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TEACHERS' RETIREMENT BOARD MEETING

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HELD AT:
55 WATER STREET
NEW YORK, NEW YORK

MAY 17, 2012
3:35 P.M. TO 3:51 P.M.

B E F O R E:

MELVYN AARONSON, CHAIRMAN

REPORTED BY:
LIZ SANCHEZ
EXECUTIVE ASSISTANT TO NELSON SERRANO, EXECUTIVE DIRECTOR

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

TRS:

NELSON SERRANO, Executive Director
PATRICIA REILLY, Deputy Executive Director

MELVYN AARONSON, Teachers' Trustee
SANDRA MARCH, Teachers' Trustee
MONA ROMAIN, Teachers' Trustee

COMPTROLLER'S OFFICE:

THAD McTIGUE, Trustee

CORPORATION COUNSEL:

KEITH SNOW, Law Department

MAYOR'S APPOINTEE:

CAROLYN WOLPERT, Alternate Trustee

OFFICE OF THE ACTUARY:

ROBERT C. NORTH JR., Chief Actuary

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2 TRS STAFF:

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ROBERT BETHELMY
CARMELA CRIVELLI
JOEL GILLER
ANNETTE HANRAHAN
MARC KATZ
ELLEN MURPHY-DeLEO
RENEE PEARCE
PAUL RAUCCI
ROBERT SANTANGELO
MANGESH TARIBAGIL

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OTHER ATTENDEES:

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HENRY GELFAND, Member

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JENNA LaPIETRA, Accenture (Consulting)

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1 TRS Regular Board Meeting, MAY 17, 2012

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

3 MR. SERRANO: Good afternoon. We will begin the May 17, 2012
4 regular meeting of the Teachers' Retirement Board by calling the
5 roll. Melvyn Aaronson?

6 MR. AARONSON: Here.

7 MR. SERRANO: Kathleen Grimm? Note that she is not present.
8 Sandra March?

9 MS. MARCH: Here.

10 MR. SERRANO: Thad McTigue?

11 MR. McTIGUE: Here.

12 MR. SERRANO: Freida Foster? Also not present. Mona Romain?

13 MS. ROMAIN: Present.

14 MR. SERRANO: And Carolyn Wolpert?

15 MS. WOLPERT: Present.

16 MR. SERRANO: So we do have a quorum and we will continue with
17 the next item on the Agenda which is an Update on TRS Operations.
18 Ellen, I believe you have a few updates for us.

19 MS. DeLEO: The Teachers' Retirement System ("TRS") co-hosted
20 the 2012 CEM World Pension Administration Peer Conference from
21 May 7-11. Highlights of the conference included a keynote speech
22 by our Board Chairman Mel Aaronson and an all day on-site visit to
23 TRS by more than 100 conference attendees. The on-site visit
24 featured presentations by TRS associates of key, major business
25 related initiatives, that TRS has successfully completed or are

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2 underway, in addition to a guided tour of our facilities. TRS'
3 on-site visit was very well received and many visitors commented
4 on the professionalism and willingness of TRS associates to share
5 their expertise and experience with them.

6 MR. SERRANO: And just in case anybody does not know, CEM is
7 the Cost Effectiveness Measurements group and they benchmark us
8 against other retirements of similar sizes (inaudible) reports, best
9 practices and other very worth while information throughout the
10 year. We were very happy to host the conference this year and it
11 went very well. Thank you.

12 MR. AARONSON: There was an interesting thing about that
13 conference. It is an international organization and they had
14 people from Abu Dhabi (second largest city in United Arab Emirates)
15 that were at the conference.

16 MS. DeLEO: TRS' 2012 Business Continuity Test was conducted
17 from May 15-16 at the offsite location in Long Island, NY. The
18 test planning and execution involved more than 30 associates from
19 the Business Units, Information Technology and the Management
20 Action Team. TRS' critical Business Processes, identified to be
21 conducted on the test day, were successfully exercised along with
22 the critical applications and equipment that support these
23 processes, utilizing the critical staff and alternates. This test
24 has increased TRS' confidence in the Business Continuity remote
25 solution and our ability to continue business from a remote

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2 location if our primary office is not accessible.

3 Tier VI was introduced in TRS, with an effective date of
4 April 1, 2012. The law changes the benefits of TRS participants
5 who enroll on or after this date. Some of the changes include
6 the contributions required to be made and the duration of these
7 contributions. As a result, TRS received a surge in enrollments
8 for which membership at TRS was optional. In the last two weeks
9 of March, 4,640 enrollments were received. 4,344 of these total
10 applications have been processed to-date by the Enrollments work
11 unit. The number of applications that remain to be processed is
12 296. Of the 296 applications that remain to be processed, 233
13 are awaiting letters of appointment, while the remaining 63
14 applications have various issues that require further investigation,
15 such as addresses, dates or the applicant is not on active payroll
16 currently. An additional 513 applications that were received, were
17 forwarded to the Board of Education Retirement System ("BERS")
18 based on the job titles reported on the application as being
19 ineligible for TRS membership, but instead eligible for membership
20 in BERS.

21 The Spring TDA Campaign, encouraging members to participate
22 in the Tax-Deferred Annuity ("TDA") Plan, is scheduled to begin
23 mailing on May 25th, to approximately 7,400 members that joined
24 TRS during this school year but are not TDA participants. This
25 mailing will include the newly enrolled Tier IV members.

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2 MS. ROMAIN: Tier VI?

3 MS. DeLEO: The Tier IV. From the search. And the Tier VI.

4 MS. ROMAIN: Do we have any enrollees from Tier VI?

5 MS. DeLEO: We have 49 that came on the Department of
6 Education ("DOE") data feed and an additional 16 that enrolled
7 pro-actively so far.

8 The mailing of the 1st Quarter 2012 statement to members
9 was completed on May 11th with approximately 107,000 members
10 receiving Quarterly Annual Statements ("QAS"). Mailing of TDA
11 Quarterly Statements for participants with TDA Deferral Status,
12 to a population of approximately 43,000, was completed on April
13 30th. While TDA Quarterly Statement for Beneficiary participants,
14 to a population of 513, was completed on April 25th.

15 TRS completed the processing of 258 retirement revisions that
16 were impacted by CSA bonus information that DOE provided to TRS
17 for the past two years.

18 MR. SERRANO: Have you been in contact with CSA to let them
19 know where we stand with that?

20 MS. DeLEO: No, but we will.

21 MR. SERRANO: Ok, thanks for the update and each of you also
22 has the Calendar of Events that has been updated for this month.

23 Next item on the Agenda is the Executive Director's Report.
24 The first item there is the Next Meeting. It has been suggested
25 that the next regular meeting of the Teachers' Retirement Board

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2 be held on the third Thursday of the month, June 21, 2012.

3 I know we have confirmed everybody's availability for that date.

4 The second item is the Annual Meeting of the Teachers'
5 Retirement Board. In accordance with Section 13-509 of the
6 Administrative Code of the City of New York, as well as Article 2
7 of the By-Laws, the Teachers' Retirement Board shall elect a
8 Chairperson from its membership, at the Annual Meeting to be held
9 in May of each year. We, therefore, open the floor for nominations.
10 Are there any nominations?

11 MS. ROMAIN: I nominate Mr. Aaronson.

12 MR. SERRANO: Anybody second that?

13 MS. MARCH: I second it.

14 MR. SERRANO: Are there any other nominations?

15 MR. AARONSON: Is there any discussion?

16 MR. SERRANO: Any discussion or any other nominations?

17 MR. AARONSON: Any other nominations?

18 MR. SERRANO: Ok, so all those in favor say aye.

19 (Whereupon, all those present so indicated.)

20 MR. SERRANO: Any opposed say nay. Congratulations Mel.

21 MR. AARONSON: Thank you very much. I appreciate the
22 confidence shown in me by the members of the Board and I do want
23 to comment about the report we just heard; 4,600 or so new Tier
24 IV members, people who had no retirement plan a month ago and now,
25 have a defined benefit pension plan which will allow them to live

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2 in (inaudible) and financial security for the rest of their lives.
3 And this Board, and the staff of this Board, made this great effort;
4 I know that you guys worked overtime and I know you worked weekends
5 and we could corral this and this is going to (inaudible) to all of
6 us in the future. Just as it (inaudible) great, great thing that
7 we did. I want to thank the staff at TRS for all of their efforts
8 and everything.

9 MR. SERRANO: And we will let everybody know that. Thank you.
10 The next item is Item 3, Proposed Changes in Actuarial
11 Assumptions and Methods.

12 MS. ROMAIN: Move to the Resolved.

13 MR. SERRANO: Resolved, that the Retirement Board accepts the
14 Actuary's February Report and supports his proposed changes in
15 actuarial assumptions and methods; and be it further

16 Resolved, that the Retirement Board adopts those actuarial
17 assumptions requiring Board approval (i.e., the demographic and
18 Salary Scale assumptions presented as Appendix D of the February
19 Report); and be it further

20 Resolved, that the Retirement Board requests that the
21 Corporation Counsel develop, with the review and assistance of the
22 Actuary, and that the New York State Legislature and Governor enact,
23 legislation to implement those components of the Actuary's proposed
24 changes in actuarial assumptions and methods that require
25 legislation (e.g., Actuarial Interest Rate, determination and

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2 amortization of Unfunded Actuarial Accrued Liabilities, use of
3 the Entry Age Actuarial Cost Method, One-Year Lag methodology).

4 MS. MARCH: So moved.

5 MR. AARONSON: Is there a second?

6 MS. WOLPERT: Second.

7 MR. AARONSON: Is there any discussion? Seeing none, all
8 in favor?

9 (Whereupon, all those present so indicated.)

10 MR. AARONSON: Any opposed? None? Motion is carried. I just
11 want to say, if you might notice for the Executive Director's Report
12 that it took us several months of careful study to come to the
13 understanding that this was a method that will fund our retirement
14 system in a fiducially sound manner. I want to thank the Actuary
15 for producing this formula of methods and assumptions that will
16 enable us to meet our responsibilities. Thank you.

17 MR. NORTH: And I thank the Board.

18 MR. SERRANO: The last two items are Notifications. The first,
19 is the re-election of Mr. Melvyn Aaronson as member of the Teacher
20 Retirement Board.

21 I am pleased to announce that in accordance with Section 13-507
22 of the Administrative Code of the City of New York, Mr. Melvyn
23 Aaronson was re-elected to the Teachers' Retirement Board for a
24 three-year term of office.

25 Congratulations Mel.

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2 MR. AARONSON: Thank you and that is noted.

3 MR. McTIGUE: Congratulations.

4 MR. AARONSON: Thank you.

5 MR. SERRANO: And lastly, a Notification regarding the
6 Reappointment of a Doctor to the Medical Board.

7 The Medical Board of the Teachers' Retirement Board is
8 established pursuant to Section 13-519 of the Administrative
9 Code of the City of New York, which provides that one physician
10 shall be appointed by the members of the Retirement Board who
11 are contributors. This position was previously held by Dr. Walter
12 Pizzi, whose term expires on July 31, 2012.

13 The members of the Retirement Board who are contributors
14 hereby notify the Teachers' Retirement Board on this date, that
15 Dr. Walter Pizzi has been reappointed to fill a 3-year term which
16 expires on July 31, 2015.

17 MR. AARONSON: That has been noted.

18 MR. SERRANO: And that concludes the Executive Director's
19 Report. The next item on the Agenda is the Calendar and each
20 Trustee should receive the full Calendar with all of the
21 transactions listed.

22 The first item on the Calendar is the approve the Minutes from
23 the regular Board Meeting held on April 19, 2012. Hopefully,
24 everybody had a chance to provide comments and I see Liz saying
25 she received comments and I thank everybody for that.

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2 Then there is the approval of the payment items. The first
3 is the Monthly Periodic Payroll of TDA, Excess and Loan payments
4 which are on pages 1 through 13; on page 14 is the Payroll Summary
5 of Advanced Payments, New Retirees and TDA Accounts; on pages 15
6 through 17 is the Transfer of Active of TDA Deferreds to Annuity
7 Payments; on pages 36 through 88 are Fractional Payments; on pages
8 89 through 101 are Uncollected Checks for Deceased Members; on
9 pages 102 through 117 are Beneficiary Continuing Option Payments;
10 on pages 118 through 134 are Conversions to Pop-up Payments; on
11 pages 135 through 217 are Beneficiaries who received One-Time
12 Payments from their QPP and TDA Accounts; on pages 218 through 220
13 is the Return of Net Accumulated Salary Deductions; on pages 221
14 and 222 is the Transfer of Funds between banks; on pages 223
15 through 227 is Purchase and Sales of Securities Transacted from the
16 Passport Fund Program; on pages 228 through 238 are a listing of
17 Outstanding Checks; on pages 239 through 356 is the Revision
18 including those under the Class Coverage Settlement; on page 357
19 are a list of Leave of Absence that were approved; on pages 358
20 through 361 are Payments for Service Credit; and on page 362, a
21 listing of New Service Retirement Payments.

22 MR. AARONSON: Is there a motion to adopt the Calendar?

23 MS. ROMAIN: I move the adoption of the Calendar.

24 MR. AAROSON: Is there a second?

25 MS. WOLPERT: Second.

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2 MR. AARONSON: Any discussion? All those in favor?

3 (Whereupon, all those present so indicated.)

4 MR. AARONSON: Motion carried. The Calendar is adopted.

5 MR. SERRANO: Thank you. That concludes the Calendar.

6 The next item is Other Business. Each Board Member should
7 have a list of proposed dates for our meetings next fiscal year.
8 If you get a chance, please get back to Liz. I do not know if you
9 have a chance to look at it now and confirm it, but if not, you can
10 get back to Liz maybe by the Investment Meeting. Get back to us
11 by the Investment Meeting, we would appreciate it.

12 I do not know if there is any other business before the Board?

13 MR. AARONSON: Any Board member or staff person have any
14 business they would like to bring up? Hearing none, any members
15 of the public that would like to comment on anything?

16 I think we have some business that we have to attend to in
17 Executive Session.

18 MS. MARCH: I move that we go into Executive Session pursuant
19 to Public Officers Law Section 105 for discussion regarding
20 proposed, pending or current litigation and a personnel matter.

21 MR. AARONSON: Do I hear a second?

22 MS. WOLPERT: Second.

23 MR. AARONSON: Any discussion? Seeing none, ready to vote,
24 all those in favor?

25 (Whereupon, all those present so indicated.)

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2 MR. AARONSON: Any opposed? We are now in Executive Session.

3 I thank everybody for their attendance and attention.

4 (Whereupon, all those present so indicated and the meeting
5 went into Executive Session.)

6 MR. AARONSON: Do I hear a motion to move out of Executive
7 Session?

8 MS. MARCH: So moved.

9 MS. ROMAIN: Second.

10 MR. AARONSON: Any discussion? All those in favor?

11 (Whereupon, all those present so indicated.)

12 MR. AARONSON: Any opposed? Motion is carried. We are now
13 out of Executive Session. In Executive Session, the Board
14 considered a proposal regarding current litigation and notification
15 of a personnel matter.

16 Do I hear a motion to adjourn?

17 MS. MARCH: So moved.

18 MR. AARONSON: Is there a second?

19 MR. McTIGUE: Second.

20 MR. AARONSON: Any discussion? We are adjourned.

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