

S. 6888

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S E N A T E - A S S E M B L Y

February 22, 2010

IN SENATE -- Introduced by Sen. HASSELL-THOMPSON -- read twice and ordered printed, and when printed to be committed to the Committee on Civil Service and Pensions

IN ASSEMBLY -- Introduced by M. of A. PEOPLES-STOKES, AUBRY, BENJAMIN, BING, CASTRO, GIBSON, JACOBS, JAFFEE, JOHN, ROSENTHAL, SKARTADOS -- Multi-Sponsored by -- M. of A. COOK, CRESPO, DelMONTE, GLICK, GOTTFRIED, HEASTIE, KOON, MENG, SCARBOROUGH -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, the education law, the workers' compensation law and the state finance law, in relation to a strategy to increase participation by emerging investment managers and other minority and women-owned business enterprises involved in providing asset management services, financial services or other professional services

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York state emerging investment manager and MWBE financial
3 institution strategy".
4 S 2. Legislative findings. The legislature hereby finds and declares
5 that:
6 1. Article 15-A of the executive law was the beginning of the process
7 to reform state contracting requirements in order to expand prime
8 contract and subcontract opportunities for minority and women-owned
9 business enterprises. However, since article 15-A of the executive law
10 only extended to procurements by certain state agencies and excluded
11 certain services, such as financial services, the fundamental problems
12 of artificial barriers to state contracting opportunities for minority
13 and women-owned business enterprises have either: (a) persisted in areas
14 not covered by such article, or (b) been addressed in piecemeal ways
15 through programs that are not mandated by law.
16 2. Studies have shown that while the state of New York has 8 percent
17 of all women-owned business enterprises and 11 percent of all minority-

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets
[] is old law to be omitted.

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1 owned business enterprises in the United States, minority and women-
2 owned business enterprises only received 5.2 percent of expenditures on
3 state contracts in 2006. In comparison to the state of New York where
4 minorities comprised 40 percent of the population, the state of Florida
5 had a minority population of 38 percent and its MWBE state contracting
6 expenditures were approximately 25 percent; the state of Illinois had a
7 minority population of 34 percent and its MWBE state contracting expend-
8 itures were approximately 22 percent; and the state of Maryland had a
9 minority population of 41 percent and its MWBE state contracting expend-
10 itures were approximately 21 percent. Such data demonstrates that
11 despite having one of the largest minority populations and supporting a
12 twenty-two year effort to increase opportunities for minority and
13 women-owned business enterprises, the state of New York has dramatically
14 failed to match other states in state contracting expenditures with
15 minority and women-owned business enterprises.

16 3. The state of New York has historically held a competitive advantage
17 as the center of the worldwide financial services industry. In addition,
18 financial service firms in the state of New York have historically been
19 key providers of employment opportunities for New York residents and
20 critical generators of tax revenue both for the state of New York and
21 its local governments. The state of New York should establish a goal,
22 under New York state law, that minority and women-owned business enter-
23 prises in such industries are not hindered by arbitrary barriers to
24 entry, so that such business enterprises may receive their fair share of
25 contract opportunities. Contracting opportunities for minority and
26 women-owned business enterprises in asset management and financial
27 services are not covered under article 15-A of the executive law.
28 Furthermore, the New York state common retirement fund, the New York
29 state teachers' retirement system and the New York insurance fund, among
30 other agencies or funds serving as aggregators of pooled assets created
31 under the laws of the state of new York, are not bound by article 15-A
32 of the executive law. Many studies have shown that, as it relates to
33 asset management, diversification of asset management contracts through
34 hiring smaller asset managers, including managers that are minority and
35 women-owned business enterprises, creates greater investment portfolio
36 diversity and improves investment returns. Increasing the pool of finan-
37 cial services firms, by eliminating barriers to entry for financial
38 service firms that are minority and women-owned business enterprises,
39 creates more competition and improves pricing for financial services
40 procured by New York state entities.

41 4. In addition, studies have shown that increasing state contracting
42 opportunities and increasing capital access to underserved regions and
43 to underserved groups, such as minority and women-owned business enter-
44 prises, increases employment opportunities for members of such groups
45 and/or individuals who live in such regions.

