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1 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
INVESTMENT MEETING
2 Held on Thursday, March 2, 2017
at
3 55 Water Street
New York, New York

4
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ATTENDEES:

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JOHN ADLER, Chairperson, Trustee, Mayor's Office
7 PATRICIA REILLY, Executive Director, TRS
DAVID KAZANSKY, Trustee, TRS
8 DEBRA PENNY, Trustee, TRS
THOMAS BROWN, Trustee, TRS
9 CHARLOTTE BEYER, Trustee
SUSANNAH VICKERS, Trustee, Comptroller's Office
10 ANTONIO RODRIGUEZ, Trustee, Finance
THADDEUS MCTIGUE, Deputy Executive Director, TRS
11 LIZ SANCHEZ, TRS
SUSAN STANG, TRS
12 VALERIE BUDZIK, TRS
DAVID LEVINE, Groome Law Group
13 SHERRY CHAN, Chief Actuary
ROBIN PELLISH, Rocaton
14 MATTHEW MALERI, Rocaton
MICHAEL FULVIO, Rocaton
15 RONALD SWINGLE, TRS
ROBERT RAUCCI, TRS
16 MELVYN AARONSON

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P R O C E E D I N G S

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(Time noted: 10:11 a.m.)

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4 CHAIRPERSON ADLER: Good morning,
5 everyone. Welcome to the March 2, 2017 investment
6 meeting of the Teachers Retirement System.
7 Patricia, will you call the roll?
8 MS. REILLY: John Adler?
9 CHAIRPERSON ADLER: Here.
10 MS. REILLY: Thomas Brown?
11 MR. BROWN: Here.

12 MS. REILLY: David Kazansky?
13 MR. KAZANSKY: Present.
14 MS. REILLY: Debra Penny?
15 MS. PENNY: Here.
16 MS. REILLY: Charlotte Beyer?
17 MS. BEYER: I'm here.
18 MS. REILLY: Susannah Vickers?
19 MS. VICKERS: Here.
20 MS. REILLY: We do have a quorum.
21 CHAIRPERSON ADLER: Thank you very much.
22 Without further ado, let's turn it over
23 to Rocaton for our public agenda.
24 MR. FULVIO: Great. Good morning,
25 everyone. We distributed performance reports ahead
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1 of time, and I know at the January meeting we spent
2 a lot of time with my colleague David Morgan
3 speaking about markets and our outlook looking
4 forward. And at the last meeting we spoke to the
5 performance during 2016 for the Passport funds,
6 which was all encapsulated in the report we
7 circulated.
8 So I'm happy to answer any questions.
9 We weren't planning to flip pages. If there are
10 any questions anyone had on that, I'm happy to
11 address them now.
12 CHAIRPERSON ADLER: Any questions for
13 Michael or Rocaton?
14 How far up can it go?
15 (Laughter.)
16 MR. FULVIO: You tell me.
17 CHAIRPERSON ADLER: That's why we pay
18 you the big bucks.
19 MS. PELLISH: For the record, that's not
20 what you pay us for.
21 (Laughter.)
22 CHAIRPERSON ADLER: Touche.
23 MR. FULVIO: Maybe if there's nothing on
24 2016 we can dive into the January report. You
25 might recall at the last meeting we spoke a little
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1 about what the markets did. As a reminder, in
2 January the U.S. equity market was up about 1.9
3 percent. Abroad we saw strong returns from both
4 developed and emerging markets in the first month
5 of the year, with emerging markets up about 5.3
6 percent, developed markets up 3 percent. And your
7 international composite benchmark, which mixes the
8 two together was up 3.2 percent. So in January,
9 the diversification of the international in the
10 diversified equity fund certainly helped returns
11 for the fund.
12 The fund was up about 2.3 percent during
13 the month. You can see, we will talk about some

14 very large numbers today. If you look at the one
15 year column, that brought the return of the fund to
16 about 19.3 percent. And it's really all a matter
17 of timing. Think about where we were last year,
18 what was going on in the markets.

19 We're coming off a lot of uncertainty in
20 2015. That continued into early 2016. When we
21 look at the report performance through February,
22 those numbers get even larger from, you might
23 recall, the low we saw last year in the month of
24 February.

25 But looking at the performance then for
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1 this year so far, positive 2.3 percent. At the end
2 of the month the fund was about \$14.3 billion.
3 That return was good enough to outperform both the
4 Russell 3000 and the hybrid benchmark.

5 I mentioned the diversification helping
6 non U.S. in this fund was up about 3.6 percent
7 versus its benchmark of about 3.2. So we saw some
8 benefit from active management, as well. We also
9 saw that in the U.S. composite, with those managers
10 adding over 1 percent last month.

