



Governance, Transparency, and Labor Relations (GTLR) Policy Committee
Thursday, April 28, 2022
9:30 a.m.-12:30 p.m.

Register for this meeting:

<https://us06web.zoom.us/join/9157752022>

Immediately after registering, you will receive a link and confirmation email to join the meeting.

AGENDA

I. Welcome and Introductions

Speakers: Chair, Rick Bonilla, Mayor, San Mateo
Vice Chair, Melanie Bagby, Council Member, Cloverdale
Cal Cities President Cindy Silva, Mayor Pro Tem, Walnut Creek

II. Public Comment

III. General Briefing

Informational

IV. Legislative Agenda (Attachment A)

Action

- 1. [SB 1328 \(McGuire\)](#) Prohibited Investments and Contracts: Russia and Belarus.**
- 2. [SB 1173 \(Gonzalez\)](#) Public Retirement Systems: Fossil Fuels: Divestment.**

V. Legislative Update

Informational

VI. Adjourn

Next Virtual Meeting: Thursday, June 9, 9:30 a.m. -12:30 p.m.

Brown Act Reminder: The League of California Cities' Board of Directors has a policy of complying with the spirit of open meeting laws. Generally, off-agenda items may be taken up only if:

1) Two-thirds of the policy committee members find a need for immediate action exists and the need to take action came to the attention of the policy committee after the agenda was prepared (Note: If fewer than two-thirds of policy committee members are present, taking up an off-agenda item requires a unanimous vote); or

2) A majority of the policy committee finds an emergency (for example: work stoppage or disaster) exists.

A majority of a city council may not, consistent with the Brown Act, discuss specific substantive issues among themselves at League meetings. Any such discussion is subject to the Brown Act and must occur in a meeting that complies with its requirements.



**Governance, Transparency, and Labor Relations Policy Committee
Legislative Agenda
April 2022**

Staff: Johnnie Pina, Legislative Affairs, Lobbyist (916) 658-8214

1. [SB 1328 \(McGuire\) Prohibited Investments and Contracts. Russia and Belarus.](#)

Overview:

This measure would prohibit all public boards subject to the Public Employees' Pension Reform Act from investing public employee retirement funds, including the Board of the Public Employees' Retirement System (PERS), the Teachers' Retirement Board of the State Teachers' Retirement System (STRS) and other local pension funds, in a company with business operations in Russia or Belarus, as specified.

Bill Description:

This bill would prohibit all public pension boards subject to the Public Employees' Pension Reform Act from investing public employees' retirement funds in a company with business operations in Russia or Belarus that meets any of the following criteria:

- The company is engaged in active business operations in Russia or Belarus.
- The company is engaged in oil-related activities or energy or power-related operations, or contracts with another company with business operations in the oil, energy, and power sectors of Russia or Belarus, and the company failed to take substantial action related to the aggressor countries invasion of Ukraine.
- The company has demonstrated complicity in the Russian invasion of Ukraine.
- The company supplies military equipment to Russia or Belarus.

The board would have to contract with a research firm to determine those companies that have business operations in these counties and report back to the board one month after the bill goes into effect.

The board would also have to take all the following actions no later than one month after if this bill is chaptered:

- Review publicly available information regarding companies with business operations in Russia and Belarus.
- Contact other institutional investors that invest in companies with business operations in Russia and Belarus.
- Send written notice to a company with business operations Russia and Belarus that the company may be subject to the provisions of this bill.

The board would have to determine whether a company meets the criteria in the bill. If determined that a company has not taken substantial actions to mitigate its business in these counties, then the board would be required not to make additional or new investments in that business and would liquidate investments in that company within six months.

This bill would require a board to submit a report to the Legislature on or before January 1, 2023, and annually thereafter that includes the following information:

- A list of companies with investments the board has with business operations in Russia or Belarus, including, but not limited to, the issuer, by name, of the stock, bonds, securities, and other evidence of indebtedness.
- A detailed summary of the business operations a company meeting the criteria of this section, has in Russia or Belarus.
- Whether the board has reduced their investments in a company meeting the criteria of this section.
- If a board has not completely reduced its investments in a company meeting the criteria of this section:
 - When the board anticipates it will reduce all its investments in the impacted company, or
 - The reasons why the sale or transfer of investments is inconsistent with its fiduciary duty.
- Any reports or information used to determine that the company meets the criteria of this section.
- A detailed summary of investments transferred to funds or accounts devoid of companies with business operations in Russia or Belarus or with a sanctioned person.

