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TEACHERS' RETIREMENT BOARD MEETING

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HELD AT:
55 WATER STREET
NEW YORK, NEW YORK

OCTOBER 20, 2011
3:37 P.M. TO 4:03 P.M.

B E F O R E:

MELVYN AARONSON, CHAIRMAN

REPORTED BY:
LIZ SANCHEZ
EXECUTIVE ASSISTANT TO NELSON SERRANO

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

3 TRS:

4 NELSON SERRANO, Executive Director
5 PATRICIA REILLY, Deputy Executive Director6 MELVYN AARONSON, Teachers' Trustee
7 SANDRA MARCH, Teachers' Trustee
8 MONA ROMAIN, Teachers' Trustee

9 COMPTROLLER'S OFFICE:

10 THAD McTIGUE, Trustee

11 CORPORATION COUNSEL:

12 INGA VAN EYSDEN, Law Department

13 OFFICE OF THE ACTUARY:

14 ROBERT C. NORTH JR., Chief Actuary

15

16 MAYOR'S APPOINTEE:

17 CAROLYN WOLPERT, Alternate Trustee

18

19 PANEL FOR EDUCATIONAL POLICIES:

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21 LISETTE NIEVES, Trustee

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2 TRS STAFF:

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ROBERTH BETHELMY

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CARMELA CRIVELLI

JOEL GILLER

5

ANNETTE HANRAHAN

ELLEN MURPHY-DeLEO

6

RENEE PEARCE

PAUL RAUCCI

7

SUSAN STANG

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OTHER ATTENDEES:

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RAY SAROLA, Mayor's Office

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1 TRS Regular Board Meeting, OCTOBER 20, 2011

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

3 MR. SERRANO: Good afternoon. We begin the regular meeting of
4 the Retirement System's Board by calling the roll. Melvyn Aaronson?

5 MR. AARONSON: Here.

6 MR. SERRANO: Kathleen Grimm? Note that she is not present.
7 Sandra March?

8 MS. MARCH: Present.

9 MR. SERRANO: Thad McTigue?

10 MR. McTIGUE: Here.

11 MR. SERRANO: Lisette Nieves?

12 MS. NIEVES: Here.

13 MR. SERRANO: Mona Romain?

14 MS. ROMAIN: Present.

15 MR. SERRANO: Carolyn Wolpert?

16 MS. WOLPERT: Present.

17 MR. SERRANO: Great. We do have a quorum and we can move to
18 the next item on the Agenda which is an Update on TRS Operations.

19 MS. REILLY: Approximately 1,960 retirements were filed for
20 the month of July and within a month of retirement, we began paying
21 Advanced Payments to these retirees. We have already finalized
22 1,034 retirees initial benefit and an additional 139 are targeted
23 for the November 30th payroll. Initial benefit includes all
24 reported per-session, class coverage and summer pay earnings. Our
25 goal is to process 85% of non-pending retirement cases for final

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 benefit within five (5) months from the date of retirement. We
3 moved to a five month timeframe in order to ensure we received
4 all per-session and class coverage earnings from the Department
5 of Education ("DOE") before finalizing the benefit. This helped
6 to reduce the need to do revisions on these cases as more data came
7 in.

8 MR. SERRANO: Bob, I thank you and your staff. Let them know
9 they did a great job. We are going to have some retirement
10 certifications and we greatly appreciate it.

11 MR. NORTH: Thank you and it really is a combined effort
12 between your staff and ours that we try to meet the desire to
13 deliver the best possible service to the participants. Thank you.

14 MS. REILLY: The distribution of this year's Annual Benefit
15 Statement ("ABS") to a population of over 111,000 members began on
16 September 30th. It is expected to be completed by October 28th.

17 Mailing of the 2011-2012 Welcome Kits to 3,400 newly appointed
18 teachers also began in September. As of October 19th, approximately
19 2,900 Welcome Kits have been mailed.

20 So, I wanted to mention that both the Welcome Kits and the
21 Annual Benefit Statements started much earlier this year and that
22 was due to the concerted efforts of staff to improve the time
23 limits of these mailings. I am happy to see that they have
24 succeeded.

25 MR. SERRANO: Let the staff know that we greatly appreciate

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 that.

3 MS. REILLY: Thank you. TRS has completed the mailing of
4 retroactive Additional Membership Contribution ("AMC") Deficit
5 letters for members that had an initial AMC deficit for the
6 55/25 Program, with a mailing of 7,400 letters that mailed out on
7 September 28th and October 6th. It included 1,200 deficit letters
8 that also included the 3% initial deficit.

9 Of the total 75,000 members with Class Coverage deficits,
10 approximately 4,000 of the remaining 8,000 cases were processed
11 and letters for these deficits were mailed in September. We have
12 about 4,000 left to be sent this month.

