



General Assembly

January Session, 2025

Raised Bill No. 1557

LCO No. 7064



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT ESTABLISHING THE INVESTMENT BOARD AND 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. Section 3-12a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2027*):

3 In addition to the appointments [authorized] by the Investment
4 Board under section 3-13a, as amended by this act, the Treasurer may
5 appoint, as the Treasurer determines is necessary, officers and other
6 investment-related personnel in [other] divisions of the office of the
7 Treasurer other than the investment department, with the approval of
8 the Commissioner of Administrative Services and the Secretary of the
9 Office of Policy and Management. [Such officers and investment-related
10 personnel shall serve at the pleasure of the Treasurer.]

11 Sec. 2. Section 3-13a of the general statutes is repealed and the
12 following is substituted in lieu thereof (*Effective July 1, 2027*):

13 (a) (1) The [Treasurer, with the advice and consent of the Investment
14 Advisory Council] Investment Board established pursuant to subsection
15 (b) of section 3-13b, as amended by this act, shall appoint a chief
16 investment officer and may appoint a deputy chief investment officer,
17 principal investment officers, investment officers and other personnel to
18 assist the chief investment officer, for the Connecticut retirement
19 pension and trust funds, who shall serve at the pleasure of the
20 [Treasurer] board and whose compensation shall be determined by the
21 [Treasurer] board within salary ranges established by the [Treasurer in
22 consultation with the Investment Advisory Council] board. The
23 provisions of section 4-40 shall not apply to the compensation of such
24 officers and personnel.

25 (2) Any chief investment officer, deputy chief investment officer,
26 principal investment officer or other personnel who was appointed
27 pursuant to subdivision (1) of this subsection prior to July 1, 2027, shall
28 serve until the Investment Board appoints a successor or reappoints any
29 such officer or personnel.

30 (3) The chief investment officer shall be sworn to the faithful
31 discharge of duties under law and shall, under the direction of the
32 [Treasurer] Investment Board and subject to the provisions of sections
33 3-13 to 3-13d, inclusive, as amended by this act, and 3-31b, advise the
34 [Treasurer] board on investing the trust funds of the state. The chief
35 investment officer shall also perform such other duties as the [Treasurer]
36 board may direct.

37 (b) The [Treasurer] Investment Board may retain professional
38 investment counsel to evaluate and recommend to the [Treasurer] board
39 changes in the portfolio of the state's trust and other funds. Such counsel
40 shall inform the [Treasurer] board of suitable investment opportunities
41 and shall investigate the investment merit of any security or group of
42 securities.

43 (c) The cost of operating the investment department including the

44 cost of personnel and professional investment counsel retained under
45 sections 3-13 to 3-13d, inclusive, as amended by this act, and 3-31b shall
46 be paid by the Treasurer charging the income derived from the trust
47 funds.

48 Sec. 3. Section 3-13b of the general statutes is repealed and the
49 following is substituted in lieu thereof (*Effective July 1, 2027*):

50 (a) (1) There is created an Investment Advisory Council that shall
51 consist of the following:

52 (A) The Secretary of the Office of Policy and Management who shall
53 serve as an ex-officio member of said council;

54 (B) The Treasurer who shall serve as an ex-officio member of said
55 council;

56 (C) (i) Five public members, all of whom shall be experienced in
57 matters relating to investments. The Governor, the president pro
58 tempore of the Senate, the Senate minority leader, the speaker of the
59 House of Representatives and the minority leader of the House of
60 Representatives shall each appoint one such public member to serve for
61 a term of four years. The appointing authority shall fill all vacancies of
62 the public members;

63 (ii) Such public members shall recuse themselves from discussions or
64 votes related to any direct or indirect contract with such public member
65 or such member's business organization or affiliate for the provision of
66 any services for the investment of trust funds of the state;

67 (D) Three representatives of the teachers' unions, and two
68 representatives of the state employees' unions. On or before July 15,
69 1983, the teachers' unions shall jointly submit to the Treasurer a list of
70 three nominees, and the state employees' unions or a majority thereof
71 who represent a majority of state employees shall jointly submit to the
72 Treasurer a list of two nominees. On or before July 30, 1983, the

73 Governor shall appoint five members of the council from such lists, for
74 terms of two years. Any person appointed to fill a vacancy or to be a
75 new member at the expiration of a given term, whose predecessor in
76 that position was either a representative of one of the teachers' unions
77 or one of the state employees' unions, shall also be a representative of
78 such respective union group. Any such appointee shall be appointed by
79 the Governor from a list of nominees submitted to the Treasurer by the
80 teachers' unions or state employees' unions or such majority thereof, as
81 the case may be, within thirty days of notification by the Treasurer of
82 the existence of a vacancy or a prospective vacancy, or the expiration or
83 prospective expiration of a term.

