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5 NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

6 INVESTMENT MEETING

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9 Held on Thursday, June 5, 2017, at 55 Water Street,

10 New York, New York

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12 ATTENDEES:

13 JOHN ADLER, Chairman, Trustee

14 THOMAS BROWN, Trustee

15 DEBRA PENNY, Trustee

16 ANTONIO RODRIGUEZ, Mayor's Office

17 SUSANNAH VICKERS, Trustee, Comptroller's Office

18 DAVID KAZANSKY, Trustee

19 CHARLOTTE BEYER, Trustee

20 MELVYN AARONSON, Teachers' Retirement System

21 SCOTT EVANS, Comptroller's Office

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24 REPORTED BY:

25 YAFFA KAPLAN

JOB NO. 0410023

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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 JIMMY YAN, Esq., Comptroller's Office

14 JOHN DORSA, Comptroller's Office

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2 MR. ADLER: Good morning.

3 MR. AARONSON: Good morning, Mr.

4 Chairman.

5 MR. ADLER: Good morning, Mr. Public.

6 Welcome to the June 5, 2017 investment meeting

7 of the Teachers' Retirement System of the City

8 of New York.

9 Patricia, will you please call the roll.

10 MS. REILLY: John Adler?

11 MR. ADLER: I am here.

12 MS. REILLY: Thomas Brown?

13 MR. BROWN: Here.

14 MS. REILLY: David Kazansky?

15 MR. KAZANSKY: Present.

16 MS. REILLY: Debra Penny?

17 MS. PENNY: Here.

18 MS. REILLY: Charlotte Beyer?

19 MS. BEYER: Here.

20 MS. REILLY: Susannah Vickers?

21 MR. ADLER: On her way.

22 MS. REILLY: Okay, we do have a quorum.

23 MR. ADLER: Great, thank you very much.

24 I will now pass it over to Rocaton to

25 take us through our public agenda.

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2 MR. FULVIO: Good morning, everyone. So
3 we had previously sent around, around mid-time
4 last week, the quarterly report for the
5 Passport Fund's first quarter. I know we
6 already reviewed all the performance for the
7 funds. I am happy to answer any questions if
8 there is anything that came up in your review
9 of the report.

10 MR. ADLER: Any questions for Mike?
11 Okay.

12 MR. FULVIO: If there is not, maybe we
13 will move ahead to the April performance
14 report. The end of April, the Diversified
15 Equity Fund stood at about \$14.7 billion in
16 assets. In terms of the markets that month,
17 we talked last month about that you might
18 recall the U.S. was up again in April by about
19 1 percent bringing its year-to-date return,
20 U.S. equity market that is, to about 6.9
21 percent. That's per the Russell 3000, 6.9
22 percent year to date.

23 MS. PELLISH: If I can just jump in, so
24 for the one-year number I think it's worth
25 noting the Russell 3000 is up 18.6 percent for

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2 the 12 months in April.

3 MR. FULVIO: Pretty scary number. And
4 then abroad we have seen particular strength
5 by non-U.S. markets relative to the U.S. so
6 far this year. Non-U.S. developed markets
7 during April were up about 2.6 percent year to
8 date. That market up about 10.2 percent.
9 Emerging markets also up a little over 2
10 percent for the month, bringing its
11 year-to-date return for April to about 14.3
12 percent in U.S. dollar terms. And so just in
13 general, the comments I will make here is that
14 the Diversified Equity Fund fared pretty well
15 along with the markets in terms of absolute
16 returns. But we have also seen, granted it's
17 a short time period so far year to date, some
18 pretty strong active management results in the
19 TRS program. We have seen more broadly active
20 managers do a little better this year, but
21 that certainly stands out in your plan so
22 that's contributed as well to the returns.

23 The Diversified Equity Fund during April
24 was up about 1.4 percent year to date. That
25 fund is about 7.6 percent. Those -- that

19 For the bond fund at the end of April,
20 assets there stand at about \$392 million.
21 Year to date that fund is about 87 basis
22 points, just behind its proxy of about 95
23 basis points. For the International Equity
24 Fund, that fund represents about \$126 million
25 in assets. That fund is up about 2.7 percent

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2 during April. The calendar year-to-date
3 return for that is about 11 percent, ahead of
4 the EAFE -- I'm sorry, ahead of the broad
5 international composite strategy benchmark.
6 The Inflation Protection Fund with assets of
7 about \$53 million year to date, that fund is
8 up about 65 basis points. Just ahead of CPI
9 with about a 47 basis point return. The
10 Socially Responsive Equity Fund with assets of
11 about \$153 million has a return of about 6.8
12 percent through April. And the S&P 500 during
13 that time period, up about 7.2 percent.

14 So are there any questions on April?

15 MR. ADLER: I just have a question about
16 the bond fund. Remind me when we are going to
17 transition it to the new balance allocation
18 strategy?

19 MS. STANG: In 2018.

20 MR. ADLER: That's a flip-the-switch
21 thing?

22 MS. STANG: No, it's not a flip the
23 switch because participants have to have many
24 chances to opt out or -- you know, yes.

25 MR. ADLER: I don't mean for the

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2 participants. I mean for the investments.

