net contributions of the Tax-Deferred
3 Annuity Program for participants electing the fixed portion
4 of the Program. In the event that the Board desires to
5 continue to have these funds invested by the Comptroller of
6 the City of New York, the following resolution is submitted
7 for consideration and approval:

8 MS. MARCH: Move to the Resolved.

9 MR. SERRANO: Resolved, by the Teachers' Retirement
10 Board as trustees of the Teachers' Retirement System that,
11 in accordance with Sections 13-513 and Section 13-534 of
12 the Administrative Code of the City of New York, the
13 Comptroller of the City of New York is hereby authorized
14 and requested, in accordance with Section 13-702 of the
15 Administrative Code of the City of New York to invest
16 consistent with the investment policies of Teachers'
17 Retirement System of the City of New York the portion
18 of the annuity savings fund and the annuity reserve
19 fund arising from the tax-deferred annuity net
20 contributions, subject to the terms and limitations set
21 forth herein:

22 1. The Comptroller shall have the power:

23 a. To make any investment, which the trustees of the
24 Teachers' Retirement System are authorized by law
25 to make, including stock investment in securities

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2 as authorized by the Retirement Board in its
3 resolution of November 20, 1990. However, any
4 investment in any tax-exempt security shall
5 require prior approval of the Board.

6 b. To hold, sell, assign, transfer, or dispose of
7 any of the properties, securities or investments
8 in which any of the funds of the Teachers'
9 Retirement System shall have been invested,
10 including the proceeds of such investments and
11 any monies belonging to such fund, subject to the
12 terms, conditions, limitations and restrictions
13 imposed by the law upon the trustees of the
14 Teachers' Retirement System.

15 c. In the name of the Comptroller, as agent of the
16 trustees, to foreclose mortgages upon default
17 or to take title to real property in such
18 proceedings in lieu thereof, or to lease and
19 sell any properties so acquired.

20 2. Any termination, expiration or revocation of this
21 delegation to invest shall not affect any binding
22 commitment previously made by the Comptroller
23 pursuant to such delegation and the Comptroller
24 shall have the power to discharge fully any such
25 binding commitment according to its terms.

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2 3. The authority hereby granted to the Comptroller of
3 the City of New York by the Teachers' Retirement
4 Board for the investing of its funds shall be
5 limited to a three-month period terminating
6 June 30, 2010.

7 4. Investment of funds of the Teachers Retirement
8 Board in real estate mortgages which are not
9 guaranteed by the City of New York, the State of
10 New York, and/or the United States government, may
11 be made by the Comptroller in accordance with an
12 agreed procedure contained in a memorandum dated
13 March 16, 1968.

14 The transactions executed within the provisions of
15 paragraphs 1-4 of this resolution shall be submitted to
16 the Teachers Retirement Board at the meeting next following
17 the execution of such transaction.

18 MS. MARCH: So moved.

19 MS. ROMAIN: Second.

20 MR. AARONSON: All those in favor please say aye.

21 (Whereupon all those present so indicated.)

23 MR. AARONSON: Any opposed? Any abstentions? Hearing
24 none, we will continue.

25 MR. SERRANO: The sixth item is a Request for the Board

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2 of Trustees to Authorize the Actuary to Utilize Pension
3 Census Data to Compute Other Postemployment Benefits
4 Obligations for the Fiscal Year Ending June 30, 2010.

5 MS. MARCH: So moved.

6 MS. ROMAIN: Second.

7 MR. AARONSON: Any opposed? Any abstentions? Hearing
8 we will continue.

9 MR. NORTH: The Actuary thanks you.

10 MR. SERRANO: The next item is the Diversified Equity
11 Fund (Variable A) (Eclectic Composite).

12 MS. MARCH: Move to the Resolved.

13 MR. AARONSON: Before we vote, Marc will give us a quick
14 update.

15 MR. KATZ: Lynmar Capital Group was an emerging manager
16 for us. They were hired back in 2004. We found out just
17 yesterday morning that they are going to close the business
18 effective immediately. The terminology we are using in the
19 resolution is "shortly", but minutes ago, we received a fax
20 from the owner Marilyn Dicks Riley who indicated that she is
21 shutting down the business immediately. We have decided to
22 cease-and-desist trading. We gave her that notification
23 yesterday as of the close of business on March 17th. This
24 resolution is to terminate her immediately and move the
25 assets, temporarily, to the transition manager, which is

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2 Mellon Transition Management Services. Subsequent to which,
3 at the Investment Meeting on April 15th, we are going to
4 discuss the disposition of those assets. Rocaton will
5 prepare a presentation.

