

# NYC Employees' Retirement System Investment Meeting (Public)

**Schedule** Wednesday, May 15, 2024 9:30 AM — 1:00 PM EDT  
**Venue** Zoom Meeting  
**Organizer** Kim Boston

## Agenda

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9:30 AM	Welcome and Opening	2
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**PUBLIC AGENDA -**

Welcome and Opening

**STAR Recommendations:**



# NYCERS INVESTMENT MEETING

## PUBLIC SESSION



May 15, 2024

# STAR Implementation



# How We Got Here

- 1. Strategic & Tactical Accountability Review (STAR) — McKinsey**
- 2. BAM Compensation Study — Mercer**
- 3. Economically Targeted Investments (ETI) Review — David Ehrenberg**



# Today's Agenda

## 1. Update on Ongoing STAR Implementation Work

- Investment Procurement
- Consultants

## 2. Draft Trustee Service Compact

- BAM's Mission, Service Aspiration Statement, and Service Commitments
- BAM's Annual Workplan & Trustee Annual Calendar
- Joint Manager Meeting Pilot
- BAM's Investment Advisory Delegation
- An Annual Corpus Budget & Resource Update





# Investment Procurement Update

Under the current system there are 20+ handoffs, taking 24 to 36 months per contract

BAM aims to remove ~12 handoffs and reduce the process to 7-12 months by

1. Hiring a **BAM ACCO** and a dedicated **BAM Legal Resource**, and shifting Chief ACCO responsibility to CIO
2. Exploring changes to the Procurement Policy Board rules to align public market procurement process with private market procurement process

BAM has received internal approval to move forward



# Consultants

Consultants are hired by trustees, but work closely with BAM to support trustees

With input from consultants, STAR provided recommendations to

- Standardize level of support across consultants
- Improve collaboration between consultants and BAM
- Improve coordination between specialty and general consultants

In 2025, we will be putting out an RFP for general and specialty consultants on your behalf

BAM will propose updates to the RFPs to align with STAR recommendations. Trustees will edit and approve as always



# Trustee Service Compact

# In Your Draft Trustee Service Compact

Each year, as part of the Trustee Service Compact review process, there will be an opportunity to review and approve

- The NYCERS IPS, including in particular the sections on
  - **Investment Beliefs**
  - Role of Comptroller
- Trustee Service Compact
  - BAM's Mission, Service Aspiration Statement, and Service Commitments
  - BAM's Annual Workplan & Trustee Annual Calendar
  - **Joint Manager Meeting Pilot**
  - BAM's Investment Advisory Delegation
  - **An Annual Corpus Budget & Resource Update**



# Reviewing Your Investment Beliefs

A central component of STAR implementation will be to work together to establish your system-specific Investment Beliefs. This process will

1. Align BAM and Trustees on codified & fact-based fund-level investment beliefs
2. Formally codify and update system-specific asset class-level strategies

These Investment Beliefs will reflect the unique preferences of your individual fund and will enable BAM to better customize your investment options

Once complete, these Investment Beliefs will live within your Investment Policy Statement and will inform your Trustee Service Compact



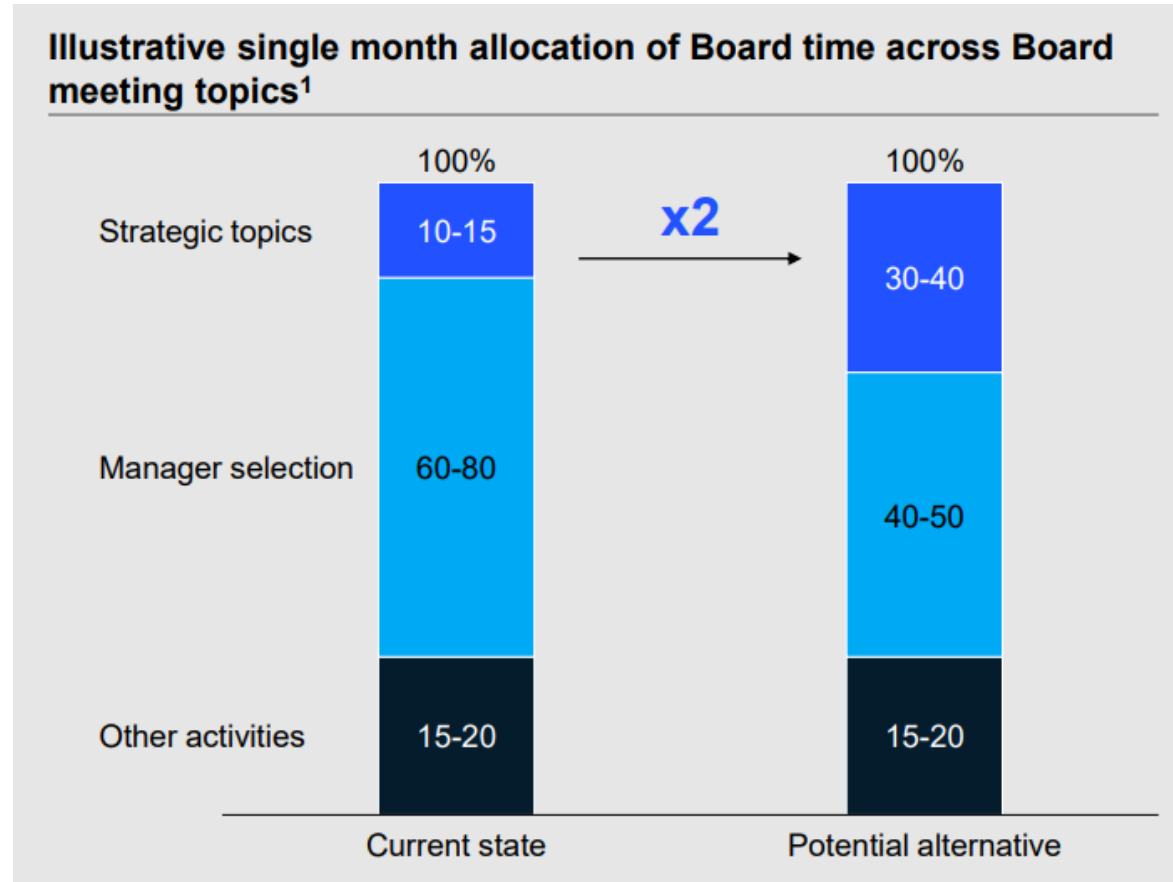
# Joint Manager Meeting Proposal

## Allocate Board time to strategy —

Adjust Board agendas to increase time allocation towards high-impact strategic topics

## Consolidate repetitive meetings —

Create a single forum that allows managers to present to all Boards



# Joint Manager Meeting Structure

BAM is proposing to pilot a Joint Manager Meeting from September to December

## 1. A Joint Manager Meeting (1hr)

- Presentations from new managers
- All trustees invited, not required
- Allows for reallocation of BAM time toward investment management by limiting repetitive manager presentations and condensing presentation timelines