This bill would permit a board to refrain from any such actions if it determines in good faith that such action would be inconsistent with the board's fiduciary responsibilities as described in Section 17 of Article XVI of the California Constitution.

This bill's prohibitions and liquidations would not apply to:

- Investments in a company primarily engaged in supplying goods or services intended to relieve human suffering in Ukraine.
- Investments in a company promoting health, education, journalistic, or religious activities in or welfare in Ukraine.

This measure would remain in effect only until one of the following occurs, and as of the date of that action, is repealed:

- Russia and Belarus halt the invasion and occupation of Ukraine as determined by the United States Department of State.
- The United States revokes all sanctions against Russia and Belarus imposed because of their participation in the February 24, 2022, invasion of Ukraine.

Background:

Author's Comments:

“While the Federal Government has taken swift and aggressive action advancing unprecedented sanctions against Russia and its leaders, California is the world's fifth largest economy and enhanced action taken by the State could help the people of Ukraine by putting additional financial pressure on the already beaten-up Russian economy. It's believed California has Russian investments approaching \$2 billion, primarily in its pension funds. At this point, there can be no excuse to invest in and support Putin, his oligarchs, and the Russian economy. Russia's economy, not even in the top 10 of world

economies, is one of their big pressure points, and California should use its power to exert influence where it can."

Existing Law:

Provides that California's public pension boards have plenary authority and fiduciary responsibility for the investment of monies and administration of the system.

Prohibits CalPERS and CalSTRS from making or holding certain investments in Iran, Sudan, Turkey, in businesses against Israel related to the Arab Boycott of Israel, and in thermal coal companies.

Requires pension board members to 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 and defraying reasonable expenses of administering the system.

Prohibits state trust moneys from being used to make additional or new investments or to renew existing investments in business firms that engage in discriminatory business practices in furtherance of or in compliance with the Arab League's economic boycott of Israel.

Prohibits a "scrutinized company," as defined, that is involved in specified activities in Sudan, from entering into contract with a state agency for goods and services and requires a prospective bidder for state contracts that currently or within previous three years has had business activities or other operations outside of the United States, to certify that the company is not scrutinized company, as specified.

California Constitution

The California Constitution expressly provides public pension fund retirement boards to have sole and exclusive fiduciary responsibility over the assets of its system. It further requires those board members to discharge their duties solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

The Constitution also requires the boards of public pension funds to diversify the investments of the system 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. In accordance with the California Constitution, the board's constitutional duties take precedence over any other considerations.

The Constitution also, however, provides that the Legislature may by statute 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.

CalPERS Actions to Date

Pursuant to Governor Newsom's [letter](#) on February 28, 2022, CalPERS took action regarding Russia's invasion of Ukraine including the following:

- CalPERS ceased all transactions in Russian publicly traded equities and stopped the flow of any new investments into the country.
- CalPERS is actively assessing its real estate investments and determining a path forward.
- CalPERS is reviewing all its investments in emerging markets, including Russia, due to the impacts the crisis has had on all financial markets.
- CalPERS is following all regulatory requirements promulgated by U.S. Office of Foreign Assets Control and the sanctions that are in place.

Current sanctions, market restrictions, and the closure of the Russian stock market have placed significant constraints on CalPERS' ability to liquidate its Russian holdings. CalPERS continuously monitors evolving sanctions and federal actions, which can have direct or indirect impacts on its investment activities.

CalPERS Divestment Policy

"The call for divestment has become an increasingly popular tool for promoting a cause or belief. As laudable as the underlying motivations may be, divestment for the purpose of achieving certain goals, such as promoting social justice, focus on companies that do business in a specified country or are engaged in a specified industry that do not appear to be primarily investment-related (Divestment Initiatives) has unintended consequences for the CalPERS fund and its members. CalPERS wants companies in which it invests to meet high corporate governance, ethical, and social standards of conduct and CalPERS' investment in a company does not necessarily signify that it approves of all the company's policies, products, or actions.

