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TEACHERS' RETIREMENT BOARD MEETING

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HELD AT:
55 WATER STREET
NEW YORK, NEW YORK

DECEMBER 15, 2011
3:42 P.M. TO 4:13 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 JOHN DORSA, Alternate

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 DEPARTMENT OF EDUCATION:

20 JAMIE SMARR, Alternate Trustee

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2 TRS STAFF:

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ANDREW BRADFORD

4

CARMELA CRIVELLI

JOEL GILLER

5

ANNETTE HANRAHAN

MARC KATZ

6

ELLEN MURPHY-DeLEO

RENEE PEARCE

7

PAUL RAUCCI

ROBERT SANTANGELO

8

MANGESH TARIBAGIL

9 OTHER ATTENDEES:

10

PAUL BIRNBAUM, Actuary's Office

11

FRANKIE CHEN, Actuary's Office

KATRINA McCANN, Mayor's Office

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RAY SAROLA, Mayor's Office

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HENRY GELFAND, Member

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1 TRS Regular Board Meeting, DECEMBER 15, 2011

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

3 MR. SERRANO: Good afternoon. We are going to begin the
4 December 15, 2011 regular meeting of the Teachers' Retirement Board
5 by calling the roll call.

6 MR. SERRANO: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MR. SERRANO: Jamie Smarr?

9 MR. SMARR: Present.

10 MR. SERRANO: Sandra March?

11 MS. MARCH: Here.

12 MR. SERRANO: John Dorsa representing the Comptroller?

13 MR. DORSA: Present.

14 MR. SERRANO: Lisette Nieves? Note that she is not present.

15 Mona Romain?

16 MS. ROMAIN: Here.

17 MR. SERRANO: Carolyn Wolpert?

18 MS. WOLPERT: Present.

19 MR. SERRANO: Great. So we do have a quorum and we will
20 continue on with the next item. The next item was scheduled to
21 be a presentation of the Checkbook NYC for Board approval today,
22 but that has been deferred. The third item on the Agenda is an
23 Update on TRS Operations that I believe Ellen will provide us.

24 MS. DeLEO: TRS has successfully transferred lockbox
25 processing to JP Morgan Chase for the processing of loan

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2 payments starting on December 12th.

3 Work continues on the cut-over of demand deposit services
4 from Bank of New York Mellon to JP Morgan Chase which is scheduled
5 to go live on January 1st.

6 Prior Class Coverage Project, as part of the effort to recover
7 per-session and class coverage deficits, 13,650 letters were mailed
8 to members who have deficits of less than \$25. For those members
9 that are active on payroll, the deficit will be recovered as a
10 single payroll deduction. All others were billed for the deficit.

11 Approximately 60 non-vested members who are 70 ½ and are
12 inactive or their tier rights have expired, that are required to
13 receive a minimum distribution, will be receiving the required
14 minimum distribution ("RMD") as part of the December payroll. The
15 remaining members that were notified in September, had already
16 filed to receive their minimum distribution or have elected a full
17 withdrawal. With RMD processing occurring for inactive and expired
18 members, TRS is now in compliance with IRS regulations regarding
19 minimum required distributions.

20 MS. MARCH: I think what is even better is that the Teachers'
21 Retirement System is able to save those individuals a big tax bill
22 by identifying them, so thank you.

23 MR. AARONSON: Thank you very much Ellen.

24 MR. SERRANO: The next item is the Executive Director's Report
25 and the first item there is the Next Meeting.

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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, January 19, 2012.

5 The second item is a resolution concerning an Authorization
6 to the Comptroller of the City of New York to Invest Certain
7 Funds.

8 At its meeting on December 15, 2011, the Teachers' Retirement
9 Board authorized the Comptroller to invest certain funds of the
10 Teachers' Retirement System for a period of three (3) months.
11 In the event that the Board desires to continue this authorization,
12 the following resolution is submitted for consideration and
13 approval:

14 Resolved, by the Teachers' Retirement Board as
15 trustees of the Teachers' Retirement System that, in
16 accordance with Section 13-513 and Section 13-534 of the
17 Administrative Code of the City of New York, the
18 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
21 consistent with the investment policies of Teachers'
22 Retirement System of the City of New York the contingent
23 reserve fund, the pension reserve fund, the annuity savings
24 fund and the annuity reserve fund referred to in Section
25 13-520 of the Administrative Code of the City of New York,

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2 other than the portion thereof held for current needs,
3 pursuant to Section 13-538, subject to the terms and
4 limitations set forth herein:

5 1. The Comptroller shall have the power:

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

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

22 c. In the name of the Comptroller, as agent of the
23 trustees, to foreclose mortgages upon default or
24 to take title to real property in such
25 proceedings in lieu thereof, or to lease and sell

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2 any properties so acquired.

