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5 TEACHERS' RETIREMENT BOARD MEETING

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14 HELD AT:

15 55 WATER STREET
16 NEW YORK, NEW YORK17 SEPTEMBER 15, 2011
18 3:45 P.M. TO 4:03 P.M.

19 B E F O R E:

20 MELVYN AARONSON, CHAIRMAN

21

22

23

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

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

3 TRS:

4 PATRICIA REILLY, Deputy Executive Director

5

MELVYN AARONSON, Teachers' Trustee

6 MONA ROMAIN, Teachers' Trustee

7

COMPTROLLER'S OFFICE:

8

THAD McTIGUE, Trustee

9

10 CORPORATION COUNSEL:

11 KAREN SEEMEN, Law Department

12

OFFICE OF THE ACTUARY:

13

ROBERT C. NORTH JR., Chief Actuary

14

15 MAYOR'S APPOINTEE:

16 CAROLYN WOLPERT, Alternate Trustee

17

DEPARTMENT OF EDUCATION:

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JAMIE SMARR, Alternate Trustee

19

20 PANEL FOR EDUCATIONAL POLICIES:

21 LISETTE NIEVES, Trustee

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2 TRS STAFF:

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ROBERTH BETHELMY

4

ANDREW BRADFORD

CARMELA CRIVELLI

5

JOEL GILLER

ANNETTE HANRAHAN

6

MARC KATZ

ELLEN MURPHY-DeLEO

7

RENEE PEARCE

MANGESH TARIBAGIL

8

9 OTHER ATTENDEES:

10

DAVID LEVINE, Groom Law Group

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RAY SAROLA, Mayor's Office

JARED HERST, PSC/CUNY

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HENRY GELFAND, (Public / Beneficiary)

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1 TRS Regular Board Meeting, SEPTEMBER 15, 2011

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

3 MR. AARONSON: Welcome to the September 15, 2011 Teachers'
4 Retirement System's Board Meeting. Can we now have the roll call
5 Ms. Reilly?

6 MS. REILLY: Yes. Mel Aaronson?

7 MR. AARONSON: Present.

8 MS. REILLY: Jamie Smarr representing Kathleen Grimm?

9 MR. SMARR: Present.

10 MS. REILLY: Sandra March? Note that she is not present.
11 Thad McTigue?

12 MR. McTIGUE: Here.

13 MS. REILLY: Lisette Nieves?

14 MS. NIEVES: Present.

15 MS. REILLY: Mona Romain?

16 MS. ROMAIN: Here.

17 MS. REILLY: Carolyn Wolpert?

18 MS. WOLPERT: Here.

19 MS. REILLY: We do have a quorum and we can go to the first
20 item on the Agenda which is an Update on the Teachers' Retirement
21 System's ("TRS") Operations. Ellen DeLeo has a few updates for us.

22 MS. DeLEO: For July 2011 Retirements, approximately 1,974
23 retirements were filed. Within a month of retirement, TRS began
24 paying Advance Payments to these retirees. We have already
25 finalized 175 retirees' initial benefit for August 31st payroll.

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2 In addition, 273 retirees' initial benefit is targeted for
3 September 30th payroll. Initial benefits include all reported
4 per-session, class coverage and summer pay earnings where
5 applicable. Our goal is to process 85% of non-pending service
6 retirement cases for final benefits within five months from the
7 effective retirement month. The five-month timeframe will reduce
8 the number of per-session and class coverage revisions.

9 Mailing of the Quarterly Annual Statement ("QAS") for
10 participants with TDA beneficiary accounts for the 2nd Quarter of
11 2011, to 514 members, was completed on August 1st.

12 Mailing of the Tax-Deferred Annuity ("TDA") QAS for members
13 with TDA Deferral status for the 2nd Quarter of 2011, to 40,425
14 members, was completed on August 11th.

15 The mailing of the QAS for the 2nd Quarter of 2011, to
16 110,425 members, was completed on August 23rd.

17 A follow-up mailing to 18,715 pre-retirement members and
18 beneficiaries, who have elected to maintain TDA accounts with
19 TRS, that currently have funds invested in Variable B, was
20 completed on July 1st. A follow-up mailing to approximately 3,700
21 retirees, was sent on August 9th. These mailings are part of the
22 Variable B Communications Campaign, informing members of the
23 transition in January 2012 of the Stable-Value Fund to a market-
24 valued Bond Fund.

