



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code: Section:

[Up^](#) [Add To My Favorites](#)

GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 5. PERSONNEL [18000 - 22980] (Division 5 added by Stats. 1945, Ch. 123.)

PART 3. PUBLIC EMPLOYEES' RETIREMENT SYSTEM [20000 - 21716] (Part 3 repealed and added by Stats. 1995, Ch. 379, Sec. 2.)

CHAPTER 2. Administration of System [20090 - 20260] (Chapter 2 added by Stats. 1995, Ch. 379, Sec. 2.)

ARTICLE 6. Investments [20190 - 20210] (Article 6 added by Stats. 1995, Ch. 379, Sec. 2.)

20190. The board has exclusive control of the investment of the retirement fund. Except as otherwise restricted by the California Constitution and by law, the board may, in its discretion, invest the assets of the fund through the purchase, holding, or sale thereof of any investment, financial instrument, or financial transaction when the investment, financial instrument, or financial transaction is prudent in the informed opinion of the board.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20191. The board may itself make any investment authorized by law or sell any security, obligation, or real property in which moneys in the retirement fund are invested, by affirmative vote of at least seven members of the board, or by the same affirmative vote may from time to time adopt an investment resolution that shall contain detailed guidelines by which to designate those securities and real property that are acceptable for purchase. While the resolution is in effect, securities and real property may be purchased for investment by an officer or employee of the board designated by it for that purpose, and sales of securities may be consummated by the officer or employee under the conditions prescribed. Purchases and sales of securities shall be reported to the board, on a monthly basis, at its next regular meeting.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20191.5. (a) All investment transaction decisions made during a closed session pursuant to paragraph (16) of subdivision (c) of Section 11126 shall be by rollcall vote entered into the minutes of that meeting.

(b) The board, within 12 months of the close of an investment transaction or the transfer of system assets for an investment transaction, whichever occurs first, shall disclose and report the investment at a public meeting.

(Added by Stats. 1998, Ch. 923, Sec. 7. Effective January 1, 1999.)

20192. In addition to the other investments authorized by this article, the board may invest in real estate and leases thereof and improvements thereon for business or residential purposes as an investment for the production of income.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20193. The board may invest the money in the retirement fund in real property or improvements thereon or to be constructed thereon when the real property or improvements are acquired or to be made by or for sale or lease to the state or a public agency. The board may acquire the real property under Part 11 (commencing with Section 15850) of Division 3. Title to real property acquired by or on behalf of the board pursuant to this section or under Part 11 (commencing with Section 15850) of Division 3 shall be vested in the board. The Director of General Services on behalf of the state may hire or lease as lessee real property or improvements acquired pursuant to this section for lease to the state. The lease may contain an option or options to purchase the property, or a provision that title to the property shall vest in the state at the expiration of the term, and the Director of General Services is authorized to acquire the property. The board also may invest money in any valid special obligations of the state or a public agency or an agency of either issued to finance a public building and secured solely by the building or revenues, rentals or receipts received from operation of the building. This section shall not be construed as authorization to acquire any real property or improvements thereon or to issue any obligation to finance the acquisition on behalf of the state unless that acquisition is authorized by a separate act or appropriation enacted by the Legislature.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20194.5. In addition to the other investments authorized by this article, the board may invest in Property Assessed Clean Energy (PACE) bonds, as defined in Section 26054 of the Public Resources Code.

(Amended by Stats. 2019, Ch. 396, Sec. 9. (AB 1513) Effective January 1, 2020.)

20195. (a) The board may select, purchase, or acquire in the name of the system, the fee or any lesser interest in real property, improved or unimproved, and may construct or remodel, and equip, an office building, including appropriate satellite structures, in the County of Sacramento, California, for its use and for the use of other state retirement systems excepting the State Teachers' Retirement System, other departments, boards, and agencies of the state, or appropriate private commercial entities as space may be available from time to time. The office building and satellite structures shall conform to the Capital Master Plan if located within an area subject to the plan.

