INSTITUTE FOR Pension Fund Integrity

Mr. Brent J. Fields
Secretary, Securities and Exchange Commission
100 F St NE
Washington, D.C. 20549-1090

Re: [File No. 4-725]

Via Email: rule-comments@sec.gov

Dear Mr. Fields,

As retired firefighters, we know as well as anyone the importance of duty and obligation. That's why we are deeply concerned that those tasked with safeguarding the retirement funds of my fellow firefighters and other public pensioners are making decisions based on political agendas rather than on their obligation to do what's best for our retirement.

As our *Investor's Business Daily* opinion piece enclosed with this letter states in greater detail, pension fund managers have already made decisions based on political agendas that have adversely affected public workers. The largest U.S. pension fund, CalPERS, in 2002 saw its board divest its holdings in tobacco companies, a moral decision as opposed to an investment decision. That single move cost state pensioners $3 billion, with the full damage still not entirely known.

Meanwhile, another pension fund, the San Francisco Employees Retirement System (SFERS), has considered divesting its holdings of energy stocks. According to a study conducted last year, the fund would have experienced lower returns and taken a financial hit between $5.8 million and $23.1 million. Needless to say, the fund's consulting firm NEPC advised against this unnecessary divestment.

Unfortunately, CalPERS and SFERS are not the only funds facing this dilemma. The people managing America's $3.4 trillion in retirement assets for America's teachers, firefighters, police, and other government employees are increasingly being asked to place political considerations over financial decisions. This has dangerous implications for two reasons.

First, funds are consistently turning to stocks rather than bonds. This means that pension funds have more influence over corporate policies through proxy votes. Second, guidance over how funds should vote on proxies is now dominated by two firms: Institutional Shareholder Services (ISS) and Glass Lewis (GL). These two firms control 97% of the proxy advisory market, but also have a bias toward political and social causes over investment returns. Unfortunately, decisions made by the Securities & Exchange Commission have allowed the firms to grow even more powerful when it comes to corporate governance.

The conflicts of interest for these two firms are clear. ISS sells advisory services to corporations at the same time it makes recommendations to funds on how to vote on proxies. Glass Lewis says clearly in its published guidelines that if the SEC denies a vote on a proxy question that is "detrimental to shareholders," the firm will tell funds to vote against members of the company's governance committee. The firms are not accountable to pensioners, but only to their political whims and agendas, including agendas that push environmental, social, and governance (ESG) investing.

The job of public pension fund managers is to ensure that retirees, including retired firefighters like us, have sufficient funds to live comfortably after years of dedicated service. Their job is not to impose their own political beliefs using other people's money.

The SEC has a leading role to play in addressing issues with the proxy advisory system, especially when it comes to how the agendas of ISS and Glass Lewis could affect pensioners. Americans deserve to know that their pension managers are making financial decisions, not political ones, and that the SEC is doing everything possible to provide the appropriate oversight and regulation of proxy advisors. We appreciate you considering these concerns and taking an active role in addressing the challenges before us.

Sincerely,

Richard Brower
Former Vice Chairman of the New York City Fire Department Pension Fund

Kevin O'Connor
Former assistant to the general president of the International Association of Fire Fighters and former chair of the Baltimore County Employees Retirement System.

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