

1 Proceedings

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3 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

4 INVESTMENT MEETING

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7 Held on Thursday, April 6, 2017, at 55 Water

8 Street, New York, New York

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10 ATTENDEES:

11 THOMAS BROWN, Chairman, Trustee

12 DEBORAH PENNY, Trustee

13 ANTONIO RODRIGUEZ, Trustee

14 SCOTT EVANS, Comptroller's Office

15 SUSANNAH VICKERS, Trustee, Comptroller's Office

16 CHARLOTTE BEYER, Trustee

17 DAVID KAZANSKY, Trustee

18 RAYMOND ORLANDO

19 MELVYN AARONSON, Teachers' Retirement System

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21 REPORTED BY:

22 YAFFA KAPLAN

23 JOB NO. 0410013

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2 ATTENDEES (Continued):

3 SUSAN STANG, Teachers' Retirement System

4 PAUL RAUCCI, Teachers' Retirement System

5 MICHAEL FULVIO, Rocaton

6 ROBIN PELLISH, Rocaton

7 THAD McTIGUE, Teachers' Retirement System

8 PATRICIA REILLY, Teachers' Retirement System

9 VALERIE BUDZIK, Teachers' Retirement System

10 LIZ SANCHEZ, Teachers' Retirement System

11 SHERRY CHAN, Office of the Actuary

12 RON SWINGLE, Teachers' Retirement System

13 JOHN DORSA, Bureau of Asset Management

14 DAVID LEVINE, ESQ. Groom Law Group

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2 MS. REILLY: Good morning. Welcome to
3 the Teachers' Retirement Board investment
4 meeting of April 6, 2017. I am going to start
5 by calling the roll.

6 Antonio Rodriguez?

7 MR. RODRIGUEZ: Here.

8 MS. REILLY: Thomas Brown?

9 MR. BROWN: Here.

10 MS. REILLY: David Kazansky?

11 MR. KAZANSKY: Present.

12 MS. REILLY: Deborah Penny?

13 MS. PENNY: Here.

14 MS. REILLY: Charlotte Beyer?

15 MS. BEYER: Here.

16 MS. REILLY: Susannah Vickers?

17 MS. VICKERS: Here.

18 MS. REILLY: So we do have a quorum, and
19 the first matter of business is to nominate a
20 temporary chair. Do I have any motions?

21 MR. KAZANSKY: I would like to nominate
22 Tom Brown to be the chair today.

23 MS. REILLY: Do we have a second?

24 MS. BEYER: Second.

25 MS. REILLY: All in favor?

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2 MS. BEYER: Aye.

3 MS. VICKERS: Aye.

4 MS. PENNY: Aye.

5 MR. KAZANSKY: Aye.

6 MR. BROWN: Aye.

7 MR. RODRIGUEZ: Aye.

8 MS. REILLY: All opposed? Abstentions?

9 Okay, Tom, you are the chair.

10 MR. BROWN: I have to practice first.

11 MS. REILLY: So I am going to turn the
12 meeting over to you.

13 MR. BROWN: This is the investment
14 meeting of the Teachers' Retirement System of
15 New York City for today, Thursday, April 6th.
16 Welcome everybody and I guess we go over to
17 Rocaton and Mike perhaps with the performance
18 review of the Passport Funds.

19 MR. FULVIO: Good morning, everyone. We
20 will begin with the performance of the
21 Passport Fund for February 2017.

22 You might recall from the last meeting
23 in March that we discussed the equity market's
24 continued rally in the first couple of months
25 of 2017. In the month of February, the US

16 The source of the return in terms of
17 both absolute and relative performance, on a
18 relative basis the fund just lagged the
19 Russell 3000 due in part to its allocation to
20 diversified asset classes, so those would be
21 the defensive strategies composites was up
22 about 2.9 percent for the month of February
23 and then the non-US equity exposure as a whole
24 within the fund was up about 1.5 percent. So
25 the US in February outpaced those other two

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2 portions of the portfolio which led to some of
3 that relative underperformance relative to the
4 Russell 3000.

5 As I mentioned before, year-to-date
6 through February the fund was up about 5.4
7 percent. That was bolstered by the
8 performance of the actively managed strategies
9 within the US and non-US portion of the
10 Diversified Equity Fund with that US composite
11 up about 6.1 percent through February and the
12 non-US portion up about 5.1 percent. The
13 Defensive hasn't kept up for the first couple
14 of months for the year, but still with a
15 market that's up about 5.7 percent, the
16 Defensive still did perform quite notably, up
17 about 4.1 percent. So everything here is
18 working as we would have expected for the
19 first couple of months of the year, but what a
20 difference a month can make.

21 So in terms of the performance of the
22 other options, the Bond Fund at the end of
23 February, with assets of about 391 million
24 dollars, that fund was up about 25 basis
25 points for the month in line with its

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2 benchmark. Year-to-date return just shy of
3 about half a percent. The International
4 Equity Fund with assets of about 122 million
5 dollars up about 1 and a half percent for the
6 month of February and up about 5 percent
7 year-to-date through February. The Inflation
8 Protection Fund with assets of about 52
9 million dollars at the end of the month up
10 about 1 percent during February, bringing its
11 year-to-date return to about 1.6 percent.
12 That's ahead of both its custom benchmark as
13 well as CPI so far to this year, which is
14 again about 60-basis-point return.