25 CUNY members that retired as part of the CUNY 2010 Incentive

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2 under Part A, will begin receiving their retirement allowance
3 on the September or October 2011 payroll, provided that TRS has
4 received all required documentation. Tier I/II members were sent
5 a letter with the Addendum to Retirement Form and encouraged to
6 return the addendum so that we could give them the higher benefit
7 of Plan A / Plan B for Tier I members or Plan C / Plan D for
8 Tier II members, provided that they met the eligibility for both
9 plans.

10 TRS has begun to notify members of the requirement to receive
11 Required Minimum Distributions ("RMDs") when they have Qualified
12 Pension Plan ("QPP") balances and their membership status is
13 inactive and they have reached 70½ years of age in 2011. There were
14 55 QPP letters mailed. Four of these members had TDA balances also
15 and were mailed an additional TDA letter.

16 MS. REILLY: Thank you. That completes the Updates.

17 MR. AARONSON: Any questions from the Board? Thank you very
18 much.

19 MS. REILLY: The first item on the Executive Director's Report
20 is the Next Meeting. It has been suggested that the next regular
21 meeting of the Teachers' Retirement Board be held on the third
22 Thursday of the month, October 20, 2011.

23 MR. AARONSON: Will everybody please note that in their
24 calendars?

25 MS. REILLY: The next item on the Executive Director's Report

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2 ("EDR") is the resolution to Authorize the Comptroller of the
3 City of New York to Invest Certain Funds.

4 At its meeting on June 23, 2011, the Teachers' Retirement
5 Board authorized the Comptroller to invest certain funds of the
6 Teachers' Retirement System for a period of three (3) months.
7 In the event that the Board desires to continue this authorization,
8 the following resolution is submitted for consideration and
9 approval:

10 Resolved, by the Teachers' Retirement Board as
11 trustees of the Teachers' Retirement System that, in
12 accordance with Section 13-513 and Section 13-534 of the
13 Administrative Code of the City of New York, the
14 Comptroller of the City of New York is hereby authorized
15 and requested, in accordance with Section 13-702 of the
16 Administrative Code of the City of New York to invest
17 consistent with the investment policies of Teachers'
18 Retirement System of the City of New York the contingent
19 reserve fund, the pension reserve fund, the annuity savings
20 fund and the annuity reserve fund referred to in Section
21 13-520 of the Administrative Code of the City of New York,
22 other than the portion thereof held for current needs,
23 pursuant to Section 13-538, subject to the terms and
24 limitations set forth herein:

25 1. The Comptroller shall have the power:

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2 a. To make any investment, which the trustees of the
3 Teachers' Retirement System are authorized by law
4 to make, including stock investment in securities
5 as authorized by the Retirement Board in its
6 resolution of November 20, 1990. However, any
7 investment in any tax-exempt security shall
8 require prior approval of the Board.

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

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

23 2. Any termination, expiration or revocation of this
24 delegation to invest shall not affect any binding
25 commitment previously made by the Comptroller

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2 pursuant to such delegation and the Comptroller
3 shall have the power to discharge fully any such
4 binding commitment according to its terms.

5 3. The authority hereby granted to the Comptroller of
6 the City of New York by the Teachers' Retirement
7 Board for the investing of its funds shall be
8 limited to a three-month period terminating
9 December 31, 2011.

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

17 5. The transactions executed within the provisions
18 of paragraphs 1-4 of this resolution shall be
19 submitted to the Teachers' Retirement Board at
20 the next meeting following the execution of such
21 transaction.

22 MR. AARONSON: Is there a motion?

23 MS. ROMAIN: So moved.

24 MR. McTIGUE: Second.

25 MR. AARONSON: Is there any discussion? All in favor of the

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2 motion say aye.

3 (Whereupon, all those present so indicated.)

4 MR. AARONSON: Carried.

5 MS. REILLY: The next item is the resolution to Authorize
6 the Comptroller of the City of New York to Invest Certain Tax-
7 Deferred Annuity Funds.

