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5 TEACHERS' RETIREMENT BOARD MEETING

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14 HELD AT:

15 55 WATER STREET  
NEW YORK, NEW YORK

16

17 DECEMBER 16, 2010  
3:40 P.M. TO 3:54 P.M.

18

19 B E F O R E:

20 MELVYN AARONSON, ACTING CHAIRMAN

21

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23

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

2     A P P E A R A N C E S :

3     T R S :

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

6     MELVYN AARONSON, Teachers' Trustee  
7     MONA ROMAIN, Teachers' Trustee  
8     SANDRA MARCH, Teachers' Trustee

8     C O M P T R O L L E R ' S   O F F I C E :

9     T H A D   M c T I G U E ,   T r u s t e e  
10

11    C O R P O R A T I O N   C O U N S E L :

12    K E I T H   S N O W ,   L a w   D e p a r t m e n t

13    O F F I C E   O F   T H E   A C T U A R Y :

14    R O B E R T   C .   N O R T H   J R . ,   C h i e f   A c t u a r y  
15

16    M A Y O R ' S   A P P O I N T E E :

17    E L I Z A B E T H   B O T W I N ,   A l t e r n a t e

18    D E P A R T M E N T   O F   E D U C A T I O N :

19    K A T H L E E N   G R I M M ,   T r u s t e e  
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2 TRS STAFF:

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

8

9 OTHER ATTENDEES:

10 MIKE MALLOY, Deloitte and Touche  
JILL PRUSINSKI, Deloitte and Touche  
11 BOB ROONEY, Deloitte and Touche  
12 MITCHELL FRUCHTER, TRS Manager, Banking Unit

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1 TRS Regular Board Meeting, DECEMBER 16, 2010

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

3 MR. SERRANO: Good afternoon. We will begin the  
4 December 16, 2010 regular meeting of the Teachers' Retirement  
5 Board by calling the roll.

6 MR. SERRANO: Melvyn Aaronson?

7 MR. AARONSON: Here.

8 MR. SERRANO: Kathleen Grimm?

9 MS. GRIMM: Here.

10 MR. SERRANO: Thad McTigue?

11 MR. McTIGUE: Here.

12 MR. SERRANO: Sandra March?

13 MS. MARCH: Here.

14 MR. SERRANO: Liz Botwin?

15 MS. BOTWIN: Here.

16 MR. SERRANO: Lisette Nieves? Please note that she is not  
17 present today. I understand that she is in Albany.

18 MR. SERRANO: Mona Romain?

19 MS. ROMAIN: Present.

20 MR. SERRANO: We have a quorum. We need to elect an  
21 Acting Chairperson.

22 MS. MARCH: I nominate Mel Aaronson.

23 MS. BOTWIN: Second.

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

25 (Whereupon all those present so indicated.)

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2 MR. SERRANO: Any opposed? Any abstentions? Hearing  
3 none, we will continue. The first item of today's meeting is  
4 a report by the external auditors from Deloitte and Touche  
5 concerning their audit of Fiscal Year 2010.

6 MR. ROONEY: Hi, my name is Bob Rooney and I am a  
7 Director with Deloitte and Touche and I am responsible for  
8 your services regarding the audit of the pension plan's Tax-  
9 Deferred Annuity ("TDA"). I am joined here today by my  
10 Manager Jill Prusinsky, the work-horse of the team. Jill makes  
11 certain that everything is done on time and that everything  
12 gets resolved. I am also joined by my colleague Mike Malloy.  
13 He is a Director with Deloitte and he is my successor. I will  
14 be retiring at the end of this month and I will leave you in  
15 good hands with Mike. I have served the pension plans of the  
16 City since 2002. It has been a great ride, a lot of fun, a lot  
17 of hard work and I appreciate all of your cooperation and  
18 assistance. With that being said, I will go through the  
19 acquired communication of the results of our audit this year.

20 We have completed our audit of the financial statements  
21 of the Teachers' Retirement System of the City of New York's  
22 Qualified Pension Plan ("QPP") and the TDA as of and for the  
23 year ending June 30, 2010, in accordance with the auditing  
24 standards generally accepted in the United States of America  
25 and have issued our reports thereon dated October 27, 2010.