However, fiduciary obligations generally preclude CalPERS from sacrificing investment performance for the purpose of achieving goals that do not directly relate to CalPERS' operations or benefits. Divesting appears to almost invariably harm investment performance by, for example, causing transaction costs (e.g., the cost of selling assets and reinvesting the proceeds) and compromising investment strategies. In addition, there appears to be considerable evidence that divesting is an ineffective strategy for achieving social or political goals, since the usual consequence is often a mere transfer of ownership of divested assets from one investor to another. Investors that divest lose their ability as shareowners to influence the company to act responsibly.

Therefore, CalPERS' Investment policies generally prohibit divesting in response to Divestment Initiatives, but permit CalPERS to use constructive engagement, where consistent with fiduciary duties, to help Divestment Initiatives achieve their goals."

Fiscal Impact:

CalPERS does not have any holdings in Russian government debt. As of March 2, 2022, CalPERS owned approximately \$420 million in public stocks for Russian companies and \$345 million in illiquid real estate assets. Investments in Russia represent about 0.17 percent of the CalPERS total investment portfolio.

As currently written, SB 1328 goes beyond CalPERS' current investments in Russia and Belarus.

Approximately 69 percent (or \$171 billion) of the publicly traded global companies in the Public Employees' Retirement Fund's Global Equity and 10 percent (or \$14 billion) of the Global Fixed Income portfolios derive revenue from Russia and/or Belarus and are therefore subject to the divestment provisions. Due to how "active business operations" is defined, the divestment provisions would presumably apply to all companies which (1) pay income or excise tax to Russia and/or Belarus due to revenue earned there, (2) employ one or more individuals in Russia and/or Belarus, and/or (3) own or operate any type of retail, commercial, or industrial facility in Russia and/or Belarus.

The CalPERS Investment Office estimates that \$185 billion of the market value of its public equity and fixed income holdings derive revenue from Russia and/or Belarus and are likely subject to the divestment provisions of this bill. This amount of divestment would have significant impacts on the pension fund and as a result would likely result in additional costs for local government employers. CalPERS anticipates if this bill becomes law, they would have to adjust their asset allocation targets and may result in a change to the discount rate to reflect a lower expected return due to the removal of holdings of corporations from the trust fund's portfolio, which would increase the normal cost and contribution rates paid by employers and may increase contribution rates by members subject to Public Employees' Pension Reform Act of 2013.

Aside from potential investment losses, both from initial and future divestment, CalPERS expects to incur additional significant staffing costs, contracting costs, and investment transactions costs with initial costs in the hundreds of millions of dollars.

CalPERS' divestment approach can be found [here](#). Additionally, last year CalPERS staff presented the [Five-year Divestment Review](#), which was presented to the Board to ensure that prior divestment decisions remain supportive of the prudent stewardship of the System's assets consistent with the Committee's fiduciary obligations.

Existing Cal Cities Policy:

Divestment in industries that may run contrary to environmental or other broad policy goals as an investment strategy can present challenging conflicts for CalPERS in balancing current affairs against its fiduciary duty to maximize retirement investments.

Cal Cities supports CalPERS' priority to its members as stated in the State Constitution Article 16, Section 17, "[a] retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

Cal Cities supports responsible investment strategies that balance the short and long-term ability of CalPERS to meet its financial commitments to its members.

Any divestment policy must be well vetted and must include the opportunity to identify alternative revenue sources consistent with the intended impact of the divestment and CalPERS' fiduciary responsibilities outlined above.

Cal Cities supports CalPERS proxy access efforts to affect change from within businesses CalPERS has invested in to ensure they are well managed for sustained, responsible, long term success.

Staff Comments:

Cal Cities' opposition to divestment measures historically has focused on continued attempts by the Legislature impacting the solvency of the public pension system generally rather than on the merits of the policy goals of the many divestment bills that the Legislature has introduced.