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

9 3. The authority hereby granted to the Comptroller of
10 the City of New York by the Teachers' Retirement
11 Board for the investing of its funds shall be
12 limited to a three-month period terminating
13 March 30, 2012.

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

21 5. The transactions executed within the provisions
22 of paragraphs 1-4 of this resolution shall be
23 submitted to the Teachers' Retirement Board at
24 the next meeting following the execution of such
25 transaction.

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2 MR. AARONSON: Is there a motion to accept the resolution?

3 MR. SMARR: Motion.

4 MS. WOLPERT: Second.

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

6 (Whereupon, all those present so indicted.)

7 MR. AARONSON: Any opposed? Motion carried.

8 MR. SERRANO: The third resolution concerns the Authorization
9 to the Comptroller of the City of New York to Invest Certain Tax-
10 Deferred Annuity Funds.

11 At its meeting on December 15, 2011, the Teachers' Retirement
12 Board authorized the Comptroller to invest, for a period of
13 three (3) months, the net contributions of the Tax-Deferred
14 Annuity Program for participants electing the fixed portion of the
15 Program. In the event that the Board desires to continue to have
16 these funds invested by the Comptroller of the City of New York, the
17 following resolution is submitted for consideration and approval:

18 Resolved, by the Teachers' Retirement Board as trustees of the
19 Teachers' Retirement System that, in accordance with Sections 13-513
20 and Section 13-534 of the Administrative Code of the City of New
21 York, the Comptroller of the City of New York is hereby authorized
22 and requested, in accordance with Section 13-702 of the
23 Administrative Code of the City of New York to invest consistent
24 with the investment policies of Teachers' Retirement System of
25 the City of New York the portion of the annuity savings fund and

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2 the annuity reserve fund arising from the tax-deferred annuity
3 net contributions, subject to the terms and limitations set
4 forth herein:

5 1. The Comptroller shall have the power:

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

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

22 c. In the name of the Comptroller, as agent of the
23 trustees, to foreclose mortgages upon default
24 or to take title to real property in such
25 proceedings in lieu thereof, or to lease and

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2 sell any properties so acquired.

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

9 3. The authority hereby granted to the Comptroller of
10 the City of New York by the Teachers' Retirement
11 Board for the investing of its funds shall be
12 limited to a three-month period terminating
13 March 30, 2012.

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

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

25 MR. AARONSON: Do I hear a motion?

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2 MS. ROMAIN: So moved.

3 MR. AARONSON: Do I hear a second?

4 MS. WOLPERT: Second.

5 MR. AARONSON: Is there any discussion? All in favor?

6 (Whereupon, all those present so indicated.)

7 MR. AARONSON: Any opposed? Motion carried.

8 MR. SERRANO: The fourth resolution concerns the Adoption of
9 Certain Revisions to Investment Policy Statement for the Variable
10 Annuity Program. I would like to ask Marc Katz, our Director of
11 Investments, to give us a brief background on what the changes are.

12 MR. KATZ: This resolution formalizes our discussion at the
13 last Investment Meeting, where we modified the investment policy
14 statement, the IPS, to allow investments in certain emerging markets
15 and further allow the change of the Stable Value Fund to the Bond
16 Fund. That change is effective January 1, 2012.

17 MR. AARONSON: Now that I have heard the explanation, do I hear
18 a motion on the resolution?

19 MS. ROMAIN: So moved.

20 MS. MARCH: Second.

21 MR. AARONSON: Is there any discussion? All in favor?

22 (Whereupon, all those present so indicated.)

23 MR. AARONSON: Any opposed? Motion carried.

24 MR. SERRANO: The fifth resolution concerns the Applicable
25 Interest Rate on Delayed Payments and Death Benefits.

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2 MS. WOLPERT: I request that this be tabled until the next
3 meeting.

4 MR. AARONSON: There has been a request to lay this matter
5 over. Is there a second?

6 MR. SMARR: Second.

7 MR. AARONSON: Is there any discussion? It has been laid-over
8 for the next meeting.

9 MR. SERRANO: That concludes the Executive Director's Report.
10 The next item is the Calendar. The Calendar that provides all
11 payments and transactions made by the Retirement System this month.
12 The first item there is approval of the Minutes for the regular
13 Board meeting held on November 17, 2011.