8 At its meeting on June 23, 2011, the Teachers' Retirement
9 Board authorized the Comptroller to invest, for a period of
10 three (3) months, the net contributions of the Tax-Deferred
11 Annuity Program for participants electing the fixed portion of the
12 Program. In the event that the Board desires to continue to have
13 these funds invested by the Comptroller of the City of New York, the
14 following resolution is submitted for consideration and approval:

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

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2 1. The Comptroller shall have the power:

3 a. To make any investment, which the trustees of the
4 Teachers' Retirement System are authorized by law
5 to make, including stock investment in securities
6 as authorized by the Retirement Board in its
7 resolution of November 20, 1990. However, any
8 investment in any tax-exempt security shall
9 require prior approval of the Board.

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

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

24 2. Any termination, expiration or revocation of this
25 delegation to invest shall not affect any binding

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2 commitment previously made by the Comptroller
3 pursuant to such delegation and the Comptroller
4 shall have the power to discharge fully any such
5 binding commitment according to its terms.

6 3. The authority hereby granted to the Comptroller of
7 the City of New York by the Teachers' Retirement
8 Board for the investing of its funds shall be
9 limited to a three-month period terminating
10 December 31, 2011.

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

18 The transactions executed within the provisions of
19 paragraphs 1-4 of this resolution shall be submitted to
20 the Teachers' Retirement Board at the meeting next following
21 the execution of such transaction.

22 MS. ROMAIN: So moved.

23 MR. AARONSON: Is there a second?

24 MR. McTIGUE: Second.

25 MR. AARONSON: Is there any discussion? Seeing none, all

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2 those in favor?

3 (Whereupon, all those present so indicated.)

4 MR. AARONSON: Any opposed? Hearing none, carried.

5 MS. REILLY: The next resolution is for Attendance at
6 Conference.

7 The following resolution is presented for consideration and
8 possible adoption:

9 RESOLVED, that the Trustees of the Teachers' Retirement
10 Board hereby approve the attendance and participation of the
11 Executive Director and/or his designee(s), and any interested
12 Trustee at the National Association of Securities Professionals'
13 ("NASP") 15th Annual Trustee Education Conference from October
14 19-21, 2011.

15 MR. AARONSON: Is there a motion?

16 MS. ROMAIN: So moved.

17 MS. NIEVES: Second.

18 MR. AARONSON: Any discussion?

19 MS. ROMAIN: Could you tell us where the conference is?
20 Do you know?

21 MR. KATZ: It is in Purchase, New York.

22 MS. ROMAIN: Thank you.

23 MR. AARONSON: All in favor?

24 (Whereupon, all those present so indicated.)

25 MR. AARONSON: Any opposed? Motion carried.

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2 MS. REILLY: That concludes the resolutions on the Executive
3 Director's Report. The next item is the Calendar. Each of you
4 should have a complete copy of the Calendar which consists of lists
5 and summaries of payments and transactions by the Retirement Board
6 for this month.

7 First, there is the matter of the approval of the Minutes
8 for the regular meetings held on June 23, 2011, which Liz
9 distributed.

10 MR. AARONSON: Do I hear a motion?

11 MS. ROMAIN: So moved.

12 MR. AARONSON: Is there a second?

13 MR. McTIGUE: Second.

14 MR. AARONSON: Is there any discussion? Seeing none, all those
15 in favor?

16 (Whereupon, all those present so indicated.)

17 MR. AARONSON: Any opposed? Carried. I believe that for the
18 other items on the Calendar, that we will go through the whole
19 Calendar and then vote at the end.

20 MS. REILLY: Ok, so we will go through the different
21 categories:

22 The monthly periodic payroll of TDA, Excess and Loan payments
23 on pages 1 through 852 inclusive; Payroll summary, advanced
24 payments, new retirees and TDA annuitants are on page 853; Transfer
25 of active TDA Deferral to annuity payments are on pages 854 through

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2 873 inclusive; Fractional Payments from pages 874 through 912
3 inclusive; Uncollected checks for deceased members from pages 913
4 through 928 inclusive; Beneficiary continue option payments from
5 pages 929 through 946 inclusive; Conversion to pop-up payments from
6 pages 947 through 950 inclusive; Beneficiaries who receive a one-
7 time payment from TDA and QPP accounts from pages 951 through 982
8 inclusive; Transfer of funds between banks from page 983 inclusive;
9 Purchase and sales of Securities transacted for the Passport
10 Programs from pages 984 through 990; Receipt of installment payments
11 from pages 991 through 992 inclusive; Outstanding checks from pages
12 993 through 994 inclusive; Revisions, including those under Class
13 Action Settlement from pages 995 through 1100 inclusive; Payments
14 for Service Credit from pages 1101 through 1106; New Service
15 Retirement payments on page 1107.