## 2. System-specific Investment Meetings (1.5hrs)

- Focus on System-specific strategic topics, including portfolio construction, performance reviews, fee analysis, risk updates, etc.
- Systems vote on both new and re-up manager recommendations

## 3. Ongoing Education Sessions

- Weekly Thought Leadership Speaker Series
- Quarterly cross-system deep dives



# Sample Monthly Calendar

November	
<b>Joint Manager Meeting</b>	
Manager Presentations	}
BAM Cross-System Updates	
<b>System-Specific Investment Meetings</b>	
<b>Standing Topics</b>	
<ul style="list-style-type: none"><li>• Preliminary performance update</li><li>• Consultant presentations</li><li>• Voting on managers</li></ul>	}
<b>Strategic Discussion</b> — Review of service compact, annual budget, and strategic priorities	
<b>Education Sessions</b>	
Thought Leadership	}
Investment risk	

Takes place at the start of the month

Tacks on to board Regular Meetings

Follows recurring cadence





# Joint Manager Meeting Process

1. BAM sends trustees a **list of managers** expected to be recommended to the boards in the next month, identifying which investments will be presented at the joint manager meeting
  1. Trustees can request that additional managers present at the JMM as needed
2. BAM sends trustees system-specific **monthly packages** with new cover note
3. Joint Manager Meeting takes place at the beginning of the month
4. Individual board meetings take place immediately after Regular Board Meetings



# Current State of Corpus

BAM's current budgeted corpus headcount is **70**

With an annual budget of **\$11.1M** at current compensation levels



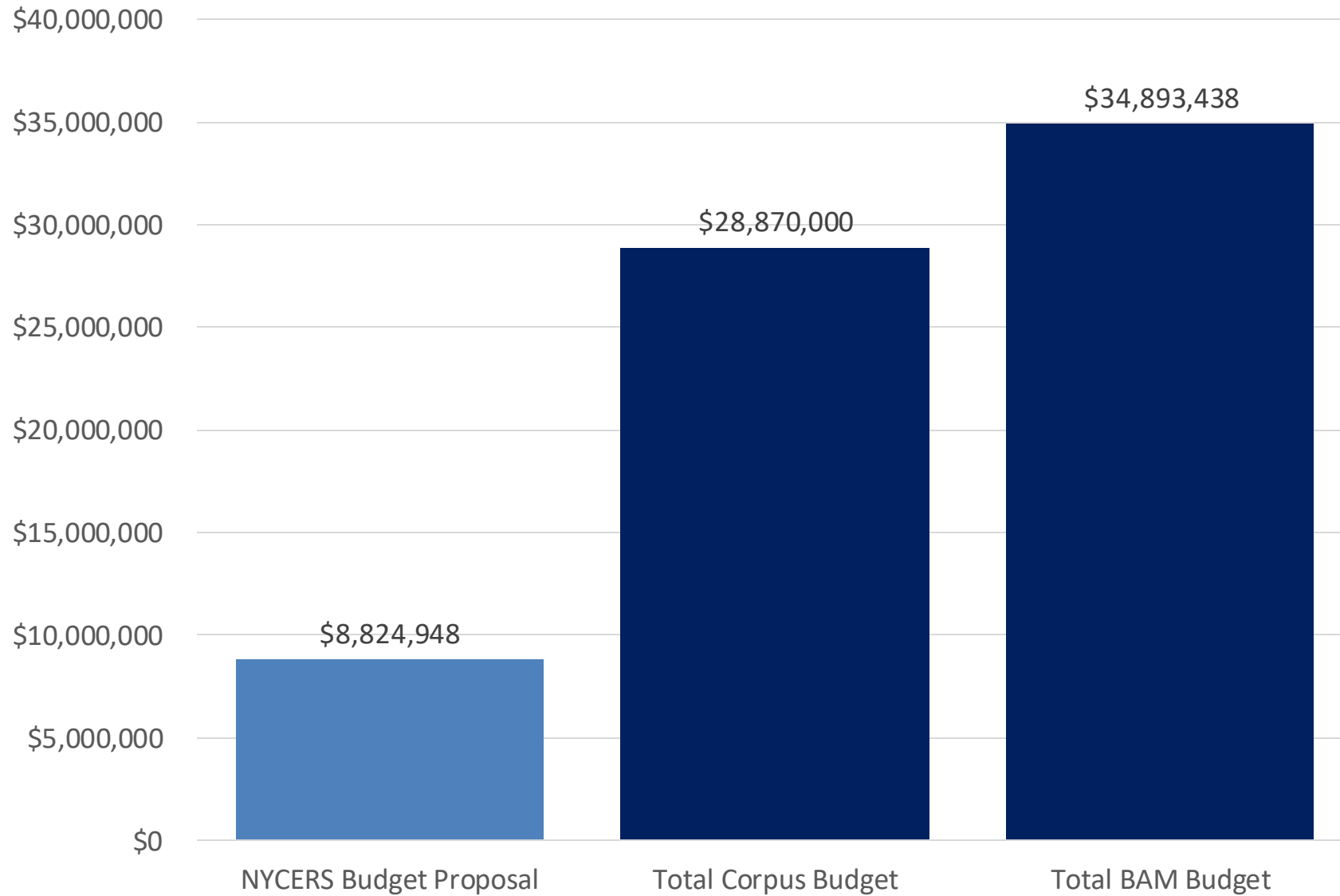
# This resourcing proposal would

1. Increase headcount based on STAR recommendations to 127, reflecting
  1. Increase in AUM
  2. New Asset Allocation
  3. Improved System-specific Customization
2. Raise current team member salaries based on market comparisons from Mercer study
3. Reallocate team members to corpus funding