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2 Our responsibility under generally accepted auditing  
3 standards has been described in our engagement letter dated  
4 August 5, 2010. The objective of a financial statement audit  
5 conducted in accordance with generally accepted auditing  
6 standards is to express an opinion on the fairness of the  
7 presentation of the Plans' financial statements for the year  
8 ended June 30, 2010, in conformity with accounting principles  
9 generally accepted in the United States of America, in all  
10 material respects. Our responsibilities under generally  
11 accepted standards include forming and expressing an opinion  
12 about whether the financial statements that have been prepared  
13 by management with the oversight of the Board of Trustees are  
14 presented fairly, in all material respects, in conformity with  
15 generally accepted accounting principles.

16 Accounting estimates are an integral part of the financial  
17 statements prepared by management and are based on management's  
18 current judgments. Those judgments are ordinarily based on  
19 knowledge and experience about past and current events and on  
20 assumptions about future events. Significant accounting  
21 estimates reflected in the Plan's financial statements  
22 include the determination of the fair market value of  
23 investments, the annual required contribution, actuarial asset  
24 value, actuarial accrued liability, and the unfunded actuarial  
25 accrued liability. We are not aware of any significant changes

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2 in the accounting investments or in the management's judgments  
3 relating to such estimates. There were no uncorrected  
4 misstatements or disclosure items passed identified during our  
5 audits. There were no material misstatements that were brought  
6 to the attention of management as a result of our audit  
7 procedures. The Plans' significant accounting policies are set  
8 forth in Note 2 to the financial statements. We have not had  
9 any disagreements with management related to matters that are  
10 material to the financial statements. We are not aware of any  
11 consultations that management may have had with other  
12 accountants about auditing and accounting matters during the  
13 year. Throughout the year, routine discussions were held, or  
14 were the subject of correspondence, with management regarding  
15 the application of accounting principles or auditing standards  
16 in connection with transactions that have occurred, transactions  
17 that are contemplated, or reassessment of current circumstances.  
18 In our judgment, such discussions or correspondence were not  
19 held in connection with our retention as auditors. We received  
20 the full cooperation of the Plans' management and staff and had  
21 unrestricted access to the Plans' senior management in  
22 performance of our audits. Attached to our letter, as Appendix  
23 A, are representations we are required to give to management  
24 under generally accepted auditing standards. We also plan to  
25 issue a separate report to the Board, which will be dated

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2 October 27, 2010, relating to certain matters that we have  
3 identified in internal control over financial reporting and  
4 other matters that were identified during the course of the  
5 audits. There were no significant deficiencies or material  
6 weaknesses identified during the course of our audits.

7 With that being said, if you have any questions, I will  
8 gladly answer them.

9 MR. AARONSON: Any questions from the Board? Hearing none,  
10 the Board thanks you for your updates wishes you a healthy  
11 retirement.

12 MR. SERRANO: The next item on the Agenda is a couple of  
13 brief updates on Operational Matters from Patricia.

14 MS. REILLY: TRS is going to be offering member education  
15 programs during the upcoming school break. We will be  
16 offering Getting Ready for Retirement and an Introduction to  
17 TDA programs. Sessions are planned for December 27, 29, and 30.

18 Welcome Kits that include enrollment and beneficiary forms  
19 for members who we automatically created a membership for upon  
20 their appointment in September, were mailed out on September  
21 10, 2010. In September, when they first came on board, TRS  
22 mailed a flyer to them to introduce them to TRS.

23 MR. AARONSON: Thank you Patricia for you update. Any  
24 questions? Hearing none, we will move on.

25 MR. SERRANO: The next item on the Agenda is the Executive



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2 Director's Report. The first on there is the Next Meeting.  
3 It has been suggested that the next regular meeting of the  
4 Teachers' Retirement Board be held on the third Thursday of  
5 the month, January 20, 2011.

6 The next item is a resolution that has been laid over  
7 concerning the election of a new Chairperson.

8 MS. MARCH: Please lay it over.

9 MR. SERRANO: The third item concerns the Authorization  
10 to the Comptroller of the City of New York to Invest Certain  
11 Funds.

