

ASSEMBLY BILL

No. 2283

Introduced by Assembly Member Calderon

February 18, 2016

An act to add Section 22357 to the Education Code, and to add Section 20201.5 to the Government Code, relating to the public retirement systems investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 2283, as introduced, Calderon. Public retirement system: investments: securitized rental homes.

Existing law creates the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS) for the purpose of providing pension and other benefits to teachers and public employees. These systems are funded by employee and employer contributions, investment returns and, in the case of STRS, additional state contributions. The California Constitution authorizes the Legislature to prohibit certain investments by a retirement board if doing so is in the public interest and satisfies the standards of fiduciary care and loyalty required of a retirement board. The California Constitution commits to the retirement board of a public pension or retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the system.

This bill would require the Teachers' Retirement Board and the Board of Administration of the Public Employees' Retirement System, consistent with their fiduciary duties, on and after January 1, 2017, to cease investing in securitized home rental properties. The bill would define securitized home rental properties as single-family homes in California used as rental properties that are aggregated, either with

properties in California or elsewhere, with the resulting income from the properties funding publicly traded investment products. The bill would also require the board, consistent with its fiduciary duties, on or before January 1, 2018, to liquidate investments in securitized home rental properties.

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. Section 22357 is added to the Education Code,
2 to read:

3 22357. (a) For purposes of this section, “securitized home
4 rental properties” means single-family homes in California used
5 as rental properties that are aggregated, either with properties in
6 California or elsewhere, with the resulting income from the
7 properties funding publicly traded investment products.

8 (b) On and after January 1, 2017, the board, consistent with its
9 fiduciary duties, shall not make new or additional investments in
10 securitized rental home properties.

11 (c) On or before January 1, 2018, the board, consistent with its
12 fiduciary duties, shall liquidate its investments in securitized rental
13 home properties.

14 (d) This section shall not require the board to take any action
15 unless the board determines in good faith that the action described
16 in this section is consistent with the fiduciary responsibilities of
17 the board described in Section 17 of Article XVI of the California
18 Constitution.

19 SEC. 2. Section 20201.5 is added to the Government Code, to
20 read:

21 20201.5. (a) For purposes of this section, “securitized home
22 rental properties” means single-family homes in California used
23 as rental properties that are aggregated, either with properties in
24 California or elsewhere, with the resulting income from the
25 properties funding publicly traded investment products.

26 (b) On and after January 1, 2017, the board, consistent with its
27 fiduciary duties, shall not make new or additional investments in
28 securitized rental home properties.

1 (c) On or before January 1, 2018, the board, consistent with its
2 fiduciary duties, shall liquidate its investments in securitized rental
3 home properties.

4 (d) This section shall not require the board to take any action
5 unless the board determines in good faith that the action described
6 in this section is consistent with the fiduciary responsibilities of
7 the board described in Section 17 of Article XVI of the California
8 Constitution.

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