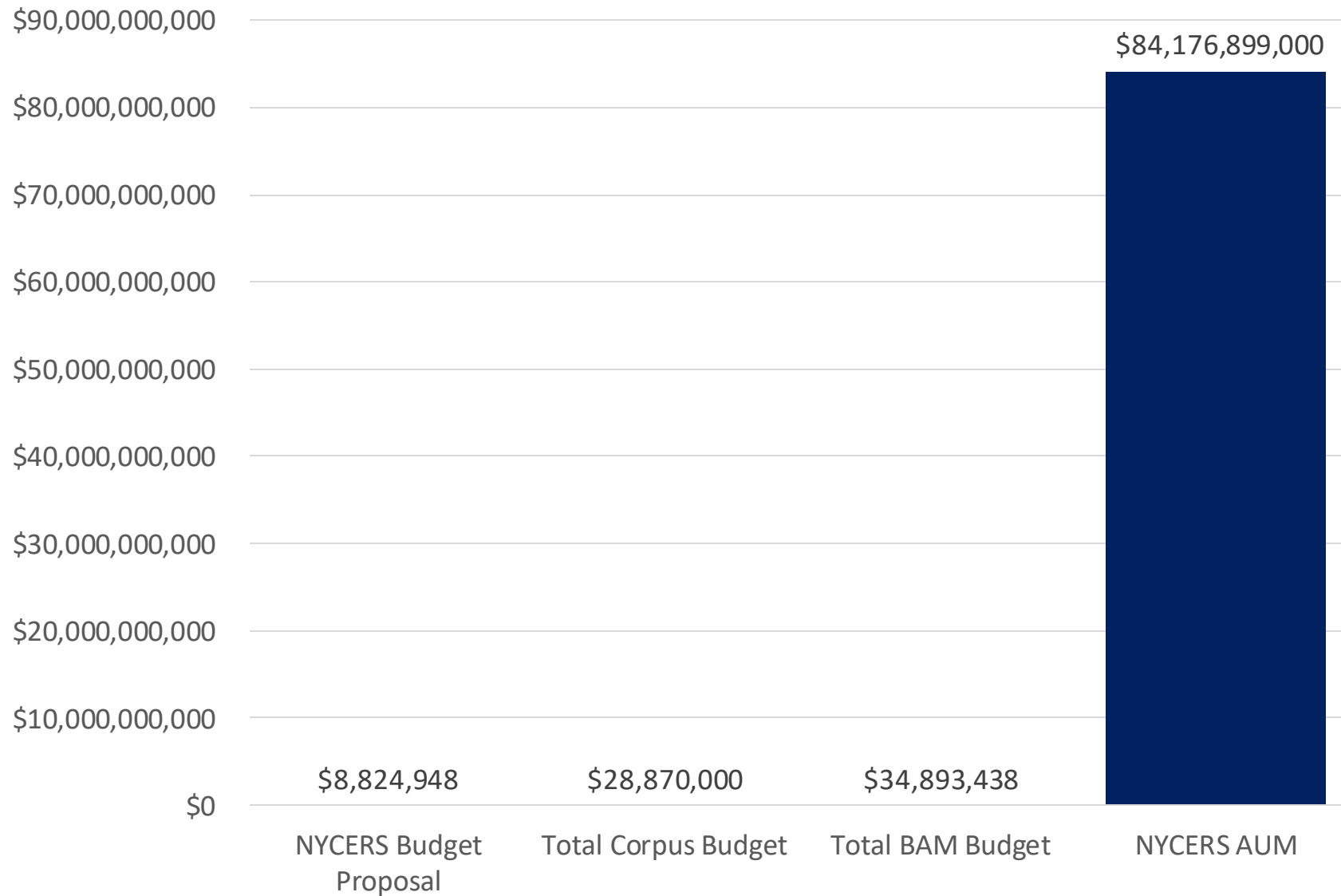
**BAM corpus funding would be approximately one basis point (0.01%) of the AUM of the five combined systems**



# NYCERS Corpus Budget Proposal



# NYCERS Corpus Budget Proposal



# Proposed Total Corpus Headcount by Team

Team	Current Corpus	New Resources	Shift to Corpus	Proposed Corpus
CIO	1	-	-	1
Investment Team	39	14	(2)	51
ETIs	-	3	3	6
Risk Management	6	2	1	9
Compliance	4	-	-	4
Operations	10	-	8	18
Financial Reporting	2	1	2	5
Technology Support	3	-	1	4
Contracts	3	-	6	9
Corporate Governance	2	-	6	8
DEI & EM Strategy	-	1	1	2
ESG Integration	-	-	4	4
Private Market Legal Team	-	-	6	6
<b>Total</b>	<b>70</b>	<b>21</b>	<b>36</b>	<b>127</b>



# Compensation Study Recommendations

The Mercer study produced market comparisons for the 75th and 50th percentiles, comparing BAM to

1. Government/Not-for-Profits
2. Financial Services
3. Public Pensions
4. Endowments and Foundations

Mercer recommends that we pursue compensation at their 75<sup>th</sup> percentile level given that

1. Our AUM is the third largest in the country
2. Our structure is uniquely complex
3. We do not have an incentive program but compete for talent with funds that do



# BAM's Compensation Principles

- 1. Competitive Compensation** — Seeking competitive salaries that enable BAM to attract and retain diverse talent
- 2. Flattened Distribution** — Flattening the significant spread between the highest- and lowest-compensated employees in the Mercer study
- 3. Public Sector Context** — Aiming for compensation that is appropriate given the public sector context and New York City and State government context

On average, BAM is proposing salaries that are 3% lower than Mercer's 50<sup>th</sup> percentile total compensation and 22% lower than the 75<sup>th</sup> percentile





# Compensation Study Mapping

The Mercer Compensation Study proposed suggested salaries for 25 standardized roles within the Bureau of Asset Management

BAM has mapped each of the unique roles across the organization to one of these 25 standardized roles

BAM will be creating compensation ranges, with the proposed salaries at the top of the range

Compensation ranges will be structured based on pre-defined education and experience qualifications



# Proposed Salary by Role

Compensation Study Title	Current Salary	Estimated May 2024 Salary	Proposal	Proposed Compared			
				50% - Proposed	to 50% %	75% - Proposed	to 75%
Chief Investment Officer	350K	394K	550K	-223K	-29%	-560K	-50%
Deputy Chief Investment Officer	300K	338K	475K	17K	4%	-159K	-25%
Asset Class Head	250K	281K	400K	-69K	-15%	-83K	-17%
Chief Operating Officer	200K	225K	400K	-58K	-13%	-358K	-47%
Chief Risk Officer	250K	281K	400K	20K	5%	-273K	-41%
Chief Compliance Officer	177K	199K	300K	-29K	-9%	-212K	-41%
Senior Investment Officer	175K	197K	300K	34K	13%	-60K	-17%
Investment Officer	134K	151K	200K	13K	7%	-21K	-10%
Senior Investment Analyst	95K	107K	125K	4K	3%	-14K	-10%
Investment Analyst	60K	68K	85K	-2K	-2%	-1K	-1%
Senior Investment Operations Manager	120K	135K	200K	-34K	-15%	-57K	-22%
Investment Operations Manager	97K	109K	150K	-8K	-5%	-68K	-31%
Senior Investment Operations Officer	96K	108K	125K	21K	20%	-7K	-5%
Investment Operations Officer	83K	94K	100K	-19K	-16%	-50K	-33%
Investment Operations Analyst	60K	68K	85K	-16K	-16%	-43K	-34%
Compliance Officer	115K	129K	150K	-8K	-5%	-37K	-20%
Senior Compliance Analyst	95K	107K	110K	36K	49%	26K	31%
Compliance Analyst	70K	79K	85K	-13K	-13%	-26K	-23%
Director of Contracts	140K	158K	200K	-2K	-1%	-28K	-12%
Deputy Director of Contracts	110K	124K	150K	-19K	-11%	-31K	-17%
Senior Contract Analyst	86K	97K	125K	7K	6%	-17K	-12%
Contract Analyst	69K	78K	85K	7K	9%	-5K	-6%
OGC Counsel	165K	186K	300K	-88K	-23%	-184K	-38%