13 MR. SERRANO: Robert, is everything going okay with the
14 Call Center and the calls we are getting from all those letters?

15 MR. BETHELMY: Yes.

16 MS. REILLY: And the final update is that we ran the annual
17 process to identify non-vested members that have lost their
18 membership rights. We ran that on October 4th and we mailed 1,293
19 letters of notification to these members whose TRS membership
20 expired as of August 31st.

21 MS. ROMAIN: Are you reaching them because I know there is a
22 difficulty with the addresses?

23 MS. REILLY: Right. We send a letter but we do get a lot of
24 returned mail.

25 MR. SERRANO: The next item is the Executive Director's Report.

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 It has been suggested that the next regular meeting of the
3 Teachers' Retirement Board be held on the third Thursday of
4 the month, November 17, 2011.

5 The next resolution concerns the Diversified Equity
6 (Variable A) and International Equity (Variable C) Funds.

7 After careful study and discussion with the firm of Rocaton
8 Investment Advisors, LLC, the Investment Consultant and TRS Staff,
9 the Finance Committee of the Teachers' Retirement Board has
10 recommended the following resolution for consideration and adoption
11 by the Board of Trustees:

12 MR. AARONSON: Move to the Resolved.

13 MR. SERRANO: Resolved, that subject to the successful
14 negotiation of appropriate investment agency agreement, the Board
15 hereby retains Sprucegrove Investments Management as investment
16 managers with respect to the International Sector of the
17 Diversified Equity Fund and the International Fund; and be it
18 further

19 Resolved, that the target allocations for each investment
20 manager within the International Sector of the Diversified Equity
21 Fund, as a percentage of the total Diversified Equity Fund (and
22 the corresponding target allocations for the International
23 Equity Fund), shall be set as follows:

24 *International Sector Managers: Passive - BlackRock EAFE index*
25 *with a target of 5.0%; Active - Thornberg International Equity with*

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 a target of 2.125%, Sprucegrove Investment Management Ltd with
3 a target of 2.125%, Pyramis Select International Small Cap
4 Equity with a target of 1.125%, Walter Scott with a target of
5 2.125% and Wellington with a target of 2.500%; and be it further

6 Resolved, that the Chair, or in his absence, the Executive
7 Director, or in his absence, the Director, Investment
8 Administration, is hereby authorized and directed to negotiate,
9 enter into and execute any agency agreements and other documents
10 or instruments and issue instructions and take any other actions
11 as may be reasonably necessary to implement this resolution; and
12 be it further

13 Resolved, that the Chair, or in his absence, the Executive
14 Director, or in his absence, the Director, Investment
15 Administration, is hereby authorized and directed to issue
16 instructions and take any other action as may be reasonably
17 necessary to implement this resolution, including without limitation
18 issuing instructions to managers and/or Transition Manager with
19 respect to the transfer of any assets or funds as provided in this
20 resolution.

21 MR. AARONSON: Do I hear a motion to accept the resolution?

22 MS. ROMAIN: So moved.

23 MR. AARONSON: Do I hear a second?

24 MS. MARCH: Second.

25 MR. AARONSON: Any objections? Hearing none, the resolution

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 is accepted.

3 MR. SERRANO: The third resolution concerns the Variable
4 Annuity Program (Continuation of Directed Brokerage Contracts).
5 After careful study and discussion with the staff of the Teachers'
6 Retirement System, the Finance Committee of the Teachers' Retirement
7 Board has recommended the following resolution for consideration and
8 adoption by the Board of Trustee:

9 MS. ROMAIN: Move to the Resolved.

10 MR. SERRANO: Resolved, that the Directed Brokerage Agreements
11 between the Teachers' Retirement Board and each of Muriel Siebert &
12 Co., Inc., BNY/Covergex and Abel Noser Corp are confirmed to
13 continue for an additional one-year term expiring June 30, 2012
14 subject to re-negotiation of terms to the extent necessary; and be
15 it further

16 Resolved, that the Chair, or in his absence, the Executive
17 Director, or in his absence the Director, Investment Administration,
18 is hereby authorized and directed to issue instructions and take
19 any other action as may be necessary to implement this resolution.

