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# *Commission Meeting*

of

## DISPARITY IN STATE PROCUREMENT STUDY COMMISSION

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**LOCATION:** Committee Room 10  
State House Annex  
Trenton, New Jersey

**DATE:** October 29, 2019  
10:00 a.m.

**MEMBERS OF COMMISSION PRESENT:**

Hester Agudosi, Esq., Chair  
Senator Ronald L. Rice, Vice Chair  
Assemblywoman Annette Chaparro  
Assemblywoman Nancy J. Pinkin  
Assemblywoman Britnee N. Timberlake  
Andrew Antuna (for Senator Nellie Pou)  
Maurice Griffin, Esq.  
Jason Martucci, Esq. (for Melanie Walter, Esq.)  
Erin Rice (for Senator Richard J. Codey)  
Alex Solomon (for Senators Chris A. Brown and Declan J. O'Scanlon Jr)  
Ricky Stephens (for Assemblyman Jamel C. Holley)



**ALSO PRESENT:**

Tracey Pino Murphy  
*Office of Legislative Services*  
*Commission Aide*

*Meeting Recorded and Transcribed by*  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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**HESTER AGUDOSI, Esq. (Chair):** Good morning.

We are going to call to order the meeting of the Disparity in State Procurement Study Commission.

My name is Hester Agudosi; I serve as Chair of this Commission. And as part of our process, I will begin with a roll call.

Please note that an agenda and meeting notice was previously sent out to all the Commission members. And I received, through my office, confirmation that either the members themselves would attend or a surrogate.

So beginning with roll call, Senator Ronald L. Rice.

**SENATOR RONALD L. RICE (Vice Chair):** I'm here.

MS. AGUDOSI: Honorable Chris A. Brown.

MR. SOLOMON: Sorry; Alex Solomon, on behalf of Senator Chris Brown and Senator Declan O'Scanlon.

MS. AGUDOSI: Thank you.

Honorable Annette Chaparro. (no response)

I received a message that she is on her way and will be somewhat late.

Honorable Sandra Cunningham. (no response)

SENATOR RICE: For the record, she's downstairs. They called a meeting with another Committee, Judiciary-- Or, not Judiciary, but dealing with some criminal justice stuff, with the Chief Justice -- not the Chief Justice, but some Supreme Court justices.

MS. AGUDOSI: Okay, so she will not -- we should not expect her?

SENATOR RICE: Well, I'm not sure. She's in the building--

MS. AGUDOSI: Okay.

SENATOR RICE: --at another meeting; yes.

MS. AGUDOSI: Thank you.

Honorable Richard -- Former Governor Richard J. Codey.

MS. RICE: Erin Rice, Chief of Staff to Governor Codey.

MS. AGUDOSI: Thank you.

Maurice Griffin.

MR. GRIFFIN: Present.

MS. AGUDOSI: Honorable Jamel Holley. (no response)

Honorable Nancy Muñoz. (no response)

Honorable Nancy J. Pinkin.

I believe we have a representative who is on the line for Assemblywoman Pinkin. Can you please acknowledge that you're still on the line?

MS. MURRAY: Sure, sure. This is Jessica Murray, Director of Policy for Assemblywoman Pinkin. She should be joining us as well.

MS. AGUDOSI: Thank you.

Honorable Nellie Pou.

MR. ANTUNA: I am Andrew Antuna, Legislative Aide, here on Senator Nellie Pou's behalf.

MS. AGUDOSI: Thank you.

Honorable Britnee Timberlake. (no response)

And Melanie Walter.

MR. MARTUCCI: Jason Martucci, Local Government Services, on behalf of Director Walter.

MS. AGUDOSI: Okay, thank you.

SENATOR RICE: So Madam Chair, I want to make a comment for the record.

Would you make certain that you take a look -- have staff take a look at the members on the Disparity Commission, and let me know which members have attended meetings -- whether it was one or more -- and which ones have never attended a meeting? I need to know that.

And I need to say, for the record, the Disparity Commission is a very, very important Commission. It deals with racial issues and discrimination, and we have a deadline to meet. And I think for legislators to accept positions on this Commission and not attend-- And the reason why you can't make them all -- that's disturbing to me, even though I do know that the Assembly is in the election now, and it's election season. But it's still not an excuse not to make meetings.

I know some members have other jobs; and if the job is not going to allow them to make these meetings then they should not be on the Commission, because it's going to totally require input. As soon as we prepare a document to present to the Governor and the Legislature with our findings, they're going to have something negative to say about it, in some cases. And that's going to offend me.

So this is State Senator Ronald L. Rice speaking, just for the record; but I want to make sure that that's clearly in the record. And I want that list so I can share it with my members, and ask them if there's a problem, ask them if they should be removed -- okay? -- or what have you. This, to me, is serious, as a black person, as a black Senator, and as the sponsor of the legislation, period.

MS. AGUDOSI: Thank you, Senator Rice; duly noted.

We will do an accounting, and have that information to you by the end of the week.

It appears that there are some other persons who may have joined us on the conference line -- so I'm going to ask if you could just please identify yourself -- in addition to Mr. Greene, who just noted his presence.

ASSEMBLYWOMAN PINKIN: Assemblywoman Pinkin.

MS. AGUDOSI: Good morning, Assemblywoman.

We just finished the roll call, and Senator Rice just placed on the record his concern about the attendance of the Commission members.

And so, at this time, I'm going to read the pertinent language of the enabling legislation.

“The purpose of the Disparity in State Procurement Study Commission is to assess the procurement of goods and services by State departments and agencies, including independent State authorities and local government units, to determine disparities, if any, between the availability and utilization of small, disadvantaged, and minority- and women-owned business enterprises in particular market areas.

“The Commission shall recommend policies, practices, and programs that further this State's efforts to promote opportunities for small, disadvantaged, and minority- and women-owned business enterprises in purchasing and procurement by State departments and agencies, including independent State authorities and local government units.”

Now, with respect to Old Business -- noted on the agenda is that we are going to have, subsequent to our meeting, a Delegated Purchase Authority subcommittee meeting.

Persons who have volunteered to participate on the subcommittee, in addition to myself and Senator Rice, are Maurice Griffin, Assemblywoman Pinkin, Melanie Walter from Local Government Services, and Assemblywoman Chaparro. If there is anyone else who I did not indicate who is interested in participating, I ask that you please make me aware of that now, and that subcommittee meeting will immediately follow our general meeting.

We just have two speakers who are going to be providing testimony to us today, in furtherance of our examination of the State's contracting process and its impact on minority-, women-, and veteran-owned businesses, small and disadvantaged businesses; as well as its impact on some of the key stakeholders and procurement.

The first person who I'm going to ask to come to the table to present testimony to us is Megan Carton, who is the Director of Marketing for Ferreira Construction.

I would note that I've had the opportunity to work with Megan, who also serves on the State Supplier Diversity Development Council. That is a Council that is under the umbrella of the Board of Public Utilities, with a mission to increase the participation of minority- and women-owned businesses as it relates to the utilities and regulated utilities here in the state.

Megan is, as I indicated, employed by Ferreira Construction; that's a large, prime contractor that has been very active in working on contracts here in the state. And I believe that she will be able to just share some information and insight, from her vantage point of a prime contractor, in trying to utilize minority- and women-owned businesses on State jobs, and what challenges, if any, are presented.

Thank you.

**MEGAN CARTON:** Thank you very much for the opportunity to speak today.

As Hester had indicated, we are a prime contractor for construction. What's unique about us, as well, is that we are also an MBE firm.

Some of the issues that we run into that I wanted to bring to the attention of this Commission are with regards to the directory. The SAVI directory that the State of New Jersey currently has lists minority, women, and small business enterprises in its directory.