(b) The board may select, purchase, or acquire in the name of the system, the fee or any lesser interest in real property, improved or unimproved, and may construct or remodel, and equip, business recovery centers in California for use by the system as an alternate facility, emergency operations center, or data center that the board determines is appropriate for disaster preparedness.

(c) If the board acquires bare land, improvements shall be constructed according to plans approved by the State Public Works Board and Department of General Services.

(d) If the board acquires land with improvements thereon, the improvements shall be remodeled or completed in accordance with plans approved by the State Public Works Board and Department of General Services.

(e) If condemnation of the property selected is necessary, the board may elect to deposit the funds deemed necessary with the Treasurer. The funds are appropriated for purchase of the selected property subject to the Property Acquisition Law.

(f) Work on all projects shall be done under contract awarded to the lowest responsible bidder pursuant to bidding procedures set forth in Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.

(Amended by Stats. 2009, Ch. 130, Sec. 14. (AB 966) Effective January 1, 2010.)

20196. The board may contract with the Department of General Services or any other state department for assistance and supervision in the acquisition of real property and the construction thereon of buildings and improvements authorized in this article.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20197. All buildings and improvements constructed by the board under this article may contain space in excess of the immediate requirements of the board that, until needed, may be leased by the board upon those terms and conditions as may be approved by the board.

The board may contract with the Department of General Services to handle the rentals of any excess space over and above that required by the board and to furnish general supervision and maintenance of buildings and improvements constructed under the provisions of this article.

(Amended by Stats. 2010, Ch. 639, Sec. 1. (SB 1139) Effective January 1, 2011.)

20198. Any building or improvement constructed by the board under this article shall be subject to the supervision of the board in accordance with rules and regulations established by the board with the assistance of the Department of General Services.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20199. The board shall establish a building account for the transfer of money that is continuously appropriated for that purpose from the retirement fund for the cost of the acquisition of real property, the construction or remodeling of buildings and improvements thereon, the maintenance, repair, and improvement thereof, and for other necessary operational expenses.

For accounting purposes the board shall pay to the building account an amount sufficient to repay all costs for construction and maintenance of space used by the board. Other amounts or contributions received shall be deposited in the building account and disbursed as provided in this section.

The board may contract with the Department of General Services for the purchase of insurance against loss of, or damage to, the property or the loss of use or occupancy of the building, liability insurance and other insurance as is customarily carried on state office buildings. Premiums for the insurance shall be paid from the building account.

Money in the building account that is in excess of current needs shall be paid into the retirement fund monthly. The land, building, equipment, and improvements thereon, shall constitute an asset in the retirement fund and shall be carried on the books thereof as such in accordance with generally accepted accounting practices.

(Amended by Stats. 2012, Ch. 833, Sec. 3. (SB 987) Effective January 1, 2013.)

20200. (a) Notwithstanding any other provision of law, the board may establish a program utilizing the retirement fund to assist system members, through financing, to obtain homes throughout the United States.

(b) For the purpose of this section, the term "member" means any person who is receiving, or is entitled to receive, a retirement allowance funded by this system, the Legislators' Retirement System, the Judges' Retirement System, or the Judges' Retirement System II, notwithstanding any vesting requirement and without regard to present eligibility to retire.

(c) The board shall adopt regulations governing the program that shall, among other things, provide:

- (1) That home loans be made available to members for the purchase of single-family dwellings, two-family dwellings, three-family dwellings, four-family dwellings, single-family cooperative apartments, and single-family condominiums.
- (2) That private lending institutions throughout the United States shall originate and service its home loans pursuant to agreements entered into between those institutions and the board.
- (3) That the recipients of the loans occupy the homes as their permanent residences in accord with rules and regulations established by the board.
- (4) That its home loans shall be available only for the purchase or refinancing of homes throughout the United States and that under no condition shall a member have more than one outstanding loan.
- (5) That the amount and length of the loans shall be pursuant to a schedule periodically established by the board that shall provide a loan-to-value ratio of no greater than the following:
 - (A) One hundred percent for the first loan for a single-family dwelling, single-family cooperative apartment, or single-family condominium.
 - (B) Ninety-five percent for the first loan on a two-family dwelling.
 - (C) Ninety percent for the first loan on a three-family dwelling or four-family dwelling.

