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TEACHERS' RETIREMENT BOARD MEETING

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HELD AT:

55 WATER STREET
NEW YORK, NEW YORK

JANUARY 20, 2011
3:44 P.M. TO 3:59 P.M.

B E F O R E:

MELVYN AARONSON, ACTING CHAIRMAN

REPORTED BY:
LIZ SANCHEZ-PAZ
EXECUTIVE ASSISTANT TO NELSON SERRANO

2 A P P E A R A N C E S:

3 TRS:

4 NELSON SERRANO, Executive Director
5 PATRICIA REILLY, Deputy Executive Director

6 MELVYN AARONSON, Teachers' Trustee
7 MONA ROMAIN, Teachers' Trustee

8 COMPTROLLER'S OFFICE:

9 THAD McTIGUE, Trustee

10

11 CORPORATION COUNSEL:

12 INGA VAN EYSDEN, Law Department

13 OFFICE OF THE ACTUARY:

14 ROBERT C. NORTH JR., Chief Actuary

15

16 MAYOR'S APPOINTEE:

17 ELIZABETH BOTWIN, Alternate

18 DEPARTMENT OF EDUCATION:

19 KATHLEEN GRIMM, Trustee

20

21 PANEL FOR EDUCATIONAL POLICIES:

22 LISETTE NIEVES, Trustee

23

24

25

2 TRS STAFF:

3 ROBERT BETHELMY
ANDREW BRADFORD
4 CARMELA CRIVELLI
JOEL GILLER
5 ANNETTE HANRAHAN
MARC KATZ
6 ELLEN MURPHY-DeLEO
RENEE PEARCE
7 PAUL RAUCCI
ROBERT SANTANGELO
8 MANGESH TARIBAGIL

9
OTHER ATTENDEES:

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1 TRS Regular Board Meeting, JANUARY 20, 2011

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

3 MR. SERRANO: Good afternoon. We will begin the
4 January 20, 2011 regular meeting of the Teachers' Retirement
5 Board by calling the roll.

6 MR. SERRANO: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MR. SERRANO: Elizabeth Botwin?

9 MS. BOTWIN: Here.

10 MR. SERRANO: Kathleen Grimm?

11 MR. McTIGUE: Here.

12 MR. SERRANO: Sandra March? Note that she is not present
13 because she is out with some injury.

14 MR. SERRANO: Thad McTigue?

15 MR. McTIGUE: Here.

16 MR. SERRANO: Lisette Nieves?

17 MS. NIEVES: Here.

18 MR. SERRANO: Mona Romain?

19 MS. ROMAIN: Present.

20 MR. SERRANO: We do have a quorum and the first order of
21 business is to elect an Acting Chairperson.

22 MS. ROMAIN: I nominate Mr. Melvyn Aaronson.

23 MR. SERRANO: Will someone second that?

24 MS. BOTWIN: Second.

25 MR. SERRANO: All those in favor please say aye.

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2 (Whereupon all those present so indicated.)

3 MR. SERRANO: Any opposed? Any abstentions? Hearing none,
4 we will move on. The next item on the Agenda is an Update on
5 TRS Operations. Patricia has a few updates for us. Before
6 Patricia begins her updates, I would like to introduce a new
7 Director to TRS, Ellen Murphy-DeLeo who is now the Director
8 of our Business Solutions Group. She will be taking over
9 Patricia's old role. Ellen has been with us for a number of
10 years, mostly in a consulting capacity, but we work with her
11 and we have full confidence in her and we welcome her to the
12 team.

13 MS. MURPHY-DeLEO: Thank you.

14 MS. REILLY: TRS began processing payments for 76 members
15 and beneficiaries who were part of the Per Session settlement
16 back in November 2010. These benefits were certified by the
17 Office of the Actuary ("OA") and were put on the December
18 payroll. We sent an additional 1,500 cases for the month of
19 January and we anticipate that these members will be put on the
20 January payroll. The remaining, approximately 11,000 cases will
21 be processed at the same volume each month.

22 We also sent over 50 Class Coverage cases to the OA in
23 January and they will make the February payroll. Once we verify
24 that everything is working well with payroll, we are going to
25 start sending out 1,000 cases a month to the OA as agreed.

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2 We anticipate that we will continue with that volume each
3 month. A "No Benefit" letter is scheduled to go out at the
4 end of January to about 6,000 members who will not be getting
5 additional benefits from Class Coverage.