11 We saw from the defensive strategy the
12 positive return to the tune of about 1.2 percent.
13 So again, not quite keeping up with the markets
14 just as we would expect, but positive return
15 nonetheless.

16 So, what we saw in the first quarter was
17 all for the most part beneficial to the funds here,
18 with the exception of that lagging difference.

19 Looking out at the other Passport funds,
20 the bond fund at the end of the month, the assets
21 stood at about \$390 million. The fund had modestly
22 positive return to the tune of 20 basis points.
23 That brought the one year return for that number to
24 about 1.2 percent.

25 The international equity fund at about
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1 \$120 million of assets, again, like the composite
2 in the diversified equity Fund, up about 3 1/2
3 percent, outpacing its benchmark. That fund had
4 about a 16 percent return over the last 12 months.

5 The inflation protection fund at about
6 \$51 million had a return of about positive 60 basis
7 points, just ahead of CPI, as well as its custom
8 benchmark. The one year return for that fund is
9 about positive 11 percent. CPI over that time
10 period was about 2 1/2 percent.

11 The socially responsible equity fund
12 stood at about \$150 million at the end of the
13 month. That fund was up about 3 1/2 percent.
14 Again, that's an all U.S. fund; 3 1/2 percent
15 return versus the S&P was up about 2 percent. That

16 fund's return was about 22 percent versus the S&P
17 at about 20 percent over the last 12 months.

18 The numbers get bigger when we start
19 talking about February.

20 Any questions on January?

21 (No response.)

22 We will look ahead. As I mentioned
23 before, if you look at the one year column here,
24 see what a difference a year makes, quite a start.
25 The Russell 3000 was up about 3.7 percent in

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1 February, that's for a one year return of about 26
2 percent. The international composite benchmark
3 which again, is a rollup of developed and emerging
4 markets. Developed markets were up about 1.5
5 percent. The custom emerging markets index was up
6 about 3.5 percent. Put together, you've got a
7 return of about 1.7 percent in the non U.S.
8 exposure.

9 The underlying strategy for the
10 inflation protection fund was up about 1 percent
11 last month, and the underlying strategy for the
12 socially responsible equity fund was up about 3
13 percent, trailing the S&P, but nonetheless pretty
14 strong returns right in line with the S&P over the
15 last 12 months, about 25 percent.

16 So those were the returns for the market
17 for February. You can see a little bit of a rally
18 coming off the speech Wednesday night. We'll see
19 what today holds.

20 CHAIRPERSON ADLER: Any other questions?

21 (No response.)

22 I think that concludes our public
23 agenda. So a motion would be in order to go to
24 executive session.

25 MR. BROWN: I move, pursuant to Public

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1 Officers Law Section 105 to go into executive
2 session for discussions regarding specific
3 investment matters.

4 CHAIRPERSON ADLER: Is there a second?

5 MS. VICKERS: Second.

6 CHAIRPERSON ADLER: Any discussion?

7 (No response.)

8 All in favor of the motion say "Aye."

9 (A chorus of "Ayes.")

10 Any opposed say "Nay."

11 Abstentions?

12 (No response.)

13 Motion carries, to go into executive
14 session.

15 (Whereupon, the Board entered executive
16 session.)

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1 I think a motion is in order to exit
2 executive session and return to public session.
3 MR. BROWN: So moved.
4 MS. VICKERS: Second.
5 CHAIRPERSON ADLER: Any discussion?
6 (No response.)
7 All in favor of the motion say "Aye."
8 (A chorus of "Ayes.")
9 Any opposed say "Nay."
10 Abstentions?
11 (No response.)
12 Motion carries.
13 (Whereupon, the Board returned to public
14 session.)
15 CHAIRPERSON ADLER: Susan, would you
16 please make a report out of executive session?
17 MS. STANG: In executive session there
18 were three managers and a discussion of the
19 defensive sector. Consensus was reached, and will
20 be announced at the appropriate time.
21 A legal issue was discussed. Consensus
22 was reached, which will be announced at the
23 appropriate time.
24 CHAIRPERSON ADLER: Thank you, Susan.
25 Anything further for today's meeting?

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1 A motion to adjourn would be in order.
2 MS. VICKERS: Motion.
3 MS. BEYER: Second.
4 CHAIRPERSON ADLER: Discussion?
5 All in favor of the motion to adjourn
6 please say "Aye."
7 (A chorus of "ayes.")
8 Opposed? Abstentions?
9 (No response.)
10 Meeting is adjourned. Thank you.
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12 (Time noted: 1:19 p.m.)
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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, March 2, 2017, at the offices
of the NEW YORK CITY TEACHERS RETIREMENT SYSTEM, 55
Water Street, New York, New York, and th`at this is
an accurate transcription of these proceedings.
IN WITNESS WHEREOF, I have hereunto set
my hand this 6th day of March, 2017.

JEFFREY SHAPIRO