

1

2

NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
REGULAR BOARD MEETING

3

held on Thursday, December 18, 2014

4

at

55 Water Street  
New York, New York

5

6

ATTENDEES:

7

MELVYN AARONSON, Chairperson, Trustee, TRS

8

SANDRA MARCH, Trustee, TRS

THOMAS BROWN, Trustee, TRS

9

JENNIFER MALDONADO, Trustee

CAROLYN WOLPERT, Trustee, Finance

10

JOHN DORSA, Trustee, Comptroller's Office

PATRICIA REILLY, Executive Director, TRS

11

VALERIE BUDZIK, TRS

RENEE PEARCE, TRS

12

PAUL RAUCCI, TRS

ANDREW BRADFORD, TRS

13

LIZ SANCHEZ, TRS

JOHN GIBNEY, Actuary's Office

14

KEITH SNOW, Corporation Counsel

ROBERT BETHELMY

15

CARMELA CRIVELLI

ANNETTE HANRAHAN

16

ANTHONY MEZZACAPPA

ELLEN DELEO

17

18

19

20

21

22

23

24

25



1

2

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

3

(Time noted: 3:45 p.m.)

4

5

6

7

MS. REILLY: Good afternoon. We're going to begin the December 18, 2014 regular meeting of the Teachers' Retirement Board. I will start by calling the roll.

8

Melvyn Aaronson?

9

CHAIRPERSON AARONSON: Here.

10

MS. REILLY: Thomas Brown?

11

MR. BROWN: Here.

12

MS. REILLY: Jennifer Maldonado?

13

MS. MALDONADO: Here.

14

MS. REILLY: Sandra March?

15

MS. MARCH: Present.

16

MS. REILLY: Susannah Vickers?

17

18

MR. DORSA: John Dorsa, for the Comptroller.

19

MS. REILLY: Carolyn Wolpert?

20

MS. WOLPERT: Here.

21

MS. REILLY: We have a quorum.

22

23

24

We will proceed. The next item is an update on TRS operations. Ellen DeLeo will give an update.

25

MS. DELEO: Two updates. TRS has begun

1 working with FISA to complete the generation of the  
2 1099s for non-periodic distribution. It's expected  
3 that FISA will generate 1099s on behalf of TRS for  
4 approximately 41,500 members and beneficiaries.

5 In addition, TRS will be mailing an  
6 informational brochure in early January to just over  
7 4400 members that are new retirees, to explain the  
8 1099 they will be receiving for the first time for the  
9 tax year 2014.

10 On December 3, TRS was contacted by the  
11 New York State Department of Financial Services. The  
12 Department informed TRS it would be conducting an  
13 examination into the condition and affairs of the New  
14 York City Teachers' Retirement System covering the  
15 period July 1, 2008 through June 30, 2013.

16 The objective of the examination is to  
17 evaluate the fund's governance. The examination will  
18 primarily focus on a review of various core fund  
19 functions, including fiduciary, financial, actuarial,  
20 investment, risk management, information technology  
21 and member treatment.

22 Field work for the examination is set to  
23 begin on December 22, 2014, and we anticipate it will  
24 last between six and nine months.

25 MS. REILLY: Thank you, Ellen.

1                   The next item is the executive director's  
2     report, and the first item there is the next meeting.  
3     It's been suggested that the next regular meeting of  
4     the Teachers' Retirement Board be held on January 22,  
5     2015.

6                   CHAIRPERSON AARONSON:   Everybody note that  
7     in your calendars.

8                   MS. REILLY:   Next is a resolution  
9     adopted by emergency vote on November 26, 2014, the  
10    TRS modernization program.

11                  CHAIRPERSON AARONSON:   Move to the  
12    resolves.

13                  MS. REILLY:   "Resolved, that the Board  
14    authorizes and funds TRS Modernization Program to  
15    replace the current legacy pension administration  
16    systems with a modernized pension administration  
17    system to meet TRS' business requirements at a high  
18    confidence cost, ranging from \$122.5 million to \$146  
19    million of funding from the TDA and Variable Program;  
20    and between \$44 million and \$56.5 million of funding  
21    from the QPP, over a period of six years, minus monies  
22    previously authorized.

23                  "And be it further resolved that the  
24    Executive Director is hereby authorized and directed  
25    by the Board to enter into a contract with Sagitec

1 Solutions for the remainder of the Modernization  
2 Program.

3 "And be it further resolved that the TRS  
4 agency budget for fiscal year 2015 shall be increased  
5 in the amount of \$15,102,360 to be taken from TDA and  
6 Variable Expense Funds and \$5,873,140 to be provided  
7 by QPP funding to pay for the Modernization Program,  
8 such that the total amount allocated for FY15,  
9 including previously authorized funding, will be equal  
10 to \$25,200,000 provided by the TDA and Variable  
11 Expense Funds and \$9,800,000 provided by QPP funding."

