

AMENDED IN SENATE JULY 5, 2012
AMENDED IN SENATE JUNE 15, 2012
AMENDED IN ASSEMBLY JANUARY 13, 2012
AMENDED IN ASSEMBLY MAY 11, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 17

Introduced by Assembly Member Davis

December 6, 2010

An act to ~~add and repeal Section 22204.5 of the Education~~ amend *Section 71253 of the Water Code*, relating to ~~retirement~~ *municipal water districts*, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 17, as amended, Davis. ~~Retirement: pension fund management.~~
Municipal water districts: board of directors.

Existing law, the Municipal Water District Law of 1911, authorizes the formation of a municipal water district to acquire and sell water. Existing law generally requires the board of directors of a municipal water district to consist of 5 members who hold office for a term of 4 years from and after the date of the director taking office and until the election and qualification of the director's successor. Under existing law, except as prescribed, directors take office at the time county officers take office, at 12 o'clock noon on the first Monday after the January 1st succeeding their election.

Existing law establishes certain dates during which elections are to be held each year, including the first Tuesday after the first Monday in November of each year.

This bill would specify that directors elected to office at an election held on the first Monday in November to take office at the time county officers take office, on the first Monday after January 1 succeeding their election. This bill would further specify that a director elected at an election held at a date other than the above-mentioned November date shall take office 30 days following the date of certification of the results of that election.

This bill would declare that it is to take effect immediately as an urgency statute.

~~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 Teachers' Retirement Board, on or before August 1, 2013, and annually each August 1 thereafter, to aggressively participate in a legislative hearing on ethnic and gender diversity in regards to the investment managers with whom it has contracted in the immediately preceding fiscal year, and who participate in managing its portfolios of external fund management contracts, as specified. The bill would also require the board, on or before August 1, 2013, and annually each August 1 thereafter, to participate in a legislative hearing on the ethnicity and gender of the brokerage firms with which it has contracted in the immediately preceding fiscal year, and that provide brokerage services to the fund's internally and externally managed investment management firms, as specified. The bill would also require the board, on or before August 1, 2013, and annually each August 1 thereafter, to participate in a legislative hearing for the purpose of developing a plan and strategy for participation of emerging investment managers and emerging brokerage firms. The bill would provide for the repeal of these provisions on January 1, 2018. The bill would also make related findings and declarations.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: ~~yes~~^{no}. State-mandated local program: no.

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

1 SECTION 1. Section 71253 of the Water Code is amended to
2 read:

1 71253. (a) Except for the directors elected at the formation
2 election, directors elected to office *at an election held on a date*
3 *specified in subdivision (d) of Section 1000 of the Elections Code*
4 shall take office at the time provided by *Section 24200 of the*
5 *Government Code for county officers to take office.*

6 (b) *Directors elected to office at an election held on a date other*
7 *than that specified in subdivision (d) of Section 1000 of the*
8 *Elections Code shall take office 30 days following the date of*
9 *certification of the results of that election.*

10 SEC. 2. *This act is an urgency statute necessary for the*
11 *immediate preservation of the public peace, health, or safety within*
12 *the meaning of Article IV of the Constitution and shall go into*
13 *immediate effect. The facts constituting the necessity are:*

14 *In order to ensure the integrity of municipal water district*
15 *elections, it is necessary that this act take effect immediately.*

16 SECTION 1. ~~The Legislature finds and declares all of the~~
17 ~~following:~~

18 ~~(a) The California State Teachers' Retirement System has~~
19 ~~approximately \$130 billion in assets under its management.~~

20 ~~(b) As the nation's leader in attracting private equity capital and~~
21 ~~advancing innovation, California should also be the leader in~~
22 ~~encouraging equal opportunity in our state pension fund utilization~~
23 ~~of emerging investment managers and emerging brokerage firms.~~

24 SEC. 2. ~~Section 22204.5 is added to the Education Code, to~~
25 ~~read:~~

26 ~~22204.5. (a) (1) On or before August 1, 2013, and annually~~
27 ~~on or before each August 1 thereafter, the board shall aggressively~~
28 ~~participate in a legislative hearing on ethnic and gender diversity~~
29 ~~in regards to the investment managers with whom it has contracted~~
30 ~~in the immediately preceding fiscal year, and who participate in~~
31 ~~managing its portfolio of external fund management contracts,~~
32 ~~including all asset classes in which the fund has assets allocated.~~
33 ~~The board shall testify in the legislative hearing on the ownership~~
34 ~~composition of any privately owned investment firm, including~~
35 ~~ethnic and gender breakdowns as well as the portfolio value amount~~
36 ~~and asset class managed, in addition to fees paid to each investment~~
37 ~~manager. The board shall discuss in the legislative hearing the~~
38 ~~percentage breakdown by ethnicity and gender of investment~~
39 ~~officer composition of contracted portfolio management firms.~~
40 ~~The board shall further testify regarding strategic plans of~~

1 promoting existing underlying emerging managers from manager
 2 of manager structures to direct mandates.

3 ~~(2) On or before August 1, 2013, and annually on or before each~~
 4 ~~August 1 thereafter, the board shall also aggressively participate~~
 5 ~~in a legislative hearing on the ethnicity and gender of the brokerage~~
 6 ~~firms with which it has contracted in the immediately preceding~~
 7 ~~fiscal year, and which provide brokerage services to the fund's~~
 8 ~~internally and externally managed investment management firms~~
 9 ~~in addition to the commissions paid for trading equity securities~~
 10 ~~and par value traded for fixed income by product to each brokerage~~
 11 ~~firm utilized by the fund.~~

12 ~~(b) On or before August 1, 2013, and annually on or before each~~
 13 ~~August 1 thereafter, the board shall also aggressively participate~~
 14 ~~in a legislative hearing for the purpose of developing a plan and~~
 15 ~~strategy for participation of emerging investment managers who~~
 16 ~~manage internally and externally managed assets in each asset~~
 17 ~~class, and emerging brokerage firms that execute securities on~~
 18 ~~organized exchanges as selected agents. Any percentages provided~~
 19 ~~by the board shall be used as a reporting threshold only, and not~~
 20 ~~as a basis upon which to contract with any given emerging~~
 21 ~~investment manager or emerging brokerage firm.~~

22 ~~(c) The board shall define the terms "emerging investment~~
 23 ~~manager" and "emerging brokerage firm" through an administrative~~
 24 ~~process for purposes of this section.~~

25 ~~(d) This section shall remain in effect only until January 1, 2018,~~
 26 ~~and as of that date is repealed, unless a later enacted statute, that~~
 27 ~~is enacted before January 1, 2018, deletes or extends that date.~~