Its coding system is a little difficult to maneuver when you are soliciting for minority participation on State contracts. And, specifically, there are two divisions of coding: there's *commodity* and then there are *craft codes* in the directory. When we are looking for a curb and sidewalk subcontractor, as an example, we will look under craft codes. Commodity codes are specifically for professional services -- this is my understanding -- and craft codes are for construction services.

A lot of times I have found that the minorities that are listed in the directory either have outdated information or they are coded improperly. So it makes it difficult for us to attain the goal, whether it be 25 percent small business -- which is currently what we have, because there isn't a minority- or women-owned business participation yet for the State. As an example, a few years ago I vetted the New Jersey UCP Directory, which is specific to Disadvantaged Business Enterprises. There were over a thousand names in that directory -- or a thousand firms, 232 of which could perform heavy construction services.

I think it's important to distinguish between *building contractors* and *heavy/highway contractors* when looking at the directory, because it is different.

I think that you'll find that there are also engineering firms that have construction codes, and so that makes it confusing as well. So if you're looking up a code and you get a list of a hundred names for heavy/highway, there will inevitably be engineering firms that are in that listing as well. So it is important for these minority firms, that are seeking to do business, to have the proper coding so that they can get our -- when we go out to do a good-faith effort, they are receiving our notifications. If they're not coded properly, they won't receive those notifications and, therefore, will miss out on an opportunity to work with us as a second-tier sub.

Thank you.

MS. AGUDOSI: Thank you, Megan.

Can you give us-- I just want to dig into that a little bit deeper.

So you're saying there's a difference between *regular construction* and *heavy/highway construction*. So can you just explain what those differences are, and how that would impact who you're looking for when you're sourcing a particular type of contractor?

MS. CARTON: Absolutely.

So with regards to building versus heavy/highway, building contractors -- if there's foundation work and things like that, that is specific to a building, it is different than that of foundation work for a bridge. There's going to be different requirements, as per the specification; and so there are certain people who are more -- how do I put this -- who are better at doing a

building foundation -- if that's their type of work -- than they would be at doing a bridge foundation.

Another example would be, you have painters -- right? -- so they're coded under a painting code. Well, bridge painting is very different than painting a wall inside a building. So if you don't distinguish those codes, then they're bunched all together. I've had a couple instances where I've been approached, during some of our outreach programs or some of our SDDC and diversity outreach conferences, by people who were coded under *electrician*. Heavy/highway electrician, and signal and street lighting is very different than a building electrician. And you have people who are also coded who do security systems, but they're under the electrical code, which is also different.

So it's hard to solicit, when you see this big group, "Okay, these are all the electricians; you have 200 electricians." But if you really were to break that down, how many can do heavy/highway electrical and how many are just building or security service electrical -- like CCTV, things of that nature?

MS. AGUDOSI: So when you put out a solicitation -- and I'll just use, by way of example, for electricians-- And just for the Commission's benefit, the type of jobs that Ferreira works on -- is it construction, building, or are we talking highway/heavy construction?

MS. CARTON: It's heavy/highway construction. So we will be doing the bridges, and the highways, and things like that. We won't be doing building construction.

MS. AGUDOSI: So when you put out a solicitation for -- you need, just by way of example -- that you need someone who can lay down foundation--

MS. CARTON: Yes.

MS. AGUDOSI: What is that process, in terms of -- you put that out, you get back the solicitations. Like, how did you find out that there was this disconnect in what you solicited for and the responses you received? Can you kind of just walk us through what that process is for you?

MS. CARTON: Sure, of course.

Because the codes are broad in their interpretation of concrete or electrical, for example, when we solicit we get a lot of responses saying, "We don't do this type of work," or "We're an engineer; we're not a construction firm," even though I went under the craft code for electrical or for foundation work. So actually the small business owners, and the minority business owners, and women business owners are responding to us saying, "We don't do this type of work." So that's kind of how I found the disconnect regarding the coding and the directory itself.

MS. AGUDOSI: So can you tell us what, if anything, you have to do to try and address that on your own, in order to try and, at least, reach those goals?

MS. CARTON: So for Ferreira, a good-faith effort doesn't entail just doing a broad stroke solicitation. We are extremely specific with the type of work that we're going to subcontract. And then we break that down by the codes that are provided through the directory, because that's how we have to search -- is through the codes, as per the specifications.

So basically, what has to happen is when they express an interest in bidding on the job, I have to call them, and vet them, and make sure that they can properly perform a commercially useful function with regards to -- whether it be foundation work or electrical work, specific to heavy/highway.

MS. AGUDOSI: Now, do you find a difference-- Have you worked on jobs for the Port Authority, by any chance?

MS. CARTON: Yes.

MS. AGUDOSI: Do you find a difference in terms of the database that you use for them in sourcing your subs?

MS. CARTON: So the Port Authority database doesn't have-- You search by description rather than code in the Port Authority database. And there aren't very many that fall under-- Their categories are few, and there aren't very many contractors that are listed in those specific categories that pertain to heavy/highway work, or underground utility work -- things of that nature. That's been my experience.

MS. AGUDOSI: So what would be your recommendation to this Commission of what could be done to assist you, and others like you -- other prime contractors like you -- in being able to identify and solicit MWBEs on your jobs?

MS. CARTON: I believe that if you were to do a deep dive into your directory, into the SAVI directory, you would find, as I have, that there are people listed in there who are no longer certified. There are people listed in there who don't have the proper contact information, or the proper coding. It's been my experience that the NAICS codes, while some are broad, are actually a very good way of categorizing the type of work that these minority firms can do.

A great example of this would be the ESDC Directory, where they don't just break it down by NAICS code, but they also put the description next to it. For example, NAICS code 238910 deals with pile driving; but also in that code is excavation work. So while the codes are broad, what the ESDC has done is they have put that code, and then put "pile driving" next to it. So I can specifically pick that and I won't get the excavator contractors; I'll get the pile driving contractors, the ones that I'm looking for. So that's just an example.

MS. AGUDOSI: Okay.

MR. GRIFFIN: Madam Chair, if I may?

What was the name-- I'm sorry; what was the entity that put the pile driver--

MS. CARTON: Oh, Empire State Development Corporation.

MR. GRIFFIN: And do you know if they use a different coding system than SAVI does?

MS. CARTON: They do. I'm not sure -- I don't know what coding system SAVI uses, actually. They have codes that are different than any of the other coding systems in the other directories. I guess it's just State-specific for SAVI.

With the Unified Certification Programs for New York and New Jersey, and for Empire State Development Corporation, they use the NAICS codes, which is the *North American Classification Industry System* coding, which is recognized, pretty much, country-wide, and is actually a requirement in the CFR 49, Part 26.55 in the Federal regulation.

MR. GRIFFIN: And do you know if that is a construction-specific coding system?

MS. CARTON: It is, yes. And it's not just specific to construction. They have codes for engineering, they have codes for -- if you do concrete testing. So your construction codes in NAICS would be 237, 238, and 239; your building codes would be 235 and 236 for building construction. And then you have your engineering codes, which would be 541, landscaping is 561, and then it breaks it down from there. But they do have specific codes for specific types of work, yes.

MR. GRIFFIN: So you think, if over the course of the next, sort of, year or so, SAVI transitioned -- at least in its construction part -- to that system or a similar system, you'd have an easier time with finding the women-, minority-, veteran-owned businesses that you need in order to successfully get them on board for your construction?

MS. CARTON: I do; and I also think it'll help you to understand, with regards to certain goals on certain types of contracts. So maybe, you know, 25 percent isn't going to work on a paving contract because you can't -- unless you're going to do it as a set-aside -- if you want a prime to do a large paving contract, you know.

