

NEW YORK CITY TEACHERS' RETIREMENT SYSTEM  
BOARD MEETING

held on Thursday, December 20, 2012

at

335 Adams Street  
Brooklyn, New York

ATTENDEES:

MELVYN AARONSON, Chairperson, Trustee, TRS

SANDRA MARCH, Trustee, TRS

MONA ROMAIN, Trustee, TRS

PATRICIA REILLY, TRS

CAROLYN WOLPERT, Trustee, Mayor's Office

JAIME SMARR, Trustee, DOE

JOEL GILLER, TRS

MARC KATZ, TRS

THADDEUS McTIGUE, Comptroller's Office

RENEE PEARCE, TRS

INGA VAN EYSDEN, Corporation Counsel

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

2 (Time noted: 3:30 p.m.)

3 CHAIRPERSON AARONSON: Ms. Reilly?

4 MS. REILLY: Good afternoon. Welcome to the  
5 December 20, 2012 meeting of the Teachers' Retirement  
6 Board. We'll begin by calling the roll.

7 Melvyn Aaronson?

8 CHAIRPERSON AARONSON: Here.

9 MS. REILLY: Kathleen Grimm?

10 (No response.)

11 Not here.

12 MS. REILLY: Sandra March?

13 MS. MARCH: Present.

14 MS. REILLY: Thad McTigue?

15 MR. MCTIGUE: Here.

16 MS. REILLY: Frieda Foster?

17 (No response.)

18 MS. REILLY: Mona Romain?

19 MS. ROMAIN: Here.

20 MS. REILLY: Carolyn Wolpert?

21 MS. WOLPERT: Here.

22 MS. REILLY: We have a quorum.

23 Next on the agenda is an update from TRS on  
24 operations. I will give a quick update.

25 We're closing down the Manhasset trailer

1     where our staff has been residing and processing  
2     benefits, and we're moving that staff to the Long Island  
3     City office. We've gotten all the computers moved over  
4     there, and as of tomorrow all staff will be working out  
5     of the Long Island City office.

6             We have the IT Department over at 55 Water  
7     Street, and we've gotten what's called an  
8     uninterruptible power supply, which is attached to the  
9     computers, which protects it from power surges. It's a  
10    huge piece of equipment that was delivered, attached, so  
11    we were able to bring our computer systems back up,  
12    which allowed us to check the phone systems. And we do  
13    have internal and external call capability.

14            So we're looking at our other systems to see  
15    if there was any damage or disruption to those.

16            IT should be finishing its assessment by  
17    early next week, and we still have a problem where we  
18    don't have access to our computer system which is  
19    located at a company named Savage, which is external.  
20    That's where we run our web out of and our production  
21    system.

22            So we're looking at a plan to bring all of  
23    the operations back to 55 Water Street, and figure out a  
24    way, because the web is running out of Savage, to  
25    connect the web computer system to our systems at 55

1 Water. Once we're able to do that, we can bring staff  
2 back in.

3 We're going to turn one training room into a  
4 call center, because the second floor is still not  
5 available for a call center. So we're going to turn  
6 that room into a call center. We'll take one of our  
7 meeting rooms and make a mail room out of that, and a  
8 document imaging department.

9 So we're really --

10 CHAIRPERSON AARONSON: What about a walk-in  
11 center?

12 MS. REILLY: The walk-in center, we'll just  
13 have to continue at BERS until the second floor is  
14 available.

15 So we're pushing for the first or second  
16 week of January to start to move staff back in. We're  
17 going to do that in an orderly way, and we have a plan  
18 to bring people back.

19 CHAIRPERSON AARONSON: Has part of the  
20 building been checked for health matters and so forth?

21 MS. REILLY: Right. We did have a company  
22 come in and they performed a test for mold for us, the  
23 air quality and mold. We actually had that test  
24 confirmed by the UFT, an environmental hygienist, so  
25 thank you for that.

1                   And the hygienist from UFT reviewed the  
2     reports and told us it was safe to go back into the  
3     building from an air quality perspective.