Supporting this measure would contradict our existing policy and would alter our position on divestment bills going forward. The committee is reviewing this measure given the political sensitivities surrounding the topic and to determine if it still desires to oppose bills calling on CalPERS to divest.

It should be made clear that divestment bills could have a serious impact on the returns CalPERS is able to achieve and as a result these bills have the potential to significantly increase the pension costs for cities.

Engagement can be more impactful than divestment when it comes to influencing business practices. When CalPERS divests from an industry they sell their shares rapidly, those shares are purchased by investors—often at below market value, who may not have the same investment ethics or who will work with companies to modify business practices. As a shareholder of a company, CalPERS has the ability to influence business practices through proxy voting and has been successful in doing so. When CalPERS divests, they lose their seat at the table and their ability to engage with that company.

Due to the financial cost to local agencies and their employees, Cal Cities has opposed any efforts to divert CalPERS from its duty to its members, including divestment of CalPERS assets to achieve political objectives if the divestment would have a negative impact on the overall health of the fund.

A shift in our standing policy would be a significant shift and could result in a significant cost increase to cities in California. When the committee should consider the following questions:

- What will the practical impact of divestment be on achieving the policy goal of the bill?
- How much would this bill cost the pension fund?
- What is your city's current pension obligation? How would an increase in required pension payments impact your city?
- Divestment has a cost. Would the potential cost be worth the result the divestment achieves?

Support (As of April 25, 2022)

California Newspapers Association
California Climate Reality Coalition
Climate Reality Project, California Coalition
Climate Reality Project, Silicon Valley

Conejo Climate Coalition
Cool Planet Working Group of First Presbyterian Church of Palo Alto
First Presbyterian Church of Palo Alto
Fossil Free California
Indivisible CA Green Team
Indivisible Ventura
Rooted in Resistance
Santa Cruz Climate Action Network
Stand.earth
Sonoma Clean Power
350 Conejo/San Fernando Valley
350 Riverside
350 Sacramento Legislative Team
350 Silicon Valley
350 South Bay Los Angeles
350 Ventura County Climate Hub

Opposition (As of April 25, 2022)
CalPERS
CalSTRS

Staff Recommendation:

Cal Cities staff recommends the committee discuss and make a recommendation to the Board of Directors.

Committee Recommendation:

Board Action:

2. [SB 1173 \(Gonzalez\) Divestment from Fossil Fuel Companies.](#)

Overview:

This bill would prohibit the Board of the Public Employees' Retirement System (PERS) and the Teachers' Retirement Board of the State Teachers' Retirement System (STRS) from making any additional or new investments or renewing existing investments of public employee retirement funds in a fossil fuel company, and requires PERS and STRS to liquidate investments in a fossil fuel company on or before July 1, 2030.

Bill Description:

This measure would prohibit the board of PERS and STRS from making any additional or new investments or renewing existing investments of public employee retirement funds in a fossil fuel company and would require PERS and STRS to liquidate investments in a fossil fuel company on or before July 1, 2030.

This measure states that the board of PERS and STRS is not required to take action unless the board determines in good faith that the action is consistent with the fiduciary

responsibilities of the board described in Section 17 of Article XVI of the California Constitution.

Additionally, this measure would require that CalPERS and CalSTRS submit an annual report to the Legislature beginning January 1, 2024. The report would include:

- A list of fossil fuel companies of which the board has liquidated its investments.
- A list of fossil fuel companies with which the board still has not liquidated its investments.
- A list of fossil fuel companies of which the board has not liquidated its investments as a result of a determination made pursuant to Section 17 of Article XVI of the California Constitution and the board's findings adopted in support of that determination.

The measure would define "fossil fuel company" as one of the 200 largest publicly traded fossil fuel companies, as established by carbon content in the companies' proven oil, gas, and coal reserves.

Background:

The Author states, "California is a world leader in taking actions to combat the causes of climate change and has set historic carbon reduction goals and taken meaningful steps to help prevent environmental destruction and protect communities who bear the overwhelming brunt of carbon emissions. Despite these forward-thinking actions, California's multi-billion dollar retirement pension funds are actively investing close to \$10 billion in the very fossil fuel companies that are driving climate change. SB 1173 ends the contradictory and incongruous investment policy that positions the state as a leader in the fight against climate change, while simultaneously investing billions in the principal driver of climate change.