12 CHAIRPERSON AARONSON: Do I hear a motion  
13 to accept this resolution?

14 MS. MARCH: So moved.

15 MS. WOLPERT: Second.

16 CHAIRPERSON AARONSON: Discussion?

17 (No response.)

18 All in favor?

19 (A chorus of "Ayes.")

20 Any opposed?

21 (No response.)

22 Motion is carried.

23 MS. REILLY: Authorization to the  
24 Comptroller of the City of New York to invest certain  
25 funds.

1 MS. MARCH: Can this resolution be read in  
2 or put into the calendar by the stenographer, rather  
3 than you reading it, the resolves?

4 MS. REILLY: Okay.

5 CHAIRPERSON AARONSON: Everybody agree?  
6 Okay.

7

8 "At its meeting on September 18, 2014, the  
9 Teachers' Retirement Board authorized the Comptroller  
10 to invest certain funds of the Teachers' Retirement  
11 System for a period of three months. In the event  
12 that the Board desires to continue this authorization,  
13 the following resolution is submitted for  
14 consideration and approval:

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

1 annuity reserve fund referred to in Section 13-520 of  
2 the Administrative Code of the City of New York, other  
3 than the portion thereof held for current needs,  
4 pursuant to Section 13-538, subject to the terms and  
5 limitations set forth herein.

6 "1. The Comptroller shall have the power:

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

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

23 "C. In the name of the Comptroller, as  
24 agent of the trustees, to foreclose mortgages upon  
25 default or to take title to real property in such



1 proceedings in lieu thereof, or to lease and sell any  
2 properties so acquired.

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

9 "3. The authority hereby granted to the  
10 Comptroller of the City of New York by the Teachers'  
11 Retirement Board for the investing of its funds shall  
12 be limited to a three-month period terminating March  
13 31, 2015.

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

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

1

2 CHAIRPERSON AARONSON: We need a motion  
3 and vote on this resolution.

4 MR. DORSA: So moved.

5 MS. MARCH: Second.

6 CHAIRPERSON AARONSON: Any discussion?

7 (No response.)

8 All in favor?

9 (A chorus of "Ayes.")

10 Any opposed?

11 (No response.)

12 Motion carries.

13 MS. REILLY: Authorization to the  
14 Comptroller of the City of New York to invest certain  
15 tax-deferred annuity funds.

16 MS. MARCH: Same for this resolution,  
17 please.

18 CHAIRPERSON AARONSON: Does everybody  
19 agrees to have it written in the minutes? And is  
20 there a motion?

21 MR. DORSA: So moved.

22 CHAIRPERSON AARONSON: Second?

23 MR. BROWN: Second.

24 CHAIRPERSON AARONSON: Any discussion?

25 (No response.)

1 All in favor?

2 (A chorus of "Ayes.")

3 Any opposed?

4 The ayes have it.

5

6 "At its meeting on September 18, 2014, the  
7 Teachers' Retirement Board authorized the Comptroller  
8 to invest, for a period of three months, the net  
9 contributions of the Tax-Deferred Annuity Program for  
10 participants electing the fixed portion of the  
11 Program. In the event that the Board desires to  
12 continue to have these funds invested by the  
13 Comptroller of the City of New York, the following  
14 resolution is submitted for consideration and  
15 approval.

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

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

4 "1. The Comptroller shall have the power:

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

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

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



1 The following resolution is presented for  
2 consideration and possible adoption.

3 "Resolved, that the Trustees of the  
4 Teachers' Retirement Board hereby approve the  
5 attendance and participation of the Executive Director  
6 and/or her designees, and any interested Trustee, at  
7 the National Conference on Public Employee Retirement  
8 Systems from January 25 through January 27, 2015."

9 MS. MARCH: So moved.

10 CHAIRPERSON AARONSON: Is there a second?

11 MR. BROWN: Second.

12 CHAIRPERSON AARONSON: Any discussion?

13 (No response.)

14 All in favor?

15 (A chorus of "Ayes.")

16 Any opposed?

17 (No response.)

18 The ayes have it.

19 MS. REILLY: Next conference.

20 "Resolved, that the Trustees of the  
21 Teachers' Retirement Board hereby approve the  
22 attendance and participation of the Executive Director  
23 and/or her designees and any interested Trustee at the  
24 National Associations of Public Pension Attorneys,  
25 from February 11-13, 2015."

1 MS. MARCH: So moved.

2 CHAIRPERSON AARONSON: Is there a second?

3 MS. WOLPERT: Second.

4 CHAIRPERSON AARONSON: Any discussion?

5 (No response.)

6 All in favor?

7 (A chorus of "Ayes.")

8 Any opposed?

9 (No response.)

10 Carried.

11 MS. REILLY: The next item on the agenda

12 is the calendar. Each Board member should have

13 received a calendar previously listing transactions

14 and payments for the month. I want to go over a quick

15 summary.

16 But first is the matter of the approval of

17 the minutes of the regular meeting of November 20,

18 2014.

19 CHAIRPERSON AARONSON: Do I hear a motion

20 to approve the minutes?