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

17 MR. AARONSON: Is there a second?

18 MR. SMARR: Second.

19 MR. AARONSON: Is there any discussion? Seeing none, all those
20 in favor?

21 (Whereupon, all those present so indicated.)

22 MR. AARONSON: Any opposed? Hearing none, the Calendar is
23 adopted.

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

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2 MR. AARONSON: Does any Board Member have any business
3 they would like to bring up? Hearing none, can we move on to
4 the next item?

5 MS. REILLY: The next item on the Agenda is any Questions
6 or Comments from the Public.

7 MR. AARONSON: Mr. Gelfand?

8 MR. GELFAND: Could you get a report on the status of two (2)
9 pension adjustments processes that have (inaudible); one, the
10 Coverage and one, the Nager decision. How far of your progression
11 on that have been completed and number two (2), will people who
12 have received neither a denial nor a check, have an opportunity to
13 find out what was the status of their personal account?

14 MR. GILLER: I want to address that Nager question first. We
15 have had and made a lot of progress on processing some 12,000 cases
16 in Nager. People have been notified that they are not entitled to
17 benefits and the people who are entitled to benefits are being
18 processed, which means an adjustment in their accounts and retro-
19 active pay. There is an opportunity to appeal, in accordance with
20 the Court Settlement, in that case. We expect that the processing
21 will continue through the rest of this year and probably through
22 half of, hopefully we will be done by the Summer of next year.

23 MR. GELFAND: So, in other words, the appeals have not been
24 processed?

25 MR. GILLER: The appeals, some of the appeals have been

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2 processed and some of them are still pending.

3 MR. GELFAND: Thank you and will there be an announcement
4 when those two (2) cases are finished so people who have not
5 received either a denial or a check will know that they should
6 be inquiring?

7 MR. GILLER: At least for the Nager case, notifications
8 have been sent out to everybody who has been identified as being
9 in the Class. There should have been notifications for those
10 people. If anybody has any questions about whether or not they
11 should have been included, or never received anything at all,
12 should just contact us at any time.

13 MR. GELFAND: What about the Coverages?

14 MR. GILLER: The Coverages, I will start speaking but somebody
15 else may need to assist me on that, that project is a little bit
16 further behind than Nager payments. It is progressing, I am not
17 sure, Patricia, if you can speak...

18 MS. REILLY: We are about halfway through processing our
19 members for Class Coverage revisions. We did not send out,
20 because it was not part of a Class, it was just a settlement,
21 we sent out a letter to members who were not going to be getting
22 a benefit already. Those members who are due a benefit, probably
23 we will be doing it for another six (6) to eight (8) more months
24 before we complete that process.

25 MR. GELFAND: Thank you.

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2 MR. AARONSON: Anybody else from the Public have a comment
3 or a question? (Hearing none, the meeting continued.) I believe
4 that we have some matter to discuss during Executive Session. Do
5 I hear a motion to go into Executive Session?

6 MS. WOLPERT: Motion, to go into Executive Session to discuss
7 investment matters and attorney/client issues.

8 MR. AARONSON: Is there a second?

9 MS. ROMAIN: Second.

10 MR. AARONSON: Is there any discussion? All those in favor?
11 (Whereupon, all those present so indicated.)

12 MR. AARONSON: Opposed? Seeing none, we are now in Executive
13 Session.

14 (Whereupon, at this time, the meeting went into Executive
15 Session.)

16 MR. AARONSON: We are back in regular session and I would like
17 to summarize the Executive Session.

18 The Board considered a proposal regarding current litigation.
19 A public announcement will be made upon the completion of the
20 litigation. Secondly, we discussed an investment matter as well.

21 Do I hear a motion to adjourn?

22 MS. ROMAIN: So moved.

23 MR. AARONSON: Do I hear a second?

24 MS. WOLPERT: Second.

25 MR. AARONSON: Any discussion? Hearing none, the meeting is

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2 adjourned.
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