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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 APRIL 28, 2011
18 3:38 P.M. TO 3:58 P.M.

19 B E F O R E:

20 MELVYN AARONSON, ACTING CHAIRMAN

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24 REPORTED BY:
LIZ SANCHEZ-PAZ
25 EXECUTIVE ASSISTANT TO NELSON SERRANO

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

3 T R S :

4 P A T R I C I A R E I L L Y , D e p u t y E x e c u t i v e D i r e c t o r

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6 M E L V Y N A A R O N S O N , T e a c h e r s ' T r u s t e e
7 S A N D R A M A R C H , T e a c h e r s ' T r u s t e e
8 M O N A R O M A I N , T e a c h e r s ' T r u s t e e

9 C O M P T R O L L E R ' S O F F I C E :

10 T H A D M c T I G U E , T r u s t e e

11 C O R P O R A T I O N C O U N S E L :

12 I N G A V A N E Y S D E N , L a w D e p a r t m e n t

13 O F F I C E O F T H E A C T U A R Y :

14 R O B E R T C . N O R T H J R . , C h i e f A c t u a r y

15
16 M A Y O R ' S A P P O I N T E E :

17 C A R O L Y N W O L P E R T , A l t e r n a t e

18 D E P A R T M E N T O F E D U C A T I O N :

19 J A M I E S M A R R , T r u s t e e

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21 P A N E L F O R E D U C A T I O N P O L I C I E S :

22 L I S E T T E N I E V E S , T r u s t e e

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2 TRS STAFF:

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ROBERT BETHELMY

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ANDREW BRADFORD

CARMELA CRIVELLI

5

JOEL GILLER

ANNETTE HANRAHAN

6

MARC KATZ

ELLEN MURPHY-DeLEO

7

PAUL RAUCCI

ROBERT SANTANGELO

8

MANGESH TARIBAGIL

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OTHER ATTENDEES:

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EDWARD HAHN, TRS Employee

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BRING YOUR KIDS TO WORK

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1 TRS Regular Board Meeting, APRIL 28, 2011

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

3 MS. REILLY: Good afternoon. We will begin the
4 April 28, 2011 regular meeting of the Teachers' Retirement
5 Board by calling the roll.

6 MS. REILLY: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MS. REILLY: Kathleen Grimm?

9 (Please note, Kathleen Grimm was not present.)

10 MS. REILLY: Sandra March?

11 MS. GRIMM: Here.

12 MS. REILLY: Thad McTigue?

13 MS. MARCH: Here.

14 MS. REILLY: Lisette Nieves?

15 MR. McTIGUE: Here.

16 MS. REILLY: Mona Romain?

17 MS. NIEVES: Present.

18 MS. REILLY: Carolyn Wolpert?

19 MS. ROMAIN: Here.

20 MS. REILLY: We do have a quorum and the first order of
21 business is to elect an Acting Chairperson.

22 MS. MARCH: I nominate Mr. Aaronson.

23 MR. McTIGUE: I second the nomination.

24 MS. REILLY: All those in favor please say aye.

25 (Whereupon, all those present so indicated.)

1 TRS Regular Board Meeting, APRIL 28, 2011

2 MR. AARONSON: Ok, we are ready to begin.

3 MS. REILLY: The next item on the Agenda is an Update
4 on TRS Matters from Ellen DeLeo.

5 MR. AARONSON: Before that Patricia, could you tell me
6 a little bit about the public that is here today?

7 MS. REILLY: Ok, so today, we have visitors from staff
8 at TRS and I think Carolyn, you also have a visitor with us
9 today. They are here visiting us for Take Your Children to
10 Work Day.

11 (At which time each visitor stated their name and school.)

12 MS. REILLY: Thank you and welcome to the Board Meeting.

13 MR. AARONSON: It is very nice to see you here. I never
14 saw a group of young people so good looking and so smart as this
15 group. They are all wonderful, wonderful young people and great
16 support for our employees who are here. Our employees having
17 these wonderful families, make them better employees.

18 (Jamie Smarr, representing Kathleen Grimm, has joined the
19 meeting.)