12 MS. ROMAIN: Move to the Resolved.

13 MR. SERRANO: At its meeting on September 16, 2010, the  
14 Teachers' Retirement Board authorized the Comptroller to  
15 invest certain funds of the Teachers' Retirement System for a  
16 period of three (3) months. In the event that the Board  
17 desires to continue this authorization, the following  
18 resolution is submitted for consideration and approval:

19 Resolved, by the Teachers' Retirement Board as  
20 trustees of the Teachers' Retirement System that, in  
21 accordance with Section 13-513 and Section 13-534 of the  
22 Administrative Code of the City of New York, the  
23 Comptroller of the City of New York is hereby authorized  
24 and requested, in accordance with Section 13-702 of the  
25 Administrative Code of the City of New York to invest

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2 consistent with the investment policies of Teachers'  
3 Retirement System of the City of New York the contingent  
4 reserve fund, the pension reserve fund, the annuity savings  
5 fund and the annuity reserve fund referred to in Section  
6 13-520 of the Administrative Code of the City of New York,  
7 other than the portion thereof held for current needs,  
8 pursuant to Section 13-538, subject to the terms and  
9 limitations set forth herein:

10 1. The Comptroller shall have the power:

11 a. To make any investment, which the trustees of the  
12 Teachers' Retirement System are authorized by law  
13 to make, including stock investment in securities  
14 as authorized by the Retirement Board in its  
15 resolution of November 20, 1990. However, any  
16 investment in any tax-exempt security shall  
17 require prior approval of the Board.

18 b. To hold, sell, assign, transfer, or dispose of  
19 any of the properties, securities or investments  
20 in which any of the funds of the Teachers'  
21 Retirement System shall have been invested,  
22 including the proceeds of such investments and  
23 any monies belonging to such fund, subject to the  
24 terms, conditions, limitations, and  
25 restrictions impose by the law upon the trustees

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2 of the Teachers' Retirement System.

3 c. In the name of the Comptroller, as agent of the  
4 trustees, to foreclose mortgages upon default or  
5 to take title to real property in such  
6 proceedings in lieu thereof, or to lease and sell  
7 any properties so acquired.

8 2. Any termination, expiration or revocation of this  
9 delegation to invest shall not affect any binding  
10 commitment previously made by the Comptroller  
11 pursuant to such delegation and the Comptroller  
12 shall have the power to discharge fully any such  
13 binding commitment according to its terms.

14 3. The authority hereby granted to the Comptroller of  
15 the City of New York by the Teachers' Retirement  
16 Board for the investing of its funds shall be  
17 limited to a three-month period terminating  
18 March 31, 2011.

19 4. Investment of funds of the Teachers' Retirement  
20 Board in real estate mortgages which are not  
21 guaranteed by the City of New York, the State of  
22 New York, and/or the United States governments,  
23 may be made by the Comptroller in accordance with  
24 an agreed procedure contained in a memorandum  
25 dated March 16, 1968.

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2 5. The transactions executed within the provisions  
3 of paragraphs 1-4 of this resolution shall be  
4 submitted to the Teachers' Retirement Board at  
5 the next meeting following the execution of such  
6 transaction.

7 MS. MARCH: So moved.

8 MR. MCTIGUE: Second.

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

10 (Whereupon all those present so indicated.)

11 MR. AARONSON: Any opposed? Any abstentions? Hearing  
12 none, we will continue.

13 MR. SERRANO: The last resolution concerns the  
14 Authorization to the Comptroller of the City of New York to  
15 Invest Certain Tax-Deferred Annuity Funds.

16 MS. ROMAIN: Move to the Resolved.

17 MR. SERRANO: At its meeting on September 16, 2010, the  
18 Teachers' Retirement Board authorized the Comptroller to  
19 invest, for a period of three (3) months, the net  
20 contributions of the Tax-Deferred Annuity Program for  
21 participants electing the fixed portion of the Program.

22 In the event that the Board desires to continue to have  
23 these funds invested by the Comptroller of the City of  
24 New York, the following resolution is submitted for  
25 consideration and approval:

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2 Resolved, by the Teachers' Retirement Board as  
3 trustees of the Teachers' Retirement System that,  
4 in accordance with Sections 13-513 and Section 13-534 of  
5 the Administrative Code of the City of New York, the  
6 Comptroller of the City of New York is hereby authorized  
7 and requested, in accordance with Section 13-702 of the  
8 Administrative Code of the City of New York to invest  
9 consistent with the investment policies of Teachers'  
10 Retirement System of the City of New York the portion  
11 of the annuity savings fund and the annuity reserve  
12 fund arising from the tax-deferred annuity net  
13 contributions, subject to the terms and limitations set  
14 forth herein:

15 1. The Comptroller shall have the power:

16 a. To make any investment, which the trustees of the  
17 Teachers' Retirement System are authorized by law  
18 to make, including stock investment in securities  
19 as authorized by the Retirement Board in its  
20 resolution of November 20, 1990. However, any  
21 investment in any tax-exempt security shall  
22 require prior approval of the Board.