3 MS. STANG: Yes, it's flip the switch.

4 MR. ADLER: As of January?

5 MS. STANG: Yes.

6 MR. ADLER: At that point, we will
7 switch the benchmark as well?

8 MS. STANG: Yes.

9 MR. ADLER: And so then when we look at
10 the long-range returns, it will be the current
11 benchmark until December 31st and the new
12 benchmark?

13 MR. FULVIO: Generally when we have had
14 this much of a strategy shift, we have
15 actually cut the track record to start fresh.

16 MS. PELLISH: We could link it.

17 MR. FULVIO: We could link it. When
18 this strategy evolved from more of a stable
19 value fund to a market-based bond portfolio,
20 we do cut the track record. But we could
21 certainly.

22 MR. ADLER: So that's why there is an
23 "N/A" for ten years?

24 MR. FULVIO: Yes.

25 MR. ADLER: It's something worth

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2 discussing at some point.

3 MS. PELLISH: Or we could -- one of the
4 things we can do is provide you with
5 benchmarks since the switch and then with the
6 length benchmark and longer-term performance,
7 which may be useful so you can see the full
8 track record.

9 MR. ADLER: Okay, any other questions
10 for Mike?

11 Thank you.

12 MR. FULVIO: So I will make a couple of
13 quick comments about May. The Russell 3000 in
14 May was also up about 1 percent. Continued
15 strength from international equity markets
16 with the international composite benchmark up
17 about 3.7 percent. The Diversified Equity
18 Fund's hybrid benchmark estimate estimated
19 about 1.6 percent during the month of May, so
20 those year-to-date returns we mentioned
21 earlier just get stronger with about 8 percent
22 calendar year-to-date return for the Russell 3
23 through May and about 17.4 percent fiscal
24 return through May. Fiscal year return for
25 non-U.S. markets we estimate about positive

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2 20.6 percent and the Diversified Equity Fund
3 hybrid benchmark up about 17.8 percent for
4 fiscal year to date. I mentioned earlier the
5 combined composite for the international
6 equity markets at about positive 7. -- I'm
7 sorry, 14.7 percent through May. I will note
8 the EAFE Index was up about 14.4 percent in
9 that time period and emerging markets up about
10 17.2 percent in that time period. The
11 underlying strategies for the Inflation
12 Protection Fund had a modestly negative
13 return, about negative 23 basis points in May.
14 We estimate about year to date that has a
15 modest positive return, about 35 basis points.
16 And then for the underlying strategy of the
17 Socially Responsive Equity Fund, strong month
18 there in May, up about 2.7 percent, ahead of
19 the S&P 500 was up about 1.4 percent. And
20 year to date, we estimate that's ahead of its
21 benchmark by about 1 percent or so.

22 So if there is no more questions, that
23 concludes the prepared agenda for public
24 session.

25 MR. ADLER: Any more questions?

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2 Okay, so I think a motion would be in
3 order to enter executive session.

4 MR. BROWN: So moved.

5 MR. ADLER: Is there a second?

6 MS. PENNY: Second.

7 MR. ADLER: Any discussion? All in
8 favor of the motion to exit public session and
9 enter executive session, please say aye.

10 Aye.

11 MS. VICKERS: Aye.

12 MS. BEYER: Aye.

13 MR. BROWN: Aye.

14 MR. KAZANSKY: Aye.

15 MS. PENNY: Aye.

16 MR. ADLER: All opposed, please say nay.
17 Any abstentions? Okay, motion carries.

18 Just add to the public session, just to
19 note that Comptroller's Office is here. So
20 move right into exec.

21 (Whereupon, the meeting went into Executive
22 Session.)

23 MR. ADLER: Thank you.

24 Let's do the exiting executive session.

25 So is there a motion to exit executive session

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2 and return to public session?

3 MR. BROWN: So moved.

4 MR. ADLER: Is there a second?

5 MR. KAZANSKY: Second.

6 MR. ADLER: Any discussion? All in
7 favor of the motion, please say aye.

8 Aye.

9 MS. VICKERS: Aye.

10 MS. BEYER: Aye.

11 MR. BROWN: Aye.

12 MR. KAZANSKY: Aye.

13 MS. PENNY: Aye.

14 MR. ADLER: All opposed, please say nay.

15 Any abstentions? That motion overwhelmingly

16 carries. So now we just need Liz.

17 Okay, we are back in public session.

18 Susan, will you please report out of executive
19 session.

20 MS. STANG: Certainly. There was an
21 update on several contract matters and we
22 heard a presentation on an investment topic.

23 MR. ADLER: Very good, thank you.

24 Anything further for public session?

25 Okay, all right. I think a motion to

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adjourn would be in order.

MR. KAZANSKY: So moved.

MR. ADLER: Thank you, Mr. Kazansky.

MS. VICKERS: Second.

MR. ADLER: Thank you, Ms. Vickers.

Any further discussion? All in favor of
the motion to adjourn, please say aye.

Aye.

MS. VICKERS: Aye.

MS. BEYER: Aye.

MR. BROWN: Aye.

MR. KAZANSKY: Aye.

MS. PENNY: Aye.

MR. ADLER: All opposed, please say nay.

Any abstentions? Good, the motion
carries.

[Time noted: 12:33 p.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 15th day of June, 2017.

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YAFFA KAPLAN

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