I do; I think it will help, yes.

MR. GRIFFIN: Thank you.

MS. AGUDOSI: So just for the benefit of the Commission members, when Megan mentioned Empire State Development, she's referring to the agency within New York state that actually handles and administers economic development programming. And they have, as part of that, a minority-, women-, and veteran-owned office that also helps to assist in assuring that those goals are met.

So I think the takeaway from what you're saying, Megan -- if I can paraphrase -- is that you would recommend that we consider utilizing the NAICS code, as opposed to what's currently being used.

MS. CARTON: I would.

SENATOR RICE: Madam Chair.

So we need to take a look at it as a foundation; we may have to modify it. New Jersey is not New York; I remind people that we are unique here.

But you're a prime. And my concern -- knowing something about the industry -- is, even with the prime contractors -- and we argue women and minorities -- when you go out, up and down our highways, whether it's bridge construction or road construction, if you go to the other part of the building trades you see the same thing. If we make noise about women and minorities, what the contractors will do -- prime and subs -- they would go out and find minorities.

But then when you look at the minorities, they are not black folks in any great numbers; they are not women in any great numbers. So how do we fix that piece? So we get a code and it says all these things, but we still don't see a diversity. We run into a problem because we wind up with court challenges, because one would argue, "Well, we're a minority firm, and we have minorities." And I'm saying, "Yes, you have minorities, but if they don't represent the communities you're working in, or the projects we're on, we're not diversified." So that's why we have set-asides, so minorities compete against minorities, okay?

We don't have set-asides right now. So where do you see that going? Do you have any ideas for us?

How diversified is your organization?

MS. CARTON: We have a very diverse organization actually. We are an MBE; it's Hispanic American.

SENATOR RICE: How many black folks do you hire?

MS. CARTON: Just in our main office alone we have 10.

SENATOR RICE: Okay; so how do we-- So on the construction side of it, how well do you do when you get your subcontractors, as it relates to black folks? I'm speaking *black* now, because it seems to me that when we do look at the Latino community or the Portuguese community, you're going to find a lot of workers there, whether they're legal or not, okay? But when it comes to black folks -- and that's my job, to make sure that that's on the record; that we talk about black folks, too -- that's where the complaints come from most of the time, all right?

How do we fix the subcontractor piece? Are we saying that we don't have a lot of-- Let's take the bridge side, the stuff that you do. We don't have a lot of blacks who do that kind of work? In other words, they may say they're a painter, but they're not doing -- they are not qualified to do bridge work? Or what-- Can you, kind of, just enlighten us a little bit?

MS. CARTON: Well, the certification program that you have doesn't break it down according to race. It's just -- you're an MBE, or you're a WBE, or you're a small business.

Now, when we go to solicit subcontracting firms, we don't look at the race; we look at whether or not they can perform the work. So regardless if it's a black American, or a Hispanic American, or a woman-owned business, if they have the proper coding and they can perform a commercially useful function -- with regards to the type of work that we're

looking to subcontract -- then we'll make every effort to hire them. But it hasn't, as far as subcontracting-- Now, if you're talking about workforce and union workforce, then that's different. That's EEO and affirmative action.

SENATOR RICE: Right, yes.

MS. CARTON: Yes.

SENATOR RICE: So since we don't have a set-aside and you don't look at race, even for your own benefit in diversifying-- Because the law doesn't say you couldn't look at it for your own benefit. It just says you can't do certain things, okay?

But the point is, how do we fix these complaints we're getting, particularly from black populations and women, if we're not identifying them?

MS. CARTON: Well, I don't know.

SENATOR RICE: Okay.

MS. CARTON: I mean, perhaps that's something the State could look into. I'm not sure; because when we go out to solicit for second-tier subcontractors, like I said, we're looking at whether they can perform a commercially useful function, and we're not looking at race.

SENATOR RICE: And so--

MS. CARTON: And-- I'm sorry.

SENATOR RICE: --Madam Chair, the Commission-- Part of the problem with this whole exercise -- and we may have to go to court to do what we have to do and be challenged, because I don't think the courts have been argued correctly -- it's that if you can't identify race and gender, then it's difficult to show discrimination when people are being discriminated against. We can see it; all you have to do is ride by a construction site. If I

go to your site, I know I'm going to see discrimination. Not intentional discrimination; but the mere fact that a black person comes, has the same qualifications as another person -- minority; then you only need one. The price is the same; what do you do, okay? Do you know what I'm saying?

So we have to have a better way of identifying. And I think part of this disparity study is to come out with some recommendations, recognizing that white folks, in particular, are going to challenge anything that we do. I (indiscernible) to my white business people in there, okay? Because we have to look at race, and we have to look at gender, and then we do have to break that down if we're going to show discrimination.

If I want to go out and argue that the Latino communities are being discriminated against, I think I have a good argument, to some reasonable degree. But I think they'll fare better -- depending on how you classify "the Latino community" -- than black folks. Everybody will fare better, probably, than women, okay? I'm only talking about the trades now -- okay? Probably in other areas, too.

So I just want to be put on the record. This is Senator Rice, for the record, okay? -- what I know and what I see. And that's the problem we're having, and that's why we're going to have to make some legislative decisions -- regardless of how we do them -- that make sense; with the understanding they may be challenged in court, but that we can defend against them. Because I'm tired of people saying, "Well, we can't do race." Well, how are you going to tell a black-- I mean, black folks are not on the job -- that's the only way I can put it, okay? -- on most of these jobs. I don't care if it's the highway construction that the unions control, or non-unions. I don't care if it's the building in the City of Newark, where most of us live;

and we do have contracts with blacks, and Latinos, and women. We're not on the jobs. And for someone to tell us to go out and prove we've been discriminated against, but then tell us we can't talk about race -- okay? -- we can't talk about gender, then that's a contradiction in itself; and that's my problem.

And that's why I'm glad you're here to talk about some of the things that we can do to probably help, such as addressing the codes. But even if I address the codes, then you're going to look for this (indicates). Like I said, if we come in -- one black, one white, and one female -- and everybody is the same price, then it's decision-making time. And when it comes to decision-making time, we know what happens. "Well, we're going to give it to this one (indicates), not this one" -- who just happens to be black. (laughter)

MS. CARTON: I would encourage you to look at the New York City Small Business Service. I know you say New Jersey is different than New York City; but what New York City does is they actually do break out their goals by race for subcontractor requirements. And so that might be an area that you can go to and see how they do it. Because their requirements are broken down; whether it be Asian American, women Asian, or black American, they do have percentages or goals on certain contracts that are broken down by race. So not only do they have to be minority-owned, but they have to be black-owned or they have to be Asian-owned, and they do break that down from time to time.

MS. AGUDOSI: Thank you.

SENATOR RICE: Right; and I just want to emphasize, Madam Chair, for the record, the law talks about race, but even in the GEOD

Corporation decision it did not say we cannot collect the data. And I think that's what's important. I think this is going to have to be data-driven, and we're going to have to tell corporations and businesses that we want the data. We're not telling you to go out there and hire one over the other; but we want the data, okay? And we have to tell the State government we want the data, and we have to tell legislators -- black, white, and Latino, who have to vote for this stuff -- we want the data. And if not, we have to call everybody out and find out why we can't get the data to prove discrimination, okay?

And that's why I think, at some point in time, we need to bring more people in, like Megan here, like the young lady here, to testify; and subcontractors, and black folks, and Latinos, and others who are classified in our world as *minorities*, to find out why they are not getting work -- besides the coding, okay? Because some may meet the coding, but they're still not on these jobs.