84 (2) All members of the council shall serve until their respective
85 successors are appointed and have qualified. No public member of the
86 council shall serve more than two consecutive terms.

87 ~~[(b)]~~ (3) The Governor shall designate one of the members to be
88 chairperson of the council to serve as such at the Governor's pleasure.
89 The Treasurer shall serve as secretary of said council. A majority of the
90 members of the council then in office shall constitute a quorum for the
91 transaction of any business, and action shall be by the vote of a majority
92 of the members present at a meeting. Votes by members on investment
93 policies shall be recorded in the minutes of each meeting. Members of
94 said council shall not be compensated for their services but shall be
95 reimbursed for all necessary expenses incurred in the performance of
96 their duties as members of said council. The council shall meet at least
97 once during each calendar quarter and at such other times as the
98 chairperson deems necessary or upon the request of a majority of the
99 members in office. Special meetings shall be held at the request of such
100 majority after notice in accordance with the provisions of section 1-225.
101 Any member who fails to attend three consecutive meetings or who fails
102 to attend fifty per cent of all meetings held during any calendar year
103 shall be deemed to have resigned from office.

104 (b) (1) On and after July 1, 2027, the Investment Board shall be a

105 successor agency to the Investment Advisory Council. The term of each
106 public member and union representative in office on June 30, 2026, shall
107 end on July 1, 2027. The Investment Board shall consist of the following:

108 (A) The Governor who shall serve as an ex-officio member of the
109 board, or the Governor's designee;

110 (B) The Treasurer who shall serve as an ex-officio member of the
111 board;

112 (C) (i) Five public members, all of whom are experienced in matters
113 relating to investments, appointed by the Governor with the advice and
114 consent of the General Assembly;

115 (ii) Such public members shall recuse themselves from discussions or
116 votes related to any direct or indirect contract with such public member
117 or such member's business organization or affiliate for the provision of
118 any services for the investment of trust funds of the state;

119 (D) Three representatives of the teachers' unions, who shall be
120 appointed by the Governor from a list of nominees submitted by the
121 teachers' unions or a majority thereof that represents a majority of
122 teachers; and

123 (E) Two representatives of the state employees' unions, who shall be
124 appointed by the Governor from a list of nominees submitted by the
125 state employees' unions or a majority thereof that represents a majority
126 of state employees.

127 (2) Each member appointed under subparagraphs (C) to (E),
128 inclusive, of subdivision (1) of this subsection shall serve a term of four
129 years. The Governor shall fill any vacancy for the unexpired term of a
130 member appointed under subparagraph (C) of subdivision (1) of this
131 subsection. The Governor shall fill any vacancy for the unexpired term
132 of a member appointed under subparagraph (D) or (E) of subdivision
133 (1) of this subsection from a new list of nominees submitted by the

134 applicable unions.

135 (3) The Treasurer shall serve as chairperson of the Investment Board.
136 A majority of the members of the board then in office shall constitute a
137 quorum for the transaction of any business and action shall be by the
138 vote of a majority of the members present at a meeting. Votes by
139 members on investment policies shall be recorded in the minutes of each
140 meeting. Members of the board shall not be compensated for their
141 services but shall be reimbursed for all necessary expenses incurred in
142 the performance of their duties as members of the board. The board shall
143 meet at least once during each calendar quarter and at such other times
144 as the chairperson deems necessary or upon the request of a majority of
145 the members in office. Special meetings shall be held at the request of
146 such majority after notice in accordance with the provisions of section
147 1-225. Any member who fails to attend three consecutive meetings or
148 who fails to attend fifty per cent of all meetings held during any
149 calendar year shall be deemed to have resigned from office.

