



TO: The Honorable the Members of the Board of Regents
FROM: John L. D'Agati *John L. D'Agati*
SUBJECT: Reappointments to the NYS Teachers' Retirement System Board

DATE: April 11, 2013

AUTHORIZATION(S):

John B. ...
SUMMARY

Issue for Decision (Consent Agenda)

Should the Board of Regents approve the proposed three reappointments of members to the New York State Teachers' Retirement System Board?

Reason(s) for Consideration

Required by State statute. The Board of Regents elects one individual and the New York State School Boards Association has recommended two individuals, which requires approval by the Board of Regents.

Proposed Handling

The question will come before the full Board at its April 2013 meeting where it will be voted on and action taken.

Procedural History

Appointment of a member to this position on the Retirement Board requires approval by the Board of Regents. Education Law, Section 504(2), provides that:

"One member who is not an employee of the state, who shall have been an executive officer of a bank authorized to do business in this state, elected by the Board of Regents of the University of the State of New York to serve for a term of three years."

We are recommending Daniel T. Hogarty as that member.

Education Law, Section 504(2)(b), provides that:

Two members who are not employees of the state, each of whom shall be or shall have been a trustee or member of the board of education of a school district in this state, and at least one of whom shall be or shall have been an executive officer of an insurance company, elected by the Board of Regents of The University of the State of New York to serve for a term of three years, from a list of five or more persons having broad experience and ability in the fields of finance and investment to be presented to the Regents by the board of directors of the New York State School Boards Association, Inc.

In accordance with Education Law, the New York State School Boards Association forwarded the names of five individuals for consideration for appointment. From among these candidates, Mr. Michael Masse and Mr. R. Michael Kraus, whose terms expire on June 30, 2013, were recommended for the two board positions. Appointment to these positions on the Retirement System Board requires approval by the Board of Regents.

Background Information

Daniel J. Hogarty, Jr. was first appointed to the State Teachers' Retirement System Board on July 1, 2005 to fill the unexpired term of a previous member. He is now being recommended for reappointment for a full three-year term. Mr. Hogarty is retired President and CEO of The Troy Savings Bank and The Troy Financial Corp., and is currently President and Director of The Troy Savings Bank Charitable Foundation and The Troy Savings Bank Music Hall Foundation. He began his career at First Trust Company of Albany, the predecessor of Bankers Trust Company, which was acquired by First American Bank of New York in 1984. His resume is attached.

Michael Masse is senior vice president of public banking at HSBC Bank USA. Mr. Masse has been a member of the Fayetteville-Manlius School Board since 1993 and sits on the NYSSBA Board of Directors as Treasurer. His resume is attached.

R. Michael Kraus is President of R.M. Kraus & Associates, a company specializing in insurance, investments, and employee benefit consulting services, and has 37 years of experience in the field. He is a former member of the Erie 2-Chautauqua-Cattaraugus BOCES Board. Mr. Kraus has served seven consecutive terms on the Teachers' Retirement System Board since his first appointment in 1992. His resume is attached.

Recommendation

It is recommended that the Board of Regents approve the reappointment of Daniel J. Hogarty, Jr., Michael Masse and R. Michael Kraus to the New York State Teachers' Retirement System Board, each for an additional three-year term commencing June 30, 2013 and expiring June 30, 2016.

Timetable for Implementation

If approved, Mr. Masse's and Mr. Kraus's terms will begin June 30, 2013 and Mr. Hogarty's term would begin May 1, 2013.

Attachments

BIO**March, 2011****Daniel J. Hogarty, Jr.**

Daniel J. Hogarty, Jr., retired President and CEO of The Troy Savings Bank and The Troy Financial Corp., and is currently President and Director of The Troy Savings Bank Charitable Foundation and The Troy Savings Bank Music Hall Foundation. A leader in the banking industry, he began his career at First Trust Company of Albany, the predecessor of Bankers Trust Company, which was acquired by First American Bank of New York in 1984. Mr. Hogarty was elected President of The Troy Savings Bank in 1985, and became Chairman, President and Chief Executive Officer in 1987, remaining in that capacity until the bank was acquired by First Niagara Financial Group in January 2004.

In addition to his banking experience, he currently serves on a number of boards. He is Director, Treasurer and Chairman of the Finance Committee of the University at Albany Foundation, Trustee of the New York State Teachers Retirement System, Troy Municipal Assistance Corporation, and the Harriman Research & Technology Development Corporation. He has also previously served on the boards of the State of New York Banking Board, New York Business Development Corporation, The Arsenal Partnership, Hudson Valley Community College, The Sage Colleges, Maria College, LaSalle Institute, LaSalle School for Boys, Center for Economic Growth, and The Community Hospice.

Mr. Hogarty has been the recipient of many awards, including The Business Review Executive of the Year, the Jewish National Fund Tree of Life Award, Greene County Council on the Arts Distinguished Service Award, the Arthritis Foundation Accolade for Service Award, the YMCA President's Award, Co-Distinguished Citizen Award from the Boy Scouts Twin Rivers Council, the Rensselaer County Chamber of Commerce Edward H. Pattison Award, The College of Saint Rose Community of Excellence Award and The Academy of the Holy Names Building the Future Award.

