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NEW YORK CITY TEACHERS' RETIREMENT SYSTEM

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INVESTMENT MEETING

held on Thursday, April 15, 2010

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at

55 Water Street

4

New York, New York

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6 ATTENDEES:

7

MELVYN AARONSON, Chairperson, Trustee

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SANDRA MARCH, Trustee

MONA ROMAIN, Trustee

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DIANE BRATCHER, Finance, Trustee

ALISON CRUZ, Finance, Trustee

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JOHN DORSA, Comptroller's Office

MARTIN GANTZ, Comptroller's Office

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MARK GROSS, Comptroller's Office

SEEMA HINGORANI, Comptroller's Office

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DAVID JETER, Comptroller's Office

THADDEUS McTIGUE, Comptroller's Office

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KATHY MARTINO, Comptroller's Office

YVONNE NELSON, Comptroller's Office

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MORAIMA PARES, Comptroller's Office

LARRY SCHLOSS, Comptroller's Office

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NELSON SERRANO, Comptroller's Office

JOEL GILLER, Teachers Retirement System

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MARC KATZ, Teachers Retirement System

SUSAN STANG, Teachers Retirement System

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PAUL J. RAUCCI, Teachers Retirement System

ROBERT C. NORTH, JR., Actuary

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KAREN SEEMEN, Corporation Counsel

CAROLYN WOLPERT, Corporation Counsel

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CHRIS LYON, Rocaton

ROBIN PELISH, Rocaton

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ROBERTA UFFORD, Groom Law Group

BUD LARSON, Office of Management and Budget

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STEVE BURNS, Townsend

SARAH CACHAT, Townsend

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MICHELLE DAVIDSON, PCG

MICHAEL RUSSELL, PCG

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P R O C E E D I N G S

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(9:30 a.m.)

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MR. SERRANO: Good morning. I call the
April 15, 2010 investment meeting of the Teachers'
Retirement System to order. I'll call the roll.

7

Mel Aaronson?

8

MR. AARONSON: Here.

9

MR. SERRANO: Kathleen Grimm?

10

No answer.

11

Tino Hernandez.

12

Not present.

13

Bud Larson?

14

MR. LARSON: Present.

15

MR. SERRANO: Larry Schloss?

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MR. SCHLOSS: Present.

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MR. SERRANO: Sandra March?

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MS. MARCH: Present.

19

MR. SERRANO: Mona Romain?

20

MS. ROMAIN: Here.

21

MR. SERRANO: We have a quorum.

22

We need to elect an acting chairperson.

23

MR. LARSON: I nominate Mel.

24

MS. ROMAIN: Second.

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MR. SERRANO: Objections?

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Hearing none, it's all yours.

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MR. AARONSON: We are in session.

3

Today our agenda is going to be, first, an
attorney-client session. Then we will do the
public agenda and then do the executive agenda.
And I would like a motion to go into client
attorney session.

8

MR. LARSON: Motion.

9

MS. ROMAIN: Second.

10

MR. AARONSON: Any opposed?

11

We are now in client-attorney session.

12

I'll ask those people who aren't clients or
attorneys to leave.

14

(Recess taken.)

15

We need a motion to go into public

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session.

17

MS. ROMAIN: Moved.

18

MR. SCHLOSS: Second.

19

MR. AARONSON: All in favor?

20

(A chorus of "Ayes.")

21

Any opposed?

22

Passed. We're now back in public

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session. In client-attorney session, we discussed
three matters that we talked about which we will
bring at the future public session. We will do a

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1 report on it. So, we are now back in public
2 session and we will do the public agenda now.

3 Have you decided who will go first in
4 the public?

5 MR. SCHLOSS: Yes. First, let me
6 introduce you to Seema Hingorani. Seema?

7 MS. HINGORANI: Hi.

8 MR. SCHLOSS: Seema could join us. Let
9 Seema say her background, but she's going to be in
10 charge of the public equities. So, she has a big
11 job.

12 Tell us your background.

13 MS. HINGORANI: Thanks, Larry. Thanks
14 for having me. I joined last week, last Monday.
15 And it's been great so far. Everybody's been
16 great. A little about my background.