6 MR. SERRANO: I wanted to give a special thanks to Bob
7 and his staff at the OA for all the testing implemary work and
8 procuring up to 1,000 cases per month. We really appreciate
9 that. Thank you.

10 MR. NORTH: It has been a team effort with the Retirement
11 System's staff and mine. Once we get this going, it will go
12 effectively and efficiently and get as many people as quickly
13 possible, processed.

14 MS. ROMAIN: When do you expect to complete the Nager II
15 case?

16 MS. REILLY: We estimate maybe about another 7 months if
17 we keep sending the OA approximately 1,500 cases a month.

18 MS. ROMAIN: How about Class Coverage?

19 MR. REILLY: There are still about 16,000 cases left.
20 We are anticipating to complete this as quickly and accurate
21 as possible.

22 MR. NORTH: We will do all that we can to get as many
23 done.

24 MR. AARONSON: Pat, are some people getting recalculations
25 for both Nager II and the Class Coverage?

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2 MS. REILLY: Yes, but they are both separate payments
3 because they are on different algorithms.

4 MR. AARONSON: So they will not be done at the same time?

5 MS. REILLY: No, they will be done separately.

6 MR. AARONSON: Thank you.

7 MS. REILLY: Continuing with the updates, TRS sent out
8 about 6,000 letters to retirees who elected the maximum payment
9 option but did not respond to our previous request for the name
10 of their factional beneficiary. Over the next four (4) weeks,
11 this mailing should be completed.

12 On the 20-Year Plan, by tomorrow, we will begin sending out
13 the 1099-R tax forms to our members.

14 In December, we sent out over 12,000 RMD payments to our
15 members. 94 letters are going out to these members who retired
16 after May 2010 letting them know that an RMD is due and it will
17 be paid by March 2011.

18 MS. ROMAIN: The regular 1099s for all retirees, when do
19 those go out?

20 MR. SERRANO: They go out from the Comptrollers' Office,
21 from FISA. We do not mail them. The goal is to get them out
22 by the last business day of the month.

23 Thank you Patricia for the updates. Each of you has an
24 updated Calendar of Events which is updated every two (2)
25 months. We will now move on to the Executive Director's Report.

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2 The first item on the Executive Director's Report is the
3 matter of the next meeting. It has been suggested that the
4 next regular meeting of the Teachers' Retirement Board be held
5 on the third Thursday of the month, February 17, 2011.

6 The next item has been laid over concerning electing a
7 Chairperson.

8 MS. ROMAIN: Lay it over.

9 MR. McTIGUE: Second.

10 MR. SERRANO: The final item on the Executive Director's
11 Report is Attendance at Conference. The following resolution
12 is presented for consideration and possible adoption:

13 RESOLVED, that the Trustees of the Teachers' Retirement
14 Board hereby approve the attendance and participation of the
15 Executive Director and/or his designee(s), and any interested
16 Trustee at the National Conference on Public Employee Retirement
17 Systems' Legislative Conference from January 30 - February 1,
18 2011.

19 MS. ROMAIN: So moved.

20 MR. McTIGUE: Second.

21 MR. AARONSON: All those in favor say aye.

22 (Whereupon all those present so indicated.)

23 MR. AARONSON: Any opposed? Any abstentions? Hearing
24 none, we will continue.

25 MS. BOTWIN: Could you please tell me a little bit about

1 TRS Regular Board Meeting, JANUARY 20, 2011

2 this conference? Where it is? What is anticipated to be
3 the benefit to the pension system by attending?

4 MR. AARONSON: The conference is in Washington, DC. It
5 is a report on what is going on in Federal Legislation related
6 to public pensions. This year is an especially important year.
7 Legislation has been presented in Congress for the first time;
8 it was presented in the last Congress in the last week just for
9 show, but it presented this year for the first time to make
10 public employees' pension funds invest in a similar manner
11 to the way that private pension funds are invested. We all know
12 that was the main reason that private pensions almost have
13 disappeared in America, because of the way they were required to
14 invest. That is a very serious threat to the Retirement System.
15 Secondly, this year, Newt Gingrich has said that he will have
16 somebody introduce legislation, which would allow States to go
17 bankrupt. When they go bankrupt, to clear up, that their
18 pension funds benefit do not have to be paid and that is of
19 great concern to public pension funds. We want to make sure
20 that we have all the latest information.

