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Inside ExploreLI

**TOP STORIES**

# PENSIONS ARE STAKES

## NYC wants to divest billions in gas, oil holdings

BY MATTHEW CHAYES  
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The pension funds of tens of thousands of Long Islanders who work for New York City are the stakes of a plan by Mayor Bill de Blasio to shed billions of dollars in gas and oil holdings as a stand against climate change.

In January, Democrats de Blasio and Comptroller Scott Stringer, who administers almost \$200 billion in five funds, set the wheels in motion for divestment. The mayor laid out what he described as a two-pronged attack on the fossil-fuel industry to save the environment: the divestment plan and a lawsuit against five major oil companies that sought billions of dollars in damages to pay for the effects of rising sea levels, coastal flooding and the like.

Not only do fossil-fuel companies hurt the environment, argue de Blasio and Stringer, oil and gas holdings are simply bad long-term investments. "Broken and dying" is how the mayor has described the industry. Three of the city's five pension funds are on board and considering the plan, and two have declined to participate.

The plan, though, can't go anywhere without the formal approval of the funds' trustees, who are charged with protecting the workers' financial interests. They have commissioned studies to determine whether the funds would grow, shrink or stay the same and how or whether to divest. To go forward, they must show how the funds' returns would essentially remain unchanged or increase.

The trustees' decision over the soundness of divestment becomes even more charged because the state constitution guarantees the full pension benefits to all retirees.

"If the pension fund doesn't earn enough money, the legislature is going to have to tax the citizens more," said Dick Ravitch, a fiscal watchdog and former lieutenant governor, who doesn't op-



**Nelly Rodriguez, 63, of Uniondale, thinks the city can take a stand and make a smart investment.**

pose divestment.

The push-pull involving politics and how to invest government pensions isn't exclusive to New York. From California to Massachusetts, environmentalists are pressuring public pension funds to dump fossil-fuel holdings with the idea that divestment will help force energy companies to stop polluting the water, air and land.

For two Long Islanders with city pensions, the choice is clear. Vincent Galante of Bethpage, who is still on the job as a chief engineer, is against divestment. Retiree Nelly Rodriguez of Uniondale is a firm yes.

"I don't care if it's oil and gas stocks, I don't care what it is. Their job is to make money for that fund. There should be no political agenda involved here," said Galante, 54, who specializes in heating, air conditioning and ventilation systems in Manhattan.

Rodriguez, 63, who retired last year after 40 years as a social services timekeeper and payroll worker, thinks the city can both take a stand and make a smart investment.

"With this global warming that is happening — with the floods and all the stuff that we've been getting lately, all the disasters — my funds should be invested into the good energies,

## SLICES OF THE PENSION PIE

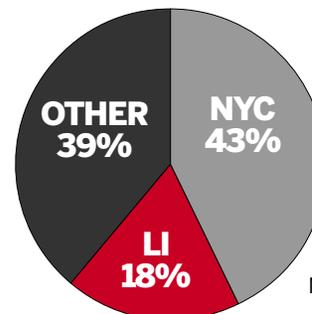
In 2017, New York City's five municipal pension funds paid out benefits totaling **\$12.9 billion** to more than **332,000 retirees** or beneficiaries in all five funds, according to an analysis published in April by the city's Independent Budget Office.

And while **43 percent**, or **\$5.5 billion**, went to recipients living in New York City, Long Island made up one of the largest chunks outside the five boroughs: **\$1.37 billion** to Nassau residents and **\$973.9 million** to those in Suffolk, the budget office reported.

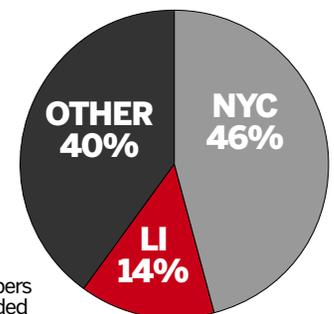
About **46 percent**, or **152,638 recipients**, live in the city, with **14 percent** on Long Island: **19,232 in Suffolk**, where the average annual pension is **\$50,638 per capita**, and **28,769 in Nassau**, which averages **\$47,618**.

The remainder of the recipients are scattered across the region and the country.

**TOTAL BENEFITS**  
**\$12.9B**



**TOTAL RETIREES**  
**332,000+**



Numbers rounded

the green energy," Rodriguez said. "Not only would it make more money, I feel like it would be better for the environment."

