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TEACHERS' RETIREMENT BOARD MEETING

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HELD AT:

55 WATER STREET
NEW YORK, NEW YORK

SEPTEMBER 19, 2013
3:47 P.M. TO 4:12 P.M.

B E F O R E:

MELVYN AARONSON, CHAIRMAN

REPORTED BY:
LIZ SANCHEZ
EXECUTIVE ASSISTANT TO PATRICIA REILLY, DEPUTY EXECUTIVE DIRECTOR

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2 A P P E A R A N C E S:
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4 TRS:
5
6 PATRICIA REILLY, Deputy Executive Director
7
8 MELVYN AARONSON, Teachers' Trustee
9 SANDRA MARCH, Teachers' Trustee
10 MONA ROMAIN, Teachers' Trustee
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12
13 COMPTROLLER'S OFFICE:
14
15 THAD McTIGUE, Trustee
16
17
18 MAYOR'S APPOINTEE:
19
20 CAROLYN WOLPERT, Trustee
21
22
23 DEPARTMENT OF EDUCATION:
24
25 KATHLEEN GRIMM, Trustee
JENNIFER MALDONADO, Alternate Trustee
LAW DEPARTMENT:
INGA VAN EYSDEN, Corporation Counsel
OFFICE OF THE ACTUARY:
ROBERT C. NORTH JR., Chief Actuary

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3

TRS STAFF:

2

ROBERT BETHELMY

3

ANDREW BRADFORD

CARMELA CRIVELLI

4

JOEL GILLER

ANNETTE HANRAHAN

5

ANTHONY MEZZACAPPA

ELLEN MURPHY DeLEO

6

RENEE PEARCE

PAUL RAUCCI

7

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OTHER ATTENDEES:

RAYMOND SAROLA, Mayor's Office

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THOMAS BROWN, UFT

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1 TRS Regular Board Meeting, SEPTEMBER 19, 2013

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

3 MS. REILLY: Good afternoon. We are going to begin the
4 September 19, 2013 regular meeting of the Teachers' Retirement
5 Board. I will start by calling the roll. Melvyn Aaronson?

6 MR. AARONSON: Here.

7 MS. REILLY: Kathleen Grimm?

8 MS. GRIMM: Here.

9 MS. REILLY: Joseph C. Lewis Jr.? (not present) Sandra March?

10 MS. MARCH: Present.

11 MS. REILLY: Thad McTigue?

12 MR. McTIGUE: Here.

13 MS. REILLY: Mona Romain?

14 MS. ROMAIN: Here.

15 MS. REILLY: Carolyn Wolpert?

16 MS. WOLPERT: Here.

17 MS. REILLY: Thank you and we do have a quorum and so we will
18 go to the next item on the Agenda, which is an Update on TRS
19 Operations. Each of you has the last Calendar of Events and we have
20 a few updates from Ellen DeLeo.
21

22 MS. DeLEO: The Teachers' Retirement System of NYC ("TRS")
23 received a total of 1,744 retirement applications in July 2013 and
24 227 retirement applications in August 2013 for a total of 1,971
25 applications. 1,923 or 97% of these have been processed for

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2 advance payment while TRS was able to finalize five (5) July
3 2013 retirement benefits for the July 31st payroll with an
4 additional 578 retirements (or 33% of all Summer Retirements)
5 finalized on the August 31st payroll. A total of 965 retirements
6 (or 49% of all Summer Retirements) have been finalized and
7 certified by the Office of the Actuary ("OA"). 338 of these 965
8 retirements are targeted for the September 30th payroll. The
9 remaining 1,006 (or 51% of Summer Retirements) continue to be
10 processed.

11 The 2013 Annual Benefit Statements will begin mailing...

12 MR. AARONSON: Before you keep going, I just want to ask,
13 is there some kind of record? It appears to be that so many more
14 processed this year at this time than ever before.

15 MS. REILLY: Yes. We have a new Director for Benefit
16 Administration and he is making some great changes I think.

17 MR. MEZZACAPPA: Yes. We have changed the way we process some
18 of the work and they continue to change. We are doing a lot of
19 pre-processing on the back end, now we are going to adjust the
20 front end, now that retirement season is over. We do not want to
21 jeopardize anything during Retirement Season. We were able to push
22 a number of them through, but I really wanted the number to be
23 higher, to be honest with you.