150 (c) (1) The [Treasurer] Investment Board shall recommend [to the
151 Investment Advisory Council] an investment policy statement that
152 [shall set] sets forth the standards governing investment of trust funds
153 by the Treasurer, which are determined by the board to be in the best
154 interest of the state. Such statement shall include, with respect to each
155 trust fund, without limitation, (A) investment objectives; (B) asset
156 allocation policy and risk tolerance; (C) asset class definitions, including
157 specific types of permissible investments within each asset class and any
158 specific limitations or other considerations governing the investment of
159 any funds; (D) investment manager guidelines; (E) investment
160 performance evaluation guidelines; (F) guidelines for the selection and
161 termination of providers of investment-related services who shall
162 include, but not be limited to, investment advisors, external money
163 managers, investment consultants, custodians, broker-dealers, legal
164 counsel, and similar investment industry professionals; and (G) proxy
165 voting guidelines. A draft of the statement shall be [submitted to the
166 Investment Advisory Council at a meeting of said council and shall be]

167 made available to the public [. Notice of such availability shall be
168 published in at least one newspaper having a general circulation in each
169 municipality in the state which publication shall be not less than two
170 weeks prior to such meeting. Said council shall review the draft
171 statement and shall publish any recommendations it may have for
172 changes to such statement in the manner provided for publication of the
173 statement by the Treasurer. The Treasurer shall thereafter adopt the
174 statement, including any such changes the Treasurer deems
175 appropriate, with the approval of a majority of the members appointed
176 to said council. If a majority of the members appointed to said council
177 fail to approve such statement, such majority shall provide the reasons
178 for its failure to approve to the Treasurer who may submit an amended
179 proposed statement at a subsequent regular or special meeting of said
180 council. Such revised proposed statement shall be made available to the
181 public in accordance with the provisions of the Freedom of Information
182 Act, as defined in section 1-200. Any revisions or additions to the
183 investment policy statement shall be made in accordance with the
184 procedures set forth in this subdivision for the adoption of the
185 statement. The Treasurer] and the board shall thereafter adopt the
186 statement, including any changes the board deems to be in the best
187 interest of the state and that are approved by a majority of the members
188 in office. The board shall annually review the investment policy
189 statement and [shall consult with the Investment Advisory Council
190 regarding possible revisions to such statement] make available to the
191 public any changes the board deems to be in the best interest of the state
192 and that are approved by a majority of the members in office. The board
193 shall thereafter adopt such revised statement.

194 (2) [All] The Investment Board shall oversee all trust fund
195 investments [by the Treasurer shall be reviewed by the Investment
196 Advisory Council. The Treasurer shall provide to the council all
197 information regarding such investments which the Treasurer deems
198 relevant to the council's review and such other information as may be
199 requested by the council. The Treasurer shall provide a report at each

200 regularly scheduled meeting of the Investment Advisory Council as to
201 the status of the trust funds and any significant changes that may have
202 occurred or that may be pending with regard to the funds. The council]
203 and shall promptly notify the Auditors of Public Accounts and the
204 Comptroller of any unauthorized, illegal, irregular or unsafe handling
205 or expenditure of trust funds or breakdowns in the safekeeping of trust
206 funds or contemplated action to do the same within said council's
207 knowledge. [The Governor may direct the Treasurer to change any
208 investments made by the Treasurer when in the judgment of said
209 council such action is for the best interest of the state. Said council] The
210 board shall make available to the public monthly investment
211 performance reports and detailed quarterly investment performance
212 reports that clearly show external investment manager performance and
213 fees and benchmarks to investment performances of peer states, as
214 defined by the board. The board shall, at the close of [the] each fiscal
215 year, make a complete examination of the security investments of the
216 state and determine as of June thirtieth, the value of such investments
217 [in the custody of the Treasurer] overseen by the board and report
218 thereon to the Governor, the General Assembly and beneficiaries of such
219 trust funds. [administered, held or invested by the Treasurer. With the
220 approval of the Treasurer and the council, such report may be included
221 in the Treasurer's annual report.]

222 (d) The Investment [Advisory Council] Board shall be within the
223 office of the Treasurer for administrative purposes only.

224 (e) For the purposes of this section, "teachers' union" means a
225 representative organization for certified professional employees, as
226 defined in section 10-153b, and "state employees' union" means an
227 organization certified to represent state employees, pursuant to section
228 5-275.