20 MS. REILLY: The next item on the Agenda is an Update on
21 TRS Matters from Ellen DeLeo.

22 MS. DeLEO: Advisement Letters, along with Election Forms
23 and Informational Brochures were mailed between April 20th and
24 April 26th, to members who are no longer in service and must
25 take Required Minimum Distributions ("RMD") in 2011 from their

1 TRS Regular Board Meeting, APRIL 28, 2011

2 Tax-Deferred Annuity ("TDA"). There were 13,833 members, of
3 which 1,753 will be required to receive their initial RMD
4 distribution in 2011 or by March 31, 2012. The names and
5 addresses of those members scheduled to receive their first
6 RMD distribution were forwarded to the United Federation of
7 Teachers ("UFT") on March 31st, in preparation for the Annual
8 RMD Conference, to be hosted by the UFT on Tuesday, May 31st.

9 The TDA Spring Campaign mailing, targeting new members who
10 have not yet joined TDA, was mailed to 6,173 members between
11 April 11th and April 15th. The mailing of TDA Beneficiary
12 Quarterly Statements, to beneficiaries who have elected to
13 maintained TDA accounts with TRS, was completed on April 27th,
14 for 504 beneficiaries. The mailing of TDA Quarterly Statements,
15 for participants with TDA deferral status, for the first quarter
16 of 2011, to a population of 39,866 members, will start mailing
17 on May 2nd.

18 As part of the Variable B Communications Campaign,
19 informing members of the transition in January 2012, of the
20 Stable Value Fund to a Market Value Bond Fund, a mailing of
21 approximately 20,000 members and 200 beneficiaries that have
22 elected to maintain their TDA accounts with TRS, is scheduled
23 to begin on May 3rd. This mailing will include a Question and
24 Answer Sheet regarding the transition to the new fund and a
25 Fund Conversion Form that can be filed to initiate a third-

1 TRS Regular Board Meeting, APRIL 28, 2011

2 quarter fund conversion, in advance of the transition.

3 MR. AARONSON: Thank you very much.

4 MS. DeLEO: You are welcome.

5 MS. REILLY: Thank you Ellen. Robert Bethelmy will now
6 give us an update on July 1st retirements.

7 MR. BETHELMY: This month, marked the beginning of our
8 busy season for July 1st retirement application submissions.
9 As of yesterday, we have received 193 July 1st retirement
10 applications. Last year, at this same time, we had 104. We
11 expect the application submissions to pick up in June, where
12 last year, we received almost 80% of all July 1st retirement
13 applications in the month of June. In June, we also hope to
14 have staff from the Department of Education's ("DOE") health
15 benefits' units here. In previous years, we had them here so
16 members who submitted their retirement applications had the
17 opportunity to also submit their Health Benefit Forms at the
18 same time. They were able to do both in one location instead
19 of doing one here and then going to 65 Court Street to do the
20 next.

21 Last week and Monday and Tuesday of this week, all members
22 had their Spring Recess and we received our usual spike of
23 members visiting our Walk-In Center. For Spring Recess, we
24 received a total of 879 members that we serviced. That was a
25 little down from the 941 that we received last year during

1 TRS Regular Board Meeting, APRIL 28, 2011

2 Spring Recess.

3 MS. REILLY: Thank you Robert. Robert Santangelo
4 will now give us an update on the purchase of the equipment
5 necessary to have TRS tape the Investment and Board Meetings
6 going forward.

7 MR. SANTANGELO: There are three (3) things that we have
8 to do to enable ourselves to tape the meetings. Number one,
9 we have to install cameras here in the Boardroom. We already
10 have a vendor, identified as someone we do business with today,
11 to maintain our audio/visual equipment and they are scheduled to
12 be here two (2) weeks from this week to install them. We also
13 have to engage a webcasting service. We have identified a short
14 list of a few vendors who we got from the New York State Office
15 of General Services ("OGS") list and the New York City Vendex
16 list and we plan on selecting one tomorrow. Lastly, we have to
17 add a new page to our website where people would come to see
18 both the live meetings and the archived meetings. We estimate
19 that the one-time cost to do all of this will be around \$15,000
20 and the on-going annual costs (operational costs) would be
21 around \$5,000. Both of which will be covered by TRS'
22 administrative budget. We are targeting to have all of this in
23 place by the next Investment Meeting on May 12th.