He is affiliated with a number of educational institutions, and is the recipient of awards from the Hudson Mohawk Association of Colleges & Universities, Christian Brothers Academy, and the University at Albany. He and his wife Ellen have jointly received the Monsignor Burns Memorial Award from Catholic Central High School, the LaSalle School's LaSallian Benefactor Award, and the Hart-Cluett Award from the Rensselaer County Historical Society.

Michael J. Masse

Professional experience

HSBC Bank USA, N.A., (formerly Marine Midland Bank, NA)
Syracuse, New York, December 2005 - Present

Senior Vice President - Public Banking

- Recruited back to HSBC to establish and lead Public Banking business as part of bank's overall drive to increase deposits. Charged with all aspects of establishing business including planning, structuring, marketing, recruiting, and leading Public Banking team.
- Accomplishments: Delivered 5 year financial plan in 3 years, achieving deliverables ahead of plan. Grew deposit base by 184% over 4 years. Full year 2008 NIM exceeded plan by 30% and better than prior year by 56%. Increased both deposit volumes and spread. Negotiated and established new relationship with Third Party Collateral Agent improving efficiency of collateral usage at lower cost to bank and assuring compliance with municipal banking regulations in New York State and other markets.
- Awarded 'The CEO Award for HSBC North America' – 2008.

JPMorgan Chase, Syracuse, New York
March 1991 – December 2005

Senior Vice President/Municipal Banking

Middle Market Banking – UpState East/Syracuse
(October 2003)

- Responsible for Syracuse/Utica municipal team, covering 11 county areas in Central New York. Act as deputy to Upstate Government Manager in all aspects of government business.
- Accomplishments: Met or exceeded goals in all years; Team's contribution exceeded \$7,500M for 2004, collected deposits \$600,000M.

Vice President/ Relationship Manager/Municipal Banking

Middle Market Banking – UpState East/Syracuse (July 1996)

- Responsible for new business development in municipal market; focusing on public school districts, towns and counties. Products offered include deposit services and loans, supported by a full array of cash management services. Member Middle Market Banking Internet Advisory Board.
- Accomplishments: Increased net contribution from \$200M for 1996 to \$1,800M for 2002, exceeding goals in all years. Named region's relationship manager of the year twice. Developed Internet Java Enabled Marketplace concept for municipalities that was considered for possible funding by JPMorgan Capital Partners. Recognized throughout Central New York as expert and leader in public school market, participating as speaker at local, state, and national level on topics impacting public education; including

NSBA, NYSSBA, and Syracuse University Graduate School of Education. Consistently rank above Barlow benchmarks of customer satisfaction.

- Coordinate strategic action plans for UpState municipal teams including developing mission and strategic direction and monitoring results against collective objectives to meet financial goals. This has resulted in a consistent focus of this loosely coupled business and has been demonstrated by superior financial performance of the individual teams. Collective earnings increased from \$16MM in 2000 to \$30MM in 2002. Also included marshaling resources for our client escrow services that will drive in excess of \$1.0 million in fees to middle market during 2002 spread out across all UpState teams. Coordinated strategic and tactical planning sessions for municipal lock box group.

**Vice President/Senior Relationship Manager/Team Leader
Middle Market Banking – UpState East/Syracuse (Chemical
Bank/Pre-Merger)**

- Responsible for new business development and managing assigned account relationships. Products offered included credit and deposit services, supported by a full array of commercial banking products offered to middle market customers.
- Managed four commercial lenders covering middle market companies in Central New York. Portfolio Outstandings \$78MM. Regular member of credit committee. Team met or exceeded goals in all years.

**Marine Midland Bank, NA, Rochester, New York
September 1984 – March 1991 (now HSBC Bank USA, NA)**

Vice President/Team Leader (January 1989/Binghamton)

- Managed commercial loan business for Southern Region. Managed team of nine lenders and support personnel. Portfolio outstandings \$80MM.
- Accomplishments: Improved credit quality of loan portfolio from worst in division to best. Reduced classified loans from \$18MM to \$10MM, reduced past dues, reduced out-of-approvals from 20% of portfolio to zero. Implemented new business development program including Commercial Focus Reports. Taught Omega Commercial Loans to Business to 22 retail branch sales personnel.

Vice President/Manager of Commercial Credit (June 1987)

- Supervised credit analysis of commercial clientele requesting commercial loan accommodations. Trained commercial credit analysts. Implemented credit policy and procedures. Managed staff of 17 professionals and 10 staff.
- Accomplishments: Co-authored bank's Commercial Management Associates Training Manual. Implemented new credit approval procedures for Rochester Division. Improved department's productivity; shortening credit proposal turn around from one month to one week.

Assistant Vice President/Eastern Banking (September 1984)

- Relationship Manager for Middle Market Companies. Developed new business and managed loan portfolio. Portfolio outstandings \$20MM. Regional representative for technology issues.
- Accomplishments: Developed IBM PC driven sales and marketing system. Using this system personally closed \$10MM in credit facilities in six month period. System was instituted statewide.