MS. AGUDOSI: Well, Senator Rice, I'll say another thing.

Thank you, Megan, and follow up.

One of the things we want to do -- this Commission wants to do is look at all of the potential barriers that impact contracting. So as it relates to the system that we use and the coding system that we use, I thought that it was important for that information to come forth.

I agree with you, as it relates to being able to collect the data. I think I had mentioned before, but I will put on the record as well, that the Office of Information Technology, in partnership with the Office of Diversity and Inclusion, has contracted to bring forth a software dashboard system that will allow us to capture that data. That's something that had not been done, for the past eight years under the prior Administration, that we found. So

we are going to be in a position not only to capture that data, but we can marry -- when we talk about who an MWBE is, we can marry what that actually means, based upon their certification process.

So to Megan's point, if the business has registered as an MBE, that doesn't tell you if it's African American-owned, or if it's Hispanic-owned, or Asian-owned; however, we will be able to pull that information because it'll be married with the database -- the certification database, so that we'll be able to self-identify that.

And we're doing that for the reason that you said, because it's important for us to be able to do that. As it relates to New York state and having those specific goals based upon race and gender, New York state has had disparity studies done for over the past decade, which allows them to be able to be specific in terms of setting those goals, because they have the data to support it. And that's a separate matter that this Commission needs to look at, as well, in terms of just ensuring that we push along the process of having a study done so that we will be able to similarly examine the data. It exists; the fact that it was not reported doesn't mean that it does not exist. The data exists; having a study so that we can examine the data and determine these disparities, based upon race and gender, is something that I think is squarely within our purview to do.

So I just wanted to place that on the record.

Are there any other questions for Megan? Because we do have Mr. Greene, who is holding.

SENATOR RICE: I just want to make one more comment on this subject.

At the next meeting, perhaps we can call in whoever in the Administration. I guess I'm short on patience. I've been doing this too long, and I hear the hues and cries on a regular basis. And they're not really hues and cries that the Governor gets personally; maybe once in a while he hears it. It's not something the Administration is getting; it's coming to the Legislature. And to be quite frank, it's not something going to white legislators; it's coming mostly to black and Latino legislators, and women in some cases.

And so I want to know when they're going to spend that money, and when they're going to get that system up, and stuff like that. I'm a little concerned about the disparity study time frame, if you will. I'm real concerned about the fact that we need to have more people, like the speaker now and others, in here to tell us the brick walls they've been running into. Even the ones who meet the codes -- what they've been running into.

But I want that data; and if that data is part of a system and technology, then I want those people in here telling me what they're doing at the next meeting, if it's possible, okay?

MS. AGUDOSI: Thank you.

Any other questions for Ms. Carton? I'm sorry, is that your last name now?

MS. CARTON: It will soon be Ms. Poole, Mrs. Poole. But yes -- Ms. Carton at the moment. (laughter)

SENATOR RICE: We like it.

MS. AGUDOSI: We want to extend congratulations.

Ms. Carton was recently married; she just came back from her honeymoon. This is her day two back in the state, and we truly appreciate

you shortening your honeymoon to be able to come back here and to present testimony for the Commission.

Thank you so much.

MS. CARTON: Thank you; I truly appreciate the time.

Thank you.

SENATOR RICE: Thanks.

MS. AGUDOSI: Mr. Greene.

**R O B E R T L. G R E E N E:** Yes, ma'am.

MS. AGUDOSI: Wonderful.

At this time, I'd like to ask Robert Greene, who is the President and CEO of the National Association of Investment Companies, to provide us with some testimony.

But by way of background, I had the opportunity to speak with and meet Mr. Greene. He will tell you about his organization. They recently put together a road show of diverse asset managers for the Division of Investment. That was very timely, because we have legislation recently enacted in this State to promote the increased use and participation of diverse asset managers in managing the State pension fund.

And so by way of follow-up in that regard, I've asked Mr. Greene to provide this Commission with some insight -- as he represents a national organization that represents these diverse asset managers -- of not only some of the challenges that they face in being part of the contracting process and managing pension fund systems, but also some recommended best practices based upon the work that he and members of his organization have been involved in.

So thank you, Mr. Greene.

MR. GREENE: Thank you, Hester.

I appreciate this opportunity to speak to the Commission. And I do want to express my regrets and apologies for not being there in person. I won't burden the record with reasons, but I appreciate this opportunity.

I represent the National Association of Investment Companies. We're a 49-year old Association, originally chartered in 1971. Our background is that we were originally the American Association of Minority Enterprise Small Business Investment Companies. And if you recognize the name, it would largely be because people like Reginald Lewis, the acquirer of TLC Beatrice, were affiliated with the organization in its initial existence. Today we are the trade association for private equity firms and hedge funds owned and led by people of color, including African Americans, Latinos, Asians, other groups; and women.

Our members manage \$150 billion in assets. They manage money for the vast majority of public pension plans, a number of corporations, and a number of foundations and endowments across the country. We have 82 member firms, a number of which are very small funds in formation, that are raising their first-time funds; a number of which -- probably a third -- fall in the median range of \$100 million to \$1 billion in assets under management. And then we have about 15 firms that have assets in excess of \$1 billion, including Vista Equity Partners -- Robert Smith's firm -- and I also understand that Vista Equity Partners is a manager on behalf of the New Jersey Division of Investment.

Given the size of New Jersey's assets -- the Division of Investment, with north of \$70 billion in assets under management; given the number of asset classes in which you invest -- you have a very sophisticated

plan that invests in more than six asset classes; given the amount of dollars that you invest with a variety of different managers -- I feel that this is a very important conversation for us to have, and I thank the Commission for reviewing it.

There are really a couple of challenges that diverse, particularly African American and Latino, firms face. And one of those is a perception; and that's the perception that in order to get diversity you have to compromise performance. As I stated at our road show meeting, and I'll state here for the record, that is simply not true. And you don't have to take my word for it; there are two seminal pieces of research that would point out the fact that that's not true.

First is a study that is conducted on a biannual basis, called "Recognizing the Returns." That is the study of the performance of diverse zone private equity firms. The study -- the numbers are produced by KPMG, and the study was written by consultants from Aon Hewitt. And it shows that, over a 20-year period, private equity firms led by diverse professionals have outperformed the recognized benchmark, the U.S. Cambridge benchmark, by 500 basis points. So in layman's terms, that would be a 5 percent outperformance, which is substantial when you look at returns, overall, for the space.

There's a second study, produced by the Knight Foundation; it was done -- it was conducted by Harvard Business School's Professor Josh Lerner. And he had three key findings in the study. The first is that diverse managers, by and large, perform as well as the general market; second, there are a number of diverse managers that outperform the market; third, the number of diverse managers that outperform the market is significantly large

-- that if you chose to have a diverse manager program, it would be reasonable to think that that program could beat the market.

So I directed both of those studies to you; they're publicly available online. If you were to need any help getting those, I could certainly make those available.

On September 25, members of the NAIC -- approximately 30 member firms met with the New Jersey Division of Investment. We met with your CIO, Corey Amon; your State Treasurer Elizabeth Muoio was present; and your Chief Diversity Officer, Ms. Hester Agudosi -- I apologize; I'm sure I'm not pronouncing your name correctly -- was there as well; along with other members of your investment team and some of your trustees.

I think we had a very honest discussion. I think that the posture -- my interpretation of the posture of the New Jersey Division of Investment team was one of true interest and leaning forward; attempting to figure out how more can be done. And I think what really has been the challenge over the years -- there's been a fair amount of turnover within the team. And working with diverse managers requires some measure of consistency and focus that may not be required in the regular marketplace. And I think that the relationships that exist have been ones where you guys have made outstanding choices. Vista and Blueprint are some of your managers that are members of our Association, and they're top-notch managers.