46 5. It is in the best interests of the state of New York to adopt the
47 New York state emerging investment manager and MWBE financial services
48 strategy, in order to: (a) expressly allow for the diversification of
49 investments permitted under the retirement and social security law, the
50 education law and the insurance law, to include emerging investment
51 managers and MWBE financial institutions, (b) expand the MWBE contract-
52 ing goals to the retirement and social security law, the education law
53 and the insurance law, and (c) support existing economic development
54 efforts by adopting an emerging investment manager strategy that moti-
55 vates investments in underserved regions of the state of New York as set
56 forth in this act.

1 S 3. Section 13 of the retirement and social security law is amended
2 by adding two new subdivisions l and m to read as follows:

3 L. THE FUNDS OF THE RETIREMENT SYSTEM MAY BE INVESTED WITH EMERGING
4 INVESTMENT MANAGERS AND WITH MWBE FINANCIAL INSTITUTIONS UPON SUCH TERMS
5 AND CONDITIONS AS THE COMPTROLLER DEEMS TO BE IN THE BEST INTERESTS OF
6 THE RETIREMENT SYSTEM.

7 M. THE FUNDS OF THE RETIREMENT SYSTEM MAY BE INVESTED IN EQUITY AND
8 DEBT SECURITIES OF MWBE BUSINESSES UPON SUCH TERMS AND CONDITIONS AS THE
9 COMPTROLLER DEEMS TO BE IN THE BEST INTERESTS OF THE RETIREMENT SYSTEM.

10 S 4. Section 176 of the retirement and social security law is amended
11 by adding three new subdivisions 4, 5 and 6 to read as follows:

12 4. THE TERM "EMERGING INVESTMENT MANAGER" SHALL MEAN:

13 (A) AN ASSET MANAGER IN ANY OF THE FOLLOWING ASSET CLASSES: PUBLIC
14 EQUITY OR FIXED INCOME SECURITIES, HEDGE FUNDS, FUND OF HEDGE FUNDS,
15 PRIVATE EQUITY (INCLUDING VENTURE CAPITAL), FUND OF PRIVATE EQUITY
16 FUNDS, REAL ESTATE INVESTMENT FUNDS OR REITS, THAT ARE: (I) A MINORITY
17 OR WOMEN-OWNED BUSINESS ENTERPRISE, AS SUCH TERM IS DEFINED IN ARTICLE
18 FIFTEEN-A OF THE EXECUTIVE LAW, WITH A SIGNIFICANT PRESENCE IN NEW YORK
19 STATE, AND (II) A REGISTERED INVESTMENT ADVISOR OR EXEMPT FROM SUCH
20 REGISTRATION; AND

21 (B) WITH ASSETS UNDER MANAGEMENT OF TWO BILLION DOLLARS OR LESS,
22 EXCEPT THAT MANAGERS OF PUBLIC EQUITY OR FIXED INCOME SECURITIES MAY
23 HAVE ASSETS UNDER MANAGEMENT OF TEN BILLION DOLLARS OR LESS, MANAGERS OF
24 PRIVATE EQUITY FUNDS OR FUNDS MAY HAVE ASSETS UNDER MANAGEMENT OF ONE
25 BILLION DOLLARS OR LESS, VENTURE CAPITAL FUNDS MAY HAVE ASSETS UNDER
26 MANAGEMENT OF FIVE HUNDRED MILLION DOLLARS OR LESS, REAL ESTATE INVEST-
27 MENT FIRMS MAY HAVE ASSETS UNDER MANAGEMENT OF ONE BILLION DOLLARS OR
28 LESS, AND REITS MAY HAVE ASSETS UNDER MANAGEMENT OF FIVE HUNDRED MILLION
29 DOLLARS OR LESS.

