

2

3 - - - - -X

4

5 TEACHERS' RETIREMENT BOARD MEETING

6

7 - - - - -X

8

9

10

11

12

13

14 HELD AT:
15 55 WATER STREET
16 NEW YORK, NEW YORK

17 NOVEMBER 18, 2010
18 3:38 P.M. TO 3:58 P.M.

19 B E F O R E:

20 MELVYN AARONSON, ACTING CHAIRMAN

21

22

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 :

3 TRS :

4 NELSON SERRANO, Executive Director
5 PATRICIA REILLY, Deputy Executive Director

6 MELVYN AARONSON, Teachers' Trustee
7 MONA ROMAIN, Teachers' Trustee
8 SANDRA MARCH, Teachers' Trustee

9 COMPTROLLER'S OFFICE :

10 THAD McTIGUE, Trustee

11 CORPORATION COUNSEL :

12 KEITH SNOW, Law Department

13 OFFICE OF THE ACTUARY :

14 ROBERT C. NORTH JR., Chief Actuary
15

16 MAYOR'S APPOINTEE :

17 RANJI NAGASWAMI, Trustee

18 DEPARTMENT OF EDUCATION :

19 KATHLEEN GRIMM, Trustee
20

21 PANEL FOR EDUCATIONAL POLICIES :

22 TINO HERNANDEZ, Trustee

23

24

25

2 TRS STAFF:

3 ROBERT BETHELMY

ANDREW BRADFORD

4 CARMELA CRIVELLI

JOEL GILLER

5 MARC KATZ

RENEE PEARCE

6 PAUL RAUCCI

ROBERT SANTANGELO

7 MANGESH TARIBAGIL

8

OTHER ATTENDEES:

9

PHILLIP ST. LUCE, New York Life Insurance Company

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

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

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

6 MR. SERRANO: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MR. SERRANO: Kathleen Grimm?

9 MS. GRIMM: Here.

10 MR. SERRANO: Tino Hernandez?

11 MR. HERNANDEZ: Here.

12 MR. SERRANO: Thad McTigue representing the Comptroller?

13 MR. MCTIGUE: Here.

14 MR. SERRANO: Sandra March?

15 MS. MARCH: Here.

16 MR. SERRANO: Ranji Nagaswami?

17 MS. BOTWIN: Here.

18 MR. SERRANO: Mona Romain?

19 MS. ROMAIN: Present.

20 MR. SERRANO: We have a quorum. We need to elect an
21 Acting Chairperson.

22 MS. ROMAIN: I nominate Mel Aaronson.

23 MS. NAGASWAMI: Second.

24 MR. SERRANO: All those in favor please say aye.

25 (Whereupon all those present so indicated.)

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 MR. SERRANO: Any opposed? Any abstentions? Hearing
3 none, we will continue. Before we continue with the Agenda,
4 I would like to take a minute to introduce two staff members
5 at the end of the table. Annette Hanrahan is now our Director
6 of Information Technology. Bob, who was previously our Director
7 of Information Technology has now been elevated to our Chief
8 Information Officer. Andrew Bradford is now our Chief Risk
9 Officer. Both Annette and Andrew have been with us many years
10 and have a great, proven track record and we look forward to
11 working with them. Congratulations.

12 The next item on the Agenda is Updates on TRS Operations.

13 MS. REILLY: The Annual Benefits Statements ("ABS") began
14 mailing on November 15th. We will be mailing approximately
15 113,000 statements to our members. We anticipate that the
16 mailing should be completed by the end of November. Our
17 Quarterly Account Statements ("QAS") for the third quarter
18 started mailing on November 17th. We will be mailing over
19 108,000 statements and we expect that mailing to also be
20 completed by the end of November. We also completed the
21 mailing of our quarterly Tax-Deferred Annuity ("TDA") Statements
22 for 39,000 members with TDA deferral status. We completed
23 that on November 15th. In addition, we also mailed 461 TDA
24 Beneficiary Statements on November 5th. TRS began its TDA
25 Fall Campaign this month in order to promote awareness of

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 our TDA program as a supplemental retirement plan. Posters
3 were sent to schools with the message, "Your bridge to a
4 Secure Retirement." We also made updates to our website
5 promoting the TDA program and have included an article in the
6 TRS newsletter. On Saturday, November 13th, the TRS Member
7 Services Team and Stakeholder Relations Unit participated in
8 the 46th CSA Leadership Conference. In preparation for this
9 member outreach initiative, 400 TRS informational kits
10 containing various brochures, TDA flyers, and member education
11 program registration forms were assembled. Our Member Education
12 Department also hosted a presentation at the conference entitled
13 "TRS Benefits Working For You." Attendance was standing-room
14 only for the presentation and we received good feedback
15 regarding the presentation from members who attended.