The climate crisis affects all of us, but is especially harmful to children and to the low-income communities of color where most oil and gas infrastructure is located. Acting now for these communities is critical, as our window to turn back the impacts of climate change is rapidly closing. SB 1173 seizes the momentum of the worldwide divestment movement and joins an estimated 1,500 institutions with over \$39 trillion in assets that have already been committed to divestment, including the University of California and the California State University system, the State and City of New York, the State of Maine, the Vatican, and the province of Quebec."

Existing law

Grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. (Cal. Const., art. XVI, § 17.)

Provides that 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 the Constitution. (Cal. Const., art. XVI, § 17 (g).)

Prohibits the retirement boards from making investments in certain countries, such

as Sudan and Iran, and in thermal coal companies, as specified, subject to the boards' plenary authority and fiduciary responsibility for investment of moneys and administration of the systems. (Gov. Code § 7513.6, § 7513.7, § 7513.75.)

Prohibits the retirement boards from making investments in the government of Turkey upon passage of a federal law imposing sanctions on the government of Turkey for failure to officially acknowledge its responsibility for the Armenian Genocide. (Gov. Code § 7513.74.)

CalPERS Divestment Policy

"The call for divestment has become an increasingly popular tool for promoting a cause or belief. As laudable as the underlying motivations may be, divestment for the purpose of achieving certain goals, such as promoting social justice, focus on companies that do business in a specified country or are engaged in a specified industry that do not appear to be primarily investment-related (Divestment Initiatives) has unintended consequences for the CalPERS fund and its members. CalPERS wants companies in which it invests to meet high corporate governance, ethical, and social standards of conduct and CalPERS' investment in a company does not necessarily signify that it approves of all the company's policies, products, or actions.

However, fiduciary obligations generally preclude CalPERS from sacrificing investment performance for the purpose of achieving goals that do not directly relate to CalPERS' operations or benefits. Divesting appears to almost invariably harm investment performance, by, for example, causing transaction costs (e.g., the cost of selling assets and reinvesting the proceeds) and compromising investment strategies. In addition, there appears to be considerable evidence that divesting is an ineffective strategy for achieving social or political goals, since the usual consequence is often a mere transfer of ownership of divested assets from one investor to another. Investors that divest lose their ability as shareowners to influence the company to act responsibly.

Therefore, CalPERS' Investment policies generally prohibit divesting in response to Divestment Initiatives, but permit CalPERS to use constructive engagement, where consistent with fiduciary duties, to help Divestment Initiatives achieve their goals."

Impact of Divestment Initiatives on CalPERS' Investment Strategies

"CalPERS uses a mix of investment strategies to diversify sources of risk and alpha while minimizing costs. These strategies include market-based, systematic, and fundamental strategies to enhance risk-adjusted returns to construct a portfolio that is aligned with its targeted risk and return profile.

Divestment represents a form of active risk-taking that must be considered, first and foremost, within the context of the Board's fiduciary duty and the sustainable delivery of promised benefits. A divestment mandate represents a relatively static investment decision that unfolds comparatively slowly on a timetable of its own and within view of other investors, hampering the ability of CalPERS investment staff to reevaluate and reinvest as market conditions warrant."

Impact on CalPERS Path to Net Zero

According to CalPERS, "CalPERS recognizes that climate change poses a material risk to society, the global economy, and CalPERS' investments, and CalPERS has a strong commitment to the reduction of fossil fuel emissions. However, as a global investor with a fiduciary duty to its members and employer partners, CalPERS does not believe that divestment is an effective solution to this problem.

CalPERS has a long record of enacting positive corporate change as a result of engaging the companies it owns, both directly and as a part of coalitions of like-minded investors. While divesting often only transfers its shares to other investors - investors that might not share CalPERS' commitment to tackling climate risk – engagement has produced tangible results.

For example, CalPERS' seat at the table as an owner of Exxon recently allowed CalPERS to lead a shareowner campaign to elect climate-conscious board members to the Exxon board of directors. As a result, Exxon now has three directors working towards meaningful climate solutions at the company. CalPERS was also part of the coalition that moved Royal Dutch Shell to support a shareowner proposal on climate risk reporting.