30 5. THE TERM "MWBE FINANCIAL INSTITUTION" SHALL MEAN:

31 (A) AS IT RELATES TO BROKERAGE SERVICES, A REGISTERED BROKER DEALER
32 THAT IS A "MINORITY OR WOMEN-OWNED BUSINESS ENTERPRISE", AS SUCH TERM IS
33 DEFINED IN ARTICLE FIFTEEN-A OF THE EXECUTIVE LAW, THAT HAS TWENTY-FIVE
34 MILLION DOLLARS OR LESS IN ANNUAL COMMISSIONS AND FIFTY MILLION DOLLARS
35 OR LESS IN NET EQUITY CAPITAL, AS SUCH TERM IS DEFINED BY THE FINANCIAL
36 INDUSTRY REGULATORY AUTHORITY; AND

37 (B) AS IT RELATES TO ANY OTHER FINANCIAL SERVICES, A MINORITY OR
38 WOMEN-OWNED BUSINESS ENTERPRISE THAT PROVIDES BANKING, FINANCIAL ADVI-
39 SORY, INSURANCE, FINANCIAL RESEARCH, VALUATION OR OTHER FINANCIAL
40 SERVICES.

41 6. THE TERM "MWBE BUSINESSES" SHALL MEAN MINORITY AND WOMEN-OWNED
42 BUSINESS ENTERPRISES, AS SUCH TERM IS DEFINED IN ARTICLE FIFTEEN-A OF
43 THE EXECUTIVE LAW.

44 S 5. The retirement and social security law is amended by adding a new
45 section 423-c to read as follows:

46 S 423-C. EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION
47 STRATEGY. 1. SUBJECT TO THE FIDUCIARY DUTIES OF THE OFFICE OF THE COMP-
48 TROLLER AND SUCH OTHER INVESTMENT LIMITATIONS PRESCRIBED BY THIS CHAP-
49 TER, THE COMPTROLLER SHALL ESTABLISH AN EMERGING INVESTMENT MANAGER AND
50 MWBE FINANCIAL INSTITUTION STRATEGY WITH THE FOLLOWING GOALS:

51 (A) INVESTING NOT LESS THAN FIFTEEN PERCENT OF EXTERNALLY MANAGED
52 ASSETS OF THE COMMON RETIREMENT FUND WITH EMERGING INVESTMENT MANAGERS;

53 (B) CONDUCTING TRADES OF PUBLIC EQUITY AND FIXED INCOME SECURITIES
54 PRODUCING NOT LESS THAN THIRTY-FIVE PERCENT OF COMMISSIONS IN EACH
55 FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTITUTIONS IN CONNECTION WITH
56 PUBLIC EQUITY RELATED COMMISSIONS AND NOT LESS THAN TWENTY-FIVE PERCENT

1 OF COMMISSIONS IN EACH FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTI-
2 TUTIONS IN CONNECTION WITH FIXED INCOME RELATED COMMISSIONS;

3 (C) ALLOCATING INVESTMENTS OF ASSETS OF THE COMMON RETIREMENT FUND
4 EITHER THROUGH DIRECT INVESTMENTS OR INDIRECTLY THROUGH SPECIAL PROGRAMS
5 INVOLVING EMERGING INVESTMENT MANAGERS IN EQUITY AND DEBT SECURITIES OF
6 MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES; AND

7 (D) INCREASING EXPENDITURES ON CONTRACTS FOR ACCOUNTING, BANKING,
8 FINANCIAL ADVISORY, INSURANCE, LEGAL, RESEARCH, VALUATION AND OTHER
9 PROFESSIONAL AND FINANCIAL SERVICES WITH MWBE FINANCIAL INSTITUTIONS AND
10 MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION
11 IN NEW YORK STATE THAT ARE PROFESSIONAL SERVICE FIRMS. THE COMPTROLLER
12 SHALL ESTABLISH AND IMPLEMENT SUCH STRATEGY PURSUANT TO THE PROVISIONS
13 OF SUBDIVISION TWO OF THIS SECTION.

