



General Assembly

February Session, 2024

Raised Bill No. 453

LCO No. 3463



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT CONCERNING INDEPENDENT REVIEW OF THE INVESTMENT PERFORMANCE OF THE STATE'S PENSION FUNDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) (1) Not later than January
2 1, 2025, the Office of Legislative Management shall issue a request for
3 proposals for the services of a private advisory firm with demonstrated
4 expertise in asset management and financial services, to conduct an
5 annual independent review of the investment performance of the state's
6 pensions funds. Any advisory firm with a conflict of interest shall be
7 disqualified from submitting a proposal. For purposes of this section, a
8 conflict of interest exists if the advisory firm (A) has an existing contract
9 with the office of the Treasurer or for investment management of the
10 state's pension funds, (B) has accepted any fees for work related to the
11 management of the state's pension funds, (C) employs an employee or
12 employees who are affiliated with or connected to the management of
13 the state's pension funds, or (D) is likely to engage in contract work
14 related to the management of the state's pension funds within twelve
15 months of the date a proposal is submitted.

16 (2) The Office of Legislative Management shall contract with an
17 advisory firm not later than January 1, 2026, and shall notify the
18 following of the firm selected: The speaker of the House of
19 Representatives, the president pro tempore of the Senate, the minority
20 leaders of the House of Representatives and the Senate, the chairpersons
21 and ranking members of the joint standing committee of the General
22 Assembly having cognizance of matters relating to finance, revenue and
23 bonding and the office of the Treasurer. If the Office of Legislative
24 Management is unable to enter into a contract by said date, said office
25 shall inform the chairpersons of said committee and shall provide a
26 projected date by which said office expects to enter into such contract.

27 (3) Any such contract shall include a provision that if any of the
28 conditions described under subparagraphs (A) to (D), inclusive, of
29 subdivision (1) of this subsection become applicable to the advisory
30 firm, the contract shall be terminated in accordance with an agreed-
31 upon timeframe. In the event a claim of a conflict of interest is raised
32 against such firm, the joint standing committee of the General Assembly
33 having cognizance of matters relating to finance, revenue and bonding
34 may examine the nature of the condition alleged to give rise to such
35 claim and provide to the Office of Legislative Management said
36 committee's conclusion of whether said committee believes any
37 condition exists that would be likely to unduly influence such advisory
38 firm or give an appearance of impropriety or bias.

39 (4) No advisory firm that contracts with the Office of Legislative
40 Management, or any employee of such firm in a decision-making
41 capacity related to asset management, may enter into a contract with,
42 receive any payments from or perform any work for the office of the
43 Treasurer or the state's pension funds for a period of two years
44 following the termination of a contract under this section with the Office
45 of Legislative Management.

46 (b) The advisory firm shall submit a report annually to the joint
47 standing committee of the General Assembly having cognizance of
48 matters relating to finance, revenue and bonding, in accordance with the

49 provisions of section 11-4a of the general statutes, for each year such
50 firm is providing services under the contract executed pursuant to
51 subsection (a) of this section. Such report shall include, but need not be
52 limited to, (1) a comparative analysis of the state's investment
53 performance, benchmarked against the performance of at least fifty peer
54 state public pension funds across aggregate performance, individual
55 asset class performance and short-term and long-term time periods, (2)
56 a comparison of the state's investment performance for each asset class
57 against commonly accepted financial benchmark indices used by a
58 majority of other states, and (3) any recommendations for
59 improvements in the investment management practices and processes
60 of the state's pension funds.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

Statement of Purpose:

To require the Office of Legislative Management to issue a request for proposals for an advisory firm to conduct an independent review of the investment performance of the state's pension funds relative to peer states' investment performance and submit a report of such review on an annual basis.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]