

AMENDED IN SENATE MAY 26, 2000

AMENDED IN SENATE APRIL 24, 2000

SENATE BILL

No. 2122

Introduced by Senator Ortiz

February 25, 2000

An act to repeal, ~~add, and repeal~~ *and add* Chapter 21.4 (commencing with Section 7515) of Division 7 of Title 1 of the Government Code, relating to public retirement fund investments.

LEGISLATIVE COUNSEL'S DIGEST

SB 2122, as amended, Ortiz. ~~Joint Retirement System Investment Advisory Panel~~ *Retirement systems: investments: information sharing.*

The California Constitution provides that the retirement boards of public pension or retirement systems have plenary authority over the assets of their respective systems, subject to their fiduciary duties to the systems' members.

This bill would ~~establish the Joint Retirement System Investment Advisory Panel that would make recommendations and provide advice to, and facilitate the sharing of information between, the Public Employees' Retirement System and the State Teachers' Retirement System, as specified. The provisions of the bill would be repealed on January 1, 2004~~ *state that the Public Employees' Retirement System and the State Teachers' Retirement System are authorized and encouraged to cooperate and share information that may assist them in developing and*

implementing appropriate investment strategies, with the advice of investment experts, as specified. It would specify that confidential information or documents relating to investments in the possession of either system would not lose their confidential status due to the fact that the information or documents are shared with the other system or with investment advisors. It also would delete obsolete provisions.

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. This act shall be known and may be cited
2 as the Joint Retirement System Investment ~~Advisory~~
3 ~~Panel Information Sharing~~ Act of 2000.

4 SEC. 2. Chapter 21.4 (commencing with Section
5 7515) of Division 7 of Title 1 of the Government Code is
6 repealed.

7 SEC. 3. Chapter 21.4 (commencing with Section
8 7515) is added to Division 7 of Title 1 of the Government
9 Code, to read:

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11 CHAPTER 21.4. JOINT RETIREMENT SYSTEM INVESTMENT
12 ~~ADVISORY PANEL INFORMATION SHARING~~

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14 ~~7515. The Joint Retirement System Investment~~
15 ~~Advisory Panel is hereby established. As used in this~~
16 ~~chapter, "panel" shall mean the Joint Retirement System~~
17 ~~Investment Advisory Panel. The panel shall consist of:~~

18 ~~(a) The Governor.~~

19 ~~(b) The Treasurer.~~

20 ~~(c) The Controller.~~

21 ~~(d) Two of the elected members of the Board of~~
22 ~~Administration of the Public Employees' Retirement~~
23 ~~System.~~

24 ~~(e) Two of the members of the Teachers' Retirement~~
25 ~~Board described in paragraphs (5) to (10), inclusive, of~~
26 ~~subdivision (a) of Section 22200 of the Education Code.~~

27 ~~(f) Six investment professionals.~~



1 ~~7516. (a) The members of the panel described in~~
2 ~~subdivisions (d) and (e) Section 7515 shall serve for a~~
3 ~~term of one year. No person shall serve a subsequent term~~
4 ~~until all other eligible members of his or her respective~~
5 ~~retirement board have served on the panel.~~

6 ~~(b) The members of the panel described in subdivision~~
7 ~~(f) of Section 7515 shall be appointed by the Treasurer~~
8 ~~and the Controller, jointly, for a term of two years, subject~~
9 ~~to Senate confirmation, and may be reappointed to serve~~
10 ~~subsequent or consecutive terms at the discretion of the~~
11 ~~Treasurer and the Controller, subject to Senate~~
12 ~~confirmation. Each of those members shall be~~
13 ~~experienced in the field of investments and shall have~~
14 ~~served, or shall be serving, as a senior officer or member~~
15 ~~of the board of an insurance company, banking~~
16 ~~corporation, or other financial or investment~~
17 ~~organization authorized to do business in California.~~

18 ~~(c) No member of the panel described in subdivision~~
19 ~~(f) of Section 7515 shall have any direct personal~~
20 ~~involvement or economic interest in any financial~~
21 ~~transaction with the State Teachers' Retirement System~~
22 ~~or the Public Employees' Retirement System while the~~
23 ~~member serves on the panel or for one year after the~~
24 ~~expiration or earlier termination of the member's term~~
25 ~~on the panel.~~

26 ~~7517. (a) The members of the panel, other than the~~
27 ~~members described in subdivision (f) of Section 7515,~~
28 ~~shall annually elect a chairperson of the panel.~~

29 ~~(b) The panel shall meet no less than quarterly, but~~
30 ~~may meet at the call of the chairperson. Panel members~~
31 ~~are required to attend meetings; however, the Governor,~~
32 ~~the Treasurer, and the Controller may designate a~~
33 ~~representative to attend meetings and to act in his or her~~
34 ~~stead.~~

35 ~~(c) Notwithstanding any other provision of law, the~~
36 ~~members of the panel shall receive no salary,~~
37 ~~compensation, or reimbursement for expenses related to~~
38 ~~their service on the panel. The panel shall not employ any~~
39 ~~permanent staff.~~



1 ~~(d) Any expenses incurred by the panel shall be paid~~
2 ~~in equal shares by the State Teachers' Retirement System~~
3 ~~and the Public Employees' Retirement System.~~

4 ~~7518. (a) Subject to and consistent with the~~
5 ~~provisions of Section 17 of Article XVI of the California~~
6 ~~Constitution, the panel shall not establish investment~~
7 ~~policies for the Public Employees' Retirement System or~~
8 ~~the State Teachers' Retirement System, but, instead, shall~~
9 ~~do the following:~~

10 ~~(1) Review asset allocations and make~~
11 ~~recommendations to those systems at least once a year~~
12 ~~prior to the asset allocation workshops of those systems.~~

13 ~~(2) Analyze, from a strategic perspective, active~~
14 ~~versus passive management of investments and give~~
15 ~~advice to the respective systems as appropriate.~~

16 ~~(3) Facilitate information sharing and education~~
17 ~~between the governing boards of the two systems relating~~
18 ~~to investment policy to avoid historical problems in these~~
19 ~~areas.~~

20 ~~7519. This chapter shall remain in effect only until~~
21 ~~January 1, 2004, and as of that date is repealed, unless a~~
22 ~~later enacted statute, that is enacted before January 1,~~
23 ~~2004, deletes or extends that date.~~

24 ~~7515. It is the intent of this chapter to authorize and~~
25 ~~encourage the Public Employees' Retirement System~~
26 ~~and the State Teachers' Retirement System to regularly~~
27 ~~cooperate and share information that may assist both~~
28 ~~systems in developing and implementing appropriate~~
29 ~~investment strategies, with the advice of investment~~
30 ~~experts selected by the systems who are willing to share~~
31 ~~their knowledge and expertise.~~

32 ~~7516. Notwithstanding any other provision of law,~~
33 ~~confidential information or documents relating to~~
34 ~~investments in the possession of the Public Employees'~~
35 ~~Retirement System or the State Teachers' Retirement~~
36 ~~System shall not lose their confidential status due to the~~
37 ~~fact that the information or documents are shared with~~
38 ~~the other system or with investment advisors selected by~~
39 ~~the systems to advise on asset allocation, active verses~~
40 ~~passive management, or other investment issues of~~



1 *mutual interest and concern. Nothing in this chapter shall*
2 *be construed to authorize the release or sharing of*
3 *documents or information in violation of federal law or*
4 *the terms of a contract.*

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