14 2. ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, THE COMPTROLLER
15 SHALL DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE GOALS SET FORTH IN
16 SUBDIVISION ONE OF THIS SECTION, INCLUDING, WITHOUT LIMITATION, THE
17 FOLLOWING GOALS:

18 (A) A PUBLIC RELATIONS CAMPAIGN TO ADVERTISE THE CREATION OF AND
19 CONTINUED EXISTENCE OF THE EMERGING INVESTMENT MANAGER AND MWBE FINAN-
20 CIAL INSTITUTION STRATEGY;

21 (B) ANNUAL REPORTING REGARDING: (I) INVESTMENTS WITH EMERGING INVEST-
22 MENT MANAGERS, COMMISSIONS WITH MWBE FINANCIAL INSTITUTIONS, AND ANNUAL
23 NON-COMMISSION EXPENDITURES (EXCLUDING INVESTMENT ALLOCATIONS) WITH
24 OTHER MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY OR WOMEN-OWNED
25 BUSINESS ENTERPRISES WITH A PRINCIPAL PRESENCE IN NEW YORK STATE THAT
26 PROVIDE FINANCIAL SERVICES OR OTHER PROFESSIONAL SERVICES TO THE COMMON
27 RETIREMENT FUND AS A PERCENTAGE OF TOTAL INVESTMENTS, COMMISSIONS OR
28 EXPENDITURES, AS APPLICABLE, FOR SUCH SERVICES BY THE COMMON RETIREMENT
29 FUND, AND (II) EFFORTS UNDERTAKEN DURING SUCH PERIOD TO SUPPORT THE
30 EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY; AND

31 (C) A REGIME OF COORDINATION WITH THE DIVISION OF MINORITY AND WOMEN-
32 OWNED BUSINESS DEVELOPMENT TO IDENTIFY QUALIFIED EMERGING INVESTMENT
33 MANAGERS AND MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY AND
34 WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION IN NEW YORK
35 STATE THAT PROVIDE PROFESSIONAL SERVICES TO CREATE A DATABASE OF SUCH
36 ENTITIES AND TO HAVE AN ANNUAL CONFERENCE TO PROMOTE THE EMERGING
37 INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY.

38 S 6. Subdivision 18 of section 508 of the education law, as added by
39 chapter 779 of the laws of 1982, is amended to read as follows:

40 18. Notwithstanding any other provision of this section, the retire-
41 ment board shall have the power to delegate to one or more investment
42 managers, INCLUDING, WITHOUT LIMITATION, EMERGING INVESTMENT MANAGERS
43 AND MWBE FINANCIAL INSTITUTIONS, AS DEFINED IN SECTION ONE HUNDRED
44 SEVENTY-SIX OF THE RETIREMENT AND SOCIAL SECURITY LAW, its authority to
45 invest moneys belonging to the retirement system. The term "investment
46 managers" as used in this subdivision shall include but not be limited
47 to independent contractors selected by the retirement board.

48 S 7. Subdivision 19 of section 508 of the education law is renumbered
49 subdivision 21 and two new subdivisions 19 and 20 are added to read as
50 follows:

51 19. THE FUNDS OF THE RETIREMENT SYSTEM MAY BE INVESTED WITH EMERGING
52 INVESTMENT MANAGERS AND WITH MWBE FINANCIAL INSTITUTIONS UPON SUCH TERMS
53 AND CONDITIONS AS THE RETIREMENT BOARD DEEMS TO BE IN THE BEST INTERESTS
54 OF THE RETIREMENT SYSTEM.

55 20. THE FUNDS OF THE RETIREMENT SYSTEM MAY BE INVESTED IN EQUITY AND
56 DEBT SECURITIES OF MWBE BUSINESSES, AS DEFINED IN SECTION ONE HUNDRED

SEVENTY-SIX OF THE RETIREMENT AND SOCIAL SECURITY LAW, UPON SUCH TERMS AND CONDITIONS AS THE RETIREMENT BOARD DEEMS TO BE IN THE BEST INTERESTS OF THE RETIREMENT SYSTEM.