I think there is a significant opportunity to do more, getting more closely involved with the managers that are, frankly, being utilized widely by your sister states in New York, New York City, the state of Virginia, the state of Texas, California, Illinois, and others.

So I look forward to continuing to work with Corey and his team and hope that there are opportunities to get more people of color involved with the plan, and working on behalf of the beneficiaries of the New Jersey Division of Investment.

I'd be happy to take any questions.

SENATOR RICE: Mr. Greene, this is State Senator Ron Rice.

First of all, thank you for taking the time out of your schedule to come up on a teleconference call.

I'm an old school guy; I've been around this business of State government for about 33 years, going on 34. And I used to roll out there with Maynard Jackson, and all of them; Jesse--

MR. GREENE: Sure.

SENATOR RICE: --and we still have the same problems we've been having 30-plus years ago.

We have some place in the area of about 13 managers and co-managers of our money; and no real black folks. And going back to the Florio Administration, they claimed they couldn't find black folks who could do the work, and I said, "That's not true." So they were getting underwriting stuff; and you know that's not where the money is.

Then Cecil Banks -- God bless him -- attorney, black; before he had some brain issues introduced us and me to a person-- At that time, there were only two people, black, who owned seats on the stock exchange. And I went over and met the person -- I forget the name -- and we told the State, "Well, you can't deny this person." And he wound up getting some co-manager work, and that's the last we heard of black folks getting any serious work.

The New Jersey Legislative Black Caucus, which I am the Chair of, met with Governor Corzine, who was the CEO and President of Goldman Sachs, so we felt that he understood us. And we moved legislation, and that's why we have some things in place now. But we had to push him to do executive orders that he really didn't want to do, because he didn't understand. And he claimed he didn't know any black folks who could do that type of work at that level. He wanted to know if we knew anybody. And we said, "Yes," but we wouldn't give him names, because we didn't want any conflicts at the time, even though it really wouldn't have been a conflict. But we knew -- and this person is probably one of your members -- we knew that Rice Financial -- which is no relationship to me; I've met that person in the past -- was applying, and he actually met with the Governor. And I'm told by the Governor's people he kind of embarrassed Governor Corzine, because he didn't even realize -- meaning Governor Corzine -- didn't realize what he could do himself -- okay? -- when it came to investing our money and the kinds of things to bring people in.

So my question to you is, you said you met with the new team. We have a new Governor who comes from the same entity. I think he's different than Jon Corzine; I think his heart is in the right place. I'm on record saying that some of his people, I don't think, understand what's going on in his little Cabinet over there.

But you say you think the meeting was *okay*. What does *okay* mean? Are we going to, eventually, get some work? The Joint Committee on Economic Justice and Equal Employment Opportunity, which I Co-Chair, is reaching out to have a hearing on this subject on November 12. Hopefully they'll reach out for you, so some of your members can talk about why they

do not get work at that level. And hopefully you can identify some members who have actually applied for work over the years, under different Governors, and could not get accepted -- but they can get it any place else. They can get it in Chicago, they can get it in New York, they can get it--

Can you just, kind of, enlighten me there? Because I don't have great hopes right now, and I don't want to be publicly fighting the Governor and his team over there. But this is important to the members of the Legislative Black Caucus, as well as this Disparity Commission, and other legislators, as well, who are not of black descent.

MR. GREENE: Yes; thank you, Senator Rice.

And clearly this had been a journey, as you've mentioned, for more than 30 years, just in terms of getting fair and equitable treatment from the many different public plans that are out there.

Let me clarify, for the record-- If I did say the meeting was *okay*, I'm really talking about the tone of the meeting, not the anticipated outcomes of the meeting. There was a fairly lengthy discussion about the lack of utilization of diverse managers in private equity. Private equity is your best performing asset class; and I think that there's a fair amount of -- as there should be -- pride in the performance of your private equity book.

But I pointed out to the Committee that several of our members are top decile private equity performers; and several of our members have been rated the number one private equity firm in the world. And, in some cases you utilize them, and in some cases you don't. I do know that you have a particular relationship with Vista Equity Partners; I think there's a \$250 million allocation to Vista. And I understand that you all are quite pleased with that relationship. That firm, headed by Robert Smith -- the same

individual who made the significant contribution this summer to the students at Morehouse -- is a very dynamic firm. But there can also be a perception that it's the only firm.

I'll point out for the Commission -- and I think that this was a little-known fact -- that one of the largest -- the best performing consumer retail firm on the planet is an NAIC member; it's run by an African American, and the name of the firm is Sycamore Partners. The firm owns many retail brands that you would pass in the mall. But to one's surprise, it owns Staples department store -- office supply. And it's a fabulous firm; I'm not sure -- I don't believe you all have a relationship with them. But there are numerous examples like that of top-performing African American-, Latino-, in particular, owned firms that you all can work with.

So it is my hope, as a first step, that now open dialogue between us and your Chief Investment Officer's team would have them -- cause them directly to look at NAIC as a resource to provide manager's names that they can select; as well as be more pragmatic about moving with particular speed in the space.

I'll share one other piece of my own experience. I had the opportunity to be appointed, by the governor of Virginia, to be the Chairman of the Virginia Retirement System. I was a nine-year Trustee, and spent two years as Chairman. And over the course of those nine years we took deliberate steps in Virginia -- a more conservative state than what I perceive New Jersey to be, and a less diverse state than New Jersey -- and we went from \$100 million in assets under management with people of color, across a nine-year period, to \$4.4 billion when I left.

So it can be done; there are key steps that need to happen. One -- and this was done without goals or set-asides -- requiring engagement is an important part of the conversation. We utilized -- recommend something, in many cases, called the *Rooney Rule*, which was popularized by the NFL's rules around coaching. But to require the Rooney Rule on every single search, such that there's diversity in every search and, potentially, a diverse outcome, we found that while that doesn't always cause a diverse outcome to be generated, it does cause a diverse process, and that is extremely helpful.

The second -- and I pushed on this, possibly to a point of discomfort for some in the room in our meeting -- but the consultants -- any consultant, and I won't name your specific consultant -- but any consultant that's utilized has got to understand the key priority and high emphasis that a plan places on working with diverse managers. And, in many cases, consultants don't start with this posture. So it is important to understand your consultant's track record when it comes to managers and selecting diverse managers; and also to have them covering the marketplace aggressively to make sure that as managers come to market-- The very best managers in the alternative market -- private equity and hedge funds -- they come in and out of the market much sooner. They're a less liquid solution, so you can't invest in them except for when, you know, by PPM, the fund is open and available.

So if you miss those windows because whomever is tracking for you didn't contact, or didn't engage, or didn't get their work done on time, you could have the best intentions and be locked out of the best performing managers.

So those are two recommendations that I would make -- which is to constantly take meetings, and take meetings with a specific conclusion in mind; and two, make sure that your consultant understands, as I believe they do now, the significant priority and emphasis that the New Jersey Division of Investment is placing on bringing in diverse managers, and ultimately seeing positive outcomes with hiring them. And promoting the returns such that the overall intellectual quotient and perception of diverse managers, within the State of New Jersey -- it increases. Because what I found is that if you leave people to their own education and own understanding around this, there continues to be a perception that there aren't good diverse managers, and that to somehow select a diverse manager is a compromise on performance.

SENATOR RICE: So I appreciate that.

One of the problems I found out here -- at least, some of the complaints coming to us -- are that we keep-- We have an Investment Council here, and the decision-makers -- the Council really doesn't push the way they should, or talk really about women and minorities. I know our Governor got a little upset with me -- I didn't care -- when I said that we get patronized, as black folks; and that's what happens to us.