23 b. To hold, sell, assign, transfer, or dispose of  
24 any of the properties, securities or investments  
25 in which any of the funds of the Teachers'

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2 Retirement System shall have been invested,  
3 including the proceeds of such investments and  
4 any monies belonging to such fund, subject to the  
5 terms, conditions, limitations and restrictions  
6 imposed by the law upon the trustees of the  
7 Teachers' Retirement System.

8 c. In the name of the Comptroller, as agent of the  
9 trustees, to foreclose mortgages upon default  
10 or to take title to real property in such  
11 proceedings in lieu thereof, or to lease and  
12 sell any properties so acquired.

13 2. Any termination, expiration or revocation of this  
14 delegation to invest shall not affect any binding  
15 commitment previously made by the Comptroller  
16 pursuant to such delegation and the Comptroller  
17 shall have the power to discharge fully any such  
18 binding commitment according to its terms.

19 3. The authority hereby granted to the Comptroller of  
20 the City of New York by the Teachers' Retirement  
21 Board for the investing of its funds shall be  
22 limited to a three-month period terminating  
23 March 31, 2011.

24 4. Investment of funds of the Teachers Retirement  
25 Board in real estate mortgages which are not

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2 guaranteed by the City of New York, the State of  
3 New York, and/or the United States government, may  
4 be made by the Comptroller in accordance with an  
5 agreed procedure contained in a memorandum dated  
6 March 16, 1968.

7 The transactions executed within the provisions of  
8 paragraphs 1-4 of this resolution shall be submitted to  
9 the Teachers Retirement Board at the meeting next following  
10 the execution of such transaction.

11 MS. MARCH: So moved.

12 MR. McTIGUE: 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, we will continue.

17 MR. SERRANO: The next item on the Agenda is the Calendar.  
18 The first there is the matter of the approval of the Minutes  
19 for the regular meetings held on November 17, 2010.

20 MS. MARCH: So moved.

21 MS. BOTWIN: Second.

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

23 (Whereupon all those present so indicated.)

24 MR. AARONSON: Any opposed? Any abstentions? Hearing  
25 none, we will move forward.

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2 MR. SERRANO: Next, is the approval of Items 1 through  
3 20 on pages 1 through 177.

4 MS. MARCH: So moved.

5 MS. GRIMM: Second.

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

7 (Whereupon all those present so indicated.)

8 MR. AARONSON: Any opposed? Any abstentions? Hearing  
9 none, let us continue.

10 MR. SERRANO: The next item on the Agenda is Other  
11 Business. I have one (1) item, which is to schedule an Audit  
12 Committee Meeting. I will reach out to Liz, Thad and Mona and  
13 send out some materials. I will try to schedule a meeting some  
14 time between now and our next Board Meeting.

15 MS. MARCH: I have something I would like to say. It is  
16 the end of another calendar year. Maybe not the end of the  
17 school year but, I would like to thank the staff and wish  
18 everybody in the room a Happy Holiday and a healthy and Happy  
19 New Year.

20 MR. SERRANO: We would like to thank the Board, the Law  
21 Department, and the Actuary, to name a few and we wish you all  
22 a Happy Holiday.

23 MS. MARCH: The only thing I would like to request is, I  
24 know we are going into an Executive Session for Investment  
25 Matters. I would request that the attorneys stay because we



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2 have some matters we would like to discuss when we are in  
3 Executive Session.

4 MR. AARONSON: Do I have a motion to go into Executive  
5 Session?

6 MS. MARCH: So moved.

7 MS. GRIMM: Second.

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

10 (Whereupon at this time, the meeting went into Executive  
11 Session.)

12 MR. AARONSON: Do I have a motion to return to Public  
13 Session?

14 MS. MARCH: So moved.

15 MS. BOTWIN: Second.

16 MR. AARONSON: During the Attorney/Client Executive  
17 Session, the Board discussed a matter of potential litigation  
18 and in the Executive Session, the Board discussed a resolution  
19 regarding the Investment Securities. The resolution will be  
20 made public upon the successful completion of the appropriate  
21 agreements. Do I have a motion to adjourn?

22 MS. MARCH: So moved.

23 MS. GRIMM: Second.

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

25 (Whereupon all those present so indicated.)

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2 MR. AARONSON: Any opposed? Any abstentions? Hearing

3 none, the meeting is adjourned. Thank you.

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