4                   We are looking to get a cleaning service to  
5     come back in.

6                   To be honest, we went to the building and  
7     there are areas of the building that sometimes you do  
8     smell the fuel from the generators that surround the  
9     building. But we are being told the air quality is  
10    good, and we're going to have the area cleaned so when  
11    people come back, hopefully they'll be comfortable.

12                  MS. ROMAIN: Are there tenants in the  
13    building?

14                  MS. REILLY: There are tenants in the  
15    building. The Department of Transportation moved back  
16    in. I don't believe they have phone systems, but  
17    they're working themselves in hot spots that they set  
18    up.

19                  CHAIRPERSON AARONSON: They could bring  
20    their bikes in and generate enough electricity.

21                  (Laughter.)

22                  MS. REILLY: I believe Emblem Health has two  
23    thousand people in the building, and they're starting to  
24    bring people back in, a hundred people per day. I  
25    believe they're talking about late January or February

1       they will come back.

2                   CHAIRPERSON AARONSON:   And is DC coming  
3       back?

4                   MS. REILLY:   I heard they're not coming back  
5       at all, but I don't know if that's true.

6                   MR. KATZ:   They're planning to move to  
7       Jersey in the summertime.   They got space in Jersey  
8       City.   They'll move entirely out.   I don't know when  
9       they're coming back.

10                  MS. REILLY:   I think we see light at the end  
11       of the tunnel.   People are tired and want a home.   We're  
12       excited that we're starting to see some progress.

13                  That's it.

14                  (Ms. Van Eysden entered the meeting.)

15                  MS. REILLY:   The RMD checks and EFTs are  
16       being processed and going out.

17                  CHAIRPERSON AARONSON:   All retirement checks  
18       have been going out?

19                  MS. REILLY:   Yes.

20                  CHAIRPERSON AARONSON:   Mailed the EFT.

21                  MS. REILLY:   Putting people on payroll.

22                  CHAIRPERSON AARONSON:   How about medical  
23       retirement, disability retirement?

24                  MS. REILLY:   Robert was working on -- and  
25       doctors did come in.

1                   MR. GILLER: Yes. Using NYCERS for  
2 examinations.

3                   MS. ROMAIN: Did you get a lot of switches  
4 from paper to EFT?

5                   MS. REILLY: We get a lot of switches to  
6 EFT.

7                   MS. MARCH: When we're back in the building  
8 and do our first benefits report, it should be a front  
9 cover story. Maybe even with a reproduction of the EFT  
10 card on the face of that issue. And just make it as  
11 easy as possible for them.

12                   If you can do it to everybody -- because the  
13 story really could say for the benefit of those of you  
14 who have the EFT. And so I really think that should be  
15 done.

16                   CHAIRPERSON AARONSON: And Social Security  
17 just came out with a requirement that everybody get  
18 their check electronically, some way or another. And  
19 they're issuing for people who don't have bank accounts,  
20 they're just issuing a credit card with that amount of  
21 money on it. That's it.

22                   MS. REILLY: Most people are very willing to  
23 use EFT. There are some people who insisted on getting  
24 a check, who said they have no mechanism -- but most  
25 people were able to get their EFT information.

1                   CHAIRPERSON AARONSON:   Okay.

2                   MS. MARCH:   I was over at the Long Island  
3   facility today, and I just want to thank NYCERS again  
4   for the use of that facility, and just tell everybody  
5   that it really is heartwarming to see the people who are  
6   no longer -- TRS is a home.

7                   They're not in their home and they're  
8   functioning up to par.  As I told them, and I'll repeat  
9   it here.  If anybody criticizes an employee of the  
10  government of the City of New York again, I would really  
11  like to be introduced to that person, because the  
12  Teachers' Retirement System staff is a perfect example  
13  of continuing what they have to do under what may be not  
14  the best of circumstances.

15                  (Mr. Smarr entered the meeting.)

16                  MS. REILLY:   Let the record show that Jaime  
17  Smarr is here.

18                  CHAIRPERSON AARONSON:   We want to finish the  
19  update.  Now on to the executive report.

20                  MS. REILLY:   The executive director report.  
21  The next item is the next meeting.  It's suggested the  
22  next regular meeting of the Teachers' Retirement System  
23  be held on the third Thursday of the month, January 17,  
24  2013.