24 MR. AARONSON: We do too, but...

25 MS. MARCH: We thank you. We thank you for this.

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2 MR. AARONSON: And we thank you for that, Mr. Actuary.

3 MR. NORTH: Well, I would say the full cup of the credit
4 goes to the TRS Staff in having gotten the information available
5 and to the extent, the Office of the Actuaries are involved; we
6 of course, are as responsible as we can be, to get them certified
7 and out the door.

8 MS. REILLY: Thank you.

9 MS. DELEO: The 2013 Annual Benefit Statements ("ABS") will
10 begin mailing on September 27th with mailing expected to be
11 completed by October 25th. Approximately 114,600 members with
12 membership statuses of active and on-leave will receive a statement.
13 Beginning this year, members can use the secure member area of
14 our website to access an electronic copy of their statement.
15 In addition to this year's statement, we will also be making last
16 year's statement available electronically for reference and going
17 forward, subsequent statement will be made available electronically
18 each year, in addition to the mailing of these statements.

19 MS. REILLY: Thank you Ellen. The next item on the Agenda
20 is the Executive Director's Report and I will begin with the first
21 Resolution:

22 The Authorization to the Comptroller of the City of New York to
23 Invest Certain Funds. At its meeting on June 20, 2013, the
24 Teachers' Retirement Board authorized the Comptroller to invest
25 certain funds of the Teachers' Retirement System for a period of

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2 three (3) months. In the event that the Board desires to continue
3 this authorization, the following resolution is submitted for
4 consideration and approval:

5 Resolved, by the Teachers' Retirement Board as trustees of
6 the Teachers' Retirement System that, in accordance with Section
7 13-513 and Section 13-534 of the Administrative Code of the City
8 of New York, the Comptroller of the City of New York is hereby
9 authorized and requested, in accordance with Section 13-702 of the
10 Administrative code of the City of New York to invest consistent
11 with the investment policies of Teachers' Retirement System of the
12 City of New York the contingent reserve fund, the pension reserve
13 fund, the annuity savings fund and the annuity reserve fund referred
14 to in Section 13-520 of the Administrative Code of the City of New
15 York, other than the portion thereof held for current needs,
16 pursuant to Section 13-538, subject to the terms 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 to make, including
21 stock investment in securities as authorized by the Retirement Board
22 in its resolution of November 20, 1990. However, any investment in
23 any tax-exempt security shall require prior approval of the Board.

24 b) To hold, sell, assign, transfer, or dispose of any of
25 the properties, securities or investments in which any of the funds

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2 of the Teachers' Retirement System shall have been invested,
3 including the proceeds of such investments and any monies belonging
4 to such fund, subject to the terms, conditions, limitations, and
5 restrictions impose by the law upon the trustees of the Teachers'
6 Retirement System.

7 c) In the name of the Comptroller, as agent of the
8 trustees, to foreclose mortgages upon default or to take title to
9 real property in such proceedings in lieu thereof, or to lease and
10 sell any properties so acquired.

11 2. Any termination, expiration or revocation of this delegation
12 to invest shall not affect any binding commitment previously made by
13 the Comptroller pursuant to such delegation and the Comptroller
14 shall have the power to discharge fully any such binding commitment
15 according to its terms.

16 3. The authority hereby granted to the Comptroller of the City
17 of New York by the Teachers' Retirement Board for the investing of
18 its funds shall be limited to a three-month period terminating
19 December 31, 2013.

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

25 The transactions executed within the provisions of

1 TRS Regular Board Meeting, SEPTEMBER 19, 2013

2 paragraphs 1-4 of this resolution shall be submitted to the
3 Teachers' Retirement Board at the next meeting following the
4 execution of such transaction.

5 MR. AARONSON: Is there motion?

6 MS. MARCH: So moved.

8 MS. GRIMM: Second.

9 MR. AARONSON: Seconded. Any discussion on this? Seeing
10 no discussion, all those in favor?

11 (Whereupon, all those present so indicated.)