24 MS. REILLY: Thank you Bob. The next item on the Agenda
25 is the Executive Director's Report and the first item there is

1 TRS Regular Board Meeting, APRIL 28, 2011

2 the Next Meeting. It has been suggested that the next
3 regular meeting of the Teachers' Retirement Board be held
4 on the fourth Thursday of the month, May 26, 2011.

5 MR. AARONSON: Will everyone please note that on their
6 calendar? Thank you.

7 MS. REILLY: The next item is a resolution to nominate
8 a chairperson.

9 MS. MARCH: Lay it over.

10 MS. REILLY: The third item is a Request for the Board
11 of Trustees to Authorize the Actuary to Utilize Pension Census
12 Data to Compute Other Postemployment Benefits Obligations for
13 the Fiscal Year Ending June 30, 2011.

14 MS. ROMAIN: Move to the Resolved, please.

15 MS. REILLY: Resolved, that the Board of Trustees
16 authorizes the Actuary to utilize June 30, 2010 Pension Census
17 Data to determine Other Postemployment Benefits obligations
18 for the City of New York and, where appropriate, certain
19 Component Units.

20 MR. AARONSON: Is there a motion?

21 MS. MARCH: So moved.

22 MR. AARONSON: Is there a second?

23 MR. MCTIGUE: Second.

24 MR. AARONSON: Any discussion? Hearing none, we will
25 move on.

1 TRS Regular Board Meeting, APRIL 28, 2011

2 MS. REILLY: The fourth item is the Final Fiscal Year
3 2011 Employer Contributions to the New York City Teachers'
4 Retirement System.

5 MS. MARCH: Move to the Resolved.

6 MS. REILLY: Resolved, that the Employer Contributions
7 to the New York City Teachers' Retirement System for Fiscal
8 Year 2011 of \$2,468,973,357 is hereby approved by the
9 Retirement Board.

10 MR. AARONSON: Is there a motion?

11 MS. ROMAIN: So moved.

12 MR. AARONSON: Is there a second?

13 MS. NIEVES: Second.

14 MR. AARONSON: Do we have any discussion? All those in
15 favor?

16 (Whereupon, all those present so indicated.)

17 MR. AARONSON: Any opposed? Motion is carried.

18 MS. REILLY: The fifth item on the Agenda is the
19 Preliminary Fiscal Year 2012 Employer Contributions to the
20 New York City Teachers' Retirement System.

21 MS. MARCH: Lay it aside please. We are still studying
22 the Resolution.

23 MS. REILLY: The sixth Resolution on the Executive
24 Director's Report is Chapter 43 of the Laws of 2010.

25 MS. MARCH: Move to the Resolved please.

1 TRS Regular Board Meeting, DECEMBER 16, 2010

2 MS. REILLY: Resolved, that Board meetings, to the extent
3 open to the public, shall be webcast by TRS Staff assigned by
4 the Board to perform this task as soon as staff completes
5 purchasing and installing necessary equipment; and be it
6 further

7 Resolved, that the webcasts of such public Board meetings
8 shall be available at an internet site made available by the
9 Board; and be it further

10 Resolved, that the Board directs staff to draft proposed
11 rules in accordance with the requirements of Chapter 43 and this
12 resolution for review and possible adoption by the Board at its
13 next regularly scheduled Board meeting.

14 MR. AARONSON: Is there a motion?

15 MS. MARCH: So moved.

16 MR. AARONSON: Is there a second?

17 MR. McTIGUE: Second.

18 MR. AARONSON: Is there any discussion? All those in
19 favor?

20 (Whereupon, all those present so indicated.)

21 MR. AARONSON: Any opposed? Motion is carried.

22 MS. REILLY: The seventh item on the Executive Director's
23 Report is the Proposed Administrative Budget Fiscal Year 2012.

24 In Fiscal 2010, TRS spent \$52,916,336 of the Board Approved
25 Budget of \$53,493,552. That left a surplus of \$577,216.