21 MS. MARCH: So moved.

22 CHAIRPERSON AARONSON: Second?

23 MS. WOLPERT: Second.

24 CHAIRPERSON AARONSON: Minutes have been

25 moved and seconded.

1 Any discussion?

2 (No response.)

3 Seeing none, all in favor?

4 (A chorus of "Ayes.")

5 Any opposed?

6 (No response.)

7 Motion carries; the minutes carry.

8 The rest of the report will be documented  
9 at one time.

10 MS. REILLY: Pages 1 through 14 inclusive  
11 are the monthly periodic payroll of TDA, excess and  
12 loan payments.

13 Page 15, payroll summary accounts payable,  
14 new retirees and TDA accounts.

15 Pages 16 through 33 inclusive are transfer  
16 of active TDA deferred to annuity payments.

17 Pages 34 through 58 inclusive are the  
18 fractional payments.

19 Pages 59 through 67 inclusive are the  
20 uncollected checks for deceased members.

21 Pages 68 to 83 inclusive are beneficiaries  
22 continuing option payments.

23 Pages 84 through 101 inclusive are  
24 conversions to pop-up payments.

25 Pages 102 to 192 inclusive are



1 beneficiaries who receive one-time payments from the  
2 QPP and TDA accounts.

3 Pages 193 to 195 inclusive are return  
4 accumulated salary deductions.

5 Page 196 is transfer of funds between  
6 banks.

7 Pages 197 through 201 inclusive are  
8 purchase and sales of securities from the passport  
9 fund program.

10 Pages 202 to 204 inclusive are outstanding  
11 checks.

12 Pages 205 through 243 inclusive are  
13 revisions, including those under class coverage.

14 Page 244 are layoffs without pay.

15 Pages 245 to 247 are payments for service  
16 credit.

17 Page 248, denied accident disability  
18 benefits.

19 Page 249 are approved disability benefits.

20 Page 250 are minimum accumulations.

21 And 251 are new service retirement  
22 payments.

23 CHAIRPERSON AARONSON: That is the  
24 calendar for this month.

25 Motion to accept the calendar?

1 MS. MARCH: So moved.

2 MR. DORSA: Second.

3 CHAIRPERSON AARONSON: Any discussion?

4 (No response.)

5 All in favor?

6 (A chorus of "Ayes.")

7 Any opposed?

8 (No response.)

9 Carried.

10 MS. REILLY: The next item is any other  
11 business before the Board?

12 MS. MARCH: It is the end of the calendar  
13 year, not the school year. So I will not thank  
14 everybody. It would only be half a thank you. But  
15 what I'd like to do is wish everybody a very happy and  
16 healthy new year, and happy holiday, whichever one you  
17 may celebrate, and wish your families a joyous time  
18 during a joyous time of the year.

19 CHAIRPERSON AARONSON: Anybody with any  
20 other business? Members of the public?

21 (No response.)

22 Seeing none, is there a motion to go into  
23 executive session?

24 MR. DORSA: So moved.

25 MS. MARCH: Pursuant to Public Officer Law

1     105, I move that we go into executive session to  
2     discuss an issue regarding an investment matter.

3                   CHAIRPERSON AARONSON:   Discussion?

4                   (No response.)

5                   All in favor?

6                   (A chorus of "Ayes.")

7                   Any opposed?

8                   We are now going into executive session;  
9     and may I ask those people not involved in investment  
10    matters to please leave.

11                   (People left the room.)

12                   (Whereupon, the Board entered executive session.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1                   (Whereupon, the Board returned to public  
2 session.

3                   CHAIRPERSON AARONSON: We're now out of  
4 executive session. We're now in regular session.

5                   And a summary, Susan, of what we did in  
6 executive session?

7                   MS. STANG: In executive session a report  
8 on proxy voting was presented and discussed.

9                   Also, there was an update on board  
10 training, which was presented.

11                  CHAIRPERSON AARONSON: That's summary of  
12 what we did in executive session.

13                  Any other business before us?

14                  (No response.)

15                  Seeing none, is there a motion to adjourn?

16                  MS. MARCH: So moved.

17                  CHAIRPERSON AARONSON: A second?

18                  MS. WOLPERT: Second.

19                  CHAIRPERSON AARONSON: Any discussion?

20                  (No response.)

21                  All in favor?

22                  (A chorus of "Ayes.")

23                  Any opposed?

24                  We're adjourned.

25                  (Time noted: 4:28 p.m.)

1

2

## C E R T I F I C A T I O N

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

I, Jeffrey Shapiro, a Shorthand Reporter and

Notary Public, within and for the State of New York, do

hereby certify that I reported the proceedings in the

within-entitled matter, on Thursday, December 18, 2014,

at the offices of the NEW YORK CITY TEACHERS RETIREMENT

SYSTEM, 55 Water Street, New York, New York, and that

this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my

hand this 21st day of December, 2014.

JEFFREY SHAPIRO