

Assembly Bill No. 205

CHAPTER 766

An act to amend Section 7514.2 of the Government Code, relating to public employees' retirement.

[Approved by Governor October 12, 2013. Filed with
Secretary of State October 12, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

AB 205, Pan. Public employees' retirement: pension fund management.

The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. The California Constitution confers upon the retirement boards of public retirement systems plenary authority and fiduciary responsibility for the investment of moneys of those systems. Existing law authorizes the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board of the State Teachers' Retirement System, consistent with their fiduciary duties and the standard for prudent investment, to prioritize investment in an in-state infrastructure project over a comparable out-of-state infrastructure project.

This bill would extend the authorization to prioritize investment in an in-state infrastructure project, as described above, to the board of retirement or the board of investments of a retirement system established pursuant to the County Employees Retirement Law of 1937.

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

SECTION 1. Section 7514.2 of the Government Code is amended to read:

7514.2. (a) As used in this section, the following definitions shall apply:

(1) "Board" means the Board of Administration of the Public Employees' Retirement System, the Teachers' Retirement Board, or the board of retirement or board of investments of a retirement system established pursuant to the County Employees Retirement Law of 1937 (Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3).

(2) "Infrastructure" includes, but is not limited to, telecommunications, power, transportation, ports, petrochemical, and utilities.

(b) A board may, subject to and consistent with its fiduciary duties and the standard for prudent investment set forth in Section 20190 of this code, Section 22203 of the Education Code, and Section 17 of Article XVI of the California Constitution, prioritize investment in an in-state infrastructure project over a comparable out-of-state project.

(c) The Legislature encourages each board to prioritize investment in in-state infrastructure projects over alternative out-of-state infrastructure projects if the investments in the in-state projects are consistent with the board's fiduciary duties to minimize the risk of loss and to maximize the rate of return.

(d) Nothing in this section shall require a board to take action that is inconsistent with its plenary authority and fiduciary responsibilities, as described in Section 17 of Article XVI of the California Constitution.