1 TRS Regular Board Meeting, DECEMBER 16, 2010

2 A more detailed breakdown by fund includes:

3 On June 18, 2009, the Board of Trustees of the Teachers'
4 Retirement System granted the authority to the Executive
5 Director or his designee to expend all necessary monies out
6 of the Proposed Administrative Budget for Fiscal Year 2010, in
7 accordance with Section 13-518 and other governing laws, based
8 on estimated fund allocated factors, which include:

9 10.48% or \$5,525,131 attributable to the Variable A Annuity
10 Fund of the Qualified Pension Plan ("QPP"), 1.82% or \$959,517
11 will be attributable to the Variable B Annuity Fund of the QPP,
12 18.56% or \$9,787,378 will be attributable to the Variable A
13 Annuity Fund of the Tax-Deferred Annuity Plan ("TDA"), 4.54% or
14 \$2,391,908 to the Variable B Annuity Fund of the TDA, 3.29% or
15 \$1,734,512 will be attributable to the Tier IV Loan Expense
16 Fund, 3.14% or \$1,655,431 will be attributable to the TDA Loan
17 Expense Fund, and the remaining 58.17% or \$30,667,642
18 attributable to the employer, for a total approved budget of
19 \$52,720,719.

20 On September 17, 2009, a modification was made to the
21 approved Fiscal Year 2010 budget in the amount of \$772,833 for
22 mayorial managerial increases, increasing the total FY2010
23 administrative budget to \$53,492,552.

24 The Actual operational Administrative Budget expenditures
25 for Fiscal Year 2010, based on finalized fund allocation factors

1 TRS Regular Board Meeting, APRIL 28, 2011

2 included:

3 9.83% or \$5,201,676 attributable to the Variable A
4 Annuity Fund of the QPP, 1.48% or \$783,162 to the Variable
5 B Annuity Fund of the QPP, 0.31% or \$164,041 to the Variable
6 C Annuity Fund of the QPP, 0.21% or \$111,124 to the Variable D
7 Annuity Fund of the QPP, 0.19% or \$100,541 to the Variable E
8 Annuity Fund of the QPP, 13.95% or \$7,381,829 to the Variable A
9 Annuity Fund of the TDA, 2.96% or \$1,566,324 to the Variable B
10 Annuity Fund of the TDA, 0.52% or \$275,165 to the Variable C
11 Annuity Fund of the TDA, 0.53% or \$190,499 to the Variable D
12 Annuity Fund of the TDA, 0.35% or \$185,207 to the Variable E
13 Annuity Fund of the TDA, 2.72% or \$1,439,324 to the Tier IV
14 Loan Expense Fund, 2.56% or \$1,354,658 to the TDA Loan Expense
15 Fund, and the remaining 64.56% or \$34,162,786 attributable to
16 the employer, for total Fiscal Year 2010 expenditures of
17 \$52,916,336.

18 The FY2011 Re-projected Budget is \$53,709,228 with a
19 surplus of \$1,867,205. The FY2012 Proposed Budget is for
20 \$54,708,158 resulting from detailed meetings, reports and
21 discussions with the Budget Committee and staff. Note, that
22 the budget included an expected health cost increase of
23 \$356,000.

24 So we will go to the Resolution for the Proposed
25 Administrative Budget for Fiscal Year 2012.

1 TRS Regular Board Meeting, APRIL 28, 2011

2 MS. MARCH: Move to the Resolved.

3 MS. REILLY: Resolved, that the Agency Budget as
4 proposed for the Fiscal Year 2012 (inclusive of the funds
5 set aside in accordance with the November 18, 2010 Board
6 resolution for analysis to improve TDA and Variable Services),
7 as presented to the Budget Committee in the amount of
8 \$54,708,158, is hereby adopted; and be it further

9 Resolved, that the Trustees hereby grant the authority to
10 the Executive Director or his designee to expend all necessary
11 monies out of such budget, in accordance with Section 13-518
12 and other governing laws.

13 MR. AARONSON: Is there a motion?

14 MS. MARCH: So moved.

15 MR. AARONSON: Is there a second?

16 MS. NIEVES: Second.

17 MR. AARONSON: Any discussion? Seeing none, all in
18 favor?

19 (Whereupon, all those present so indicated.)

20 MR. AARONSON: All opposed? Hearing none, motion is
21 carried.

22 MR. MCTIGUE: On behalf of the Comptroller, I would just
23 like to thank TRS Staff for the presentation and the Budget
24 Committee who helped us to understand and answer all our
25 questions.