25                  Next is the resolution, reference to



1 authorization to the Comptroller of the City of New York  
2 to invest in certain funds.

3 MS. MARCH: I move that we waive the  
4 reading of the resolution.

5 MS. ROMAIN: Second.

6 CHAIRPERSON AARONSON: Any objections to  
7 waiving the reading of the resolution?

8 Seeing no objections, it is waived.

9 And we're prepared to vote.

10 All those in favor of the resolution?

11 (A chorus of "Ayes.")

12 Any opposed?

13 Carried.

14 We're now on resolution item number 3.

15 MS. REILLY: Authorization for control of  
16 certain tax deferred funds.

17 MS. ROMAIN: I move that we waive the  
18 resolves.

19 MS. MARCH: Second.

20 CHAIRPERSON AARONSON: Any objection to  
21 waiving of the reading?

22 Seeing no objections, do I have a motion to  
23 accept?

24 MR. McTIGUE: Motion.

25 MS. MARCH: Second.

1                   CHAIRPERSON AARONSON: All in favor of  
2 accepting the resolution say "Aye."

3                   (A chorus of "Ayes.")

4                   Any opposed?

5                   Carried, Resolution Number 4.

6                   I recommend we lay that item over, and we  
7 have a meeting of the budget committee to discuss the  
8 matter.

9                   MS. MARCH: It never passes, because then  
10 our members will be in Tier 4.

11                   (Laughter.)

12                   It's okay. Keep objecting.

13                   CHAIRPERSON AARONSON: Resolution Number 5.

14                   MS. REILLY: Engagement of Rocaton as an  
15 investment consultant.

16                   MS. ROMAIN: Resolved.

17                   MS. REILLY: "Resolved, the board approve  
18 the retention of Rocaton to provide investment counsel  
19 services to both the qualified pension plan and the  
20 variable program for one three year term, with the right  
21 to renew for one subsequent additional three year term.

22                   "And be it further resolved that the chair,  
23 or in his absence, the deputy executive director, or in  
24 her absence, the director of investment administration,  
25 is hereby authorized and directed to negotiate and

1 execute appropriate investment consulting agreements and  
2 take any other action as necessary to implement this  
3 resolution."

4 MS. ROMAIN: I move the resolution.

5 CHAIRPERSON AARONSON: Is there a second?

6 MR. McTIGUE: Second.

7 CHAIRPERSON AARONSON: Any discussion?

8 Seeing none, all in favor?

9 (A chorus of "Ayes.")

10 Any opposed?

11 Resolution carries.

12 Resolution Number 6.

13 MS. REILLY: Payment of disaster recovery  
14 expenses as a result of Hurricane Sandy.

15 MS. WOLPERT: I'd like to table this  
16 resolution, as well. Obviously we recognize the impact  
17 of the hurricane has resulted in costs, and that we need  
18 to address them. But I think we simply haven't had  
19 enough time to review the numbers or the documentation  
20 that's been provided.

21 MS. MARCH: I would not table it. I believe  
22 that we have a responsibility to pay to NYCERS the  
23 amount of money that we owe them as a result of them  
24 allowing us to use their facilities. And I don't find  
25 this a very complicated issue. It's a very simple

1 issue. We are using their facilities, we have to  
2 reimburse them.

3 And the truth of the matter is, I don't even  
4 know why we need a resolution. I have no problem with  
5 voting for the resolution. What I believe we need is,  
6 the staff through the executive director, informing us  
7 that they are in fact reimbursing NYCERS for the use of  
8 their facility.

9 I see no reason for us to have to lay it  
10 over. It is embarrassing. NYCERS has allowed us to  
11 continue to function, to provide to the members and the  
12 beneficiaries of this system their checks, their  
13 information, et cetera. And I cannot believe that we  
14 need more time to study this.

15 MS. ROMAIN: I agree with my colleague. I'm  
16 not asking for a modification of the budget in any way.  
17 And if a fuller explanation is needed, I'm sure it can  
18 be gotten.

19 But I think we should move on this and  
20 reimburse NYCERS for its expenses during the emergency  
21 and allowing TRS to continue to function.