16 MR. SERRANO: Thank you. The next item is just a reminder
17 that you have an updated Calendar of Events and that you will
18 be receiving them every two (2) months now. The next item on
19 the Agenda is the Executive Director's Report. The first item
20 there is the Next Meeting. It has been suggested that the next
21 regular meeting of the Teachers' Retirement Board be held on
22 the third Thursday of the month, December 16, 2010. The next
23 item is the laid-over resolution concerning electing a
24 chairperson.

25 MS. ROMAIN: Please lay it over.

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 MR. SERRANO: The next item is just a Notification. Last
3 month, we passed a resolution that made reference to a prior
4 resolution. The date indicated in the prior resolution was
5 incorrect. The date initially mentioned was October 18, 2007
6 but the correct date should be October 25, 2007. This
7 notification is just to correct the record. It does not need
8 to be voted upon again.

9 The next item is a Budget Modification to Support Analysis
10 to Improve TDA and Variable Services. I would like to give you
11 all a little bit of background on that. As I have mentioned
12 previously, TRS is exploring the introduction of enhanced
13 services for its Variable and TDA participants. This resolution
14 is requesting to engage the resources necessary to research
15 these services and the technical support necessary.

16 A significant amount of effort and cost will go towards an
17 analysis of the alternative ways to modernize our computer
18 system to support these new business requirements, and to work
19 with outside resources to develop a detailed implementation
20 plan, including true time and cost estimates for each
21 alternative.

22 Before I identify some of the features we are exploring,
23 please note that some of them, such as the Roth TDA, could only
24 be implemented if later directed by the Board and/or enabling
25 legislation is passed. The type of features we are looking at

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 are: Daily Fund Valuations (currently, we only value the funds
3 monthly and publish a unit value 15 days into the following
4 month); Daily Account Valuation (currently, accounts are only
5 updated on a monthly basis); On-line Real-time Account
6 Information through the TRS Web-site (currently, there is a
7 3 to 7 week lag between posting updated account balances and it
8 is an area of dissatisfaction for the members); Immediate, End-
9 of-Day Fund Conversions (currently, member can only request fund
10 conversions quarterly and it takes 3 to 12 months to complete
11 the conversion); Roth TDAs (which are permitted by recently
12 federal legislation); More Fund Choices and the ability to
13 establish those new funds more quickly (we currently have 6
14 investment options); On-line User Friendly Transaction Requests
15 with Rapid Turn-around Times through the TRS Web-site (based
16 on surveys we have heard from our members that they are
17 interested in having more of these types of features on-line);
18 Account Balancing / Periodic Re-balancing (members who are
19 interested in maintaining a particular mix in their funds have
20 to monitor themselves and then initiate fund conversions and
21 usually by the time the 3 to 12 months are completed to process
22 the fund conversion, the balances are not there anymore); We
23 are looking at introducing an automatic rebalancing feature and
24 automated processing of TDA contributions from CUNY and Charter
25 Schools. Currently, this is a very manual process and it

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 really needs to be improved. There are various other
3 upgrades that we are looking at, but those are a few of the
4 highlights.

5 There are three (3) broad types of consulting costs that
6 will be incurred: i) Consultants needed to backfill for
7 current TRS staff, so that we can free them up to participate
8 in the project without hurting the ongoing operation of our
9 existing systems. ii) Consultants needed to assist in the
10 comparative analysis project so that we can evaluate what is the
11 best way to upgrade our computer system to support the new
12 business rules. iii) Consultants to provide specialized
13 services, including: quality assurance, business rule
14 extraction and validation, change management, project time and
15 cost estimation, and business analysis. As indicated in the
16 resolution, if approved, the Corpus funding for this work will
17 come 100% from the Variable and TDA fund fees.

18 Before I go back to the resolution, are there any questions
19 or comments? Hearing none, I will go back to the resolution and
20 read the Resolved.

21 Resolved, that the agency budget for Fiscal Year 2011 be
22 increased in the amount of \$1,850,000.00, to be taken from TDA
23 and Variable Program funds, to provide for this enhancement of
24 the TDA assessment and analysis project.