Divestment has little impact on a company's operations or bottom line and does nothing to reduce real economy emissions. But it does mean that investors like CalPERS, who are committed to reducing emissions, lose their influence over these companies. If CalPERS divests, it loses its voice and CalPERS potentially loses money."

Fiscal Impact:

According to CalPERS, "Should the CalPERS Board direct investment staff to divest these securities, the estimate of transaction costs (including commissions and market impact and excluding opportunity costs) to divest and reinvest the proceeds in other securities is between \$75-\$100 million.

Every dollar in investment returns that is forgone, or expended on transaction costs and fees, must be offset by employer and employee contributions. If CalPERS were to divest from fossil fuel companies and the companies performed well, employers and employees would bear the investment loss and transaction costs to maintain divestment through increased contribution rates."

The CalPERS analysis states, "According to a February 9, 2021, letter from the investment firm Wilshire as part of its review of CalPERS' divestment programs, "Since inception, the active divestment programs have reduced the potential market value of the CalPERS Total Fund by an estimated \$2.18 billion in present value terms." In recent years, the California Legislature has introduced bills that have or would have required CalPERS to divest from the Governments of Turkey, Azerbaijan, Russia and Belarus, private prison companies, thermal coal, fossil fuel companies, firearms, and the Dakota Access Pipeline."

CalPERS estimates, as of December 31, 2021, of publicly traded securities held by CalPERS that meet the criteria of a "fossil fuel company" as defined in SB 1173 is \$7.4 billion.

CalPERS' divestment approach can be found [here](#). Additionally, last year CalPERS staff presented the [Five-year Divestment Review](#), which was presented to the Board to ensure that prior divestment decisions remain supportive of the prudent stewardship of the System's assets consistent with the Committee's fiduciary obligations.

Existing Cal Cities Policy:

Divestment in industries that may run contrary to environmental or other broad policy goals as an investment strategy can present challenging conflicts for CalPERS in balancing current affairs against its fiduciary duty to maximize retirement investments. The League supports CalPERS' priority to its members as stated in the State Constitution Article 16, Section 17, "[a] retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."

Cal Cities supports responsible investment strategies that balance the short and long-term ability of CalPERS to meet its financial commitments to its members.

Any divestment policy must be well vetted and must include the opportunity to identify alternative revenue sources consistent with the intended impact of the divestment and CalPERS' fiduciary responsibilities outlined above.

Climate Change

Cal Cities recognizes that climate change is both immediate and long term, with the potential for profound environmental, social and economic impacts to the planet and to California.

Through the Global Warming Solutions Act of 2006 (AB 32 (Nuñez), Chapter 488, Statutes of 2006) California has embarked on a plan that requires the reduction of greenhouse gas emissions to 1990 levels by 2020. Although uncertainty remains about the pace, distribution and magnitude of the effects of climate change, the League recognizes the need for immediate actions to mitigate the sources of greenhouse gas emissions.

Staff Comments:

Cal Cities' opposition to divestment measures historically has focused on continued attempts by the Legislature impacting the solvency of the public pension system generally rather than on the merits of the policy goals of the many divestment bills that the Legislature has introduced.

Supporting this measure would contradict our existing policy and would alter our position on divestment bills going forward. The committee is reviewing this measure given the political sensitivities surrounding the topic and to determine if it still desires to oppose bills calling on CalPERS to divest.

It should be made clear that divestment bills could have a serious impact on the returns CalPERS is able to achieve and as a result these bills have the potential to significantly increase the pension costs for cities.

Engagement can be more impactful than divestment when it comes to influencing business practices. When CalPERS divests from an industry they sell their shares rapidly,

those shares are purchased by investors—often at below market value, who may not have the same investment ethics or who will work with companies to modify business practices. As a shareholder of a company, CalPERS has the ability to influence business practices through proxy voting and has been successful in doing so. When CalPERS divests, they lose their seat at the table and their ability to engage with that company.