So we have to do a better job with the appointments to it, and hold people accountable for bringing it out.

One quick question, and then I'll turn it back over to the Chair.

When you were in Virginia -- and that's my home state -- that progress was under Governor Doug Wilder, or under the white governors?

MR. GREENE: No, it was under the more recent governors.

SENATOR RICE: Okay.

MR. GREENE: It was-- I sat during Terry McAuliffe's era as Chair; prior to Terry McAuliffe, a Republican governor, Bob McDonnell, I was Vice Chair. And prior to that, I was originally appointed under Tim Kaine. So both Democratic and Republican Administrations placed an emphasis on the process. And while we have a minority of representation on the Board of Trustees, the Board unanimously made it clear to the staff, through a resolution, that diversity was a desired outcome. And each of our asset class heads is required to maintain relationships and meetings with the diverse managers. And to meet with them, we required a report, which is the anticipated outcome report, that spoke specifically to what they were meeting with them to discuss and how that meeting would drive an outcome.

And we didn't want to leave it to the staff to simply take meetings. Open door policies lead to open doors; they don't necessarily lead to outcomes. But in this particular case, the staff was trained, as a posture, to not only take the meeting, but to have a specific intent when they took the meeting. And that resulted in significant gains in every asset class, from public equity, to fixed income, to private equity, to real estate. And that continues today; the plan is up over \$5 billion now, and I've been gone for two years.

So we wanted to create a bit of an institutionalized approach, but it was done by requiring that both the Board, the Chief Investment Officer, and a specific asset class head all felt the responsibility to drive outcomes.

SENATOR RICE: Let me thank you very much. That, to me, is very important information. And I think the takeaway is that if the Governor is committed to it, it will happen.

Thank you.

MR. GREENE: Thank you, Senator Rice.

MS. AGUDOSI: Thank you, Mr. Greene.

A couple of things.

I just want to clarify something that you said. I'm familiar with it; I'm not sure if everyone on the Commission is familiar with it.

You mentioned utilizing the Rooney Rule as part of your process. Can you just clarify, to the Commission members, what that is and how you employed it?

MR. GREENE: Yes; so thank you for the question, Hester.

The Rooney Rule is a fairly widely accepted diversity best practice, not just for financial services, but in hiring and in other areas. And it simply requires that a part of each slate of final candidates -- that there be a person of color, or a woman, or both included in the final search criteria; and that you can't get to a final unless you have a diverse candidate in the pool.

And then as you move from the final to the decision, there be an evaluation of how each of the final candidates performed, responded to the questionnaire -- whatever the final test or task is. But the Rooney Rule is simply forcing inclusion at the lowest level of the funnel to make sure that people don't get weeded out so early in the process that there's no way, by the time you get to, you know, stage 4 or stage 5 final, that you can't choose a diverse manager because they're not in the pool.

MS. AGUDOSI: Thank you.

Also, I want to ask you about diversity as it relates to the composition of people who either are on the investment board or within the State organization itself.

And I say that because you mentioned to us that you served on the Board there in Virginia; and during that time with you being there you quoted the increase in the state's spend in managing -- or utilizing diverse managers to manage the state's assets. And so although you didn't say it specifically, I think we can all take away that your presence and your diversity mattered and made a difference.

Do you find that that is a component that's also important in being able to reach these outcomes? And is that something that you can share some insight to this Commission, as we look at the composition of not just our Board, but also the Division of Investment, as it relates to diversity.

MR. GREENE: Yes, excellent question.

I would answer the question this way. Diversity doesn't naturally happen; if it did, we wouldn't have to focus on it -- it would just be something that would normally occur. Diversity begins with a champion. There is somebody in every single place, where there's an over or an increase utilization of diverse managers -- there's someone either currently or in the past who can be pointed to it as the champion for that process. And as we've begun to better understand this champion aspect, it often is a person of color --for reasons that a person of color may have a more acute awareness of the lack of diversity because they're experiencing it, or they've experienced it in the past. In some cases, it isn't a person of color. It's a more patronly figure who has a bent or bias towards underserved individuals or increased fairness.

It matters less to me what color or what race the champion is, but the fact that there needs to be champions in order to make it happen. And in some cases you can institutionalize it by, hopefully, codifying that a certain mixture and a certain diversity is required. But as we've all learned, simply having diverse people on a board doesn't necessarily mean that those diverse people will take up the challenge, or the responsibility, or even the personal burden to be the champion.

So simply codifying it doesn't mean that you'll get the desired outcome. And I think that's why, in Virginia, while I was happy to be among the champions, I took the opportunity to be a bit of a pest and an annoyance to some of my colleagues, because I would not let the opportunity go by without asking the questions. And if the people in power don't ask the questions, the people in responsibility don't always respond to it.

So policies are extremely important, codification of the governance structure around diversity is very important. But identifying and instilling the responsibility of the champion in someone -- either because they're passionate about it or because their job specifically requires it, as in the case of a Chief Diversity Officer or other title -- is just very important.

What I found is that, based upon the governance structure of the entity, that's really the key driver; not necessarily the size of the entity or the diversity of the state. Because as I mentioned, Virginia -- with 55 percent ethnic diversity among the public plan, and up to 70 percent combined diversity when you combine women and ethnic diversity -- with 75 percent diversity as its profile, it still wasn't particularly diverse in this area. Because the people who were making the decisions happened to all be white males and, more specifically around that, didn't have the nexus point of access to

diverse managers. There weren't a lot of diverse managers in the state of Virginia; the banks and the other institutions where our investment staff had evolved from didn't demonstrate a lot of diversity to them.

So in fairness to them, they didn't know the managers; they didn't have relationships with them, and they didn't just show up at an NAIC, or a NAF, or a New America Alliance conference to meet them. So by us requiring that they had to take the meeting, we generated far better outcomes. Given the politics and the comfort level of our state, we're forcing an outcome simply by making sure that there were more inputs into the process. That worked for Virginia; the formula that works for New Jersey and other places will obviously require working inspection into those efforts.

MS. AGUDOSI: Thank you.

Let me ask you this. Are there key places or positions where you think managers should be placed that would have impact?

MR. GREENE: You mean within the portfolio?

MS. AGUDOSI: Yes, within the structure or systems; either within the boards or within the state agencies themselves.

MR. GREENE: Yes; so in my experience, a vocal champion or group of champions who have authority beyond the plan is very helpful. So your Board of Trustees, Board of Governors -- whatever the appropriate nomenclature is -- those individuals appointed by the Governor, accountable to the people. You actually-- There's no substitute for having the power and authority there, because you have the ability to cause the CIO and the people who sign the allocations and mandates to pay attention. So if you have it there, that's great; those individuals -- at least from the ones who I've met

and the tone around the conversation -- those individuals are leaning in, and it appears that the Governor is as well.

As you move deeper into the organization, it is very helpful to have someone with the expertise and the relationships to support the organization. It's even better when that person has power and authority to drive outcomes. So whether that is a CIO or whether that is a Chief Diversity Officer, as long as the person has the skill and is willing to own the responsibility of ensuring that people have access to the plan and that the plan has access to the people, that's fine.

What I don't like is the model where one person is responsible for diversity, and no one else has to care. In the example I used for Virginia, we didn't have -- we didn't take the responsibility from the asset class heads or the senior investment professionals. We, in fact, pushed it further on them, and we made it a part of their compensation, and we made it a part of their overall annual review. So they knew -- every single person who had responsibility for allocating capital knew that a part of their annual evaluation would include their plans, and initiatives, and outcomes around diversity. By driving it that way, we didn't have a single point of failure, where there was one person who could be champion, there was one person who could be celebrated, or frankly, one person who could be ignored. We actually had every senior investment professional have a diversity responsibility; and that's what drove the quick results for Virginia, and that's -- because it's still there -- I suspect that's what sustaining the outreach.