# Proposed Total Corpus Cost by Team

Team	Current Corpus	New Resources	Shift to Corpus	Proposed Corpus
CIO	550,000	-	-	<b>550,000</b>
Investment Team	10,325,000	3,175,000	-	<b>13,500,000</b>
ETIs	-	900,000	700,000	<b>1,600,000</b>
Risk Management	1,485,000	500,000	125,000	<b>2,110,000</b>
Compliance	645,000	-	-	<b>635,000</b>
Operations	1,650,000	-	1,075,000	<b>2,725,000</b>
Financial Reporting	425,000	300,000	500,000	<b>1,225,000</b>
Technology Support	625,000	-	200,000	<b>825,000</b>
Contracts	250,000	-	780,000	<b>1,030,000</b>
Corporate Governance	425,000	-	1,235,000	<b>1,545,000</b>
DEI & EM Strategy	-	125,000	200,000	<b>325,000</b>
ESG Integration	-	-	900,000	<b>900,000</b>
Private Market Legal Team	-	-	1,800,000	<b>1,800,000</b>
<b>Total</b>	<b>16,380,000</b>	<b>5,000,000</b>	<b>7,515,000</b>	<b>28,870,000</b>



# Appendix – BAM Resourcing Proposal

# STAR Recommendations

Directional

Functions		FTE as of Jan '24	Potential incremental hiring needs <sup>1</sup>	Additional resourcing may be needed to accommodate...
<b>Investment roles</b>	Private Equity	5	+9-12	<ul style="list-style-type: none"> <li>▪ Growing private markets allocation (29% from 24%) and need to source/diligence more deals (i.e., 47 deals in 2024 vs. 33 in 2023)</li> <li>▪ Asset class strategy with greater complexity (e.g., infra co-invest)</li> <li>▪ Trustee customization (e.g., type of manager, climate solutions) requires diligencing of more managers</li> </ul>
	Real Estate	5	+0-5	
	Infrastructure	4	+0-5	
	Alt. Credit	3	+2-5	
	ETI	2	+2 <sup>2</sup>	
<b>Non-Investment roles</b>	Trustee service	3-4	+1-2	<ul style="list-style-type: none"> <li>▪ Enhancements in Trustee service (e.g., expand education, tailor reporting)</li> <li>▪ Building BAM-dedicated support capabilities – i.e., tech/data infrastructure, ACCO/legal needs for procurement, HR talent management</li> </ul>
	IT/IS	5 <sup>4</sup>	+2-4	
	Procurement (ACCO/Legal)	14 <sup>4</sup>	+1-3	
	HR	<1 <sup>4</sup>	+1	
	Operations	<i>As investment staff scale to meet future demands, potential for a corresponding resource demand on back-office</i>		

**BAM's investment team may need to hire +13-29 FTEs to address current and future workload needs**

**Enhancing services providing to Trustees may require an additional 1-2 FTEs**

**Such an increase may have additional implications on back-office staffing (e.g., operations)**

**Total** **+18-39 priority positions to be filled (against BAM's 24 vacancies<sup>3</sup> as of 1/24)**



# Mercer Findings – 50<sup>th</sup> Percentile

Compensation Study Title*	Current Salary**	Estimated May 2024 Salary	50% Comparison	50% Comparison - May 2024
Chief Investment Officer	350K	394K	773K	96%
Deputy Chief Investment Officer	300K	338K	458K	36%
Asset Class Head	250K	281K	469K	67%
Chief Operating Officer	200K	225K	458K	103%
Chief Strategy Officer	200K	225K	385K	71%
Chief of Staff	125K	141K	210K	49%
Chief Risk Officer	250K	281K	380K	35%
Chief Compliance Officer	177K	199K	329K	65%
Senior Investment Officer	175K	197K	266K	35%
Investment Officer	134K	151K	187K	24%
Senior Investment Analyst	95K	107K	121K	13%
Investment Analyst	60K	68K	87K	29%
Senior Investment Operations Manager	120K	135K	234K	73%
Investment Operations Manager	97K	109K	158K	45%
Senior Investment Operations Officer	96K	108K	104K	-3%
Investment Operations Officer	83K	94K	119K	27%
Investment Operations Analyst	60K	68K	101K	50%
Compliance Officer	115K	129K	158K	22%
Senior Compliance Analyst	95K	107K	74K	-31%
Compliance Analyst	70K	79K	98K	24%
Director of Contracts	140K	158K	202K	28%
Deputy Director of Contracts	110K	124K	169K	37%
Senior Contract Analyst	86K	97K	118K	22%
Contract Analyst	69K	78K	78K	0%
OGC Counsel	165K	186K	388K	109%



# Mercer Findings – 75<sup>th</sup> Percentile

Compensation Study Title*	Current Salary**	Estimated May 2024 Salary	75% Comparison	75% Comparison - May 2024
Chief Investment Officer	350K	394K	1.11 M	182%
Deputy Chief Investment Officer	300K	338K	634K	88%
Asset Class Head	250K	281K	483K	72%
Chief Operating Officer	200K	225K	758K	237%
Chief Strategy Officer	200K	225K	513K	128%
Chief of Staff	125K	141K	290K	106%
Chief Risk Officer	250K	281K	673K	139%
Chief Compliance Officer	177K	199K	512K	157%
Senior Investment Officer	175K	197K	360K	83%
Investment Officer	134K	151K	221K	47%
Senior Investment Analyst	95K	107K	139K	30%
Investment Analyst	60K	68K	86K	27%
Senior Investment Operations Manager	120K	135K	257K	90%
Investment Operations Manager	97K	109K	218K	100%
Senior Investment Operations Officer	96K	108K	132K	23%
Investment Operations Officer	83K	94K	150K	60%
Investment Operations Analyst	60K	68K	128K	90%
Compliance Officer	115K	129K	187K	44%
Senior Compliance Analyst	95K	107K	84K	-21%
Compliance Analyst	70K	79K	111K	41%
Director of Contracts	140K	158K	228K	45%
Deputy Director of Contracts	110K	124K	181K	46%
Senior Contract Analyst	86K	97K	142K	47%
Contract Analyst	69K	78K	90K	16%
OGC Counsel	165K	186K	484K	161%





NEW YORK CITY COMPTROLLER  
**BRAD LANDER**

New York City  
Employees'  
Retirement  
System

# BAM Trustee Service Compact

May 15, 2024

DRAFT



# Introduction

## Overview

This Trustee Service Compact aims to define BAM's service aspirations and specify services that BAM commits to provide for the New York City Employees' Retirement System (NYCERS). It is intended to align Trustees and BAM around a core set of service expectations, focus BAM leadership and BAM team members on these commitments, and provide the necessary capacity to deliver on these commitments. This Trustee Service Compact will be approved by the New York City Employees' Retirement System annually and is designed to be a tool for accountability that will remain in place across Comptroller's Office administrations.