22 CHAIRPERSON AARONSON: Any further  
23 discussion?

24 MS. WOLPERT: I understand that, and I think  
25 I noted at both meetings, at the NYCERS meetings, how

1 much the Mayor's Office and everyone else appreciates  
2 the things NYCERS has given the fund.

3 But we're being asked to vote on a  
4 resolution that approves payment of \$130,000 for the  
5 past month and \$115,000 for every month thereafter.

6 I received the executive director's report  
7 on Tuesday afternoon. I called and asked for additional  
8 information. I got a spreadsheet close to 5:00  
9 yesterday, and I can't vote to authorize a payment  
10 without having more than 24 hours to look at the  
11 documentation.

12 CHAIRPERSON AARONSON: As I know, we don't  
13 vote on payments that the retirement system makes to  
14 anybody.

15 MS. MARCH: To vendors, we don't vote on  
16 that.

17 MS. WOLPERT: Being presented today?

18 MS. MARCH: I said initially in my  
19 conversation, I don't think this had to be presented. I  
20 think in executive director's report she could have made  
21 a report that she was doing this. I don't believe that  
22 the staff of this system had to request this. They are  
23 going overboard to give you information, and I don't  
24 think that this is very difficult, complicated  
25 information to understand.

1 I'm ready to vote.

2 CHAIRPERSON AARONSON: Thad?

3 MR. McTIGUE: Thank you, Mr. Chairman.

4 To the point made by many of the trustees,  
5 I'd say for our office, the deputy executive director  
6 provided information, engaging in a number of  
7 conversations face to face, on the phone, to provide us  
8 this level of detail and comfort; that the board spent  
9 appropriately a number of hours talking about the degree  
10 of cooperation that NYCERS and Teachers had during this  
11 emergency.

12 And it is our view that the purpose of the  
13 resolution today is an extension of that cooperation.  
14 We are merely paying a bill. In some way NYCERS is  
15 situated as a vendor. If Teachers had to go outside,  
16 they would pay the vendor that bill.

17 Also, there's no new money. We had a  
18 resolution on June 6. And we agree with Carolyn that  
19 perhaps more information could be provided there. I  
20 think in the spirit of cooperation we could lay that  
21 over. I think the key here is there's no new money,  
22 we're not asking to approve anything outside the budget  
23 approved by the board previously.

24 For those reasons we're prepared to vote.

25 CHAIRPERSON AARONSON: Any further

1 discussion?

2 MR. SMARR: We're in discussion to table the  
3 motion or discussion on the actual resolution?

4 MS. MARCH: On the resolution.

5 MR. SMARR: Patricia, can I ask, and pardon  
6 me if you provided this information previously. At 55  
7 Water Street is the retirement system receiving a rent  
8 credit over a period of time that they are unable to use  
9 it?

10 MS. REILLY: Yes.

11 MR. SMARR: It's approximately the same?

12 MS. REILLY: It's a lot more.

13 (Laughter.)

14 CHAIRPERSON AARONSON: Are we ready to vote?

15 All in favor?

16 (A chorus of "Ayes.")

17 Any opposed?

18 MS. WOLPERT: Opposed.

19 MR. SMARR: Opposed.

20 CHAIRPERSON AARONSON: Motion carries.

21 (Discussion off the record.)

22 CHAIRPERSON AARONSON: Motion passed.

23 We're up to Resolution Number 7.

24 MS. REILLY: Attendance at a conference.

25 The following resolution is for consideration and

1 possible adoption.

2 Resolved that the trustees of the Teachers'  
3 Retirement System hereby approve the attendance and  
4 participation of the deputy executive director and/or  
5 her designee and any interested trustee at the national  
6 conference on public retirement systems from January 27  
7 through January 29, 2013.

8 CHAIRPERSON AARONSON: Do I hear a motion?

9 MS. ROMAIN: To move the resolution.

10 CHAIRPERSON AARONSON: Second?

11 MS. MARCH: Second.

12 CHAIRPERSON AARONSON: Any discussion?

13 MS. ROMAIN: I want to restate this. This  
14 is the legislative conference of this organization.

15 CHAIRPERSON AARONSON: Thank you.

16 Any other discussion?

17 All in favor?

18 (A chorus of "Ayes.")