14 I believe everybody has had a chance to look at the minutes and
15 give Liz feedback. We now have the approval of the items. The
16 first item is the monthly periodic payment of TDA excessive loan
17 payments which are on pages 1 through 13; on page 14 is the payroll
18 summary of Advanced Payments to new retirees and TDA annuitants; on
19 pages 15 through 34 is the transfer of active TDA defers to annuity
20 payments; on pages 35 through 78 are Fractional Payments; on pages
21 79 through 94 are uncollected checks for deceased members; on
22 pages 95 through 122 are beneficiaries continuing option payments;
23 on pages 123 through 133 are conversions to pop-up payments; on
24 pages 134 through 185 are beneficiaries who received one-time
25 payments from their Qualified Pension Plan ("QPP") and Tax-Deferred

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2 Annuity Plan ("TDA") accounts; on page 186 is transfer of funds
3 between banks; on pages 187 through 191 are purchase and sales of
4 securities transacted for the Passport Fund Programs; on pages
5 192 through 196 is receipt of installment payments; on pages 197
6 through 199 are outstanding checks; on page 200 through 350 are
7 repayments, including those under the Class Action Settlements;
8 on pages 351 through 354 are payments for service credit; and on
9 page 355 are new service retirement payments.

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

11 MR. DORSA: Second.

12 MR. AARONSON: Any discussion? All in favor of adopting the
13 Calendar?

14 (Whereupon, all those present so indicated.)

15 MR. AARONSON: Any opposed? The Calendar is adopted.

16 MR. SERRANO: That concludes the Calendar. Item six...

17 MS. MARCH: Before we go to Item 6; I do not know if this is
18 right place to do it, but it is our last meeting of 2011 and so,
19 if the Board would give me the opportunity to be able to do it, I
20 would like to thank the staff for all of their hard work. It has
21 been another good year. Let's all have a wonderful, healthy, happy
22 new year.

23 MR. SERRANO: Thank you and we thank the Board for their great
24 support, direction and leadership. We would like to thank the
25 Actuary for all of their help and the Law Department for helping us

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2 with different problems. It has been a good year. Thank you.

3 MS. MARCH: And I think, before we went to the Actuarial
4 Assumptions, I thought we would give everybody a happy and a
5 healthy holiday.

6 MR. SERRANO: Item six is Other Business. The first item
7 is, Mr. North recently passed a memorandum around to the Board
8 outlining some changes to the Actuarial Assumptions.

9 MR. AARONSON: Mr. North has a few minutes that he would like
10 to comment on that.

11 MR. NORTH: The memorandum dated December 8, 2011 presents the
12 status and overview of what will be the Proposed Actuarial
13 Assumptions and Methods.

14 MR. AARONSON: It will be if it is approved by the Board and
15 the legislator.

16 MR. NORTH: The details on what is proposed, are there and
17 ultimately, there will be resolutions in front of the Board to
18 adopt the demographic assumptions and to request the support for
19 the package of assumptions and methods and for the enactment of
20 enabling legislation. Rather than getting into all of the details,
21 knowing you have some other business with which to deal, I will be
22 glad to answer any questions now or at another point.

23 MR. AARONSON: I can tell you that the Board Members are
24 examining your memo very closely and at some point in the future,
25 they will have questions to ask you and also some comments.

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2 MR. NORTH: I look forward to them. I have two (2) of my
3 staff members here today and I very much appreciate the indulgence
4 to introduce them. Frankie Chen is a recent associate of the
5 Society of Actuary in our office and Paul Birnbaum has been with
6 us for almost a decade and spends a great deal of his time working
7 on issues related to the Teachers' Retirement System. I appreciate
8 the opportunity to bring and introduce to you two (2) of the
9 important people to help get the work done in the Office of the
10 Actuary. Thank you.

11 MR. AARONSON: Thank you for introducing them and thank you,
12 gentlemen for what you do for us. It is great and we appreciate it.

13 MR. SERRANO: Second item is, we received from the Office of
14 the Comptroller a copy of the Hay Report. The Hay Group is an
15 independent actuarial auditor group that provided reports and I
16 do not know if the Board has received them yet, but Liz will be
17 sending them to you shortly. I understand on January 19th the Hay
18 Group will present their findings and answer any questions the
19 Board may have.

20 I do not know if there is any other business before the Board
21 today?

22 MR. AARONSON: Any Board Member have any other business or
23 staff person want to bring up any business? I do not see any.

24 MR. SERRANO: The next item on the Agenda, if there is any
25 questions or comments from the public?

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2 MR. AARONSON: Mr. Gelfand?

3 MR. GELFAND: A couple. Chapter 504 from 2009 changed the
4 fixed return rate for different members of TRS. Has the TRS
5 already identified those which you have not (inaudible) and made
6 the adjustments to their accounts?