12 MR. AARONSON: Any opposed? Seeing no opposed, motion is
13 carried.

14 MS. REILLY: The next Resolution is the Authorization to the
15 Comptroller of the City of New York to Invest Certain Tax-
16 Deferred Annuity Funds:

17 At its meeting on June 20, 2013, the Teachers' Retirement
18 Board authorized the Comptroller to invest, for a period of three
19 months, the net contributions of the Tax-Deferred Annuity Program
20 for participants electing the fixed portion of the Program. In the
21 event that the Board desires to continue to have these funds
22 invested by the Comptroller of the City of New York, the following
23 resolution is submitted for consideration and approval.

24 Resolved, by the Teachers' Retirement Board as trustees
25 of the Teachers' Retirement System that, in accordance with

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2 Sections 13-513 and Section 13-534 of the Administrative Code of the
3 City of New York, the Comptroller of the City of New York is hereby
4 authorized and requested, in accordance with Section 13-702 of the
5 Administrative Code of the City of New York to invest consistent
6 with the investment policies of Teachers' Retirement System of the
7 City of New York the portion of the annuity savings fund and the
8 annuity reserve fund arising from the tax-deferred annuity net
9 contributions, subject to the terms and limitations set forth
10 herein:

11 1. The Comptroller shall have the power:

12 a) To make any investment, which the trustees of the
13 Teachers' Retirement System are authorized by law to make, including
14 stock investment in securities as authorized by the Retirement Board
15 in its resolution of November 20, 1990. However, any investment in
16 any tax-exempt security shall require prior approval of the Board.

17 b) To hold, sell, assign, transfer, or dispose of any of
18 the properties, securities or investments in which any of the funds
19 of the Teachers' Retirement System shall have been invested,
20 including the proceeds of such investments and any monies belonging
21 to such fund, subject to the terms, conditions, limitations and
22 restrictions imposed by the law upon the trustees of the Teachers'
23 Retirement System.

24 c) In the name of the Comptroller, as agent of the
25 trustees, to foreclose mortgages upon default or to take title to

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2 real property in such proceedings in lieu thereof, or to lease and
3 sell any properties so acquired.

4 2. Any termination, expiration or revocation of this delegation
5 to invest shall not affect any binding commitment previously made by
6 the Comptroller pursuant to such delegation and the Comptroller
7 shall have the power to discharge fully any such binding commitment
8 according to its terms.

9 3. The authority hereby granted to the Comptroller of the City
10 of New York by the Teachers' Retirement Board for the investing of
11 its funds shall be limited to a three-month period terminating
12 December 31, 2013.

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

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

22 MR. AARONSON: Do I hear a motion?

23 MS. MARCH: So moved.

24 MS. ROMAIN: Second.

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

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2 in favor?

3 (Whereupon, all those present so indicted.)

4 MR. AARONSON: Any opposed? Carried.

5 MS. REILLY: The next Resolution is the Attendance at
6 Conference. The following resolution is presented for consideration
7 and possible adoption: Resolved, that the Trustees of the
8 Teachers' Retirement Board hereby approve the attendance and
9 participation of the Deputy Executive Director and/or her
10 designee(s), and any interested Trustee at the National Association
11 of Securities Professionals' ("NASP") New York Trustee Education
12 Conference from October 23-25, 2013.

13 MS. MARCH: Moved.

14 MR. AARONSON: Do I hear a second?

15 MS. WOLPERT: Second.

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

18 (Whereupon, all those present so indicated.)

19 MR. AARONSON: Any opposed? Carried.

20 MS. REILLY: So that concludes the Executive Director's Report
21 and the next item on the Agenda is the Calendar. I did want to
22 mention here that in our efforts to go green, we will begin sending
23 the Calendar to all Trustees electronically, in a PDF format, going
24 forward.