MS. AGUDOSI: Thank you.

Any other questions?

SENATOR RICE: Yes.

I want to go on record-- I want to thank you, Mr. Greene, because you said some things that are very important in there; and they are being transcribed, which means that legislators and the public are going to get a chance to see them.

But I need to back it up; because when you mentioned champions, those of us -- and I say this as Chairman of the Legislative Black Caucus, as well as a Senator -- the champions have to be, in the case of diversity and black folks, in particular, women and Latinos -- they have to be the Legislative Black Caucus on the legislative side, or the Latino Caucus, and the Women's Caucus. And those states in the southern states -- where we understand our history of struggle, coming from slavery to the Civil Rights movement -- there are more progressive things happening than in a small state like New Jersey. And that bothers me.

So I want the record to reflect, when my colleagues read it, that when members of the Legislative Black Caucus, Latino Caucus, Women's Caucus stand up and talk about diversity, and we're adamant about productivity and not just rhetoric, we mean it. Because, as you say, that's the only way we're going to get anything done. If we have the Governor committed to it, then it will come together. We cannot allow the leadership in either house -- and I said this before at meetings -- dictate the destiny of black folks, in particular, and women, and Latinos when it comes to these kinds of issues. That's why we get elected; we represent everybody.

So I just want to make certain that these comments are reflected on the record, and it lends support to what Mr. Greene is saying -- there has to be a champion. If you look at the Investment Council -- I looked at it the other day, it looked like there were some black folks on it. I'm not so sure

what kind of noise they're making, because I haven't heard it. And I have not had any of those black folks come to the Black Caucus members, or to me as the Chair, or to the Latinos, or anyone else that I'm aware of to say, "We're on the Board, and we're going to be pushing. Can you help us out?"

And so we don't need black faces or women who are just going to be placeholders, building their résumés. We need some real active folks who are going to get some people upset. After 33 years, I'm a little upset; and I'm going to hold this Administration and this Legislature accountable.

So I want to thank you, Mr. Greene; and I'd like to talk to more of your members who've been having problems.

If you can generate -- if you can talk to your members to announce something, and find out who actually, over the years, sought work in New Jersey but did not get it. I would like know who those folks are, because that's what we're trying to do now -- with the Joint Committee on Economic Justice -- so we can build a record that people have applied, and some people were qualified in the past, and they still didn't get any work. It still wound up being the Goldman Sachs, and the Morgans, and all the same old folks. And that's what I need to know. And if you could do that for me, I'd really appreciate it.

MR. GREENE: Senator Rice, I'd be happy to pull that together for you.

I want to thank Hester for pulling me aside at the meeting and inviting me to participate. And I look forward to, on behalf of NAIC and our members, being a friend to the Commission and providing support wherever you all require.

MS. AGUDOSI: Thank you, Mr. Greene.

I just have another question for you.

I was in a meeting with the New Jersey Economic Development Authority, and one of the things that the Authority is interested in is scaling up minority- and women-owned businesses. And one of the things that we know is that they suffer from a need of capital, capital infusion. And again, through -- I'm proud to say that New Jersey recently enacted legislation, which also has a diversity bonus component for venture capital, to incentivize venture capital to actually invest in diverse businesses.

And so if this is not applicable, you can please let me know. But for your members that are in venture, what we're really interested in knowing is how we can incentivize venture capital to be deployed into diverse businesses. And even when it comes to managing assets, how much of those funds are also, similarly, going and being deployed into diverse businesses. Because there's a disconnect-- I think that we miss penetration if it's just -- we're diversifying or being in partnership in strategic alliance with diverse management firms, but that money isn't being deployed to the extent that that would be a favorable outcome in diverse businesses.

So can you just speak to that, if that's something that has come up within your purview as an organization, association?

MR. GREENE: Yes, it most certainly has come up; and it's a persistent, pernicious problem.

The greatest business challenge for, particularly, African Americans and Latinos today is not access to opportunity, which is a challenge; it's access to capital, because capital is required to scale. And many opportunities are not available unless you can scale. The ability to maintain the average diverse business is right around, or just under, \$1 million in

receipts. And yet, if you talk to the big employers in the State of New Jersey, like AT&T and Johnson & Johnson, their greatest demand is for companies with a balance sheet of \$50 million or \$100 million, because the size contracts they would want to let requires that level of capitalization.

So NAIC is working on the issue. We have recently received a significant grant -- a \$1.4 million grant from the Federal Minority Business Development Agency. And we're undertaking an effort to raise \$1 billion in growth equity for minority businesses. And we're under significant challenge and pressure to get this done. We have a short time to do it, over the course of the balance of 2019 and over the course of 2020. But we have a dedicated team of folks; some of the folks, Hester, you know. Carra Wallace -- I've hired her as the Program Manager on the grant. But we're working with a number of companies to get them to recognize their responsibility in investing in the communities that require services, and procure their products. And to the degree that the New Jersey Division of Investment, or other entities within the State of New Jersey, would like to participate and support, we'd be happy to meet with them, talk with them about the opportunity.

But the net is, we're trying to raise \$1 billion which, frankly, is far below the total need, but it's a significant step to put more capital to work in communities of color.

MS. AGUDOSI: Thank you.

Are there any other questions of Mr. Greene? (no response)

Seeing that there are none, thank you so much, Mr. Greene. We appreciate your taking the time out to share your insights with the Commission.

I will follow up with you, separately, in terms of attaining the information that not only Senator Rice requested, but just getting some more information on what we discussed in terms of best practices, as well as your program that you're trying to put in place, or the grant -- that you're looking into this issue. Because it is something that we are focused on here in the State of New Jersey, and we want to try and get that going sooner rather than later.

We share -- we all collectively share the urgency that Senator Rice has expressed, in terms of making sure that these businesses get the capital that they need, and that we are structurally positioned to be able to facilitate that.

So thanks again, and have a--

SENATOR RICE: Madam Chair--

MS. AGUDOSI: I'm sorry; Senator

SENATOR RICE: Mr. Greene, before you leave -- and Hester will work with you, if she can't pull them online -- I'd like to see those two studies, number one.

Number two, you'll be talking a lot, probably, with the Administration -- you and the folks who are in your organization. I need you to talk just as much with the legislators, the Legislative Black Caucus and Latino Caucus. And I need to know, somewhat immediately, based on what your members know about New Jersey -- because some of them have a lot of experience over the years trying to get work and got frustrated and gave up -- what we need to be doing, legislatively, right now, to expedite and compel the Administration to do things better, and the Legislature as well.

So if you can do those things for me that I've requested of you, I'd really appreciate it. If it means that I have to come and see you, I have no problem traveling. Wherever I have to go; I just stayed in state. But it's important to me, as Chair of the Black Caucus, it's important to my members; and I believe it's the same importance to the members of the Latino Caucus, and I would suspect it's the same with the Women's Caucus.

So I just wanted to thank you, once again.

MR. GREENE: Thank you, Senator; and I will, through Hester, get your direct contact information so that we can be in direct contact.

SENATOR RICE: Thank you.

MR. GREENE: Thank you all.

MS. AGUDOSI: Thank you.

ASSEMBLYWOMAN PINKIN: Unfortunately, I have to get off; I have something that I have to do. But I know you were having the subcommittee after; I didn't realize it would be longer than 11:30. So I'm happy to catch up after the fact, but I have to excuse myself at the moment.