First Jersey National Bank, Jersey City, New Jersey October 1982 – September 1984

- **Assistant Vice President** Perth Amboy, New Jersey (April 1984 – September 1984)
- **Commercial Account Officer** Delaware Valley, Atlantic City, New Jersey (August 1983 – April 1984)
- **Commercial Account Officer** Newark, New Jersey (October 1982 – August 1983)

Brener, Wallach & Hill, Attorney's at Law, Princeton, New Jersey July 1981 – October 1982

- **Comptroller/Business Manager** Managed business operations and prepared financial reports for internal/external use.

Princeton Bank & Trust Company, Princeton, New Jersey (later Chemical Bank) October 1979 – July 1981

- **Management Trainee** Commercial Banking Group

Additional professional activities

New York State Commissioner of Education's Blue Ribbon Panel on Public School Leadership

January 1999 – April 2000

Fayetteville-Manlius Board of Education Member and Past President, Legislative Liaison, July 1993 - Present

The Empire State Advantage: Excellence at Work Reviewer (1999)

Professional memberships

New York State School Boards Association

Member/Board of Directors
Central Region Ambassador
Member/Federal Relations Network

New York State Council of School Superintendents
Associate Member/Presenter

Central New York Association of School Business Officials
Associate Member

Education

Master of Arts, Public Administration - Maxwell School of
Citizenship, Syracuse University, Syracuse, New York, May 2000

Master of Business Administration - Rider University,
Lawrenceville, New Jersey, December 1982

Bachelor of Science, High Honors - Rochester Institute of
Technology, Rochester, New York, May 1979

**Professional
Licenses**

Series 7 Securities License

Series 63 Securities License

(Passed exam, bank decided not to hold licenses for MMBG
officers.)

R. Michael Kraus
President
R. M. Kraus & Associates

R. Michael Kraus has thirty-nine years' experience in the insurance and employee benefit fields, currently as president of R.M. Kraus & Associates, and previously as managing partner of Kraus/Jerge Associates. From 1970 to 1980, Mr. Kraus was a field underwriter and sales manager for the Mutual Life Insurance Company of New York. Mr. Kraus was licensed in 1975 by the National Association of Security Dealers as a Registered Representative. In 1996 he was appointed a General Agent for American General Life of New York. In 1998 Mr. Kraus was also appointed a General Agent for The United States Life Insurance Company.

Mr. Kraus has two primary fields of expertise: as a broker of insurance and a consultant to employee benefit and pension plans.

In the insurance and investment fields, Mr. Kraus is licensed in New York State, California, Virginia and Utah to sell life insurance, health insurance, and annuities. He also holds an individual broker's license for the sale of general insurance and inland marine insurance.

Mr. Kraus has qualified for the Million Dollar Round Table and received the National Sales Achievement Award and National Quality Award from the National Association of Life Underwriters.

As a consultant for employee benefit and compensation programs, Mr. Kraus is responsible for the planning, design, qualification, installation, and operation of Employee Benefit Plans.

R. M. Kraus & Associates is a member of the International Foundation of Employee Benefit Plans. Mr. Kraus is a charter member of the Association of Health Insurance Agents. He has frequently been invited to speak on employee benefit topics at various local, state, and regional seminars.

Mr. Kraus served as a Board member for over twenty years and for sixteen years as President of the Erie2-Chautauqua-Cattaraugus Board of Cooperative Educational Services which encompasses twenty-seven component school districts in Western New York. He is currently a member of the Board's Finance Committee. Mr. Kraus has previously been a delegate to the Erie County Association of School Boards and a member of its Legislative Committee. He was the BOCES Board representative to the Chautauqua County Association of School Boards. He has served on various NYSSBA statewide committees as

well as chaired the BOCES ad hoc committee. Mr. Kraus has been a presenter at NYSSBA conferences.

Mr. Kraus served on the East Aurora Board of Education from 1986 to 1993 and was elected vice president in 1988. He chaired the Board's Finance and Budget Committee for six years. He was elected the first chairman of the Citizens' Fiscal Advisory Committee that became an effective resource for fiscal planning in the district. Mr. Kraus was a founder, director, and treasurer of the James W. Ford Educational Foundation which is a nonprofit fund-raising corporation established to enhance the educational programs in the East Aurora Union Free School District.

Mr. Kraus was first appointed to the Board of the New York State Teachers' Retirement System ("NYSTRS") as a designee of the New York State School Boards Association in July 1992 and reappointed in July 1995, 1998, 2001, 2004 and 2007. Mr. Kraus has chaired the Publications Committee, Rules and Regulations Committee, Ethics Committee, Personnel and Planning Committee and served on the Legislation Committee. Currently, he is chair of the Executive and Board Governance Committees. He is also a member of the Disability Review and Finance Committees. Mr. Kraus was elected President of the NYSTRS Retirement Board at its Annual Meeting in January 2009 and re-elected in January 2010.

Education: Alumnus of Niagara University (BA 1970)

Personal: Married to wife Cheryl. Three children and 2 grandchildren