1 TRS Regular Board Meeting, APRIL 28, 2011

2 MR. AARONSON: Thank you. I am sure the staff at TRS
3 and Mr. Hahn, who did the presentation to the Budget Committee,
4 appreciates that.

5 MS. REILLY: Yes, thank you Ed. The next item on the
6 Agenda is the Calendar. The first item on the Calendar is
7 the matter of the approval of the Minutes for the regular
8 meetings held on March 17, 2011.

9 MS. MARCH: So moved.

10 MR. AARONSON: Do I hear a second?

11 MS. WOLPERT: Second.

12 MR. AARONSON: Any discussion? All in favor of accepting
13 the Minutes?

14 (Whereupon, all those present so indicated.)

15 MR. AARONSON: Any opposed? Hearing none, motion carries.

16 MS. REILLY: The Calendar is the document containing the
17 actual work of TRS Staff involving members and beneficiaries
18 of the System. The Calendar is distributed to the Board Members
19 a week before the Board Meeting so they have time to review it
20 beforehand. We are going to go through the Calendar by
21 category.

22 The first category is periodic pay-run for TDA, Excess,
23 Loans and Refunds from pages 1 through 13. The next category
24 is Pension Payroll which is on page 14; deceased member
25 beneficiaries who annuitize their TDA on pages 15 through 38;

1 TRS Regular Board Meeting, APRIL 28, 2011

2 fractional payments from pages 39 through 86; uncollected
3 checks for deceased members from pages 87 through 104;
4 beneficiaries with continuing options from pages 105 through
5 120; Pop-up from pages 121 through 129; beneficiaries receiving
6 one-time payments for QPP and TDA from pages 130 through 157;
7 transfers between banks on page 158; purchase and sale of
8 Securities transactions for Variable A, Variable B, Variable C,
9 Variable D and Variable E from pages 159 through 167;
10 outstanding checks from pages 168 through 169; revisions for
11 Nager and Class Coverage from pages 170 through 581; service
12 credit, purchase plans and restorations from pages 582 through
13 588 and service retirement for March 2011 on page 589.

14 MR. AARONSON: Is there any member that has a question
15 about this Calendar?

16 MS. ROMAIN: I move the adoption of the Calendar.

17 MR. AARONSON: Is there a second?

18 MS. NIEVES: Second.

19 MR. AARONSON: Is there any discussion? All in favor
21 of adopting the Calendar say aye.

22 (Whereupon, all those present so indicated.)

23 MR. AARONSON: All those opposed? Hearing none, motion
24 is carried. Thank you.

25 MS. REILLY: The next item on the Agenda is Other Business

1 TRS Regular Board Meeting, APRIL 28, 2011

2 before the Board.

3 MR. AARONSON: Do any of the Board Members have any
4 business that you would like to bring up? Does any staff
5 member have any business that they would like to bring up?
6 Does any member of the public have any questions?

7 MS. REILLY: Since there is no other business before the
8 Board and seeing that there are no representatives from the
9 public (other than the students behind us), we will be going
10 into Executive Session for Attorney/Client privilege.

11 MR. AARONSON: Do I hear a motion to go into Executive
12 Session?

13 MS. MARCH: So moved.

14 MR. AARONSON: Is there a second?

15 MR. McTIGUE: Second.

16 MR. AARONSON: All those in favor?

17 (Whereupon, all those present so indicated.)

18 MR. AARONSON: Any opposed? We are now in Executive
19 Session.

20 (Whereupon, the meeting went into Executive Session.)

21 MR. AARONSON: Do I have a motion to return to Public
22 Session?

23 MS. ROMAIN: So moved.

24 MR. AARONSON: Do I have a second?

25 MS. WOLPERT: Second.

1 TRS Regular Board Meeting, APRIL 28, 2011

2 MR. AARONSON: During one of the Attorney/Client
3 privilege matters, we asked the Corporation Counsel to
4 look further into the issue and report back to us. On two
5 of the matters discussed, we took no action.

6 Do I have a motion to adjourn?

7 MS. MARCH: So moved.

8 MR. AARONSON: Do I have second?

9 MS. NIEVES: Second.

10 MR. AARONSON: All those in favor?

11 (Whereupon, all those present so indicated.)

12 MR. AARONSON: Any opposed? Hearing none, the meeting is
13 adjourned. Thank you.

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