229 Sec. 4. Section 3-39b of the general statutes is repealed and the
230 following is substituted in lieu thereof (*Effective July 1, 2027*):

231 Any state funds invested by the Treasurer shall be for the benefit of
232 the General Fund and all interest earned on such funds shall be credited
233 to the General Fund unless: (1) Otherwise provided by a state statute or
234 bond indenture, (2) a written application is made by the head of any
235 state department, institution, board, commission or other state agency
236 citing a court order, federal regulation, terms of a grant or donation or
237 other unusual circumstance, provided the Treasurer may file with the
238 State Comptroller and the Auditors of Public Accounts any exception to
239 such application, or (3) the [Treasurer] Investment Board established
240 pursuant to subsection (b) of section 3-13b, as amended by this act,
241 deems that it is in the best interest of the state that the investment of
242 such funds and any earning therefrom be for the benefit of and credited
243 to another fund.

244 Sec. 5. Subdivision (11) of section 1-79 of the general statutes is
245 repealed and the following is substituted in lieu thereof (*Effective July 1,*
246 *2027*):

247 (11) "Public official" means any state-wide elected officer or officer-
248 elect, any member or member-elect of the General Assembly, any person
249 appointed to any office of the legislative, judicial or executive branch of
250 state government by the Governor or an appointee of the Governor,
251 with or without the advice and consent of the General Assembly, any
252 public member or representative of the teachers' unions or state
253 employees' unions appointed to the Investment [Advisory Council]
254 Board pursuant to subsection [(a)] (b) of section 3-13b, as amended by
255 this act, any person appointed or elected by the General Assembly or by
256 any member of either house thereof, any member or director of a quasi-
257 public agency and the spouse of the Governor, but does not include a
258 member of an advisory board, a judge of any court either elected or
259 appointed or a senator or representative in Congress.

260 Sec. 6. Subdivision (1) of subsection (a) of section 1-83 of the general
261 statutes is repealed and the following is substituted in lieu thereof
262 (*Effective July 1, 2027*):

263 (a) (1) All state-wide elected officers, members of the General
264 Assembly, department heads and their deputies, members or directors
265 of each quasi-public agency, members of the Investment [Advisory
266 Council] Board established under subsection (b) of section 3-13b, as
267 amended by this act, and such members of the Executive Department
268 and such employees of quasi-public agencies as the Governor shall
269 require, shall file electronically with the Office of State Ethics using the
270 software created by the office, under penalty of false statement, a
271 statement of financial interests for the preceding calendar year on or
272 before the May first next in any year in which they hold such an office
273 or position. If, in any year, May first falls on a weekend or legal holiday,
274 such statement shall be filed not later than the next business day. Any
275 such individual who leaves his or her office or position shall file
276 electronically a statement of financial interests covering that portion of
277 the year during which such individual held his or her office or position.
278 The Office of State Ethics shall notify such individuals of the
279 requirements of this subsection not later than sixty days after their
280 departure from such office or position. Such individuals shall file such
281 statement electronically not later than sixty days after receipt of the
282 notification.

283 Sec. 7. Subsection (e) of section 3-13d of the general statutes is
284 repealed and the following is substituted in lieu thereof (*Effective July 1,*
285 *2027*):

286 (e) Notwithstanding any provision of the general statutes, neither the
287 Treasurer, the Deputy Treasurer nor any acting Treasurer shall make a
288 private equity or real estate investment without the approval of the
289 Investment [Advisory Council] Board, for the balance of the Treasurer's
290 term of office, on or after any of the following events: (1) The defeat of
291 the Treasurer (A) in a ballot for the party nomination for Treasurer at a
292 convention where said Treasurer was a candidate for nomination, (B) in
293 a primary for nomination for said office where said Treasurer was a
294 candidate for nomination, or (C) upon the completion of a recanvass of
295 the returns from such primary under section 9-445 or 9-446, whichever

296 is later, (2) the defeat of the Treasurer (A) in the election for said office
297 or (B) upon the completion of a recanvass of the returns from such
298 election under section 9-311, 9-311a or 9-311b, or (3) the resignation of
299 the Treasurer.