The city has one of the largest pension portfolios in the world, with a value of \$197.8 billion, according to the city comptroller's

# IN CLIMATE CHANGE STAND



**Mathai Mathew, of Albertson, a retired transit manager for New York City, thinks retirement funds should stay in fossil fuels.**

office. Of the city's roughly 384,000 municipal employees, about 338,000 — 88 percent — belong to one of the city's five retirement funds, according to the Department of Citywide Administrative Services. The funds are police; fire; two for public school teachers and support staff; and one for all the other municipal workers, from secretaries and accountants to groundskeepers and librarians. The others opted out or have other retirement arrangements, according to the mayor's office.

De Blasio's predecessor, Mayor Michael Bloomberg, got the ball rolling on climate change when he launched major initiatives in 2007 to fight global warming and to plant a million trees in a decade. De Blasio picked up the mantle when he took office in 2014. He promised the city would reduce greenhouse emissions by 80 percent by 2050 and start a green building plan.

"Climate change is an existen-

tial threat to New Yorkers and our planet. Acting now is nothing short of a moral imperative," de Blasio said when he unveiled the emissions initiative. "New York City must continue to set the pace and provide the bold leadership that's needed."

The reduction plan turned out to be a nod to bigger moves. In September 2017, New York City joined other international cities, including Paris and Melbourne, in vowing to uphold the clean energy standards outlined in the Paris climate accord after the United States backed out of the agreement a few months earlier. Then, came the lawsuit and the divestment plan.

The lawsuit was dismissed in July — the city is appealing — and the divestment plan is still being studied. When de Blasio unveiled the plan 10 months ago, he spoke of divesting \$5 billion in gas and oil holdings from the five funds. Today, the total amount stands at about \$3.7 billion, according to his of-

fice, from three funds after the police and firefighter funds declined to participate.

"Certainly we want to be socially responsible, but at the same time we don't believe the pension funds should be politicized," said Jake Lemonda, 61, of New Hyde Park, who heads the Uniformed Fire Officers Association.

Last month, just ahead of an international climate change summit, de Blasio and London Mayor Sadiq Khan launched an international fossil-fuel divestment network of cities that also includes Paris, San Francisco, San Jose, Oslo and Pittsburgh.

De Blasio also pledged to double the city's pension investments in renewable energy and energy efficiency in the next three years — to \$4 billion.

"New York City leads from the front when it comes to the fight against climate change," de Blasio said told summit participants. "We're taking a stand for generations to come with our

goal to double our pension investments in job-creating climate solutions."

Harvard Law School's Robert Sitkoff and Max Schanzenbach of Northwestern University's Pritzker School of Law have studied socially conscious investing and fiduciary duty.

"We argue that reasonable people disagree" on the strategy, Schanzenbach wrote in an email.

Someone who opposes fossil-fuel divestment is state Comptroller Tom DiNapoli, who oversees the state pension fund that covers a million municipal workers, retirees and beneficiaries statewide, including in Nassau and Suffolk counties. The \$207 billion state pension system holds between \$4.4 billion and \$7.2 billion in fossil-fuel investments, depending on how the industry is defined, said Matt Sweeney, DiNapoli's spokesman.

"We're an investor, not a divestor," Sweeney said of the state pension fund.

In December, DiNapoli re-



**NYC Mayor Bill de Blasio**

sisted a call by Gov. Andrew M. Cuomo to come up with a plan to divest the fund's holdings from fossil-fuel companies. The state, the comptroller said, has more leverage to do good when it flexes its stockholder muscle.

"We've shown that shareholders have the power to compel major corporations, like Exxon-Mobil, to address climate change," DiNapoli posted on his office's website.

For public pension expert E.J. McMahon, all that should matter is the interests of the beneficiaries. A fund, he said, should invest in stocks that yield the most profit.

"The focus should be on earning secure, adequate returns, period," McMahon, a fellow at the conservative Empire Center for Public Policy, wrote in an email. "Anything else is pure politics, and not in the best interest of New York public employees."

Retired New York City Transit manager Mathai Mathew started drawing his pension in 2010. He thinks retirement funds should stay in fossil fuels — and put some money into green energy technology like solar power.

"We should continue investing in it, developing it and promoting it," said Mathew, 70, of Albertson. "At the same time we should be the leader in managing the pollution."

Divestment is a "win-win situation" for Jon Forster, 64, of Park Slope, Brooklyn, who retired after 37 years with the city as a specialist in human rights and lead-poisoning prevention.

"We see that the investments in oil and gas are not good long-term investments," Forster said. "I'm concerned about all New Yorkers and human beings across the world."

DEBBIE EGAN-CHIN

AP / ERIC RISBERG