The portion of any loan exceeding 80 percent of value shall be insured by an admitted mortgage guaranty insurer conforming to Chapter 2A (commencing with Section 12640.01) of Part 6 of Division 2 of the Insurance Code, in an amount so that the unguaranteed portion of the loan does not exceed 75 percent of the market value of the property together with improvements thereon.

- (6) That there may be prepayment penalties assessed on its loans in accordance with rules and regulations established by the board.
- (7) That the criteria and terms for its loans shall provide the greatest benefit to members consistent with the financial integrity of the program and the sound investment of the retirement fund.
- (8) Any other terms and conditions as the board shall deem appropriate.

(d) This section shall be known as, and may be cited as, the Dave Elder Public Employees' Retirement System Member Home Loan Program Act.

(Amended by Stats. 2003, Ch. 97, Sec. 1. Effective January 1, 2004.)

20201. (a) It is the intent of the Legislature that the provisions of this section be available to assist members in obtaining homes throughout the United States. The Legislature intends that home loans made pursuant to Section 20200 and this section shall be secured primarily by the property acquired except as authorized pursuant to paragraph (1) of subdivision (b) and shall not exceed the fair market value of the property acquired.

(b) The board shall include in any program established pursuant to Section 20200 a procedure whereby a member may obtain 100-percent financing for the purchase of a single-family dwelling unit in accordance with the following criteria:

- (1) The member shall obtain one loan with a loan-to-value ratio not to exceed 95 percent secured by the purchased home and a second personal loan with a loan-to-value ratio not to exceed 5 percent secured by a portion of the accumulated contributions and vested accrued benefits in the member's individual account. A member can only have one outstanding personal loan.
- (2) The loan secured by the purchased home shall be consistent with the loan-to-value ratios specified in the schedules established pursuant to Section 20200.

(3) The amount of a conforming loan on a single-family dwelling unit shall not exceed 95 percent of the Federal National Mortgage Association (FNMA) conforming loan limits. The amount shall be adjusted annually as determined by the Federal National Mortgage Association (FNMA). In no event, shall the loan amount exceed three hundred fifty thousand dollars (\$350,000).

(4) In no event may the personal loan secured by the accumulated contributions and vested accrued benefits in the member's individual account exceed 50 percent of the current value amount of the accumulated contributions.

(5) The pledge of security under this section shall remain in effect until the loan is paid in full.

(c) In the event of a default on the personal loan secured by the member's contributions as authorized by this section, the board may deduct an amount from the member's contributions on deposit and adjust the member's accrued benefit, up to the amount pledged as security, prior to making any disbursement of retirement benefits.

(d) The secured personal loan permitted under this section shall be made available only to currently employed members who meet eligibility criteria the board deems advisable.

(e) If the member is married at the time the home is purchased with a personal loan secured by the member's contributions as authorized by this section, then the member's spouse shall agree in writing to the pledge of security, as to his or her community interest in the amount pledged regardless of whether title to the home is in joint tenancy.

(f) The pledge of security under this section shall take binding effect, notwithstanding Section 21255. In the event of default, the accumulated contributions in the member's account shall be reduced as necessary to recover any outstanding loan balance, not to exceed the pledged amount.

(g) Appropriate administrative costs of implementing this section shall be paid by the members utilizing this section. Those costs may be included in the loan amount.

(h) Appropriate interest rates shall be periodically reviewed and adjusted to provide loans to members consistent with the financial integrity of the member home loan program and the sound and prudent investment of the retirement fund.

(i) The amendments to this section by Chapter 1094 of the Statutes of 1994 shall be deemed to have become operative on November 1, 1993.

(j) The board shall administer this section under other terms and conditions it deems appropriate and in keeping with the investment standard set forth in Section 20151. The board may adopt procedural guidelines as necessary for its administration of this section and to assure compliance with applicable state and federal laws.

(Amended by Stats. 1998, Ch. 678, Sec. 5. Effective January 1, 1999.)