300 Sec. 8. Subsections (c) and (d) of section 3-13g of the general statutes
301 are repealed and the following is substituted in lieu thereof (*Effective July*
302 *1, 2027*):

303 (c) The State Treasurer (1) may divest, decide to not further invest
304 state funds or not enter into any future investment in any company
305 doing business in Iran; and (2) shall divest and not further invest in any
306 security or instrument issued by Iran. In determining whether to divest
307 state funds in accordance with the provisions of subdivision (1) of this
308 subsection, the factors that the Treasurer shall consider shall include,
309 but not be limited to, the following: (A) Revenues paid by such company
310 directly to the government of Iran; (B) whether the company is doing
311 business in Iran that involves contracts with or provision of supplies or
312 services to (i) the government of Iran, (ii) companies in which the
313 government of Iran has any direct or indirect equity share, (iii) consortia
314 or projects commissioned by the government of Iran, or (iv) companies
315 involved in consortia or projects commissioned by the government of
316 Iran where such business involves oil-related activities, mineral
317 extraction activities, investments that directly and significantly
318 contribute to the development of Iran's petroleum resources or any
319 other business activity that has been made the subject of economic
320 sanctions imposed by the United States government; (C) whether the
321 company has demonstrated complicity with an Iranian organization
322 that has been identified as a terrorist organization by the United States
323 government; (D) whether such company knowingly obstructs lawful
324 inquiries into its operations and investments in Iran; (E) whether such
325 company attempts to circumvent any applicable sanctions of the United
326 States; (F) the extent of any humanitarian activities undertaken by such
327 company in Iran; (G) whether such company is authorized by the
328 federal government of the United States to do business in Iran; and (H)

329 any other factor that the Treasurer deems prudent. In the event that the
330 Treasurer determines that divestment of state funds is warranted from
331 a company in which state funds are invested due to such company
332 doing business in Iran, the Treasurer shall give notice to such company
333 that such funds shall be divested from such company for as long as such
334 company does business in Iran.

335 (d) The State Treasurer shall, at least once per fiscal year, provide a
336 report to the Investment [Advisory Council] Board on actions taken by
337 the Treasurer pursuant to the provisions of this section.

338 Sec. 9. Section 3-13i of the general statutes is repealed and the
339 following is substituted in lieu thereof (*Effective July 1, 2027*):

340 (a) On and after January 1, 2001, or on and after the first adoption of
341 an investment policy statement under section 3-13b of the general
342 statutes, revision of 1958, revised to January 1, 2025, whichever is later,
343 any contract for services related to the investment of trust funds, as
344 defined in section 3-13c, shall be subject to [the] such investment policy
345 statement, [adopted under section 3-13b] except that any contract for
346 services related to the investment of such trust funds, entered into on or
347 after the first adoption of an investment policy statement by the
348 Investment Board under subsection (c) of section 3-13b, as amended by
349 this act, shall be subject to the investment policy statement under
350 subsection (c) of section 3-13b, as amended by this act.

351 (b) No contract for services related to the investment of such funds
352 shall be awarded to a provider of such services until the Treasurer's
353 recommendation of a provider is reviewed by the Investment [Advisory
354 Council] Board. The Treasurer shall provide notice of such
355 recommendation at a meeting of the [council] board. Not later than
356 forty-five days after such meeting, the [council] board may file a written
357 review of the Treasurer's recommendation concerning the selection of
358 such provider with the [Office] office of the Treasurer where it shall be
359 available for public inspection. The Treasurer may proceed to award the

360 contract after such forty-five-day period.

361 Sec. 10. Subsections (c) and (d) of section 3-21e of the general statutes
362 are repealed and the following is substituted in lieu thereof (*Effective July*
363 *1, 2027*):