S 8. The education law is amended by adding a new section 508-a to read as follows:

S 508-A. NEW YORK STATE TEACHERS' EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY. 1. SUBJECT TO THE FIDUCIARY DUTIES OF THE RETIREMENT BOARD AND SUCH OTHER INVESTMENT LIMITATIONS PRESCRIBED BY THIS CHAPTER, THE RETIREMENT BOARD SHALL ESTABLISH AN EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY WITH THE FOLLOWING GOALS:

(A) INVESTING NOT LESS THAN FIFTEEN PERCENT OF EXTERNALLY MANAGED ASSETS OF THE RETIREMENT SYSTEM WITH EMERGING INVESTMENT MANAGERS;

(B) CONDUCTING TRADES OF PUBLIC EQUITY AND FIXED INCOME SECURITIES PRODUCING NOT LESS THAN THIRTY-FIVE PERCENT OF COMMISSIONS IN EACH FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTITUTIONS IN CONNECTION WITH PUBLIC EQUITY RELATED COMMISSIONS AND NOT LESS THAN TWENTY-FIVE PERCENT OF COMMISSIONS IN EACH FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTITUTIONS IN CONNECTION WITH FIXED INCOME RELATED COMMISSIONS;

(C) ALLOCATING INVESTMENTS OF ASSETS OF THE RETIREMENT SYSTEM EITHER THROUGH DIRECT INVESTMENTS OR INDIRECTLY THROUGH SPECIAL PROGRAMS INVOLVING EMERGING INVESTMENT MANAGERS IN EQUITY AND DEBT SECURITIES OF MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES; AND

(D) INCREASING EXPENDITURES ON CONTRACTS FOR ACCOUNTING, BANKING, FINANCIAL ADVISORY, INSURANCE, LEGAL, RESEARCH, VALUATION AND OTHER PROFESSIONAL AND FINANCIAL SERVICES WITH MWBE FINANCIAL INSTITUTIONS AND MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION IN NEW YORK STATE THAT ARE PROFESSIONAL SERVICE FIRMS.

AS USED IN THIS SECTION, THE TERMS: "EMERGING INVESTMENT MANAGER" AND "MWBE FINANCIAL INSTITUTIONS" SHALL HAVE THE SAME MEANINGS SPECIFIED IN SECTION ONE HUNDRED SEVENTY-SIX OF THE RETIREMENT AND SOCIAL SECURITY LAW, AND "MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE" SHALL HAVE THE SAME MEANING SPECIFIED IN ARTICLE FIFTEEN-A OF THE EXECUTIVE LAW. THE RETIREMENT BOARD SHALL ESTABLISH AND IMPLEMENT SUCH STRATEGY PURSUANT TO THE PROVISIONS OF SUBDIVISION TWO OF THIS SECTION.

2. ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, THE RETIREMENT BOARD SHALL DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE GOALS SET FORTH IN SUBDIVISION ONE OF THIS SECTION, INCLUDING, WITHOUT LIMITATION, THE FOLLOWING GOALS:

(A) A PUBLIC RELATIONS CAMPAIGN TO ADVERTISE THE CREATION OF AND CONTINUED EXISTENCE OF THE EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY;

(B) ANNUAL REPORTING REGARDING: (I) INVESTMENTS WITH EMERGING INVESTMENT MANAGERS, COMMISSIONS WITH MWBE FINANCIAL INSTITUTIONS, AND ANNUAL NON-COMMISSION EXPENDITURES (EXCLUDING INVESTMENT ALLOCATIONS) WITH OTHER MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY OR WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL PRESENCE IN NEW YORK STATE THAT PROVIDE FINANCIAL SERVICES OR OTHER PROFESSIONAL SERVICES TO THE COMMON RETIREMENT FUND AS A PERCENTAGE OF TOTAL INVESTMENTS, COMMISSIONS OR EXPENDITURES, AS APPLICABLE, FOR SUCH SERVICES BY THE COMMON RETIREMENT FUND, AND (II) EFFORTS UNDERTAKEN DURING SUCH PERIOD TO SUPPORT THE EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY; AND

(C) A REGIME OF COORDINATION WITH THE DIVISION OF MINORITY AND WOMEN-OWNED BUSINESS DEVELOPMENT TO IDENTIFY QUALIFIED EMERGING INVESTMENT MANAGERS AND MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION IN NEW YORK

1 STATE THAT PROVIDE PROFESSIONAL SERVICES TO CREATE A DATABASE OF SUCH
2 ENTITIES AND TO HAVE AN ANNUAL CONFERENCE TO PROMOTE THE EMERGING
3 INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY.