## Annual Review

Each year, as part of the Trustee Service Compact review process, there will be an opportunity to review and approve

- The New York City Employees' Retirement System IPS, including in particular the sections on
  - Investment Beliefs
  - Role of Comptroller
- Trustee Service Compact
  - BAM's Mission, Service Aspiration Statement, and Service Commitments
  - BAM's Annual Workplan & Trustee Annual Calendar
  - Joint Manager Meeting Pilot
  - BAM's Investment Advisory Delegation
  - An annual corpus budget & resource update

## Trustee Survey

In addition to the Trustee Service Compact, BAM will provide Trustees with an annual survey to assess BAM service performance.

## **BAM Mission**

Achieve exceptional investment outcomes for all stakeholders.

Deliver outstanding support to plan Trustees.

Serve as a responsible steward of the resources of plan beneficiaries & the City of New York.

Do this while instilling an organizational culture of collaboration, individual development, and teamwork that leverages diverse talent and strives for continuous improvement.

## **BAM Service Aspiration Statement**

The Bureau of Asset Management (BAM) aims to deliver outstanding support to Trustees and their funds to enable them to meet their fiduciary obligations.

BAM will support Trustees in achieving the Teachers' Retirement System's investment objectives by providing access to investment options in line with stated investment beliefs.

BAM will provide transparency for Trustees into how it conducts the investment process and arrives at recommendations for Trustees.

BAM will collaborate effectively and efficiently with Trustees and Consultants.

BAM will provide reporting, education, and communication at a level that allows the Trustees to knowledgeably carry out their responsibilities.

# Trustee Service Commitments

## Investment Outcomes

BAM will provide visibility on investment performance

BAM will provide objective, robust, and timely advice on all key aspects of the investment process, from Strategic Asset Allocation through to manager selection

BAM will provide transparency on the manager sourcing process including information on which managers have been considered

BAM will customize investment options based on System-specific needs and investment beliefs

## Reporting & Communication

BAM will produce timely quarterly updates on investment performance and market events

BAM will produce accessible and comprehensible reporting materials that are Trustee-oriented

BAM will provide Trustees with its strategic priorities and solicit input from Trustees

BAM will provide proactive communication on important updates and respond to Trustee enquiries in a prompt manner

## Education

BAM will provide onboarding training to ensure new Trustees understand the roles and obligations of BAM

BAM will deliver training sessions on topics such as market themes, investment strategy, and risks, as necessary to uphold Trustee obligations and responsibilities

# BAM Fiscal Year 2025 Workplan

## STAR Implementation

### Investment Beliefs

Align BAM and Trustees on codified & fact-based fund-level investment beliefs

Formally codify and update system-specific asset class-level strategies

### Trustee Service Compact

Propose Trustee Service Compact (this document)

### Joint Manager Meeting

Pilot Joint Manager Meeting structure to double the amount of time spent on strategy and other high-value topics in Board meetings — *More information provided below*

### BAM Team

Implement new resourcing and compensation structure — *More information provided below*

### Procurement Review

Remove ~12 handoffs and reduce the process to 7-12 months by

Hire a BAM ACCO and a dedicated BAM Legal Resource, and shifting Chief ACCO role to CIO

Exploring changes to propose to the Procurement Policy Board to align public market procurement process with private market procurement process

### Consultants

Draft new consultant RFP in 2025 that will

Improve collaboration between consultants and BAM

Improve coordination between specialty and general consultants

## Investment Outcomes

### Portfolio Contextualization

Update reporting and presentations to BAM will frame recommendations in a complete view of each System's overall portfolio, including

Trustee investment beliefs

Investment strategy

Portfolio-level performance

Peer analysis

Fees

### **Investment Customization**

Provide trustees with access to customized investment strategies, portfolio construction, and bespoke managers in line with areas identified in investment beliefs and, across dimensions including

Parameters based on size

Additional prioritization of MWBE and diverse managers MWBE status

Broader focus on ESG determinants in the due diligence process

Impact investing

### **Due Diligence Pipeline**

Create transparency on investment process by sharing pipeline of managers considered

### **Strategic Asset Allocation Implementation**

Implement Strategic Asset Allocation changes to Private Equity, Alt Credit and Infrastructure

Initiate public search for fixed income

Initiate public search for the public equity developing manager program

Recommend a Direct Emerging Manager Program in Real Estate

### **BAM Investment Committee Enhancement**

Enhance the BAM Investment Committee including by establishing subcommittees on the Watchlist and Securities Lending

### **Risk Review**

Increase the role of the Risk team in portfolio construction:

Finalize the review of active v. passive allocation in the Public Equity portfolio

Review the active v passive allocation in the Fixed Income portfolio

Re-evaluate parking places for allocated but uncommitted alternative asset classes

Establish uniform watchlist protocol and criteria to share with boards

Restructuring risk reporting to trustees and internally

### **Economically Targeted Investments**

Implement recommendations for the new ETI program

Transfer administrative management of the PPAR program to CPC

Hire a new Asset Class Head for the ETI program and transfer management of the team to the investment side of the office

Increase ETI investments

### **Procurement**

Upcoming Consultant Searches — Initiate consultant searches for General Consultants and specialty consultants on your behalf

Award the ongoing Master Custodian RFP

### **ESG**

Continue to expand our ESG integration work during manager due diligence

Make recommendations to boards consistent with our MWBE aspirational goals

Engage with portfolio companies consistent with annual proxy voting and shareholder initiatives plan

Implement Net Zero by 2040 plan

Propose Responsible Property Management Standards to the boards

Propose Private Equity Worker Rights Standards to the boards

## **Reporting & Communications**

### **Reporting Review**

Restructuring monthly and quarterly reporting to trustees to ensure they are receiving the information they need in a digestible format

Restructure monthly, quarterly, and annual reporting to trustees to ensure they are receiving the information they need in a digestible format, including

#### **Annual**

Pacing Plans

Manager Pipeline Report

#### **Quarterly**

Market Trends & Themes

Asset Class Reports

Fee Reports

Basket Clause Reports

Hires & Terminations Reports

#### **Monthly**

CIO Presentations

AUM & Performance Webpage

Daily

AUM Dashboard in Convene-equivalent trustee portal

### **Trustee Cover Letter**

Translate investment materials into specific fund-focused key messages in a digestible format including a draft cover letter that will accompany all monthly board meeting packages

### **Trustee Portal**

Shift reporting and data sharing with trustees from Convene portal to a Trustee SharePoint site or other user-friendly tool

Enhance two-way communication channels between BAM and trustees by assessing the feasibility of moving from Convene to a customizable board management portal in SharePoint, to potentially include

Daily audited AUM

BAM University Materials

Key documents including board Investment Policy Statements

### **Reporting Team**

Improve reporting capability by restructuring the BAM Reporting team, integrating reporting expertise from disparate BAM teams

### **Website Updates**

Continue to update the Asset Allocation and Asset Performance website to provide trustees, beneficiaries, and the public with more detailed information about pension fund investments

Update the BAM website to include public pension fund information that we have not previously made easily accessible like IPS statements, asset allocation documents, responsible contractor policies, etc.

