

AMENDED IN ASSEMBLY APRIL 22, 2010

AMENDED IN ASSEMBLY APRIL 5, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1913

Introduced by Assembly Member Davis

February 16, 2010

An act to ~~add Section 20139 to~~ *to add and repeal Section 22204.5 of the Education Code, and to add and repeal Section 20139 of the Government Code, relating to retirement.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1913, as amended, Davis. Retirement: pension fund.

The Public Employees' Retirement Law creates the Public Employees' Retirement Fund, which is a trust fund created and administered solely for the benefit of the members and retired members of this system and their survivors and beneficiaries. The Board of Administration of the Public Employees' Retirement System has the exclusive control of the administration and investment of the retirement fund.

The Teachers' Retirement Law establishes the State Teachers' Retirement System in order to provide a financially sound plan for the retirement, with adequate retirement allowances, for teachers in public schools of the state, teachers in schools supported by the state, and other persons employed in connection with the schools. The plan and the system are administered by the Teachers' Retirement Board.

This bill would require the ~~board~~ Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board, on or before January 1, 2012, until January 1, 2016, to ~~adopt a policy that sets forth a goal to utilize~~ *report annually to the Legislature*

the ethnicity and gender of emerging investment managers, as defined, to manage 10% of its total investment portfolio who participate in managing its portfolio of fund management contracts, as specified. The bill would also require the board to develop and include in the report plans and strategies to increase the participation of emerging investment managers until they manage at least 10% of the board's actively managed portfolio.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *The Legislature finds and declares all of the*
 2 *following:*

3 (a) *The California Public Employees' Retirement System, the*
 4 *nation's largest pension fund, and the California State Teachers'*
 5 *Retirement System, together, have approximately \$328 billion in*
 6 *assets under their management.*

7 (b) *Women- and minority-owned businesses are not reflected*
 8 *among pension fund asset managers to the same extent as they are*
 9 *represented in the population of the United States which is 51*
 10 *percent female and 25 percent nonwhite. Currently, participation*
 11 *by these groups in California pension fund asset management*
 12 *continues to be disproportionately low based on limited available*
 13 *state-level data.*

14 (c) *As the nation's leader in attracting private equity capital*
 15 *and advancing innovation, California should also be the leader*
 16 *in encouraging equal opportunity in our state pension fund*
 17 *utilization of emerging investment managers.*

18 SEC. 2. *Section 22204.5 is added to the Education Code, to*
 19 *read:*

20 22204.5. (a) *On or before January 1, 2012, the board shall*
 21 *annually report comprehensively and aggregately on the ethnicity*
 22 *and gender of the emerging investment managers who participate*
 23 *in managing its portfolio of fund management contracts, including*
 24 *all asset classes. The report shall identify the investment firm*
 25 *ownership composition, including the portfolio value amount and*
 26 *ethnic and gender breakdowns. The report shall separately include*
 27 *a percentage breakdown by ethnicity and gender of investment*
 28 *officer composition of contracted portfolio management firms.*

1 (b) The board shall develop and include in the annual report
2 to the Legislature plans and strategies to increase the participation
3 of emerging investment managers until they manage at least 10
4 percent of the board’s actively managed portfolio.

5 (c) “Emerging investment manager” means a qualified
6 investment adviser who is a woman or a member of a minority
7 group and who manages an investment portfolio of at least ten
8 million dollars (\$10,000,000), but less than one billion dollars
9 (\$1,000,000,000).

10 (d) This section shall remain in effect only until January 1, 2016,
11 and as of that date is repealed, unless a later enacted statute, that
12 is enacted before January 1, 2016, deletes or extends that date.

13 SEC. 3. Section 20139 is added to the Government Code, to
14 read:

15 20139. (a) On or before January 1, 2012, the board shall
16 annually report comprehensively and aggregately on the ethnicity
17 and gender of the emerging investment managers who participate
18 in managing its portfolio of fund management contracts, including
19 all asset classes. The report shall identify the investment firm
20 ownership composition, including the portfolio value amount and
21 ethnic and gender breakdowns. The report shall separately include
22 a percentage breakdown by ethnicity and gender of investment
23 officer composition of contracted portfolio management firms.

24 (b) The board shall develop and include in the annual report
25 to the Legislature plans and strategies to increase the participation
26 of emerging investment managers until they manage at least 10
27 percent of the board’s actively managed portfolio.

28 (c) “Emerging investment manager” means a qualified
29 investment adviser who is a woman or a member of a minority
30 group and who manages an investment portfolio of at least ten
31 million dollars (\$10,000,000), but less than one billion dollars
32 (\$1,000,000,000).

33 (d) This section shall remain in effect only until January 1, 2016,
34 and as of that date is repealed, unless a later enacted statute, that
35 is enacted before January 1, 2016, deletes or extends that date.

36 SECTION 1. ~~Section 20139 is added to the Government Code,~~
37 ~~to read:~~

38 ~~20139. (a) On or before January 1, 2012, the board shall adopt~~
39 ~~a policy that sets forth a goal to utilize emerging investment~~
40 ~~managers to manage 10 percent of its total investment portfolio.~~

1 This policy shall include quantifiable goals for the management
2 of assets in specific asset classes by emerging investment managers.

3 (b) For purposes of this section, the following definitions shall
4 apply:

5 (1) “Disadvantaged business enterprise” means small business
6 concerns that are at least 51 percent owned and controlled by
7 socially and economically disadvantaged individuals.

8 (2) “Emerging investment manager” means a qualified
9 investment adviser that manages an investment portfolio of at least
10 ten million dollars (\$10,000,000) but less than one billion dollars
11 (\$1,000,000,000) and is a disadvantaged enterprise.