

**Assembly Bill No. 539**

CHAPTER 619

An act to amend Section 22352 of the Education Code, relating to state teachers' retirement.

[Approved by Governor October 7, 2021. Filed with Secretary  
of State October 7, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 539, Cooley. State teachers' retirement: investment managers and investment advisers: contracts.

The California Constitution provides that the civil service includes every officer and employee in the state except as otherwise provided in the Constitution, and existing statutory law, the State Civil Service Act, prescribes a comprehensive civil service personnel system for the state.

Existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS is administered by the Teachers' Retirement Board. Existing law authorizes the board, upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with approval of the State Personnel Board, to contract with qualified investment managers, as provided.

This bill would additionally authorize the board to contract with investment advisers, as defined, upon the same finding by the board and approval by the State Personnel Board. The bill would, pursuant to a policy adopted by the board, authorize the board to establish a competitive bidding process and to specify the contract terms and conditions the board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.

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

SECTION 1. Section 22352 of the Education Code is amended to read:

22352. Upon a finding by the board that necessary investment expertise is not available within existing civil service classifications, and with the approval of the State Personnel Board, the board may, pursuant to policy adopted by the board, establish competitive bidding processes, and specify the contract terms and conditions it solely deems necessary and prudent to contract with qualified investment managers and investment advisers, as

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defined in Section 22143, having demonstrated expertise in managing, or advising the management of, large and diverse investment portfolios to render service in connection with the investment program of the board.