### **Trustee Service**

Ensure ad-hoc questions and collaboration needs are addressed between Trustees, BAM, and Consultants, including by hiring new team members dedicated to trustee service

## Education

### Trustee Onboarding

Deliver standardized onboarding training to trustees

Develop a full onboarding curriculum, delivered to trustees within the first month of joining

Conduct BAM University yearly

Build onboarding materials into Convene or equivalent

### Trustee Education Sessions

Provide additional education sessions on topics to support Trustee in their responsibilities and fiduciary duties, on topics including

Trustee risk, ethics, fiduciary duties

Understanding investment reporting

Strategic asset allocation and portfolio construction

Investment risk

## BAM Internal Operations

### BAM Hiring Process

Implement new hiring process across BAM and continue the work to improve culture and diversity in the bureau

Implement panel hiring

Expand outreach efforts for open positions

### Staff Resources

Enhance staff capacity challenges including by addressing organizational structure, compensation, and diversity



# Joint Manager Meeting Pilot

Based on STAR recommendations, BAM is seeking to revise the board investment meeting structures to increase time allocation towards high-impact strategic topics and consolidate repetitive meetings.

To achieve these goals, BAM is proposing a new structure whereby monthly meetings take the form of

1. **A Joint Manager Meeting (1hr)**
  - Presentations from new managers
  - All trustees invited, not required
  - Allows for reallocation of BAM time toward investment management by limiting repetitive manager presentations and condensing presentation timelines
2. **A NYCERS-specific Investment Meetings (1.5hrs)**
  - Focus on NYCERS-specific strategic topics, including portfolio construction, performance reviews, fee analysis, risk updates, etc.
  - Systems vote on both new and re-up manager recommendations
3. **Ongoing Education Sessions**, including
  - Weekly Thought Leadership Speaker Series
  - Quarterly cross-system deep dives

This new meeting structure would follow the Annual Calendar provided below.

The monthly process for implementing this new meeting structure would be as follows.

1. BAM sends trustees a list of managers expected to be recommended to the boards in the next month, identifying which investments will be presented at the joint manager meeting.
  - Trustees can request that additional managers present at the JMM as needed.
2. BAM sends trustees system-specific monthly packages with new cover note.
3. Joint Manager Meeting takes place at the beginning of the month.
4. Individual board meetings take place immediately after Regular Board Meetings.

BAM is proposing to pilot a Joint Manager Meeting structure from September to December 2024.

# Annual Calendar

## July

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Risk deep dive

### Education Sessions

Thought Leadership Speaker Series Speaker Series

## September

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Investment Beliefs and Benchmarks

### Education Sessions

Thought Leadership Speaker Series

## October

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Private Equity & Real Estate Annual Plans

### **Education Sessions**

Thought Leadership Speaker Series  
Strategic Asset Allocation & Portfolio Construction

### **Annual Diverse & Emerging Managers Conference**

## **November**

### **Joint Manager Meeting**

Manager Presentations  
BAM Cross-System Updates

### **NYCERS-Specific Investment Meeting**

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Alternative Credit, Infrastructure & Hedge Funds Annual Plans

### **Education Sessions**

Thought Leadership Speaker Series

## **December**

### **Joint Manager Meeting**

Manager Presentations  
BAM Cross-System Updates

### **NYCERS-Specific Investment Meeting**

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Public Equity & Public Fixed Income Annual Plans

### **Education Sessions**

Thought Leadership Speaker Series

## January

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Private Equity & Real Estate Deep Dives

### Education Sessions

Thought Leadership Speaker Series  
Understanding Investment Reporting

## February

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Alternative Credit, Infrastructure & Hedge Funds Deep Dives

### Education Sessions

Thought Leadership Speaker Series

## March

### Joint Manager Meeting

Manager Presentations  
BAM Cross-System Updates

### NYCERS-Specific Investment Meeting

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Public Equity & Public Fixed Income Deep Dives

**Education Sessions**

Thought Leadership Speaker Series

## April

**Joint Manager Meeting**

Manager Presentations

BAM Cross-System Updates

**NYCERS-Specific Investment Meeting**

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — TBD

**Education Sessions**

Thought Leadership Speaker Series

**BAM University**

## May

**Joint Manager Meeting**

Manager Presentations

BAM Cross-System Updates

**NYCERS-Specific Investment Meeting**

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — BAM service performance review & feedback

**Education Sessions**

Thought Leadership Speaker Series

## June

### **Joint Manager Meeting**

Manager Presentations

BAM Cross-System Updates

### **NYCERS-Specific Investment Meeting**

Standing Topics

- Preliminary performance update
- Consultant presentations
- Voting on managers

Strategic Discussion — Review of service compact, annual budget, and strategic priorities

### **Education Sessions**

Thought Leadership Speaker Series

Investment Risk

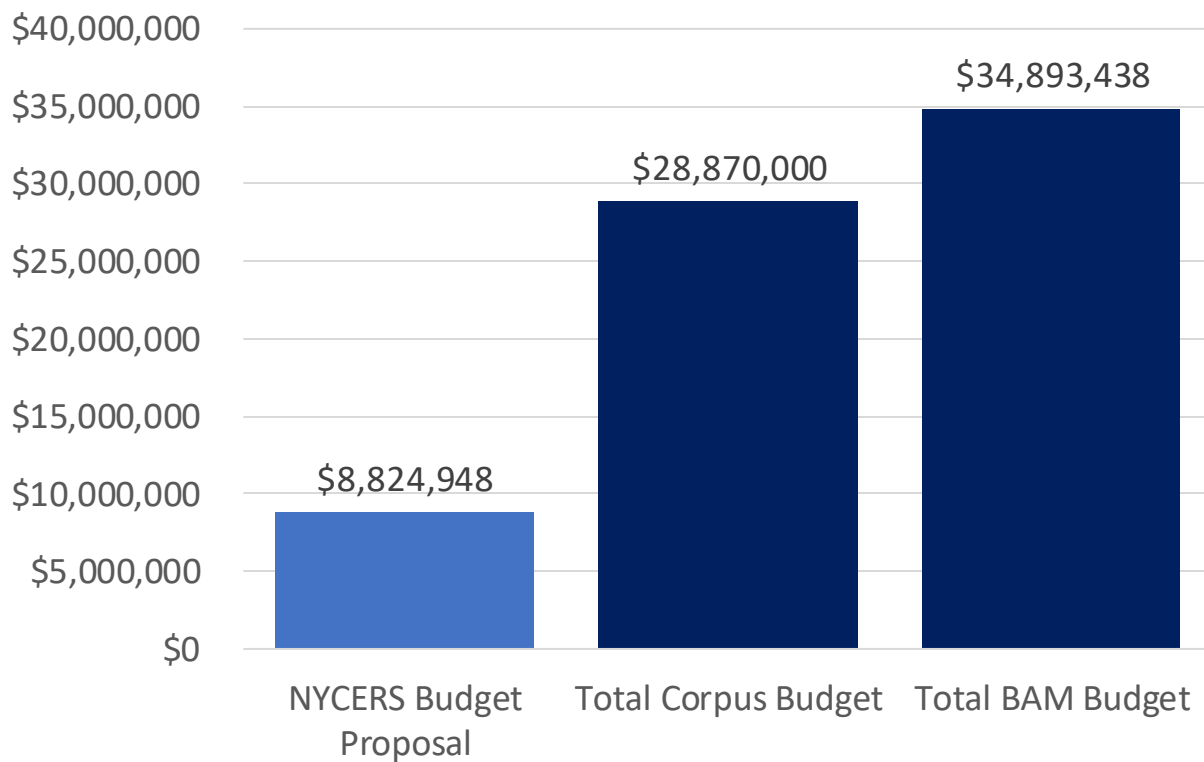
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# Budget Proposal