6 MR. SERRANO: Resolved, that the portfolio currently
7 under management by Lynmar shall be transferred as soon as
8 practicable to Mellon Transition Management pending further
9 action by the Board and its Finance Committee; and it is
10 further

11 Resolved, that upon completion of the transfer, the
12 agency agreements with Lynmar will be terminated; and be it
13 further

14 Resolved, that the Chair, or in his or her absence, the
15 Executive Director, or in his absence, the Director,
16 Investment Administration, is hereby authorized and directed
17 to execute agreements and other documents or instruments as
18 may be necessary to implement this resolution; and be it
19 further

20 Resolved, that the Chair, or in his or her absence, the
21 Executive Director, or in his absence, the Director,
22 Investment Administration, is hereby authorized and directed
23 to issue instructions and take any other action as may be
24 necessary to implement this resolution, including the
25 transfer of any assets or funds as provided in this

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2 resolution.

3 MS. ROMAIN: So moved.

4 MS. MARCH: Second.

5 MR. AARONSON: All those in favor please say aye.

6 (Whereupon all those present so indicated.)

7 MR. AARONSON: Any opposed? Any abstentions? Hearing
8 none, we will continue.

9 MR. SERRANO: The last resolution is regarding
10 Attendance at a Conference. The following resolution is
11 presented for consideration and possible adoption:

12 Resolved, that the Trustees of the Teachers' Retirement
13 Board hereby approve the attendance and participation of the
14 Executive Director and/or his designee(s), and any interested
15 Trustee a the Council of Institutional Investors' ("CII")
16 2010 Spring Meeting from April 11 - 13, 2010.

17 MS. MARCH: So moved.

18 MR. McTIGUE: Second.

19 MR. AARONSON: All those in favor please say aye.

20 (Whereupon all those present so indicated.)

21 MR. AARONSON: Any opposed? Any abstentions? Hearing
22 none, we will continue.

23 MR. SERRANO: The next item is the Calendar. The first
24 item is the matter of the approval of the Minutes for the
25 regular meetings held on February 18, 2010.

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2 MS. ROMAIN: So moved.

3 MR. SMARR: Second.

4 MR. AARONSON: All those in favor please say aye.

5 (Whereupon all those present so indicated.)

6 MR. AARONSON: Any opposed? Any abstentions? Hearing
7 none, we will continue.

8 MR. SERRANO: The next item is the approval of Items
9 1 through 14 on pages 1 through 160.

10 MS. ROMAIN: So moved.

11 MR. LARSON: Second.

12 MR. AARONSON: All those in favor please say aye.

13 (Whereupon all those present so indicated.)

14 MR. AARONSON: Any opposed? Any abstentions? Hearing
15 none, we will continue.

16 MR. SERRANO: The next item on the Agenda is Any Other
17 Business. Seeing that we do not have anyone from the public
18 present, we will continue. I just wanted to remind the Board
19 that the Investment Meeting is on April 15th which is not a
20 typical date for us.

21 MR. AARONSON: There is going to be an Attorney/Client
22 Privilege meeting after we complete our public session. Do
23 I have a motion to go into Executive Session?

24 MS. ROMAIN: So moved.

25 MS. MARCH: Second.

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2 (Whereupon at this time, the meeting went into Executive
3 Session.)

4 MR. AARONSON: Do I have a motion to return to Public
5 Session?

6 MS. MARCH: So moved.

7 MR. McTIGUE: Second.

8 MR. AARONSON: Before we end the Board Meeting for the
9 day, we had an Attorney / Client Privilege Executive Session
10 where the Board received advice concerning procurement laws
11 and rules as they apply to contracting decisions the Board
12 will be making.

13 Do we have any further business before the Board?
14 Hearing none, do I have a motion to adjourn?

15 MR. LARSON: Motion to adjourn.

16 MS. ROMAIN: Second.

17 MR. AARONSON: All those in favor please say aye.
18 (Whereupon all those present so indicated.)

19 MR. AARONSON: Any opposed? Any abstentions? Hearing
20 none, the meeting is adjourned. Thank you.

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