19 Any opposed?

20 Okay. So that passes, and we are now  
21 finished with the executive director's report.

22 MS. REILLY: We're deferring the calendar  
23 until we get back to 55 Water Street, but we can approve  
24 the November 15 Teachers' retirement board meeting  
25 minutes.



1           CHAIRPERSON AARONSON: Part of the calendar  
2 is the minutes of our last meeting.

3           Is there a motion to approve minutes?

4           MR. SMARR: Motion.

5           CHAIRPERSON AARONSON: Discussion?

6           All in favor?

7           (A chorus of "Ayes.")

8           Any opposed?

9           The minutes have been approved.

10          The rest of the calendar will be reported on  
11 at a subsequent meeting.

12          We're now up to other business.

13          Does any board member have any business?

14          Does staff have any business?

15          We're finished with other business. There's  
16 nobody here from the public, so we can skip that. That  
17 brings us down to the necessity for having an executive  
18 session.

19          Do I hear a resolution?

20          MS. MARCH: I move we go into executive  
21 session under Public Officers Law 105 for purposes of  
22 discussing sales and securities.

23          CHAIRPERSON AARONSON: Do I hear a second?

24          MS. ROMAIN: Second.

25          CHAIRPERSON AARONSON: Any discussion?

1 All those in favor of going into executive  
2 session?

3 (A chorus of "Ayes.")

4 Any opposed?

5 We're now in executive session.

6 MR. SMARR: Next month will be my last month  
7 with the City of New York. After almost 17 years with  
8 the City of New York I have accepted a position with the  
9 National Housing Partnership. The National Housing  
10 Partnership is a very active affordable housing  
11 developer in the Southeast. And they're opening a New  
12 York office, which I'm going to take over.

13 I started my career in low income housing at  
14 the Boston Housing Authority. So it is something I'm  
15 going back to.

16 CHAIRPERSON AARONSON: Does that mean in a  
17 year you will be back before the board?

18 (Laughter.)

19 MR. SMARR: It looks like they have enough  
20 capital, but who knows. I may need to speak to the  
21 conflict of interest board.

22 CHAIRPERSON AARONSON: This board, the city  
23 side and employee side are greatly interested in what we  
24 can do for low cost housing and Work Force Housing.

25 MR. SMARR: My entire career has been at

1       housing. Even at the Department of Education I was  
2       doing housing a little bit with schools.

3               MS. MARCH: Congratulations and good luck.

4               MS. VAN EYSDEN: Good luck.

5               (Discussion off the record.)

6               CHAIRPERSON AARONSON: Can we draw up a  
7       resolution for Jaime next month?

8               MR. GILLER: Yes.

9               CHAIRPERSON AARONSON: Do I hear a motion to  
10      go back into regular session?

11              Are we prepared to go back into public  
12      session?

13              MS. MARCH: I move we go back into public  
14      session.

15              MR. SMARR: Second.

16              CHAIRPERSON AARONSON: Objection?

17              We're now back in public session.

18              Do I hear a further motion?

19              MS. MARCH: Before I make that motion, I'd  
20      like to remind everybody it's another end of another  
21      year.

22              And Patricia, would you relay to the staff  
23      that we thank them, and I wish everybody a happy and  
24      healthy new year.

25              MS. REILLY: Thank you. You too.

26              CHAIRPERSON AARONSON: Is it all right to do

1       that?

2                   Now do I hear a motion?

3                   MS. ROMAIN: I move to adjourn.

4                   MS. MARCH: Second.

5                   CHAIRPERSON AARONSON: Any objection?

6                   Seeing none, this body is adjourned until

7       January 17, 2013.

8                   (Time noted: 4:05 p.m.)

9                   (Matter concluded.)

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

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 20, 2012,  
at the offices of the NEW YORK CITY RETIREMENT SYSTEM,  
335 Adams Street, Brooklyn, New York, and that this is  
an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my  
hand this \_\_\_\_ day of \_\_\_\_\_, 2012.

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JEFFREY SHAPIRO