MS. AGUDOSI: No problem, Assemblywoman; I understand.

I'm actually happy -- we've been trying to have this subcommittee meeting for the past two meetings. So the fact that we have a hard stop at 11:30 -- frankly, I'm happy. (laughter)

So thank you, and I'll definitely make sure that I brief you in the interim, okay?

ASSEMBLYWOMAN PINKIN: One other thing -- I'll just make one comment on Mr. Greene's comments.

One thing I particularly found to be a good recommendation was his requirement that the standards or criteria that would be put in place for

minority procurement would be included in employment reviews and incentives. Generally, the State doesn't use performance incentives; but I think if they did, that would be a great way to move things forward, and I would support that.

MS. AGUDOSI: Thank you.

I would just add that that is a DNI best practice as a way to drive diversity outcomes to tie back to performance.

So thank you for that.

ASSEMBLYWOMAN PINKIN: All right; thank you.

MS. AGUDOSI: Okay, at this time I'm going to just open the floor for discussion if there are any comments or any matters that any members of the Commission would like to raise before we close; and then go into a subcommittee session.

ASSEMBLYWOMAN CHAPARRO: Thank you, Hester.

I just wanted to point out a couple of things.

When I came on this Commission, I was really just looking to learn and see where I fit. And the discussion that's going around-- There are three things that just kind of -- three memories that kind of overwhelmed me; and I realized that we have to start with education from the bottom up, not just top level -- what we need.

And three things that stood out in my head were-- Construction sites, how we-- You know, back in the day I remember people would just stand out on the corners, waiting to get picked up for work. And when they say that minorities don't have the skill sets to advance -- well, they didn't have the skill sets then, but they were cheap labor. And when they learned, there were quite a chunk of them that did so well, carried the burden, but

they didn't move up. They weren't managers, or supervisors, or anything like that.

I even heard stories where there were Spanish members who branched out and started their own business, but were blackballed just because they had the nerve to learn and grow.

So those are things we have to keep in mind -- that we have to educate our people and keep letting them know to hit the streets, and let them know that they do deserve better; that they get the opportunity. And sometimes we're grateful for the opportunity, but we're afraid to move up, or we're afraid to offend our boss.

And that brings me to the small businesses. I remember being on a panel, talking about minimum wage in Jersey City. And a small business community was out there; they were so enraged. They were angry that I was commenting about minimum wage being raised. And they said, "You have no idea. Do you own a small business? You have no idea what it takes, and how much money it costs." And it angered me, and I said, "I have no idea? I opened a shop, I closed a shop, I handled the money. I brought the revenues up, because people were coming to see me; I was customer service. I cleaned; I did everything but write out a check."

So because of that, you flourish; but you can't get more than minimum wage -- more money.

So all these things, really -- you really have to think about them. And the mentality was, even then, that I was grateful to have a job; but I was doing so much more; I was doing so much more.

And even with Civil Service today in municipalities, if you speak Spanish, you're not paid extra for that; but you bring in the community. And

you do all the work, while the non-speaking colleagues make, maybe, more than you. And you just have to take the brunt of it because that's what you have to do.

So we have to kind of educate everyone, and let people know -- especially minority women, Latino, Black Caucus -- they have to know. Yes, we are the voice, but we're not the only one. We have to educate everyone to know that once you do better and you rise, you're supposed to move up; you're not supposed to stay down.

And that's part of this -- when we're talking about levels; and what Mr. Greene was talking about is that, yes, just because we do have a black member or a Latino member doesn't mean they're going to be the voice for the entire community. Sometimes they pick the right black or Latino person to represent, because they don't want it to move forward. So we have to be cautious of that.

So I just want to make sure-- As I'm observing this, I'm glad Senator Rice is asking all the right questions -- because you've been here for a very long time, fighting the fight. So I do look to you for leadership.

Hester, you're doing a wonderful job, and I just want to be part of it. But I also have to remember everything that I've been through, and that I have to be that voice too. And not just me, but empower my people to be the voice too.

So that's really what I just wanted to say.

SENATOR RICE: And if I can just make a comment on that.

And thank you very much for that. After 33 years, that makes me feel better, because I was worrying what was happening to black and Latino elected officials here. The only Latino in the Senate at the time was

Bob Menendez; he came from the Assembly. And it's been a drag. And a lot of it has to do with -- when Mr. Greene talked about champions, black folks, as well as Latinos -- I made the observation, they come and go; they want the titles, but they are afraid to stand up and challenge the Speaker, regardless of who the Speaker is. They are afraid to challenge the Senate President. And that, in itself, tells me that we're never going to have progress if we don't recognize why we're here.

We have to represent everybody; but we have a particular moral responsibility to people of color and people of language; we really do. And that's an awesome responsibility, and we don't want to acknowledge it, and it seems like we're embarrassed when we do acknowledge it -- that somebody's going to think we're racist or we're something else.

And so this Disparity Commission -- as well as the Joint Committee on Economic Justice and Equal Employment Opportunity that the leadership has allowed us to have -- is really another way of bonding the Caucuses. We didn't have this many members in the Caucus. And there may come a time where the president of your organization, and my organization, and the membership of the majority are going to have to make a decision that we are going to shut the State down. And see, if we don't want to be radical in our approach sometimes, and litigate stuff, then we shouldn't be here either.

And so it's just good to hear your voice talk.

ASSEMBLYWOMAN CHAPARRO: Thank you.

MS. AGUDOSI: If there are no other questions or comments, I'm going to adjourn our meeting.

For those who have volunteered to be a part of the subcommittee on Delegated Purchasing Authority, I'm going to ask if you can stay so that we can at least start to talk about the process of moving that forward.

Thank you.

SENATOR RICE: Can we get a three minute break, a two minute break, teach? (laughter)

MS. AGUDOSI: Okay, Senator Rice has asked-- I'll give a five-minute break, because it's 11:40.

MS. MURPHY (Commission Aide): Excuse me, did you want to put the people who came in on the record?

SENATOR RICE: Yes.

MS. AGUDOSI: Yes; I'm sorry.

For those-- We previously did a roll call; and if you did not previously put your name on the record, could you please do so at this time?

ASSEMBLYWOMAN TIMBERLAKE: Yes, Assemblywoman Britnee Timberlake.

And since I got an opportunity to put my name on the record, I'm actually going to make a small comment.

Senator, thank you so much for doing this, and for your leadership, and for your fight. Your voice is something that resounds, not just throughout New Jersey, but throughout our nation. I appreciate your work, and I appreciate the partnership that you've been always open to having with everyone, to come in with different ideas about how we can, maybe, do some even new things to try to shake up the progress a bit.

And I think that the joint venture work that we had begun -- I think that's something that could potentially solve a lot of different issues;

and also access to capital. And then the bonding being an issue as well. And then maybe some creative things, because you have to have the three Cs: credit, cash, collateral. Maybe coming up with some type of situations where if there is a government bid opportunity, that the bid could actually be used as collateral, too, in order to draw down on different loans and get banking partners involved in different things.

We can always talk about that offline, but thank you so much for your courage.

MR. STEPHENS: Ricky Stephens, Legislative Director for Assemblyman Holley.

ASSEMBLYWOMAN CHAPARRO: Assemblywoman Annette Chaparro.

MS. AGUDOSI: Thank you.

We're going to take a five-minute break, and I think just-- What we'll probably talk about, as a subcommittee, is that we're going to probably just have to meet on days outside of our scheduled meetings so that we're not pressed and we have enough time to be able to move things forward.

So I'm just telegraphing that, at this time.

Thank you.

**(END OF REGULAR COMMISSION MEETING)**