



Investment Committee

Item Number 9 – Open Session

Subject: Report Pursuant to Assembly Bill 2833

Presenter(s): Chairperson

Item Type: Consent Information

Date & Time: September 13, 2023 – 0 minutes

Attachment(s): Attachment 1 – Assembly Bill 2833

Attachment 2 – 2833 Senate Bill 439 (Section 6254.26)

Attachment 3 – CalSTRS Report Pursuant to Assembly Bill

Attachment 4 – Glossary

PowerPoint(s): None

Item Purpose

The purpose of this item is to demonstrate CalSTRS compliance with AB 2833 for fiscal year 2021/22. Legislation requires California public pension plans to disclose the information received in connection with AB 2833 at least once annually at a meeting open to the public.

Recommendation

This is a consent item and is for informational purposes only.

Executive Summary

CalSTRS staff has been reporting investment costs for well over a decade. This report covers fiscal year 2021/22 (see Attachment 3). While there is some overlap, the AB 2833 reporting requirement is distinct from the [Annual Investment Cost Report](#) “Cost Report” initiative, scheduled each fall. The Cost Report is an extensive exercise that provides a holistic view into the investment costs across all asset classes and investment strategies. That initiative is aligned with the Investment Beliefs and dedicated to greater fee transparency. It helps staff monitor and measure costs at a more granular level for each investment made within the total investment portfolio.

Staff, with the help of Mercer, reached out to each alternative investment manager to obtain the costs of 371 alternative investment vehicles, which were determined to be within the scope of the bill. There were 169 investments made on or after January 1st, 2017; their information is presented in Attachment 3, Part A. For the investments made prior to January 1st, 2017, staff reached out to each general partner and received authorization from 198 of them to disclose their information under AB 2833 (Attachment 3, Part B).

This report demonstrates CalSTRS compliance with AB 2833 for fiscal year 2021/22. In preparing this report, staff has achieved operational efficiencies by consolidating projects and working closely with Mercer.

Background

The California Government Code has been amended to require additional public disclosure about investments by state or local California public pension plans. The amendment, which was approved by the Governor on September 14, 2016, requires that a California public pension plan disclose certain fee and expense information about its investments in any private fund that is an alternative investment vehicle (see Attachments 1 and 2). The intent of this amendment, which is captured in Assembly Bill 2833 (“AB 2833” or “the bill”), is to increase transparency into the fees and expenses that California public pension plans pay with respect to their investments in alternative investments (as defined by the bill). The bill is applicable to new contracts entered into on and after January 1, 2017, and for existing contracts for which a new capital commitment is made on or after January 1, 2017. For all other existing contracts, California public pension plans are required to use reasonable efforts to obtain the information necessary to make the annual disclosure set forth in AB 2833.