



# ISSUE BRIEF

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## Senate Bill 1671: Emerging Investment Managers

**IMRF Position:**  
NEUTRAL

**Sponsor(s):**  
**Senator Martinez**

## Proposed Change in the Law

This bill would define “emerging investment manager” as a minority- or women-owned manager or manager owned by a person with a disability that has an investment portfolio of between \$10M and \$10B at the time of the initial contract. Also excludes contracts for investment services with an emerging investment manager from the competitive bid requirements for awarding investment contracts.

## Reasons for Position

The changes in this bill would make some tracking and accounting of emerging managers easier. IMRF currently has 6 managers who would fall under the provisions of this bill (their AUM were less than \$10B at the time of initial contract, but are currently greater than that amount). Any company that is first retained after having grown their AUM to more than \$10B could no longer qualify as an “emerging” manager, but would still be tracked under the general “minority” manager categories.

In the provisions regarding excluding emerging investment managers from the competitive bid requirements, this was done to address an area of potential concern by some managers that some funds are using the competitive bid process to limit the awards to emerging managers.

The provision in this bill regarding the change in the emerging manager definition is to address a concern by managers that “graduated” beyond the \$10B threshold that they would be removed from the portfolios of some funds because their inclusion could no longer be included in the target goals for emerging managers.

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