364 (c) The State Treasurer (1) may divest, decide to not further invest
365 state funds or not enter into any future investment in any company
366 doing business in Sudan, and (2) shall divest and not further invest in
367 any security or instrument issued by Sudan. In determining whether to
368 divest state funds in accordance with the provisions of subdivision (1)
369 of this subsection, the factors [which] that the Treasurer shall consider
370 shall include, but not be limited to, the following: (A) Revenues paid by
371 such company directly to the government of Sudan, (B) whether such
372 company supplies infrastructure or resources used by the government
373 of Sudan to implement its policies of genocide in Darfur or other regions
374 of Sudan, (C) whether such company knowingly obstructs lawful
375 inquiries into its operations and investments in Sudan, (D) whether such
376 company attempts to circumvent any applicable sanctions of the United
377 States, (E) the extent of any humanitarian activities undertaken by such
378 company in Sudan, (F) whether such company is engaged solely in the
379 provision of goods and services intended to relieve human suffering, or
380 to promote welfare, health, education, religious or spiritual activities,
381 (G) whether such company is authorized by the federal government of
382 the United States to do business in Sudan, (H) evidence that such
383 company has engaged the government of Sudan to cease its abuses in
384 Darfur or other regions in Sudan, (I) whether such company is engaged
385 solely in journalistic activities, and (J) any other factor that the Treasurer
386 deems prudent. In the event that the Treasurer determines that
387 divestment of state funds is warranted from a company in which state
388 funds are invested due to such company doing business in Sudan, the
389 Treasurer shall give notice to such company that such funds shall be
390 divested from such company for as long as such company does business
391 in Sudan.

392 (d) The State Treasurer shall, at least once per fiscal year, provide
393 reports to the Investment [Advisory Council] Board on actions taken by
394 the Treasurer pursuant to the provisions of this section.

395 Sec. 11. Subsection (a) of section 3-37 of the general statutes is
396 repealed and the following is substituted in lieu thereof (*Effective July 1,*
397 *2027*):

398 (a) The Treasurer shall, annually, on or before December thirty-first,
399 submit a final audited report to the Governor and a copy of such report
400 to the Investment [Advisory Council] Board, which shall include the
401 following information concerning the activities of the office of the State
402 Treasurer for the immediately preceding fiscal year ending June
403 thirtieth: (1) Complete financial statements and accompanying footnotes
404 for the combined investment funds prepared in accordance with
405 generally accepted accounting principles, which financial statements
406 shall be audited in accordance with generally accepted auditing
407 standards and supplementary schedules depicting the interests of the
408 component retirement plans and trust funds; (2) complete financial
409 statements and accompanying footnotes for the Short Term Investment
410 Fund prepared in accordance with generally accepted accounting
411 principles and supplementary schedules listing all assets held by the
412 Short Term Investment Fund; (3) a discussion and review of the
413 performance of the combined investment funds and Short Term
414 Investment Fund for such fiscal year in accordance with recognized and
415 appropriate performance presentation and disclosure, including an
416 analysis of the return earned by the portfolio and each combined
417 investment fund as well as the risk profile of the portfolio and each
418 combined investment fund according to investment industry standards;
419 (4) the activities and transactions in such reasonable detail as is
420 appropriate of the cash management division including information on
421 the state's cash receipts and disbursements for the fiscal year, and the
422 debt management division; (5) financial statements and accompanying
423 footnotes as well as a summary of operating results for the Second Injury
424 Fund for such fiscal year; (6) a financial summary and report on the

425 activities of the state's unclaimed property program for such fiscal year;
426 (7) a listing of the companies from which state funds were divested
427 based upon such companies' business in Sudan, pursuant to the
428 provisions of section 3-21e, as amended by this act, and any companies
429 identified by the Treasurer as companies from which investment of state
430 funds has been declared impermissible by the Treasurer, pursuant to the
431 provisions of section 3-21e, as amended by this act; and (8) such other
432 information as the Treasurer deems of interest to the public.

433 Sec. 12. Subdivisions (3) and (4) of subsection (e) of section 9-612 of
434 the general statutes are repealed and the following is substituted in lieu
435 thereof (*Effective July 1, 2027*):

436 (3) Neither the State Treasurer, the Deputy State Treasurer, any
437 unclassified employee of the office of the State Treasurer acting on
438 behalf of the State Treasurer or Deputy State Treasurer, any candidate
439 for the office of State Treasurer, any member of the Investment
440 [Advisory Council] Board established under subsection (b) of section 3-
441 13b, as amended by this act, nor any agent of any such candidate may
442 knowingly, wilfully or intentionally solicit contributions on behalf of an
443 exploratory committee or candidate committee established by a
444 candidate for nomination or election to any public office, a political
445 committee or a party committee, from a principal of an investment
446 services firm. The provisions of this subdivision shall apply only to
447 contributions and the solicitation of contributions that are not
448 prohibited under subdivision (3) of subsection (f) of this section.