17 I spent the last 14 years in the public
18 equity market. I was a portfolio manager at firms
19 like T. Rowe Price, Fidelity Investments. I joined
20 a couple of hedge funds, like Pequot Capital. I
21 ran my own hedge fund at one point in my career.

22 And most recently, I was global head of
23 research at Fidelity Investments, an institutional
24 business called Pirmis, which we as New York have
25 some investments there, and managed a team of

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1 analysts there and helped build out the whole
2 investment research with Pirmis.

3 So, again, a lot of my experience has
4 been in trying to make money for our clients, and I
5 work hard at that every day and tried to be a lot
6 more creative every time I did my next opportunity
7 or next investment. And again, always with the
8 goal of trying to make as much as money for our
9 investment clients as I could.

10 So, I've taken that experience and I
11 really wanted to help bring that to the public
12 sector. And so, just for me, in the last couple of
13 years, I became a lot more passionate than ever
14 about doing public service. And so, as I heard
15 about Larry joining as chief investment officer, I
16 called him up and I said I want to do this.

17 MR. SCHLOSS: I recruited you all for
18 this kind of stuff.

19 (Laughter.)

20 MS. HINGORANI: He was kind enough to
21 take my call. So, it is a really wonderful thing
22 for me. I was very excited to be here. So, thank
23 you.

24 MR. SCHLOSS: We're happy to have you.

25 MR. AARONSON: And we are happy and

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1 welcome and we hope we have a long, fruitful
2 relationship with you.

3 MS. HINGORANI: Thank you very much.
4 I'm looking forward to it.

5 MR. SCHLOSS: With that, Martin, do you
6 want to go through the results of the flash report?

7 MR. GANTZ: Yes. Everyone should have a
8 copy of the flash report. We have extras here if
9 you want. I'll start with the column on the left,
10 which is the fiscal year to date returned. These
11 returns are through April 13th, 2010.

12 Starting with U.S. Equity, the returns,
13 as you see, on the public markets side, are quite
14 good as the equity market rally continues. U.S.
15 Equity, we estimate, returned 34.11 percent,
16 six basis points ahead of the Russell 3000 index of
17 34.05.

18 Non-U.S. Equity was ahead by five basis
19 points, returning 25.70 percent. REITs have
20 significantly rebounded from their negative returns
21 that you see all the way on the right of the page.
22 Those negative returns from 2008, they returned
23 69.78 percent, and that's 355 basis points behind
24 the Dow Jones Real Estate securities index.

25 I just want to note something that you

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1 don't ordinarily see on these reports, and that is
2 for the 12-month period, just next to that. And
3 it now returns the 100 percent. So, over the last
4 year, REITS have doubled the price.

5 Opportunistic Equity returned 26.11
6 percent behind the benchmark of 29.67, the
7 benchmark in the MSCI World Index.

8 So, next two areas, private equity and
9 real estate, are the same numbers you saw before.
10 We will update these numbers when we have December
11 numbers, probably by the time of the next meeting.
12 So, these numbers report numbers through September.

13 The fiscal year to date shows the
14 quarter ending in September, and you see private
15 equity returning 25 percent versus the benchmark of
16 23, 24 and private real estate, they'll have a
17 negative return. That brings the total equity
18 return to 31.29 percent or behind the benchmark,
19 287 basis points, total policy benchmark.

20 Moving to Fixed Income, the Core+5
21 program is 161 basis points ahead of the custom
22 benchmark, returning 8.17 percent. TIPS returned
23 6.48 percent; that's 31 basis points ahead of their
24 benchmark.

25 High Yield returned 20.50 percent, and

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1 that was 49 basis points ahead of the Citigroup
2 double B -- single B index.

3 Convertible Bonds returned
4 25.98 percent, and that is over 500 basis points
5 behind the Merrill All US Convertibles Index. And
6 the opportunistic fixed income program has returned
7 42.3 percent. As you see, that's well above the
8 benchmark return of the Core+5 -- well above the
9 benchmark return, 89.13 percent.

10 The Total Fixed Income comes to 10.68
11 first, 81 basis points ahead of the policy
12 benchmark. That brings the total Teachers' fiscal
13 year to date estimated returns of 24.13; backing
14 out public market fees of 14 basis points, worth
15 23.99, behind the adjusted policy benchmark of
16 26.36, and just sliding over the 12-month number
17 for one year ending 4/13 were 34.09.