Due to the financial cost to local agencies and their employees, Cal Cities has opposed any efforts to divert CalPERS from its duty to its members, including divestment of CalPERS assets to achieve political objectives if the divestment would have a negative impact on the overall health of the fund.

A shift in our standing policy would be a significant shift and could result in a significant cost increase to cities in California. When the committee should consider the following questions:

- What will the practical impact of divestment be on achieving the policy goal of the bill?
- How much would this bill cost the pension fund?
- What is your city's current pension obligation? How would an increase in required pension payments impact your city?
- Divestment has a cost. Would the potential cost be worth the result the divestment achieves?

Support (As of April 6, 2022)

California Faculty Association (sponsor)
Fossil Free California (sponsor)
1000 Grandmothers for Future Generations
350 Bay Area
350 Bay Area Action
350 Butte County
350 Conejo / San Fernando Valley
350 Humboldt: Grass Roots Climate Action
350 Marin
350 Sacramento
350 Silicon Valley
350 South Bay Los Angeles
350 Southland Legislative Alliance
350 Ventura County Climate Hub
Active San Gabriel Valley
All Rise Alameda
Alliance of Nurses for Healthy Environments
Ashby Village
Asian Pacific Environmental Network
Atmos Financial, PBC
Azul
Ban SUP (Single Use Plastics)

Bay Area Youth Climate Action Team
Beyond Terra
Black Women for Wellness
Building the Base Face to Face
California Climate Voters
California Green New Deal Coalition
California Environmental Voters (formerly CLCV)
California Interfaith Power & Light
California Nurses Association
California Nurses for Environmental Health and Justice
California State Treasurer Fiona Ma
CALPIRG
CFT
City of San Mateo Climate Action Team
Change Begins With Me
Citizens' Climate Education, Tri-Valley Chapter
Citizens Climate Lobby
Citizens' Climate Lobby - Alameda County Chapter
Citizens Climate Lobby, Fresno Chapter
City of Long Beach
Clean Water Action

Cleanearth4kids.org	Indivisible CA-7
Climate Action Santa Monica	Indivisible CA-25 Simi Valley-Porter Ranch
Climate Equity Policy Center	Indivisible CA-29
Climate First: Replacing Oil & Gas (CFROG)	Indivisible CA-33
Climate Hawks Vote	Indivisible CA-37
Climate Health Now	Indivisible CA-39
Climate Psychiatry Alliance	Indivisible CA-43
Cloverdale Indivisible	Indivisible 30/Keep Sherman Accountable
Coalition for a California Green New Deal	Indivisible 36
Compassion, Peace and Justice Ministry of Davis Community Church	Indivisible 41
Conejo Climate Coalition	Indivisible CA: StateStrong
Contra Costa MoveOn	Indivisible Alta Pasadena
Cool Davis	Indivisible Auburn CA
Dayenu Circle At the Orchard	Indivisible Beach Cities
Defenders of Wildlife	Indivisible California Green Team
Defending Our Future: Indivisible in CA	Indivisible Claremont/Inland Valley
Direct Action Everywhere	Indivisible Colusa County
Divest the CSU of Fossil Fuels	Indivisible East Bay
Earth Action. Inc.	Indivisible El Dorado Hills
Earth Guardians	Indivisible Elmwood
Earth Guardians, San Francisco Bay Area	Indivisible Euclid
East Valley Indivisibles	Indivisible Lorin
El Cerrito Progressives	Indivisible Manteca
Elected Officials to Protect America - California	Indivisible Marin
Environment California	Indivisible Media City Burbank
Environmental Working Group	Indivisible Mendocino
Equity Transit	Indivisible Normal Heights
Extinction Rebellion San Francisco Bay Area	Indivisible North Oakland Resistance
Families Advocating for Chemical and Toxics Safety	Indivisible North San Diego County
Feminists in Action (Indivisible)	Indivisible OC 46
Feminists in Action Los Angeles	Indivisible OC 48
Friends Committee on Legislation of California	Indivisible Petaluma
Fullerton College Sustainability Committee	Indivisible ReSisters Walnut Creek
Future Coalition	Indivisible Ross Valley
Green Party of Santa Clara County	Indivisible Sacramento
Green Party of Sonoma County	Indivisible San Bernardino
Harmony Union Teachers Association	Indivisible San Jose
Hillcrest Indivisible	Indivisible San Pedro
Hyde Consulting	Indivisible Santa Barbara
Indi Squared	Indivisible Santa Cruz County
Indivisible CA-3	Indivisible Sausalito
	Indivisible Sebastopol
	Indivisible SF
	Indivisible SF Peninsula and CA-14
	Indivisible Sonoma County
	Indivisible South Bay LA
	Indivisible Stanislaus

