

THOMAS P. DiNAPOLI
STATE COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 22, 2021
Mitchell & Titus, LLP
80 Pine Street, 32nd Floor
New York, NY 10005

We are providing this letter in connection with your examination of the internal controls maintained during the period May 1, 2020 through June 30, 2020, for the purpose of expressing an opinion as to whether management's assertion that internal controls are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act" is fairly stated, in all material respects. The significant objectives and relevant controls supporting management's assertion are in the accompanying Appendix A.

We confirm, to the best of our knowledge and belief, as of date of this letter, the following representations made to you during your engagement:

1. We affirm our assertion that internal controls during the period of May 1, 2020 through June 30, 2020, are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act."
2. All relevant matters are reflected in the measurement or evaluation of internal controls maintained during the period of May 1, 2020 through June 30, 2020. Internal controls are adequate to meet the criteria for maintaining internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act."
3. All known matters contradicting management's assertion and any communication from regulatory agencies or others affecting the management's assertion have been disclosed to you, including communications received between the end of the period addressed in the written assertion and the date of the practitioner's report.
4. We are responsible for:
 - (a) the maintenance of internal controls and management's assertion regarding the maintenance of internal controls;
 - (b) Selecting the criteria; and
 - (c) Determining that such criteria are appropriate for our purposes.
5. Any known events subsequent to the period of May 1, 2020 through June 30, 2020 that would have a material effect on management's assertion have been disclosed to you.
6. We have provided you with all relevant information and access.

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7. We have responded fully to all inquiries made to us by you during the examination.
8. We have disclosed to you:
 - (a) All deficiencies in internal control relevant to the engagement of which we are aware.
 - (b) Our knowledge of any actual, suspected, or alleged fraud affecting the subject matter of the examination.
 - (c) Our knowledge of any actual, suspected, or alleged noncompliance with laws or regulations affecting maintenance of internal controls.
9. We understand that your examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Acceptable Government Auditing Standards and was designed for the purpose of expressing an opinion on the fairness of the presentation of the maintenance of internal controls as established in the "New York State Governmental Accountability, Audit and Internal Control Act", based on your examination, and that your procedures were limited to those that you considered necessary for that purpose.



(Signature and Title)

Chief Investment Officer

Anastasia Titarchuk,
Chief Investment Officer, Pension Investments and Cash Management

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT
OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND
ADMINISTRATIVE CONTROLS**

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT

Objective	Controls
<p>Manage the investment process of the CRF to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ The Comptroller approves the asset allocation plan recommended by the Chief Investment Officer (CIO)/Deputy Comptroller. ▪ The Rebalance Committee meets periodically to ensure that investments are in line with the asset allocation. Members include the CIO, Deputy CIO, Chief Risk Officer, representation from Public Equities and Fixed Income and Operations. ▪ The Investment Advisory Committee meets approximately six times per year to advise the Comptroller on investment strategy and discuss fund and asset class performance. ▪ The Internal Investment Committee meets on a regular basis to review proposed fund investments. The minutes of the meetings accompany recommendations from the CIO/Deputy Comptroller to the Comptroller in accordance with investment policies. ▪ The CIO/Deputy Comptroller and the Deputy CIO review and approve the strategic plan for each asset class. ▪ Pension Risk Management is headed by the Chief Risk Officer who is responsible for advising the CIO and executive management on portfolio risks.
<p>Manage the investment process of internal management of the CRF to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ An annual inventory of all securities held is verified annually by an independent accounting firm as part of the financial statement audit of New York State and Local Retirement System, including CRF. ▪ A review of public equity and fixed-income transactions are reviewed by the Compliance Officer utilizing an automated compliance system in coordination with CRF staff and the CRFs' custodian. Rules are tested periodically to ensure complete and functioning implementation.

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT

Objective	Controls
<p>Manage the investment process of the CRF of external investments to ensure the safeguarding of principal from imprudent risks.</p>	<ul style="list-style-type: none"> ▪ Proposed investments are reviewed by in-house and outside counsel, who must represent that there is no legal objection to the CRF entering into said investments. ▪ Legal opinions are obtained for all new investment types to ensure the investment is permissible under statute. ▪ Staff and independent consultants conduct a thorough review of each proposed investment, and a written analysis and recommendation may be submitted, if deemed appropriate. ▪ The Internal Investment Committee meets generally on a weekly basis to review proposed fund investments. The minutes of meetings accompany recommendations from the CIO/Deputy Comptroller to the Comptroller in accordance with investment policies. ▪ Before a new investment can be completed, the CIO/Deputy Comptroller has the opportunity to meet with the general partner and/or investment manager. ▪ Special charge vouchers for capital calls are certified by an independent monitoring consultant and are signed by the CIO/Deputy Comptroller.
<p>Manage the investment process of the CRF for real estate investments, including mortgages and equity ownership, consistent with prudent underwriting standards, alternative investment opportunities, and maturity and liquidity needs of the fund to ensure the appropriate diversification of its real estate portfolio.</p>	<ul style="list-style-type: none"> ▪ Qualified professional advisors are hired through a request for proposal process for asset acquisition, management and disposition. ▪ The Real Estate Advisory Committee reviews and approves proposed real estate investments and mortgage applications. Once approved, the CIO/Deputy Comptroller makes a recommendation to the Comptroller in accordance with investment policies. ▪ Outside legal counsel is used in certain situations to review statutory compliance. ▪ A proposed investment is evaluated against defined objectives in the strategic plan before a recommendation is made to the Comptroller.

**NEW YORK STATE OFFICE OF THE STATE COMPTROLLER SIGNIFICANT
OBJECTIVES AND RELEVANT INTERNAL ACCOUNTING AND
ADMINISTRATIVE CONTROLS**

DIVISION OF PENSION INVESTMENT AND CASH MANAGEMENT

Objective	Controls
<p>Monitor and coordinate the proxy process, initiate shareholder resolutions and solicit proxies.</p>	<ul style="list-style-type: none"> ▪ In-house counsel, in conjunction with outside counsel, as appropriate, reviews investment documentation to ensure compliance with applicable laws and regulations. ▪ A review is performed to identify and address delinquent or nonperforming mortgages on a regular basis. ▪ An annual audit of the mortgage servicer is performed. ▪ Before a new investment can be completed, the CIO/Deputy Comptroller has the opportunity to meet with the general partner and/or investment manager. ▪ Special charge vouchers for capital calls are certified by an independent monitoring consultant and are signed by the CIO/Deputy Comptroller. ▪ Proxy voting is governed by written policy that is developed and reviewed by the CIO/Deputy Comptroller and Comptroller.