

**Assembly Bill No. 1212**

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Passed the Assembly September 9, 2019

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*Chief Clerk of the Assembly*

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Passed the Senate September 5, 2019

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2019, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

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

## LEGISLATIVE COUNSEL'S DIGEST

AB 1212, Levine. Public employees' retirement: pension fund management: in-state infrastructure.

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, the Teachers' Retirement Board of the State Teachers' Retirement System, and the board of retirement or the board of investments of a retirement system established pursuant to the County Employees Retirement Law of 1937, consistent with their fiduciary duties and investment standards, to prioritize investment in an in-state infrastructure project over a comparable out-of-state infrastructure project.

This bill would require a state agency that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the retirement boards, as described above, and to provide it to them. The bill would require a state agency also to provide further project information to a board upon request. The bill would define a state agency for these purposes as the Department of Transportation and the Department of Water Resources.

*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.

(3) “State agency” means:

(A) The Department of Transportation.

(B) The Department of Water Resources.

(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. A state agency that is responsible for infrastructure projects shall produce a list of priority infrastructure projects for funding consideration by the boards and provide it to them. The state agency shall provide further project information to a board upon request to help that board determine if investment is suitable.

(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.

Approved \_\_\_\_\_, 2019

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*Governor*