20 MS. ROMAIN: So moved.

21 MR. AARONSON: Is there a second?

22 MS. WOLPERT: Second.

23 MR. AARONSON: Any discussion? Hearing none, all in favor?
24 (Whereupon, all those present so indicated.)

25 MR. AARONSON: Any opposed? Motion carried.

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 MR. SERRANO: The fourth resolution concerns the Variable
3 Annuity Programs (Renewal of Master Custodial Agreements).
4 After careful study and discussion with the firm of Rocaton
5 Investment Advisors, LLC, the Investment Consultant and the
6 Teachers' Retirement System, the Finance Committee of the
7 Teachers' Retirement Board has recommended the following resolution
8 for consideration and possible adoption by the Board of Trustees:

9 MS. ROMAIN: Move to the Resolved.

10 MR. SERRANO: Resolved, that Master Custodial Agreements shall
11 be renewed for an additional one-year renewal term, expiring on
12 June 30, 2012; and be it further

13 Resolved, that the Chair, or in his absence, the Executive
14 Director, is hereby authorized and directed to execute such
15 instruments as may be necessary in accordance with this resolution;
16 and be it further

17 Resolved, that the Chair, or in his absence, the Executive
18 Director, or in his absence, the Director, Investment
19 Administration, is hereby authorized and directed to issue
20 instructions and take any other action as may be necessary to
21 implement this resolution.

22 MR. AARONSON: Is there a motion?

23 MS. MARCH: So moved.

24 MR. AARONSON: Is there a second?

25 MS. NIEVES: Second.

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 MR. AARONSON: Any discussion? Hearing none, all those in
3 favor?

4 (Whereupon, all those present so indicated.)

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

6 MR. SERRANO: That concludes the Executive Director's
7 Report and now on the Agenda, we will move to the Calendar.

8 Each of you should have a full printed copy of the Calendar
9 which identifies all payments and transactions made by TRS during
10 this month.

11 The first item is the approval of the Minutes for the regular
12 meeting held on September 15, 2011.

13 MR. AARONSON: Is there a motion?

14 MS. MARCH: So moved.

15 MR. AARONSON: Is there a second?

16 MR. McTIGUE: Second.

17 MR. AARONSON: Any discussion? All those in favor?

18 (Whereupon, all those present so indicated.)

19 MR. AARONSON: Any opposed? The Minutes are carried.

20 MR. SERRANO: Next we have the payment items. Item 1 is
21 on pages 1 through 13 which is the monthly periodic payroll of
22 Tax-Deferred Annuity ("TDA"), Excess and Loan Payments. On page 14
23 is a payroll summary of Advanced Payments, new retirees and TDA
24 annuitants. On pages 15 through 35 is the Transfer of Active TDA
25 deferreds to Annuity payments. On pages 36 through 81 are

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 Fractional Payments. On pages 82 through 98 are uncollected
3 checks for deceased members. On pages 99 through 116 are
4 beneficiary continuing option payments. On pages 117 through
5 133 is Conversions to OpUp Payments. On pages 134 through 168
6 are beneficiaries who receive a one-time payment from their
7 Qualified Pension Plan ("QPP") and TDA accounts. On page 169
8 are transfer funds between banks. On pages 170 through 174 is
9 purchases and sales of securities transactions for the Passport
10 Fund Programs. On pages 175 through 176 is receipt of installment
11 payments. On pages 177 through 181 are outstanding checks. On
12 pages 182 through 277 are revisions, including those under the
13 Class Settlements. On pages 278 through 285 are payments for
14 service credit and lastly, on page 286, are new service retirement
15 payments.

16 MR. AARONSON: Is there a motion to approve the Calendar?

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

18 MR. AARONSON: Is there a second?

19 MS. NIEVES: Second.

20 MR. AARONSON: Is there any discussion? Hearing none, all in
21 favor of approving the Calendar?

22 (Whereupon, all those present so indicated.)

23 MR. AARONSON: Any opposed? The motion to approve the Calendar
24 has carried.

25 MR. SERRANO: I do not know if there is any other business

1 TRS Regular Board Meeting, OCTOBER 20, 2011

2 before the Board today?

3 MR.AARONSON: There is nobody here from the public.

4 MR. SERRANO: And there are no questions, so at this point,
5 I guess we will be moving into Executive Session.

6 MR. AARONSON: Do I hear a motion to move into an Attorney/
7 Client Executive Session?

8 MS. MARCH: So moved.

9 MS. ROMAIN: Second.

10 MR. AARONSON: All those in favor of moving into an Attorney/
11 Client Executive Session signify by saying aye.

12 (Whereupon, all those present so indicated.)

13 MR. AARONSON: Any opposed? Hearing none, we are now in
14 an Attorney/Client Executive Session.

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

17 MR. AARONSON: At the Attorney/Client Session, the Board
18 discussed a security litigation issue and resolved to take
19 an action that will be publically announced after the action is
20 completed.

21 Do I hear a motion to adjourn?

22 MS. ROMAIN: So moved.

23 MS. WOLPERT: Second.

24 MR. AARONSON: Anybody opposed to adjourn? Hearing none, the
25 meeting is adjourned.