25 MS. MARCH: So moved.

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 MS. NAGASWAMI: Second.

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

4 (Whereupon all those present so indicated.)

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

7 MR. SERRANO: The final resolution concerns Nick Ttappalou
8 who was an associate who passed away. I would like to read the
9 entire resolution:

10 Whereas, the Trustees of the Teachers' Retirement Board
11 wish to express their condolences to the family and friends of
12 Nick Ttappalou, an associate of the Teachers' Retirement System
13 of the City of New York ("TRS"), who passed away on October 25,
14 2010; and

15 Whereas, the Trustees acknowledge the positive impact that
16 Nick Ttappalou had on TRS during his more than six (6) years of
17 service; and

18 Whereas, the Trustees appreciated the commitment with which
19 Nick Ttappalou approached his responsibilities at TRS over the
20 years; and

21 Whereas, Nick Ttappalou also made positive contributions to
22 the quality of life at TRS, bringing happiness into the lives of
23 many of his fellow associates with his big smile, warmth,
24 optimism and cheerfulness. Some associates shared their
25 memories of him in the December 2010 issue of *New Horizons*, TRS'

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 employee newsletter; therefore be it

3 Resolved, the Trustees of the Teachers' Retirement Board
4 extend their deepest sympathies to his family and friends.
5 Although Nick Ttappalou is no longer with us, his contributions
6 to TRS will not be forgotten.

7 MS. MARCH: So moved.

8 MS. GRIMM: Second.

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

10 (Whereupon all those present so indicated.)

11 MR. AARONSON: Any opposed? Any abstentions? Hearing
12 none, the motion is carried.

13 MR. SERRANO: The next item on the Agenda is the Calendar.
14 The first item on the Calendar is the matter of the approval of
15 the Minutes for the regular meetings held on October 21, 2010.

16 MS. MARCH: So moved.

17 MR. NAGASWAMI: Second.

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

19 (Whereupon all those present so indicated.)

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

22 MR. SERRANO: The next item is the approval of Items 1
23 through 16 on pages 1 through 168.

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

25 MS. MARCH: So moved.

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 MR. McTIGUE: Second.

3 MR. AARONSON: All those in favor of approving the Calendar
4 please say aye.

5 (Whereupon all those present so indicated.)

6 MR. AARONSON: Any opposed? Any abstentions? Hearing
7 none, the motion is carried.

8 MR. SERRANO: The next item on the Agenda is Other
9 Business. I just wanted to mention that at the beginning of
10 December's regular Board Meeting an auditor from Deloitte and
11 Touche will have a brief presentation about the conclusion of
12 his most recent audit. Is there any other business before the
13 Board?

14 MS. GRIMM: Do you have the audit yet?

15 MR. SERRANO: Which audit is this Paul?

16 MR. RAUCCI: This is as of June 30, 2010. It has not been
17 issued yet. We have not received our copies.

18 MS. GRIMM: Will we have them before the meeting?

19 MR. RAUCCI: I am not sure. I am assuming that they are.

20 MS. GRIMM: It will be more informative if we did.

21 MR. SERRANO: I think he was expecting to be at this
22 meeting, but one (1) item was outstanding. Please let the
23 record show that Tino Hernandez has joined the meeting.

24 MR. AARONSON: Are there any questions or comments from the
25 Board? Are there any questions or comments from the public?

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 MR. ST. LUCE: No thank you.

3 MR. AARONSON: Hearing no comments or questions from either
4 the Board or the Public, do I have a motion to conclude the
5 Executive Director's Report and go into Executive Session to
6 discuss an Investment matter?

7 MS. ROMAIN: So moved.

8 MR. McTIGUE: Second.

9 MR. AARONSON: Any opposed? Any abstentions? Hearing
10 none, we are now in Executive Session.

11 (Whereupon at this time, the meeting went into Executive
12 Session.)

13 MR. AARONSON: Do I have a motion to return to Public
14 Session?

15 MS. MARCH: So moved.

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, we will continue.

21 During the Executive Session, the Board discussed the
22 matter regarding the resolution that refers to the investment
23 of securities. The resolution will be made public on the
24 successful completion of the appropriate agreements.

25 Do we have any other business up for discussion? Hearing

1 TRS Regular Board Meeting, NOVEMBER 18, 2010

2 none, do I have a motion to adjourn this meeting?

3 MS. MARCH: So moved.

4 MS. ROMAIN: 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, the meeting is adjourned. Thank you.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25