18 Any questions?

19 MR. AARONSON: Any questions?

20 Thank you very much.

21 MR. SCHLOSS: I think we are done with
22 the public session.

23 MR. LYON: So, for the public session
24 for the variable funds, the first thing I would
25 like to cover is a Variable A, diversified equity

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1 from the flash report, through the end of February
2 on the -- it was sent out ahead and passed out
3 today as well. On the first page, you can see the
4 total assets, \$9.17 billion at the end of February.
5 And the allocation, which is the major composite,
6 was relatively in line with this target. The
7 largest deviation was the total international, 1.4
8 percent underweight.

9 And then if you flip ahead -- it's two
10 pages -- to page 3, you can see how the Variable A
11 funds performed during February. And as a
12 reminder, all this information is net of fees for
13 the month. The performance was about two and a
14 half percent, 2.56. That did trail the
15 Russell 3000. That was in line with the hybrid
16 benchmark, approximately.

17 The primary reason that the fund trailed
18 was not because of the domestic equity exposure in
19 the funds, but because of the other diversifying
20 strategies. So, it's in up months for equities, so
21 the defensive composite was a little behind and
22 non-U.S equities, actually, had a negative month
23 during February.

24 For the one-year period, it's trailing
25 one-year period through February, though, you can

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1 see that the fund is up almost 52 and a half
2 percent net of fees.

3 Any questions?

4 The next handout is for variable KDE
5 International equity fund, inflation protection
6 fund and the socially responsive fund. And in the
7 top left, you can see these assets of each fund, 51
8 and a half million and roughly 12 million each,
9 respectively.

10 The international fund for the month as
11 mentioned in the international composite Variable
12 A, international fund had a modestly -- made almost
13 down 0.8 percent roughly in line with the EAFE
14 benchmark. For the one-year period, though, this
15 option is up almost 50 percent net of fees.

16 The inflation protection fund, the total
17 Variable D fund had a modestly positive month,
18 which was ahead of its benchmark. And for the
19 one-year period, it's up -- well ahead of its
20 benchmark up almost 29 percent net of fees versus
21 11 and a half for the benchmark.

22 And lastly, the social responsive fund
23 had a positive 4.15 percent return for the month.
24 A bit percent ahead of its benchmark. And for the
25 one-year period, it has lagged its benchmark mostly

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1 due to end back of cash flows, but nonetheless had
2 almost 39 percent return.

3 Any questions?

4 And then lastly, we provided an update
5 on benchmark performance through March 31st and on
6 the underlying mutual funds and variable D and E.
7 And what you can see is that the month of March was
8 a strong positive month for equities with a broad
9 Russell 3000 index of 4.6 percent. And so, the
10 best -- yes, we have until the numbers come in on
11 variable A performance is hybrid benchmark and that
12 return almost 5.9 percent just in the month of
13 March.

14 So, March was a good month for what we
15 have good story to tell.

16 That's all we have for the public
17 session.

18 Any questions?

19 MR. AARONSON: Thank you very much,
20 Chris.

21 MR. LYON: You're welcome.

(At this time the meeting went into executive session.)

22 MR. AARONSON: There seems to be a consensus.

23 We're now in public session again. And before
24 we adjourn, I believe we have to list for the public record --

25 MR. KATZ: I'll do it.

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1 MR. KATZ: During executive session, we
2 discussed pension reform and associated proposed
3 internal policies, and no action was taken.

4 The board also heard a presentation from
5 PIMCO on the global economic landscape. The
6 Comptroller's Office offered a new format for
7 future investment meetings and modified the
8 presentations for those meetings going forward.

9 There was a report from the
10 Comptroller's on the manager watch list, and no
11 action or no comment on that. So, a report from
12 the Comptroller's of those managers on the watch
13 list.

14 The board also received a manager update
15 from the investment consultant to the variable
16 funds. And finally, the board received
17 presentations from perspective investment
18 consultants, and no action was taken.

19 MR. AARONSON: Okay.

20 MS. MARCH: Motion to adjourn.

21 MR. SCHLOSS: Second.

22 MR. AARONSON: Seeing no objections, we
23 are adjourned.

24 (Time noted: 2:51 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, April 15, 2010, 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 _____ day of _____, 2010.

JEFFREY SHAPIRO