

EXECUTIVE ORDER No. 139

September 2, 2010

CHIEF INVESTMENT ADVISOR

WHEREAS, the City has five pension systems that offer defined benefit retirement plans to more than 350,000 City employees and 275,000 retirees or their beneficiaries: the New York City Employees' Retirement System ("NYCERS"), the Police Pension Fund ("PPF"), the Fire Pension Fund ("Fire"), the Teachers Retirement System ("TRS") and the Board of Education Retirement System ("BERS") (collectively "the Systems"); and

WHEREAS, the Comptroller, through the Bureau of Asset Management, is the investment advisor to, and custodian of, the five system funds; and

WHEREAS, the City offers a defined contribution plan to its employees, known as the Deferred Compensation Plan (the "Plan"), which is administered by the Office of Labor Relations; and

WHEREAS, each of the Systems and the Plan has a Board of Trustees to fulfill its investment and administrative functions, and such Trustees have a fiduciary responsibility to ensure that all investment and administrative decisions are made in the best interests of their respective system and the Plan; and

WHEREAS, in addition to the Comptroller and various union leaders, the Mayor and/or members of the Administration, including the Police Commissioner, Fire Commissioner, Finance Commissioner, Chancellor of Education and members of the Panel on Educational Policy hold *ex-officio* seats on one or more System boards; and

WHEREAS, the Mayor and members of the Administration, including the Commissioner of Labor Relations, Corporation Counsel, Director of the Office of Management and Budget, Commissioner of Citywide Administrative Services, and Finance Commissioner hold *ex-officio* seats on the Board of the Deferred Compensation Plan; and

WHEREAS, pension benefits are defined by law and paid by the Systems to retirees and their beneficiaries regardless of whether annual investment income and employee contributions are sufficient to meet these obligations – that is because the City must make contributions to cover any system shortfalls; and

WHEREAS, because of adverse market conditions, enhancements in statutory benefits, and increases in the number of disability pensions granted, the City's pension contributions to cover such shortfalls have increased dramatically in recent years; and

WHEREAS, in order to preserve tax dollars for pension and non-pension related expenses, and to ensure appropriate investment opportunities are offered to employees participating in the Deferred Compensation Plan, the Administration's representatives on the Systems' boards and the Plan must have an independent source of financial advice, available to guide them in their work with other trustees and the Bureau of Asset Management, at all times in making investment decisions among all asset classes;

NOW, THEREFORE, by the power vested in me as Mayor of the City of New York, it is hereby ordered that:

Section 1. Chief Investment Advisor. There is hereby established the position of Chief Investment Advisor. The Chief Investment Advisor shall:

- (a) Direct all activities of, and be responsible for staffing, the Mayor's Office of Pensions and Investments, formerly known as the Mayor's Pension Unit;
- (b) Serve as a financial advisor to all members of the Administration serving on the pension boards or the Deferred Compensation Plan Board, on all respective investment activities before the boards;
- (c) Recommend sound investment policies that balance the City's goals of generating higher returns on pension assets while managing economic, capital markets and liquidity related risks within the portfolios, and reducing long-term costs of benefit payments;
- (d) Monitor the performance of investments and investment managers for all asset classes held by the Systems and the Plan;
- (e) Serve as the principal liaison with the Comptroller's Bureau of Asset Management to ensure that all appropriate information regarding investments is analyzed and integrated into the performance reviews of investment managers, as well as the analysis and development of investment strategies, and provided timely and accurately to all Trustees;
- (f) Serve as a liaison to the Chief Actuary;
- (g) Conduct research on all relevant investment issues that impact the portfolios;
- (h) Provide the Administration's Trustees on the pension boards, and the members of the Deferred Compensation Plan board, any appropriate investment reviews, reports and presentations;
- (i) Make recommendations to Trustees on asset allocation, investment strategy, selection and termination for and among investments in all asset classes;

- (j) Evaluate non-traditional investment opportunities, including in the private equity market sector, hedge funds, and real estate and assist in assessing their appropriateness for investment by the Systems and Plan;
- (k) Meet and report on meetings with consultants and potential investment partners in connection with prospective investment opportunities;
- (l) Evaluate current methodologies and technology for effective risk analysis and identify and analyze new and innovative risk management tools and/or strategies; and
- (m) Work with Office of Management and Budget, Chief Actuary and others to evaluate interactions between market conditions, statutory benefits and pension contributions to improve funding levels for the Systems, as well as predictability and stability in costs of benefit payments;
- (n) Assist in negotiating the terms and conditions of investment contracts with investment managers and banks;
- (o) Assist in monitoring legislative efforts concerning City pensions to reduce unnecessary economic and administrative burdens on the Systems;
- (p) Work in cooperation with the all non-Administration Trustees to achieve the goal of maximizing investment returns within acceptable risk tolerances.

§ 2. Oversight. The CIA shall report to the Commissioner of Finance. The Deputy Mayor for Economic Development shall oversee the Department of Finance for the purposes of reviewing the activities of the CIA and the Office. The CIA shall consult regularly with the Office of Management and Budget, Corporation Counsel, the Deputy Mayor for Economic Development, and the Deputy Mayor for Operations regarding the potential fiscal impacts and legal liabilities of investment and policy matters coming before the Boards, as well as any efforts to reform the City's pension systems.

§ 3. Cooperation and Assistance. All affected agencies shall cooperate and provide appropriate assistance to the CIA upon request.

§ 4. Effective Date. This Order shall take effect immediately.

Michael R. Bloomberg
Mayor