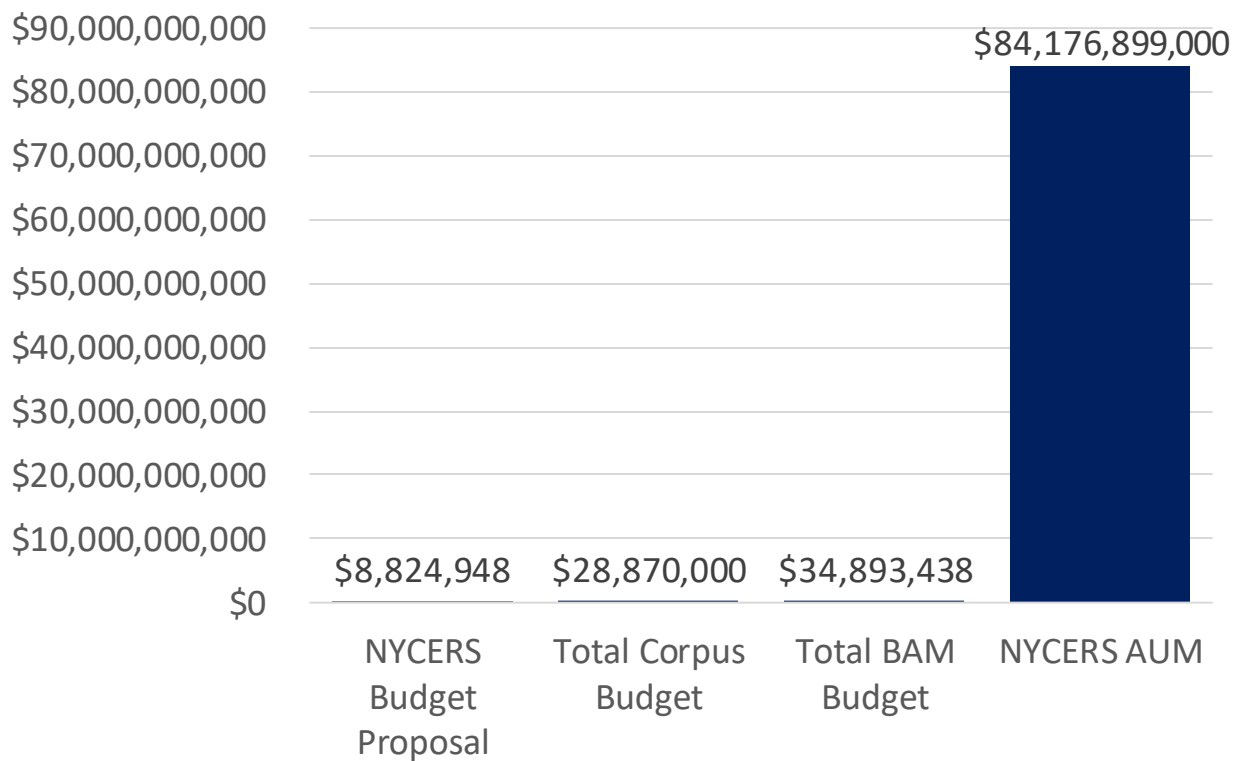
## Proposed Salary by Role

Compensation Study Title	Current Salary	Estimated May 2024 Salary	Proposal	50% - Proposed	Proposed Compared to 50% %	75% - Proposed	Proposed Compared to 75%
Chief Investment Officer	350K	394K	550K	-223K	-29%	-560K	-50%
Deputy Chief Investment Officer	300K	338K	475K	17K	4%	-159K	-25%
Asset Class Head	250K	281K	400K	-69K	-15%	-83K	-17%
Chief Operating Officer	200K	225K	400K	-58K	-13%	-358K	-47%
Chief Risk Officer	250K	281K	400K	20K	5%	-273K	-41%
Chief Compliance Officer	177K	199K	300K	-29K	-9%	-212K	-41%
Senior Investment Officer	175K	197K	300K	34K	13%	-60K	-17%
Investment Officer	134K	151K	200K	13K	7%	-21K	-10%
Senior Investment Analyst	95K	107K	125K	4K	3%	-14K	-10%
Investment Analyst	60K	68K	85K	-2K	-2%	-1K	-1%
Senior Investment Operations Manager	120K	135K	200K	-34K	-15%	-57K	-22%
Investment Operations Manager	97K	109K	150K	-8K	-5%	-68K	-31%
Senior Investment Operations Officer	96K	108K	125K	21K	20%	-7K	-5%
Investment Operations Officer	83K	94K	100K	-19K	-16%	-50K	-33%
Investment Operations Analyst	60K	68K	85K	-16K	-16%	-43K	-34%
Compliance Officer	115K	129K	150K	-8K	-5%	-37K	-20%
Senior Compliance Analyst	95K	107K	110K	36K	49%	26K	31%
Compliance Analyst	70K	79K	85K	-13K	-13%	-26K	-23%
Director of Contracts	140K	158K	200K	-2K	-1%	-28K	-12%
Deputy Director of Contracts	110K	124K	150K	-19K	-11%	-31K	-17%
Senior Contract Analyst	86K	97K	125K	7K	6%	-17K	-12%
Contract Analyst	69K	78K	85K	7K	9%	-5K	-6%
OGC Counsel	165K	186K	300K	-88K	-23%	-184K	-38%

## NYCERS Corpus Budget







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## Appendix — Review Fund-Level Investment Beliefs for IPS Update

Note that the text below in blue are proposals emerging from STAR for consideration to update your existing Investment Beliefs held in your IPS. Text below in black is pulled directly from your existing Investment Beliefs.