449 (4) No member of the Investment [Advisory Council] Board
450 appointed under subsection (b) of section 3-13b, as amended by this act,
451 shall make a contribution to, or solicit contributions on behalf of, an
452 exploratory committee or candidate committee established by a
453 candidate for nomination or election to the office of State Treasurer.

454 Sec. 13. (NEW) (*Effective from passage*) (a) (1) Not later than January 1,
455 2026, the Office of Legislative Management shall issue a request for

456 proposals for the services of a private advisory firm with demonstrated
457 expertise in asset management and financial services, to conduct an
458 annual independent review of the investment performance of the state's
459 pensions funds. Any advisory firm with a conflict of interest shall be
460 disqualified from submitting a proposal. For purposes of this section, a
461 conflict of interest exists if the advisory firm (A) has an existing contract
462 with the office of the Treasurer or for investment management of the
463 state's pension funds, (B) has accepted any fees for work related to the
464 management of the state's pension funds, (C) employs an employee or
465 employees who are affiliated with or connected to the management of
466 the state's pension funds, or (D) is likely to engage in contract work
467 related to the management of the state's pension funds within twelve
468 months of the date a proposal is submitted.

469 (2) The Office of Legislative Management shall contract with an
470 advisory firm not later than January 1, 2027, and shall notify the
471 following of the firm selected: The speaker of the House of
472 Representatives, the president pro tempore of the Senate, the minority
473 leaders of the House of Representatives and the Senate, the chairpersons
474 and ranking members of the joint standing committee of the General
475 Assembly having cognizance of matters relating to finance, revenue and
476 bonding and the office of the Treasurer. If the Office of Legislative
477 Management is unable to enter into a contract by said date, said office
478 shall inform the chairpersons of said committee and shall provide a
479 projected date by which said office expects to enter into such contract.

480 (3) Any such contract shall include a provision that if any of the
481 conditions described under subparagraphs (A) to (D), inclusive, of
482 subdivision (1) of this subsection become applicable to the advisory
483 firm, the contract shall be terminated in accordance with an agreed-
484 upon timeframe set forth in such contract.

485 (4) No advisory firm that contracts with the Office of Legislative
486 Management, or any employee of such firm in a decision-making
487 capacity related to asset management, may enter into a contract with,

488 receive any payments from or perform any work for the office of the
 489 Treasurer or the state's pension funds for a period of two years
 490 following the termination of a contract under this section with the Office
 491 of Legislative Management.

492 (b) The advisory firm shall submit a report annually to the joint
 493 standing committee of the General Assembly having cognizance of
 494 matters relating to finance, revenue and bonding, in accordance with the
 495 provisions of section 11-4a of the general statutes, for each year such
 496 firm is providing services under the contract executed pursuant to
 497 subsection (a) of this section. Such report shall include, but need not be
 498 limited to, (1) a comparative analysis of the state's investment
 499 performance, benchmarked against the performance of at least fifty peer
 500 state public pension funds across aggregate performance, individual
 501 asset class performance and short-term and long-term time periods, (2)
 502 a comparison of the state's investment performance for each asset class
 503 against commonly accepted financial benchmark indices used by a
 504 majority of other states, and (3) any recommendations for
 505 improvements in the investment management practices and processes
 506 of the state's pension funds.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2027</i>	3-12a
Sec. 2	<i>July 1, 2027</i>	3-13a
Sec. 3	<i>July 1, 2027</i>	3-13b
Sec. 4	<i>July 1, 2027</i>	3-39b
Sec. 5	<i>July 1, 2027</i>	1-79(11)
Sec. 6	<i>July 1, 2027</i>	1-83(a)(1)
Sec. 7	<i>July 1, 2027</i>	3-13d(e)
Sec. 8	<i>July 1, 2027</i>	3-13g(c) and (d)
Sec. 9	<i>July 1, 2027</i>	3-13i
Sec. 10	<i>July 1, 2027</i>	3-21e(c) and (d)
Sec. 11	<i>July 1, 2027</i>	3-37(a)
Sec. 12	<i>July 1, 2027</i>	9-612(e)(3) and (4)
Sec. 13	<i>from passage</i>	New section

Statement of Purpose:

To (1) establish the Investment Board and sunset the Investment Advisory Council, and (2) 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 performances 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.]