Indivisible Suffragists
Indivisible Ventura
Indivisible Windsor
Indivisible Yolo
Indivisible: San Diego Central
Indivisibles of Sherman Oaks
International Longshore and Warehouse
Union (Northern California District
Council)
Let's Green Ca!
Livermore Indivisible
Local Clean Energy Alliance
Long Beach Alliance for Clean Energy
Los Angeles Indivisible
Mill Valley Community Action Network
Mountain Progressives
Movement Generation
National Nurses United
Nothing Rhymes with Orange
Oakland Education Association
Oil and Gas Action Network
Orinda Community Church Creation and
Justice Committee
Orinda Progressive Action Alliance
Our Revolution Long Beach
Pacifica Climate Committee
Paddle Out Plastic
Physicians for Social Responsibility - Los
Angeles
Physicians for Social Responsibility -
Sacramento Chapter
Physicians for Social Responsibility - San
Francisco Bay Area Chapter
Planting Justice
Plastic Oceans International
Plastic Pollution Coalition
Richmond Our Power Coalition
RiseUp
Rooted in Resistance (Indivisible)
San Diego Pediatricians for Clean Air
San Diego 350
San Diego Indivisible Downtown
Santa Barbara Standing Rock Coalition

Opposition *(As of April 6, 2022)*

Arcadia Police Officers Association
Burbank Police Officers' Association

Santa Cruz Climate Action Network
Santa Cruz Coalition for a Healthy & Safe
Environment (C.H.A.S.E.)
Santa Monica Democratic Club
Save Our Shores
Schools for Climate Action
Sequoia District Teachers Association
SFV Indivisible
Sierra Club California
Sonoma County Transportation Authority
Stand.earth
Sunflower Alliance
Sunrise Movement San Diego
Tehama Indivisible
The 5 Gyres Institute
The Center for Oceanic Awareness,
Research, and Education (COARE)
The Climate Center
The Climate Reality Project, San Fernando
Valley Chapter
The Greenlining Institute
The Protect Our Communities Foundation
The Resistance Northridge
Third Act
TIAA Divest! From Climate Destruction
Together We Will Contra Costa
Together We Will: San José
Tri-Valley Citizen's Climate Education
TWW/Indivisible - Los Gatos
UDW AFSCME Local 3930
Vallejo-Benicia Indivisible
Venice Resistance
Warriors for Justice
Women's Alliance Los Angeles
West Valley-Mission Federation of
Teachers, AFT 6554
Wishtoyo Chumash Foundation
Yalla Indivisible
Yolo Climate Emergency Coalition
Yolo Interfaith Alliance for Climate Justice
Youth Climate Strike Los Angeles
Youth Vs. Apocalypse

California Association of Highway
Patrolmen

California Coalition of School Safety Professionals
California Independent Petroleum Association
California-Nevada Conference of Operating Engineers
California Professional Firefighters
California State Teachers' Retirement System
Claremont Police Officers Association
Corona Police Officers Association
Culver City Police Officers' Association
Fullerton Police Officers' Association
Inglewood Police Officers Association
Los Angeles School Police Officers Association

Newport Beach Police Association
Peace Officers Research Association of California
Palos Verdes Police Officers Association
Placer County Deputy Sheriffs' Association
Pomona Police Officer Association
Retired Public Employees Association
Riverside Police Officers Association
Riverside Sheriffs' Association
Santa Ana Police Officers Political Action Committee
State Building & Construction Trades Council of California
Upland Police Officers Association
Western States Petroleum Association

Staff Recommendation

Cal Cities staff recommends the committee discuss and make a recommendation to the Board of Directors.

Committee Recommendation:

Board Action: