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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM
REGULAR BOARD MEETING

3

held on Thursday, October 23, 2014

at

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55 Water Street
New York, New York

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ATTENDEES:

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MELVYN AARONSON, Chairperson, Trustee, TRS

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SANDRA MARCH, Trustee, TRS

THOMAS BROWN, Trustee, TRS

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PATRICIA REILLY, Executive Director, TRS

THADDEUS McTIGUE, Deputy Executive Director, TRS

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VALERIE BUDZIK, TRS

CAROLYN WOLPERT, Trustee, Finance

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SUSANNAH VICKERS, Trustee, Comptroller's Office

ROBERT GRAY, TRS

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RENEE PEARCE, TRS

PAUL RAUCCI, TRS

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SUSAN STANG, TRS

ANDREW BRADFORD, TRS

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LIZ SANCHEZ, TRS

ROBERT C. NORTH, JR., Actuary

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CAROL HASDAY, Actuary's Office

KEITH SNOW, Corporation Counsel

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ROBERT BETHELMY

CARMELA CRIVELLI

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JENNIFER MALDONADO

ANNETTE HANRAHAN

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ANTHONY MEZZACAPPA

ELLEN DELEO

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P R O C E E D I N G S

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(Time noted: 3:45 p.m.)

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MS. REILLY: Good afternoon. We're going
to begin the October 23, 2014 regular meeting of the
Teachers' Retirement Board. I will start by calling
the roll.

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Melvyn Aaronson?

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CHAIRPERSON AARONSON: Here.

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MS. REILLY: Thomas Brown?

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MR. BROWN: Present.

12 MS. REILLY: Jennifer Maldonado?
13 MS. MALDONADO: Here.
14 MS. REILLY: Sandra March?
15 MS. MARCH: Present.
16 MS. REILLY: Susannah Vickers?
17 MS. VICKERS: Here.
18 MS. REILLY: Carolyn Wolpert?
19 MS. WOLPERT: Here.
20 MS. REILLY: We do have a quorum, so we
21 will proceed.
22 The next item is an update on TRS
23 operations, and Ellen Deleo will do an update for us.
24 MS. DELEO: TRS received a total of 1,997
25 retirements for the June 30, 2014 retirement date, and
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1 626 retirements for July and August of 2014, for a
2 total of 2,623 summer retirement cases.
3 TRS and the Office of the Actuary were
4 able to finalize 528 summer retirement cases by the
5 September payroll, and an additional 894 cases are
6 targeted for the October payroll, for a total of 1,422
7 retirees. The remaining 1,201 cases are in various
8 stages of completion.
9 The annual benefit statement began mailing
10 on September 30 to an approximate population of
11 115,000 members, with the mailing anticipated to be
12 completed by October 31. Preparations are underway to
13 send out the third quarter 2014 statements. Mailing
14 of the TDA quarterly statements for beneficiary
15 participants for an estimated population of 600
16 members is expected to occur on October 24.
17 Online posting of the TDA quarterly
18 statements for participants with TDA deferral status
19 is expected to begin on October 26, concurrently with
20 statements being printed.
21 The estimated population is 46,000;
22 approximately 43,500 will be printed and mailed, while
23 an additional 2,500 members have elected to view their
24 statements online only. The quarterly account
25 statements for members currently in service or on
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1 leave is expected to begin mailing the week of
2 November 10 to an estimated population of
3 approximately 106,000 members. An additional 9,000
4 members have elected to view statements online instead
5 of receiving a mailed copy.
6 Member statements will include the full
7 year contribution rate of 2015, calculated based on
8 individual salaries and the increased TDA contribution
9 limit of \$18,000 for 2015.
10 MS. REILLY: Thank you.
11 MS. DELEO: You're welcome.
12 MS. REILLY: The next item is the
13 executive director's report. The first item there is

14 the next meeting. It's been suggested that the next
15 regular meeting of the Teachers' Retirement Board be
16 held on the third Thursday of the month; November 20,
17 2014.

18 The next item, Mr. Chairman, you were
19 going to read?

20 CHAIRPERSON AARONSON: We have a
21 resolution today in commemoration of the fact that Bob
22 North is going to be retiring as of October 31st,
23 and I'd like to read that fully.

24 "Whereas, Robert North has served as the
25 chief actuary for the New York City retirement systems

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1 for nearly 25 years, advising this Board and the
2 boards of the other four city pension funds, and
3 benefitting the Board greatly with his insight,
4 judgment, and wisdom, and;

5 "Whereas, the Office of the Actuary has
6 worked as an effective partner to this Board and to
7 TRS under Robert North's direction, certifying
8 benefits for TRS members and all City employees,
9 aiding the Boards' financial planning with accurate
10 projections, and determining the employer
11 contributions that keep the systems operating, and;

12 "Whereas, Robert North has excelled in his
13 role of "designated skeptic," his integrity and
14 proficiency, along with his judgment and perspective
15 on fiscal issues, have earned him the respect,
16 gratitude and appreciation of his colleagues, and;

17 "Whereas, Robert North has regularly
18 demonstrated to this Board his inclination to refer to
19 himself in the third person, and;

20 "Whereas, Robert North, "the Actuary," is
21 retiring after a remarkable career and a quarter
22 century of tireless and distinguished service to the
23 City of New York;

24 "Therefore, be it resolved, that the
25 Trustees of the Teachers Retirement Board and the

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1 staff of TRS express their appreciation to Robert
2 North for his service, and sincerely wish him a
3 rewarding retirement and success in all his future
4 endeavors, and continued good health for himself and
5 his family."

6 Do I hear a second that that?

7 MS. MARCH: Second.

8 CHAIRPERSON AARONSON: Any discussion?

9 MS. MALDONADO: Cheers.

10 CHAIRPERSON AARONSON: Except for the time
11 I told him he wears both suspenders and a belt, and
12 then staples his pants --

13 (Laughter.)

14 He has been a great, great asset to the
15 City and to this Board.

16 So, anybody else?
17 Ready to vote.
18 All those in favor of this resolution say
19 "Aye."
20 (A chorus of "Ayes.")
21 Any opposed?
22 Seeing none, it carries unanimously. If
23 we were on TV I would joke and say "Carried 4 to 3."
24 (Laughter.)
25 I'd like to present you with what I just
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1 read in the form of a plaque.
2 (Indicating.)
3 (Applause.)
4 MR. NORTH: If I may.
5 MS. MARCH: You may.
6 MR. NORTH: It's been a great honor and
7 privilege for me. The Actuary felt it's been the best
8 part of his entire career. I have had the privilege
9 of working with you all, and in spite of the fact we
10 have had our occasional differences about what things
11 might or might not be, I've always felt that the
12 Board, like I have tried to serve the Board, has most
13 cared about the long term success of the funds and
14 taking care of all the participants.
15 And that has been, I think, a continuing
16 important mission for all the public sector pension
17 plans. It is a tough time for the public sector plans
18 in the eye of the press and the public. But these
19 plans are valuable. They are defined benefit plans,
20 which are unpopular in many quarters. There are
21 articles written all the time about them being
22 unsustainable.
23 This system, as well as the other four New
24 York systems, in terms of the reported funded status,
25 are not as good as they should be. But the thing that
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1 people more should emphasize is, What are you doing
2 about it? It takes contributions and investment
3 income. You worked hard to put together good
4 investment programs.
5 The City, at the recommendation of the
6 boards, has asked for the additional contributions
7 necessary. And you are on a plan that, absent changes
8 and assumptions, within a matter of another 18 years
9 will put you near 100 percent funded on a reported
10 basis.
11 That brings security to the members, and
12 it brings closer the intergenerational equity, which
13 is the ultimate goal of being fair to everyone, the
14 taxpayers, the participants and everyone involved.
15 As I said, I've had a great 24 years and I
16 enjoyed it. I could not have done it alone. The
17 Board, the Office of the Actuary staff, the Teachers'

18 staff, we all worked together. And I think that is
19 one of the greatest things I've appreciated about
20 government.

21 Everybody comes to the table, maybe with
22 different views, but in the end we serve to a common
23 purpose. And that common purpose I think has been
24 well undertaken in this board room, in the
25 administrative offices, in my office.

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1 So, I just want to leave you with, again,
2 many thanks for the recognition (indicating plaque).
3 It's been my privilege and honor to have served you
4 all these years. And I'm going to keep an eye on you.

5 (Laughter.)

6 Make sure you don't mess up all this good
7 work done for 24 years.

8 So thank you again very much.

9 (Applause.)

10 MS. REILLY: The next resolution is the
11 adoption of certain policies pertaining to the
12 Internal Revenue Service determination letter program.

13 "Whereas, the TRS staff, working with the
14 Groom Law group, TRS' outside tax counsel, prepared
15 and submitted an application to the Internal Revenue
16 Service for a determination letter, which application
17 included proposed qualified pension plan policy number
18 2014-1 through 2014-12, which policies reflect current
19 operations;

20 "And whereas, on March 26, 2014, the IRS
21 made a favorable determination on the TRS QPP based
22 upon the application submitted to the IRS, contingent
23 upon the adoption of the aforementioned proposed QPP
24 policies and;

25 "Whereas, the Board may, from time to

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1 time, adopt rules or regulations where necessary or
2 appropriate, through Board resolutions;

3 "Therefore, be it resolved, the Board
4 hereby adopts QPP policies 2014-1 through 2014-12
5 effective as of the dates indicated in the policies."

6 CHAIRPERSON AARONSON: Do I hear a second?

7 MS. MARCH: Second.

8 CHAIRPERSON AARONSON: Any discussion?

9 (No response.)

10 Seeing no discussion, all in favor?

11 (A chorus of "Ayes.")

12 Any opposed?

13 I think that the passage of this
14 resolution brings us into the 21st century, and I'm
15 glad we've done it, and I'm glad the IRS is satisfied
16 we're doing a good job. We would not want to upset
17 the IRS.

18 Okay. Patricia?

19 MS. REILLY: That concludes the executive

20 director's report.
21 The next item on the agenda is the
22 calendar. Each Board member should have received a
23 calendar previously sent, of transactions and
24 payments. I will say there were a few pages missing
25 that you have in front of you today, that you can
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1 include in the packet that was sent.
2 So I'll go ahead and do a quick summary.
3 The monthly periodic payroll of TDA excess
4 and loan payments are on pages 1 through 14 inclusive.
5 Page 15 is the payroll summary, AP, new
6 retirees and TDA accounts.
7 Pages 16 through 36 inclusive are the
8 transfer of active TDA deferrals to annuity payments.
9 Pages 37 through 73 inclusive are
10 fractional payments.
11 Pages 74 through 82 are uncollected checks
12 for deceased members.
13 Pages 83 through 95 inclusive are
14 beneficiary continuing option payments.
15 Pages 96 through 106 inclusive are the
16 conversion to pop-up payments.
17 Pages 107 through 148 inclusive are
18 beneficiaries to receive one time payments from the
19 QPP and TDA accounts.
20 Pages 149 through 151 are net return
21 accumulated salary deductions.
22 Page 152 is transfers of funds between
23 banks.
24 Pages 153 through 154 are receipt of
25 installment payments.
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1 Pages 155 through 158 are outstanding
2 checks.
3 Pages 159 through 670 inclusive are
4 revisions, including those under class coverage.
5 Page 671 are leaves of absence without
6 pay.
7 Pages 672 through 674 inclusive are
8 payments of service credit.
9 Page 675 are denied accident disability
10 benefits.
11 Page 676 are minimum accumulations.
12 Pages 677 through 681 inclusive are the
13 purchase and sales of securities transacted from the
14 Passport funds program.
15 And page 682 are new service retirement
16 payments.
17 And that concludes the calendar.
18 The one item that we should do is the
19 matter of the approval of the minutes for the regular
20 Board meeting that was held in September, 2014.
21 CHAIRPERSON AARONSON: So we're now voting

22 on the matter of the approval of the minutes for the
23 regular meeting held on September 18, 2014.
24 Any discussion?
25 (No response.)
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1 All in favor?
2 (A chorus of "Ayes.")
3 Any opposed?
4 The minutes are approved.
5 MS. REILLY: And then a vote on the
6 calendar?
7 MS. BUDZIK: To adopt the calendar.
8 CHAIRPERSON AARONSON: Is there a motion
9 to adopt the calendar?
10 MS. WOLPERT: Motion.
11 MS. MALDONADO: Second.
12 CHAIRPERSON AARONSON: Discussion?
13 (No response.)
14 All in favor?
15 (A chorus of "Ayes.")
16 Any opposed?
17 The calendar is adopted.
18 MS. REILLY: The next item is any other
19 business before the Board.
20 Any questions or comments from the public?
21 (No response.)
22 CHAIRPERSON AARONSON: Sandy?
23 MS. MARCH: I move we go into executive
24 session pursuant to Public Officer Law Section 105 to
25 discuss the sales and purchase of securities and
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1 updates on specific investment managers and other
2 contract matters.
3 CHAIRPERSON AARONSON: Is there a second?
4 MS. WOLPERT: Second.
5 CHAIRPERSON AARONSON: Discussion?
6 (No response.)
7 All in favor?
8 (A chorus of "Ayes.")
9 Any opposed?
10 We're now in executive session.
11 And those people who are not involved in
12 these matters of investments, contract items, please
13 feel free to leave. As a matter of fact, get out.
14 (Laughter.)
15 (Some people left the room.)
16 (Discussion off the record.)
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1 MS. MARCH: I move we go out of executive
2 session.

3 CHAIRPERSON AARONSON: Is there a second?

4 MS. MALDONADO: Second.

5 CHAIRPERSON AARONSON: Any discussion?

6 (No response.)

7 All those in favor of going out of
8 executive session, say "Aye."

9 (A chorus of "Ayes.")

10 (Whereupon, the Board returned to public
11 session.)

12 CHAIRPERSON AARONSON: We're back in
13 regular session. And we would like a summary of what
14 was done in executive session.

15 MS. STANG: In executive session an
16 investment manager within Variable A and Variable D
17 was discussed. A position was reached, which will be
18 announced at the appropriate time.

19 Also, a contract with respect to the
20 modernization project was discussed. A decision was
21 reached, which will be announced at the appropriate
22 time.

23 CHAIRPERSON AARONSON: Thank you.

24 Is there any other business before us?

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1 (No response.)

2 Do I hear a motion to adjourn?

3 MS. MARCH: So moved.

4 MS. WOLPERT: Second.

5 CHAIRPERSON AARONSON: All favor of
6 adjourning say "Aye."

7 (A chorus of "Ayes.")

8 CHAIRPERSON AARONSON: We're adjourned.

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10 (Time noted: 4:27 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, October 23, 2014,
at the offices of the NEW YORK CITY TEACHERS RETIREMENT
SYSTEM, 55 Water Street, New York, New York, and that
this is an accurate transcription of these proceedings.

IN WITNESS WHEREOF, I have hereunto set my
hand this 23rd day of October, 2014.

JEFFREY SHAPIRO