NYCERS is an organization that invests New York City public workers' income deferred for retirement. NYCERS Investment Beliefs encapsulate the fundamental values that shape our investment policy, strategy, and implementation. Our ultimate goal is to provide secure and sustainable pensions to our members and beneficiaries. Meeting our return objective at a prudent level of risk is key to achieving this goal. It is within that context that these beliefs have been created.

### Investment Horizon

We choose a long-term investment horizon to align with the long-term nature of the System's pension liabilities. We believe that taking a through-cycle view of markets advantages our investment returns on behalf of beneficiaries.

We are a universal investor with a long time horizon, which is both an opportunity and responsibility. Our time horizon gives us certain advantages over investors with shorter timeframes, including the ability to invest in potentially return enhancing private asset classes, to withstand short-term market fluctuations, and to create an investment strategy that takes into account longer term economic trends.

### Strategic Asset Allocation

We believe in strategic asset allocation as the primary driver of investment returns. Portfolio construction and manager selection, as part of holistic portfolio management, are also important in generating value.

Asset allocation is the primary driver of the risk and return profile of our investment portfolio. Our target asset allocation should carefully balance the twin objectives of achieving adequate returns and limiting the risk of sudden drawdowns, consistent with our assumed rate of investment return.

The majority of the pension fund is invested in equity and equity-like asset classes that are linked to economic growth. Over time, we believe that these kinds of investments will generate a premium over the risk-free rate to enable us to meet our goals.

### Active vs. Passive Management

We believe the ability to consistently generate excess returns from skill versus an appropriate benchmark (net of fees) is rare, and where the ability exists it is hard to access. We use cost effective, lower risk passive strategies except in areas where we have conviction that active management can reap incremental benefits on a net-of-fees basis

As a universal investor, our starting point is to own the broad market by investing in appropriate indices of our chosen publicly-traded asset classes as a way to access market returns. We will only deviate where

other approaches, such as private asset classes or active management, can enhance returns or mitigate risk.

## Internal vs. External Implementation

We believe in the use of external managers to benefit from their scale, resources, and flexibility in pursuing the best investment opportunities.

## Role of Risk

Risk and return are strongly related. We believe that taking on an appropriate level of investment risk is a necessary requirement to earn long-term returns above the rate of return on a minimum-risk investment. We take risk into account when making decisions at the portfolio and investment selection levels.

Risk is inherent in investment but can be prudently managed.

A portfolio that is well diversified across asset classes, geographies, and strategies is a prudent way for our fund to limit potentially unfavorable market conditions in any one market factor.

Long-term risk is not fully captured by statistical measures such as standard deviation. Managing risk requires critical judgment of both quantitative and qualitative factors.

The assumption of risk can also present opportunity for reward; identifying the opportunities that arise from the risks we take is part of being a prudent fiduciary.

Access to timely and relevant information from those who implement our investment strategies is necessary to manage risk. We demand the highest level of transparency from all of our portfolio companies and service providers, including investment advisers and managers, custodians, and consultants.

## Cost Approach

We believe that managing fees and ensuring efficient implementation can prevent unnecessary cost. We leverage our combined scale to achieve optimal net returns.

A full accounting of costs and fees is an important part of transparency, since high fees pose a risk to our net returns.

## Manager Selection

We believe that partnering with the highest quality investment managers is fundamental to generating investment outperformance. We believe in generating differentiated exposure through emergent managers.

## ESG

We consider environmental, social and governance factors in our investment process because they can influence both risk and return

We bear responsibility as a long-term universal investor to advocate for sound corporate governance practices through voting our proxies and engaging with portfolio companies and investment managers. We believe that collaboration with like-minded investors will amplify the effectiveness of such advocacy and engagement.

We aim to contribute to sustainable long-term economic growth, which is the biggest determinant of whether we meet our investment objectives.

We prefer investment approaches that take into account environmental, social, and governance considerations. We believe that doing so has a material effect on increasing value and reducing risk for our members and beneficiaries.

We favor strategies, managers, companies, and countries with strong human capital practices characterized by standards of good conduct, including fair labor practices, health and safety, responsible contracting, and diversity.

Climate change poses risks and opportunities to our investment portfolio. We seek to mitigate the risks, take advantage of opportunities, and reduce the contributions our investments make to climate change.

We believe growing economic inequality is detrimental to economic growth. We prefer investments that preserve or increase secure, good-paying jobs to investments that undermine them.

We believe that professionals and decision-makers who come from diverse backgrounds contribute different points of view that enhance organizational quality and economic performance.

We believe that companies with Boards and management that act ethically and are responsive and transparent to shareholders and other stakeholders will outperform in the long run.

# Appendix — Draft Investment Advisory Delegation

## New York City Employees' Retirement System Board of Trustees Resolution

June 2024

### Comptroller as Custodian of Funds

**RESOLVED**, that the Trustees of the New York City Employees' Retirement System, Article 2 ("Fund"), pursuant of the provisions of Administrative Code of the City of New York § 13-702, hereby authorize and request the Comptroller of the City of New York, as custodian of the funds of the Fund, to invest said funds for the period commencing July 1, 2024 and ending June 30, 2025 provided that such funds shall be invested in the manner set forth herein:

The Comptroller shall have the power:

- a. To make any investment which the Trustees of the Fund have authorized the Office of the Comptroller to make.
- b. To hold, sell, assign, transfer or dispose of any of the properties, securities, or investments, including mortgages, in which any of the funds of the Fund shall have been invested, including the proceeds of such investments and any monies belonging to such fund, subject to the terms and conditions, limitations and restrictions imposed by law upon such Trustees of the Fund.
- c. In his name as agent of such Trustees to foreclose mortgages upon default or to take title of real properties in any such proceedings in lieu thereof, or to lease and sell such property so acquired.
- d. That the Comptroller of the City of New York be granted authority to exercise, personally or by proxy the voting rights conferred upon the Fund by reason of its ownership of common shares of any corporation. The Comptroller when exercising these voting rights shall confer in advance with the Trustees of the Fund wherever time permits, in all cases wherein he is contemplating a vote against the management of the corporation.
- e. The Comptroller shall exercise the aforesaid delegated powers from July 1, 2024 and ending June 30, 2025 or any renewal thereof, unless the Trustees of the Fund shall sooner elect to reassume such power by filing a written revocation of the delegation in the office of the Trustees of the Fund, and in the office of the Comptroller. The Trustees of the Fund hereby ratify the exercise by the Comptroller of these delegated powers prior to the term thereof.
- f. Any termination, expiration or revocation of the Comptroller's delegated powers shall not affect any binding commitment previously made by the Comptroller pursuant to such delegation and the Comptroller shall have the power to discharge fully any binding commitment according to its terms.

The foregoing is a true copy of a resolution adopted by the Board of Trustees on June X, 2024

### Proposed Additions

- a. Proposing to add a section on Trustee Service Compact
- b. Proposing to add a section on Joint Manager Meeting