15 The Socially Responsive Equity Fund with
16 assets of about 155 million dollars, that fund
17 is up just shy about 3 percent for the month
18 of February with a year-to-date return of
19 about 6.4 percent versus the S & P Index over
20 that same period about 5.9 percent. So a
21 little bit of outperformance for there for
22 that fund.

23 Were there any questions on the
24 performance of the fund for February before we
25 jump into March?

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2 So if I could turn your attention to the
3 preliminary performance report for the markets
4 through March 31st, the first line item there
5 is the return for the broad US equity market,
6 the Russell 3000 Index with a very modestly
7 positive 7-basis-point return for the month of
8 March that brought the year-to-date return for
9 the first three months for this year about 5
10 and three-quarters positive compared with the
11 line item just below that.

12 The International Composite benchmark
13 which you will recall includes both the
14 performance of developed and emerging markets
15 within your portfolio, that proxy was up about
16 2.8 percent of the month of March, bringing
17 its year-to-date return to 7.9 percent
18 positive territory. The Defensive Strategies
19 Composite benchmark for March was also
20 positive to the tune of about a half a
21 percent. The year-to-date of that composite
22 is up about 4.75 percent, and the Diversified
23 Equity Fund's hybrid benchmark, which is a
24 passive representation of the underlying asset
25 classes in the Diversified Equity Fund, you

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2 can see for the month that was up about 70
3 basis points or about 6.1 percent so far
4 year-to-date.

5 Just below that you can see the
6 performance for the Bond Fund benchmark. The
7 1-to-5-year gov/credit index modestly positive
8 for the month of March. Year-to-date that
9 proxy is about 57 basis points.

10 I spoke earlier about the non-US proxies
11 but just going a little bit deeper and
12 breaking out developed non-US and emerging
13 markets, the developed markets were up about
14 2.9 percent in March excluding the United
15 States, and the custom emerging market proxy
16 you can see there was also up about 2.7
17 percent, performing roughly in line with each
18 other. And I mentioned earlier that overall
19 proxy up about 2.8 percent in March and about
20 7.9 percent year-to-date.

21 Just below that are the underlying
22 strategies for the Inflation Protection Fund
23 and the Socially Responsive Equity Fund. The
24 Inflation Protection Fund was down about 1
25 percent in the month of March, bringing the

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2 year-to-date return for that to about 57 basis
3 points positive territory. That line item and
4 the underlying strategy for the Socially
5 Responsive Fund roughly in line with the S & P
6 during the month with a year-to-date return of
7 about 6.7 percent.

8 Were there any questions? That
9 concluded the comments on the performance.

10 MR. BROWN: Anyone have any questions?
11 Then I guess do I hear a motion to move to
12 executive session?

13 MS. PENNY: I move pursuant to Public
14 Officers Law Section 105 to go into executive
15 session for discussions regarding specific
16 investment managers.

17 MS. VICKERS: Second.

18 MR. BROWN: All in favor, say aye.

19 MS. BEYER: Aye.

20 MS. VICKERS: Aye.

21 MS. PENNY: Aye.

22 MR. KAZANSKY: Aye.

23 MR. BROWN: Aye.

24 MR. RODRIGUEZ: Aye.

25 MR. BROWN: All opposed?

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2 We are in executive session.

3 (Whereupon which the meeting went into
4 Executive Session.)

5 MR. BROWN: Anyone else have any other
6 comments in executive session? Do I hear a
7 motion to move out of executive session?

8 MS. PENNY: So moved.

9 MS. BEYER: Second.

10 MR. BROWN: All in favor, say aye.

11 MS. BEYER: Aye.

12 MS. VICKERS: Aye.

13 MS. PENNY: Aye.

14 MR. KAZANSKY: Aye.

15 MR. BROWN: Aye.

16 MR. RODRIGUEZ: Aye.

17 MR. BROWN: All those opposed?

18 We are out of executive session. We are
19 back in public session.

20 MS. STANG: In executive session there
21 was a discussion of a composite in Variable A.
22 Consensus was reached, which will be announced
23 at the appropriate time. There was an update
24 and a discussion of Variable B. Consensus was
25 reached, which will be announced at the

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2 appropriate time. There was an update on the
3 project to rewrite certain plan documents, and
4 there was a discussion about our foreign
5 exchange policy.

6 MR. BROWN: Is there a motion to
7 adjourn?

8 MR. KAZANSKY: So moved.

9 MS. VICKERS: Second.

10 MR. BROWN: All in favor, say aye.

11 MS. BEYER: Aye.

12 MS. VICKERS: Aye.

13 MS. PENNY: Aye.

14 MR. KAZANSKY: Aye.

15 MR. BROWN: Aye.

16 MR. RODRIGUEZ: Aye.

17 MR. BROWN: All opposed, say nay.

18 We are adjourned.

19 (Time noted: 11:17 a.m.)

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2 C E R T I F I C A T E

3 STATE OF NEW YORK)

4 : ss.

5 COUNTY OF QUEENS)

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7 I, YAFFA KAPLAN, a Notary Public
8 within and for the State of New York, do
9 hereby certify that the foregoing record of
10 proceedings is a full and correct
11 transcript of the stenographic notes taken
12 by me therein.

13 IN WITNESS WHEREOF, I have hereunto
14 set my hand this 19th day of April, 2017.

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YAFFA KAPLAN

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