4 S 9. The workers' compensation law is amended by adding a new section
5 87-i to read as follows:

6 S 87-I. NEW YORK STATE TEACHERS' EMERGING INVESTMENT MANAGER AND MWBE
7 FINANCIAL INSTITUTION STRATEGY. 1. SUBJECT TO THE FIDUCIARY DUTIES OF
8 THE COMMISSIONERS AND SUCH OTHER INVESTMENT LIMITATIONS PRESCRIBED BY
9 THIS CHAPTER, THE COMMISSIONERS SHALL ESTABLISH AN EMERGING INVESTMENT
10 MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY WITH THE FOLLOWING
11 GOALS:

12 A. INVESTING NOT LESS THAN FIFTEEN PERCENT OF EXTERNALLY MANAGED
13 ASSETS OF THE STATE INSURANCE FUND WITH EMERGING INVESTMENT MANAGERS;

14 B. CONDUCTING TRADES OF PUBLIC EQUITY AND FIXED INCOME SECURITIES
15 PRODUCING NOT LESS THAN THIRTY-FIVE PERCENT OF COMMISSIONS IN EACH
16 FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTITUTIONS IN CONNECTION WITH
17 PUBLIC EQUITY RELATED COMMISSIONS AND NOT LESS THAN TWENTY-FIVE PERCENT
18 OF COMMISSIONS IN EACH FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTI-
19 TUTIONS IN CONNECTION WITH FIXED INCOME RELATED COMMISSIONS;

20 C. ALLOCATING INVESTMENTS OF ASSETS OF THE STATE INSURANCE FUND EITHER
21 THROUGH DIRECT INVESTMENTS OR INDIRECTLY THROUGH SPECIAL PROGRAMS
22 INVOLVING EMERGING INVESTMENT MANAGERS IN EQUITY AND DEBT SECURITIES OF
23 MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES; AND

24 D. INCREASING EXPENDITURES ON CONTRACTS FOR ACCOUNTING, BANKING,
25 FINANCIAL ADVISORY, INSURANCE, LEGAL, RESEARCH, VALUATION AND OTHER
26 PROFESSIONAL AND FINANCIAL SERVICES WITH MWBE FINANCIAL INSTITUTIONS AND
27 MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION
28 IN NEW YORK STATE THAT ARE PROFESSIONAL SERVICE FIRMS.

29 AS USED IN THIS SECTION, THE TERMS: "EMERGING INVESTMENT MANAGER" AND
30 "MWBE FINANCIAL INSTITUTIONS" SHALL HAVE THE SAME MEANINGS SPECIFIED IN
31 SECTION ONE HUNDRED SEVENTY-SIX OF THE RETIREMENT AND SOCIAL SECURITY
32 LAW, AND "MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE" SHALL HAVE THE
33 SAME MEANING SPECIFIED IN ARTICLE FIFTEEN-A OF THE EXECUTIVE LAW. THE
34 COMMISSIONERS SHALL ESTABLISH AND IMPLEMENT SUCH STRATEGY PURSUANT TO
35 THE PROVISIONS OF SUBDIVISION TWO OF THIS SECTION.

36 2. ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION, THE COMMISSION-
37 ERS SHALL DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE GOALS SET FORTH IN
38 SUBDIVISION ONE OF THIS SECTION, INCLUDING, WITHOUT LIMITATION, THE
39 FOLLOWING GOALS:

40 A. A PUBLIC RELATIONS CAMPAIGN TO ADVERTISE THE CREATION OF AND
41 CONTINUED EXISTENCE OF THE EMERGING INVESTMENT MANAGER AND MWBE FINAN-
42 CIAL INSTITUTION STRATEGY;