20202. The board may, subject to and consistent with its fiduciary duty, establish a program utilizing the retirement fund to assist currently employed members and annuitants who are victims of a natural disaster to obtain loans from the retirement fund for the sole purpose of repairing or rebuilding their homes which have been damaged by a natural disaster. In order to qualify for a loan the home of the member or annuitant shall have been damaged by a natural disaster and the home shall have been in an area that has been declared a disaster area in a proclamation of the Governor of a state of emergency affecting the area in which the member or annuitant resides.

The board may lend any amount of money, up to and including 100 percent of the costs of repairing or rebuilding a home of a member or annuitant. However, 5 percent of the loan shall be secured by the contributions of the member who requests the loan.

The board may, under conditions it may deem prudent, require that a member or annuitant pledge other assets as collateral for a loan.

The board shall establish terms for the termination of loans made pursuant to this section upon the separation of members from service, to ensure, in the case of any default, that this system shall not suffer any loss, and to provide, as a condition of retirement, for alternative security. The board may impose other terms and conditions as the board may determine appropriate.

The Legislature hereby reserves full power and authority to change, revise, limit, expand, or repeal the loan program authorized by this section.

(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20203. Notwithstanding any other law, the board may enter into security loan agreements with respect to securities in which the board is authorized by law to invest subject to all of the following conditions:

(a) The borrower shall provide the board with collateral in the form of cash, United States government debt securities, debt obligations issued by United States government agencies, and United States government-sponsored enterprises, marketable public equity securities, or marketable international government bonds, provided that the amount of collateral shall be at least 102 percent of the market value of the loaned securities or an amount consistent with market practice, whichever is greater.

(b) The board shall maintain policies and procedures designed to administer the loan agreements consistent with Section 17 of Article XVI of the California Constitution.

(c) The board shall revalue the collateral to current market value on each business day or as frequently as industry practices require.

(d) The total market value of the loaned securities collateralized by marketable public equities and marketable international government bonds shall not exceed 25 percent of the assets of the retirement fund.

(Amended by Stats. 2017, Ch. 198, Sec. 1. (AB 679) Effective January 1, 2018.)

20206. The board shall employ investment counsel on its staff or on a consulting basis or trust companies or trust departments of banks to render service in connection with the board's investment program.

Whenever the board elects to contract with outside firms for investment counseling services it shall obtain proposals from all interested firms and conduct a public meeting at which a consultant or consultants shall be selected by the board. At least once in each three-year period after the prior selection, a consultant or consultants shall be obtained by the same procedure upon submission of new proposals.

(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20207. (a) The Legislature finds and declares that changing economic conditions and increasing complexity in the investment market make it necessary and desirable that this system obtain the best possible investment expertise.

(b) It is the intent of the Legislature that the board secure investment advisers with the composite expertise necessary for the investment of the retirement fund portfolio.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20208. 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 contract with qualified investment personnel having demonstrated expertise in the management of large and diverse investment portfolios to render service in connection with the investment program of the board.

The board shall report to the Governor, the Legislature, and the Joint Legislative Budget Committee on the nature, duration, and cost of investment contract services used. The report shall be submitted annually in April.

(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20209. The board shall, pursuant to the state civil service statutes, either contract with, or establish and fill a full-time position for, a person who is experienced and knowledgeable in corporate management issues to monitor each corporation any of whose shares are owned by this system and to advise the board on the voting of the shares owned by this system and on the responses of this system to merger proposals and tender offers.

Notwithstanding Section 13340, there is hereby continuously appropriated, without regard to fiscal years, from the retirement fund, an amount sufficient to pay all costs arising from this section.

(Added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)

20210. Notwithstanding any other provision of law, the board shall, by contract, retain not less than two separate individual investment advisers. There is hereby appropriated, without regard to fiscal year, from the retirement fund, an amount sufficient to pay all costs arising from this section.

No costs arising from this section shall be paid from the General Fund.

(Repealed and added by Stats. 1995, Ch. 379, Sec. 2. Effective January 1, 1996.)