

CARY KANE

A LIMITED LIABILITY PARTNERSHIP FOR THE PRACTICE OF LAW

November 7, 2011

Via Email and Regular Mail

Mr. Lawrence M. Schloss
Deputy Comptroller for Pensions
Chief Investment Officer
Bureau of Asset Management
New York City Comptroller
Municipal Building
One Centre Street
New York, NY 10007

Via Email and Regular Mail

Ms. Ranji Nagaswami
Chief Investment Officer
Mayor's Office of Pensions and Investments
Municipal Building
One Centre Street, Suite 500 North
New York, NY 10007

Via Email and Regular Mail

Ms. Diane D'Alessandro
Executive Director and Secretary
New York City Employees' Retirement System
335 Adams Street, Suite 2300
Brooklyn, NY 11201-3724

Dear Mr. Schloss, Ms. Nagaswami and Ms. D'Alessandro:

Pursuant to Section 29 of the Bylaws for the Conduct of Business of the Board of Trustees of the New York City Employees' Retirement System, the undersigned Trustees hereby request the following to be added to the calendar of the next Investment Committee meeting, scheduled for



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November 15, 2011: "Discussion and Report by Office of the Comptroller Regarding Proposed Reorganization of Investment Authority."

As you know, Mayor Michael Bloomberg and Comptroller John Liu publicly announced October 27, 2011, that they intend to reorganize the investment authority currently vested in the NYCERS Board of Trustees and transfer it to a new board, not yet created, which will function independently of the Comptroller's office and have authority to manage and make investments on behalf of NYCERS and four other pension funds affiliated with the City of New York. The news media reported that both the Mayor and Comptroller suggested that this change would result in increased returns on investments for the pension funds by one to two percent a year, that is to say by \$1.2 billion to \$2.4 billion a year.

The undersigned Trustees ask that the Office of the Comptroller make a presentation at the November 15th investment meeting to the Board of Trustees covering:

- 1) The proposed structure of the new investment board, including details about qualifications of prospective board members, the process for being appointed to the board and the process(es) for removing members from the board, if any;
- 2) The process for formulating the investment policies for the new investment board;
- 3) The analysis, including the data and mathematical models used for such analysis, providing the basis for the suggestion that the change will result in increased investment gains of one to two percent per year. We are especially interested in any risk return analysis done for this purpose and any studies performed which support this prediction of future results.
- 4) Any ten year retroactive comparison of investment performance by NYCERS and the other city pension plans with the investment performance of Harvard and Yale's endowments accounting for investment policy differences, liquidity and cash requirements for pension payments, nimbleness, risk and liabilities. Specifically, we want to ask if it is fair to compare a pension plan, like NYCERS, with a college endowment? And if so, why?
- 5) Any assumed change from the present NYCERS investment policy that contributes to the projected increase in investment gain.

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- 6) The savings projected by creating the proposed Independent Investment Company and its proposed takeover of direct investment of certain asset classes along with any projected budgets for staff and other expenses. Please also explain the asset classes that would be taken over.
- 7) Projected changes to state and local law to accomplish what is being proposed.
- 8) Any actions that may be taken now by the NYCERS board to increase investment performance by the suggested increase of one to two percent.
- 9) How the corporate governance operations of the Comptroller's office will be administered going forward. Specifically, if the corporate governance operations remain in the Comptroller's office, how will the cooperation of the investment board be obtained? Or, if the corporate governance operations are taken over by the new investment board, how will corporate governance policies be formed and activities supervised?
- 10) Whether the new investment board will adopt and follow the "Principles of Responsible Investing" and what policies will be adopted regarding the use of emerging and minority and women-owned investment firms.

I am sure you understand the need of the Trustees to be fully informed of any meaningful changes to the operations of NYCERS. To the extent that a written presentation can be made to supplement remarks, it would be greatly appreciated.

Very truly yours,



Larry Cary

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Transport Workers Union, Local 100

By: 

Bronx Borough President

By: _____

Teamsters Local 237

By: _____

Queens Borough President

By: _____

District Council 37, AFSCME

By: _____

Staten Island Borough President

By: _____

Public Advocate for the City of New York

By: _____

Brooklyn Borough President

By: _____

Manhattan Borough President

By: _____

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Transport Workers Union, Local 100

By: _____

Bronx Borough President

By: _____

Teamsters Local 237

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Queens Borough President

By: _____

District Council 37, AFSCME

By: _____

Staten Island Borough President

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Public Advocate for the City of New York

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Brooklyn Borough President

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Manhattan Borough President

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Transport Workers Union, Local 100

By: _____

Bronx Borough President

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Teamsters Local 237

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Queens Borough President

By: _____

District Council 37, AFSCME

By: _____

Staten Island Borough President

By: _____

Public Advocate for the City of New York

By: Bill De Blasio

Brooklyn Borough President

By: _____

Manhattan Borough President

By: _____

Manhattan Borough President

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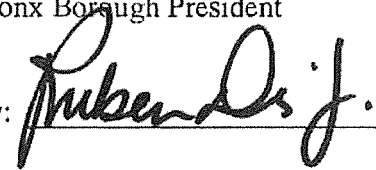
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Transport Workers Union, Local 100

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Bronx Borough President

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Teamsters Local 237

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Queens Borough President

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District Council 37, AFSCME

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Staten Island Borough President

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Public Advocate for the City of New York

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Brooklyn Borough President

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Manhattan Borough President

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Transport Workers Union, Local 100

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Bronx Borough President

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Teamsters Local 237

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Queens Borough President

By: Helen Marshall

District Council 37, AFSCME

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Staten Island Borough President

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Teamsters Local 237

Queens Borough President

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District Council 37, AFSCME

Staten Island Borough President

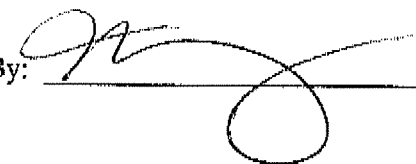
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Public Advocate for the City of New York

Brooklyn Borough President

By: _____

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Manhattan Borough President

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