7 MR. SERRANO: Yes, we have.

8 MR. GELFAND: Is there any way that a member can identify
9 which group they are in?

10 MR. AARONSON: The law is pretty clear.

11 MR. GELFAND: Is there any way a member can check that they
12 were put into the right group?

13 MS. MARCH: Are you a member of the United Federation of
14 Teachers ("UFT")?

15 MR. GELFAND: I was.

16 MS. MARCH: If you were a member of United Federation of
17 Teachers, then you are in the group that is receiving 7 percent
18 interest on the Tax-Deferred Annuity.

19 MR. GELFAND: Have the people who are not in that group been
20 made whole? Initially, the TRS was only crediting (inaudible) 7
21 percent interest.

22 MS. ROMAIN: We do not know of anyone. Does the TRS know of
23 any?

24 MS. REILLY: Ellen would like to answer this one.

25 MR. DeLEO: We did identify by which collective bargaining

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2 unit they were covered by and we actually were giving people
3 the interest at the old rate and adjusted them down.

4 MR. GELFAND: And adjusted them down.

5 MS. DeLEO: Yes. We have identified that by their collective
6 bargaining unit. If they receive statements, they can clearly
7 identify the rate of interest in which they are receiving.

8 MR. GELFAND: Ok. The other question is, various lawsuits
9 concerning coverages and per-session pay, what is the status of
10 those?

11 MR. GILLER: There is no lawsuit regarding coverages
12 governed by a resolution of this Board and payments will be
13 made in accordance with the resolution. The per-session case
14 is being administered. A very large number, a high percentage
15 of the people who are eligible for benefits have received
16 benefits and work is continuing on the remainder of the case.

17 MR. GELFAND: There is no group that was declared by the
18 TRS to be neither part of the coverage settlement or the per-
19 session case settlement; those who taught the sixth period of
20 the UFT contract for the special per-session pay.

21 MR. GILLER: There is project under the coverages project,
22 a subset of the coverages project, to review individuals who did
23 sixth period work.

24 MR. GELFAND: Are there any (inaudible) who are going to be
25 reviewed?

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2 MS. ROMAIN: I think the sixth period was dealt with as
3 part of regular Final Average Salary ("FAS") under the Weingarten
4 (inaudible).

5 MR. GILLER: I am sure you are referring to people who
6 retired before the date of the Weingarten decision. It was a
7 project to administer relief in the same manner as the coverages
8 cases that have been processed for the sixth period.

9 MR. GELFAND: Do you have a time schedule on that?

10 MR. GILLER: I could not tell you at the moment, other than,
11 we are starting. I know it started. It is on the way.

12 MS. REILLY: We are actually scoping out the project right
13 now so we should have the timeframes probably by the next Board
14 meeting.

15 MS. ROMAIN: Is that considered coverages or is that
16 considered per-session?

17 MS. REILLY: It is a phase of coverages.

18 MR. GELFAND: One other thing, the letters that were sent out
19 to the people who were no longer active in the TRS and had
20 (inaudible), some people who are active received notification that
21 their funds will be distributed in 60 days. Did anybody find an
22 error in some of the letters that were sent out?

23 MS. ROMAIN: Was it brought to the attention of the TRS?

24 MR. SERRANO: We are not aware of that.

25 MS. REILLY: If you could give us some specific info.

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2 MR. GELFAND: After the meeting.

3 MS. REILLY: Ok.

4 MR. AARONSON: There is nobody else from the public here so
5 do I hear a motion to go into Executive Session to have an
6 Attorney/Client meeting?

7 MS. MARCH: So moved.

8 MS. ROMAIN: Second.

9 MR. AARONSON: Any discussion? All those in favor?
10 (Whereupon, all those present so indicated.)

11 MR. AARONSON: We are now in Attorney/Client session. I
12 thank everybody from the staff and everybody from the public. I
13 appreciate everything and I add to Ms. March's best wishes for
14 the happy holiday season and good health in the new year.

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

16 MS. MARCH: I make a motion to go out of Executive Session.

17 MR. SMARR: Second.

18 MR. AARONSON: I hear a second. Is there any discussion?
19 Ready to vote? All those in favor?

20 (Whereupon, all those present so indicated.)

21 MR. AARONSON: Any opposed? We are now out of Executive
22 Session and I would like to put on the record, a summary of what
23 we did during Executive Session.

24 The Attorneys updated the Board on several matters related to
25 a criminal investigation and on-going lawsuits regarding benefits

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2 and securities.
3 Do I hear a motion to adjourn?
4 MS. MARCH: So moved.
5 MS. WOLPERT: Second.
6 MR. AARONSON: Any discussion? All those in favor?
7 (Whereupon, all those present so indicated.)
8 MR. AARONSON: We are adjourned.
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