

Office of the Attorney General
STATE CAPITOL
Sacramento, CA. 95814

June 24, 2011

11-0018
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JUN 24 2011

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

HONORABLE KAMALA HARRIS,

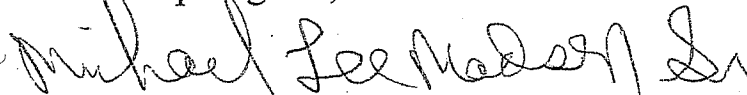
I am submitting an initiative, Public Employee Retirement, to your office to obtain a title and summary.

I am, also, enclosing the 200-dollar remittance to cover the expense of your continued processing of the initiative.

I would like this job and revenue-creating initiative to be on the ballot in November 2012 or sooner.

I am the guiding force behind this initiative, but the Legislative Counsel helped me draft the finalized version.

With Deep Regards,



Michael Lee Madsen Sr.

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INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Constitution of California, relating to public employee retirement systems, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to that general election or otherwise provided by law. The proposed constitutional amendments (full title and text of measure) read as follows:

SECTION 1. The people of California find and declare as follows:

(a) California's public employee retirement systems need to focus on investing within the state in order to create employment opportunities and new revenue sources within this state.

(b) Investing public employee retirement funds in California-based businesses will reenergize the state and return it to its status as a respected worldwide competitor.

(c) Requiring public employee retirement systems to invest in California's businesses will provide an additional boost to California's economy that will enable the state to surmount the economic reversals of the past few years.

(d) Requiring public employee retirement systems to invest in California will send the message that the state government and its employees are doing their part to ensure California's financial recovery and future success.

SEC. 2. Section 17 of Article XVI of the California Constitution is amended to read:

SEC. 17. The State shall not in any manner loan its credit, nor shall it subscribe to, or be interested in the stock of any company, association, or corporation, except that the State and each political subdivision, district, municipality, and public agency thereof is hereby authorized to acquire and hold shares of the capital stock of any mutual water company or corporation when the stock is so acquired or held for the purpose of furnishing a supply of water for public, municipal or governmental purposes; and the holding of the stock shall entitle the holder thereof to all of the rights, powers and privileges, and shall subject the holder to the obligations and liabilities conferred or imposed by law upon other holders of stock in the mutual water company or corporation in which the stock is so held.

Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system, subject to all of the following:

(a) The retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

(c) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(d) (1) The members of the retirement board of a public pension or retirement system shall, on and after January 1, 2016, invest and maintain at least 85 percent of the system's assets in California-based businesses and shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

(2) As used in this subdivision, the term "California-based businesses" shall mean a business in which at least 70 percent of its employees are employed within California.

(e) The retirement board of a public pension or retirement system, consistent with the exclusive fiduciary responsibilities vested in it, shall have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.

(f) With regard to the retirement board of a public pension or retirement system ~~which that~~ includes in its composition elected employee members, the number, terms, and method of selection or removal of members of the retirement board ~~which that~~ were required by law or otherwise in effect on July 1, 1991, shall not be changed, amended, or modified by the Legislature unless the change, amendment, or modification enacted by the Legislature is ratified by a majority vote of the electors of the jurisdiction in which the participants of the system are or were, prior to retirement, employed.

(g) The Legislature may by statute continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board pursuant to this section.

(h) As used in this section, the term ~~retirement board~~ "retirement board" shall mean the board of administration, board of trustees, board of directors, or other governing body or board of a public employees' pension or retirement system; provided, however, that the term ~~retirement board~~ "retirement board" shall not be interpreted to mean or include a governing body or board created after July 1, 1991 ~~which that~~ does not administer pension or retirement benefits, or the elected legislative body of a jurisdiction ~~which that~~ employs participants in a public employees' pension or retirement system.