21 MS. BOTWIN: So this is more of a lobbying event than
22 anything else?

23 MR. AARONSON: It is an educational event. There may be
24 some lobbying. Some people are coming from California, Florida,
25 Washington State, from all over and they are coming to

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2 Washington, DC so after the conference they may do some
3 lobbying with their Congress people. It is an educational
4 event where members of Congress speak.

5 MR. McTIGUE: I would just add that with my time on the
6 Board, NCPERS is highly respected.

7 MR. AARONSON: NCPERS is the group that represents public
8 employee pension funds from all over the country. They have
9 hundreds of pension funds that are members and they keep these
10 pension funds informed about what is going on. This happens to
11 be the time they inform them what has been going on in
12 Washington, DC.

13 MS. BOTWIN: Thank you.

14 MR. AARONSON: You are very welcomed. Any other questions?
15 hearing none, we will move on.

16 MR. SERRANO: The next item on the Agenda is the Calendar.
17 The first item there is the approval of the minutes from the
18 regular meeting held on December 16, 2010.

19 MS. ROMAIN: So moved.

20 MS. GRIMM: Second.

21 MR. SERRANO: The next item is the approval of Items 1
22 through 17 which are on pages 1 through 162.

23 MS. BOTWIN: So moved.

24 MS. ROMAIN: Second.

25 MR. AARONSON: All those in favor please say aye.

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2 (Whereupon all those present so indicated.)

3 MR.AARONSON: Any opposed? Any abstentions? Hearing
4 none, we will continue.

5 MR. SERRANO: The next item on the Agenda is Other
6 Business. I have one item that was mentioned at last month's
7 meeting that we were trying to organize an Audit Committee
8 Meeting. Today, I brought a copy of our proposed charter and
9 our agenda for the first meeting and our fiscal year audit plan
10 that each of the Trustees has. Liz Sanchez-Paz will follow-up
11 with the members of the Audit Committee (Liz Botwin, Mona
12 Romain, and Thad McTigue) to try and schedule a meeting in
13 February if possible.

14 Is there any other business before the Board today?

15 MS. GRIMM: This is to comply with the new rules? This
16 charter for the Audit? Why are we doing a charter?

17 MR. SERRANO: The charter is because this is going to be
18 our first Audit Committee Meeting.

19 MS. GRIMM: Thank you Nelson.

20 MS. ROMAIN: We do have a Service Committee whenever there
21 is an issue having to do with service, where the staff will
22 present all the information about the issue and the Service
23 Committee will make the decision. From the Teachers' side, I
24 will represent the teachers, Thad represents the Comptroller
25 on that committee and we need somebody to represent the

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2 Mayor's side.

3 MR. SERRANO: If possible, we would like Liz Botwin to
4 represent the Mayor's Office on the committee.

5 MS. BOTWIN: Sure. I am honored.

6 MR. SERRANO: The next item on the Agenda is Any Questions
7 From the Public and seeing as there is nobody here from the
8 public, we will move on. This ends the Public Session of the
9 Executive Director's Report. We have two matters to go over in
10 Executive Session to discuss confidential/legal items.

11 MR. AARONSON: Is there a motion to go into Executive
12 Session?

13 MS. GRIMM: So moved.

14 MS. ROMAIN: Second.

15 MR. AARONSON: All those in favor please say aye.

16 (Whereupon all those present so indicated.)

17 MR. AARONSON: Any opposed? Any abstentions? Hearing
18 none, we are in Executive Session.

19 (Whereupon at this time, the meeting went into Executive
21 Session.)

22 MR. AARONSON: Do I have a motion to return to Public
23 Session?

24 MS. ROMAIN: So moved.

25 MR. McTIGUE: Second.

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2 MR. AARONSON: All those in favor please say aye.

3 (Whereupon all those present so indicated.)

4 MR. AARONSON: Any opposed? Any abstentions? Hearing
5 none, we will continue. We are now out of the Attorney/Client
6 Privilege session. During the Executive Session, the Board
7 discussed two (2) issues and we took no action on any of the
8 items.

9 Do we have any other business up for discussion? Hearing
10 none, do I have a motion to adjourn this meeting?

11 MR. McTIGUE: So moved.

12 MS. BOTWIN: Second.

13 MR. AARONSON: All those in favor please say aye.

14 (Whereupon all those present so indicated.)

15 MR. AARONSON: Any opposed? Any abstentions? Hearing
16 none, the meeting is adjourned. Thank you.

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