43 B. ANNUAL REPORTING REGARDING: (I) INVESTMENTS WITH EMERGING INVEST-
44 MENT MANAGERS, COMMISSIONS WITH MWBE FINANCIAL INSTITUTIONS, AND ANNUAL
45 NON-COMMISSION EXPENDITURES (EXCLUDING INVESTMENT ALLOCATIONS) WITH
46 OTHER MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY OR WOMEN-OWNED
47 BUSINESS ENTERPRISES WITH A PRINCIPAL PRESENCE IN NEW YORK STATE THAT
48 PROVIDE FINANCIAL SERVICES OR OTHER PROFESSIONAL SERVICES TO THE STATE
49 INSURANCE FUND AS A PERCENTAGE OF TOTAL INVESTMENTS, COMMISSIONS OR
50 EXPENDITURES, AS APPLICABLE, FOR SUCH SERVICES BY THE STATE INSURANCE
51 FUND, AND (II) EFFORTS UNDERTAKEN DURING SUCH PERIOD TO SUPPORT THE
52 EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY; AND

53 C. A REGIME OF COORDINATION WITH THE DIVISION OF MINORITY AND
54 WOMEN-OWNED BUSINESS DEVELOPMENT TO IDENTIFY QUALIFIED EMERGING INVEST-
55 MENT MANAGERS AND MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY AND
56 WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION IN NEW YORK

1 STATE THAT PROVIDE PROFESSIONAL SERVICES TO CREATE A DATABASE OF SUCH
2 ENTITIES AND TO HAVE AN ANNUAL CONFERENCE TO PROMOTE THE EMERGING
3 INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY.

4 S 10. Paragraphs c, d, e and f of subdivision 2 of section 5 of the
5 state finance law are relettered paragraphs d, e, f and g and a new
6 paragraph c is added to read as follows:

7 C. (I) SUBJECT TO FIDUCIARY DUTIES OF THE DEFERRED COMPENSATION BOARD
8 AND SUCH OTHER INVESTMENT LIMITATIONS PRESCRIBED BY THIS CHAPTER, SUCH
9 BOARD SHALL ESTABLISH AN EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL
10 INSTITUTION STRATEGY WITH THE FOLLOWING GOALS:

11 (A) INVESTING NOT LESS THAN FIFTEEN PERCENT OF EXTERNALLY MANAGED
12 ASSETS OF THE DEFERRED COMPENSATION PLANS WITH EMERGING INVESTMENT
13 MANAGERS;

14 (B) CONDUCTING TRADES OF PUBLIC EQUITY AND FIXED INCOME SECURITIES
15 PRODUCING NOT LESS THAN THIRTY-FIVE PERCENT OF COMMISSIONS IN EACH
16 FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTITUTIONS IN CONNECTION WITH
17 PUBLIC EQUITY RELATED COMMISSIONS AND NOT LESS THAN TWENTY-FIVE PERCENT
18 OF COMMISSIONS IN EACH FISCAL YEAR DIRECTED TO MWBE FINANCIAL INSTI-
19 TUTIONS IN CONNECTION WITH FIXED INCOME RELATED COMMISSIONS;

20 (C) ALLOCATING INVESTMENTS OF ASSETS OF THE DEFERRED COMPENSATION
21 PLANS EITHER THROUGH DIRECT INVESTMENTS OR INDIRECTLY THROUGH SPECIAL
22 PROGRAMS INVOLVING EMERGING INVESTMENT MANAGERS IN EQUITY AND DEBT SECU-
23 RITIES OF MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES; AND

24 (D) INCREASING EXPENDITURES ON CONTRACTS FOR ACCOUNTING, BANKING,
25 FINANCIAL ADVISORY, INSURANCE, LEGAL, RESEARCH, VALUATION AND OTHER
26 PROFESSIONAL AND FINANCIAL SERVICES WITH MWBE FINANCIAL INSTITUTIONS AND
27 MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION
28 IN NEW YORK STATE THAT ARE PROFESSIONAL SERVICE FIRMS.