25 So the first item: Pages 1 through 612, the Monthly Periodic

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2 Payroll of TDA Excess and Loan Payments; page 613, the Payment
3 Summary, Advanced Payments, New Retirees and TDA Accounts; pages
4 614 through 636 inclusive is the Transfer of Active TDA deferrals
5 to Annuity Payments; pages 637 through 682 are Fractional
6 Payments; pages 683 through 691 inclusive is the Uncollected
7 Checks for Deceased members; pages 692 through 722 are Beneficiary
8 Continuing Option Payments; pages 723 through 731 Conversion to
9 Pop-up Payments; pages 732 through 774 are Beneficiaries who
10 Received One-Time Payment from their QPP and TDA Accounts; pages
11 775 through 777 is the Return Net Accumulated Salary Deduction;
12 page 778 is the Transfer of Funds between Banks; pages 779
13 through 783 is the Purchase and Sales of Security Transacted
14 from the Passport Fund Program; pages 784 through 785 are
15 Installment Payments; pages 786 through 794 are Outstanding Checks;
16 pages 795 through 886 inclusive are the Revisions including those
17 under Class Coverage; pages 887 through 891 are Layoff without Pay;
18 pages 892 through 897 inclusive Payment for Service Credit; and
19 page 898 are New Service Retirement Payments. That is the end of
20 the Calendar.

21 MR. AARONSON: So you are saying that the Calendar was almost
22 900 pages?

23 MS. REILLY: Yes.

24 MR. AARONSON: And then, under the new method we would probably
25 save half the trees in a...

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2 MS. REILLY: We will.

3 MR. AARONSON: That is great!

4 MS. ROMAIN: Wonderful.

5 MR. AARONSON: Ok, is there a motion to accept the Calendar?

6 MS. MARCH: So moved.

7 MS. GRIMM: Second.

8 MR. AARONSON: Any discussion? All in favor?

9 MS. REILLY: Oh, oh, I'm sorry. That is the first matter of
10 the Calendar, but the second is the Minutes for the Regular Board
11 Meeting that was held on June 20, 2013.

12 MR. AARONSON: Let's finish the vote on the Calendar. Thank
13 you.

14 MS. REILLY: Ok.

15 MR. AARONSON: There was no discussion. All in favor?

16 (Whereupon, all those present so indicated.)

17 MR. AARONSON: Motion is carried. Now we can go back to the
18 Minutes.

19 MS. REILLY: Ok, so next is the approval of the Minutes for
20 the Regular Board Meeting held June 20, 2013.

21 MR. AARONSON: Do I hear a motion?

22 MS. MARCH: So moved.

23 MR. McTIGUE: Second.

24 MR. AARONSON: Any discussion? All in favor?

25 (Whereupon, all those present so indicated.)

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2 MR. AARONSON: Any opposed? Minutes are carried.

3 MS. REILLY: The next item is Other Business before the Board.

4 MR. AARONSON: Anybody on the Board? No other business from
5 any Board Members, do you want to go on to see if anybody from the
6 public have any questions?

7 MS. REILLY: The next is, if there is any...from the public?
8 Seeing none...

9 MS. ROMAIN: I have a quick question about how many new members
10 did we have come in this September? Do we have those numbers yet?

11 MR. MEZZACAPPA: We do not have those, but I can get you those
12 numbers.

13 MS. DELEO: I think it was about 3,500? Or shy of 3,500.

14 MS. ROMAIN: Ok.

15 MS. DELEO: And all but one (1) was a Tier VI.

16 MR. AARONSON: Ok. So do I hear a motion to move into
17 Executive Session?

18 MS. MARCH: I move that we go into Executive Session for
19 purposes of discussing a Legal Matter and a Personnel Matter.

20 MS. WOLPERT: Second.

21 MR. AARONSON: Any discussion? Seeing none, all those in favor
22 of going into Executive Session say aye.

23 (Whereupon, all those present so indicated.)

24 MR. AARONSON: Anybody opposed? Seeing nobody oppose, we are
25 now in Executive Session.

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

3 MR. AARONSON: So we moved out of Executive Session and back
4 into Public Session. During the Executive Session, the Board
5 received reports and held discussion on two (2) on-going litigation
6 matters and a personnel matter. Motion to adjourn?

7 MS. MARCH: So moved.

8 MS. GRIMM: Second.

9 MR. AARONSON: Anybody opposed to adjourn? One opposed and
10 ayes have it and we are adjourned.

11 MS. MARCH: Thank you very much Mr. Chairman.

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