29 AS USED IN THIS SECTION, THE TERMS: "EMERGING INVESTMENT MANAGER" AND
30 "MWBE FINANCIAL INSTITUTIONS" SHALL HAVE THE SAME MEANINGS SPECIFIED IN
31 SECTION ONE HUNDRED SEVENTY-SIX OF THE RETIREMENT AND SOCIAL SECURITY
32 LAW, AND "MINORITY AND WOMEN-OWNED BUSINESS ENTERPRISE" SHALL HAVE THE
33 SAME MEANING SPECIFIED IN ARTICLE FIFTEEN-A OF THE EXECUTIVE LAW. THE
34 DEFERRED COMPENSATION BOARD SHALL ESTABLISH AND IMPLEMENT SUCH STRATEGY
35 PURSUANT TO THE PROVISIONS OF SUBPARAGRAPH (II) OF THIS PARAGRAPH.

36 (II) ONE YEAR AFTER THE EFFECTIVE DATE OF THIS PARAGRAPH, THE DEFERRED
37 COMPENSATION BOARD SHALL DEVELOP AND IMPLEMENT A PLAN TO ACHIEVE THE
38 GOALS SET FORTH IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, INCLUDING, WITH-
39 OUT LIMITATION, THE FOLLOWING GOALS:

40 (A) A PUBLIC RELATIONS CAMPAIGN TO ADVERTISE THE CREATION OF AND
41 CONTINUED EXISTENCE OF THE EMERGING INVESTMENT MANAGER AND MWBE FINAN-
42 CIAL INSTITUTION STRATEGY;

43 (B) ANNUAL REPORTING REGARDING: (1) INVESTMENTS WITH EMERGING INVEST-
44 MENT MANAGERS, COMMISSIONS WITH MWBE FINANCIAL INSTITUTIONS, AND ANNUAL
45 NON-COMMISSION EXPENDITURES (EXCLUDING INVESTMENT ALLOCATIONS) WITH
46 OTHER MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY OR WOMEN-OWNED
47 BUSINESS ENTERPRISES WITH A PRINCIPAL PRESENCE IN NEW YORK STATE THAT
48 PROVIDE FINANCIAL SERVICES OR OTHER PROFESSIONAL SERVICES TO THE
49 DEFERRED COMPENSATION PLANS AS A PERCENTAGE OF TOTAL INVESTMENTS,
50 COMMISSIONS OR EXPENDITURES, AS APPLICABLE, FOR SUCH SERVICES BY THE
51 DEFERRED COMPENSATION PLANS, AND (2) EFFORTS UNDERTAKEN DURING SUCH
52 PERIOD TO SUPPORT THE EMERGING INVESTMENT MANAGER AND MWBE FINANCIAL
53 INSTITUTION STRATEGY; AND

54 (C) A REGIME OF COORDINATION WITH THE DIVISION OF MINORITY AND WOMEN-
55 OWNED BUSINESS DEVELOPMENT TO IDENTIFY QUALIFIED EMERGING INVESTMENT
56 MANAGERS AND MWBE FINANCIAL INSTITUTIONS AND OTHER MINORITY AND

1 WOMEN-OWNED BUSINESS ENTERPRISES WITH A PRINCIPAL LOCATION IN NEW YORK
2 STATE THAT PROVIDE PROFESSIONAL SERVICES TO CREATE A DATABASE OF SUCH
3 ENTITIES AND TO HAVE AN ANNUAL CONFERENCE TO PROMOTE THE EMERGING
4 INVESTMENT MANAGER AND MWBE FINANCIAL INSTITUTION STRATEGY.

5 S 11. The provisions of this act are severable, and if any part or
6 provision hereof, or the application thereof to any person or circum-
7 stance, shall be adjudged by any court of competent jurisdiction to be
8 invalid or unenforceable, such judgment shall not affect, impair or
9 invalidate the remaining provisions of this act or the application of
10 any such remaining provisions to any person or circumstance, but shall
11 be confined in its operation to the provision, person or circumstance
12 directly involved in the controversy in which such judgment shall have
13 been rendered.

14 S 12. This act shall take effect on the ninetieth day after it shall
15 have become a law.