

AMENDED IN SENATE MAY 9, 2000
AMENDED IN SENATE APRIL 24, 2000
AMENDED IN SENATE MARCH 27, 2000

SENATE BILL

No. 1928

Introduced by Senator Haynes

February 24, 2000

An act to add Chapter 21.6 (commencing with Section 7521) to Division 7 of Title 1 of the Government Code, relating to public retirement fund investments.

LEGISLATIVE COUNSEL'S DIGEST

SB 1928, as amended, Haynes. Capital Markets Task Force Board.

Under existing law, the retirement boards of public pension or retirement systems have plenary authority over the investment of pension funds, subject to their fiduciary duties to the members of the system.

This bill would declare the Legislature's concern over investments by the Public Employees' Retirement System in foreign companies that promote terrorism, the proliferation of weapons of mass destruction, and the violation of human rights. This bill would encourage the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board not to invest in foreign companies that pose threats to national security and human rights. This bill would establish the Capitol Markets Task Force Board, ~~which~~ *as specified, that* would make recommendations to the Board of Administration of the

Public Employees’ Retirement System and the Teachers’ Retirement Board regarding national security, human rights, and social concerns material to the performance of investments.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. (a) The Legislature is concerned about
2 recent public revelations that the Board of
3 Administration of the Public Employees’ Retirement
4 System has invested pension funds in foreign companies
5 that may pose threats to national security by promoting
6 terrorism and the proliferation of weapons of mass
7 destruction, and has also invested in a foreign company
8 that is financially supporting a dictatorial regime in Sudan
9 that has been accused of abominable human rights
10 violations, including genocide and slavery.

11 (b) The Legislature encourages the Board of
12 Administration of the Public Employees’ Retirement
13 System and the Teachers’ Retirement Board, pursuant to
14 the fiduciary standards prescribed by Section 17 of Article
15 XVI of the California Constitution and related statutes,
16 not to invest in foreign companies that pose threats to
17 national security and fundamental human rights.

18 SEC. 2. Chapter 21.6 (commencing with Section
19 7521) is added to Division 7 of Title 1 of the Government
20 Code, to read:

21
22 CHAPTER 21.6. CAPITAL MARKETS TASK FORCE BOARD
23

24 7521. The Capital Markets Task Force Board is hereby
25 established. As used in this chapter, “board” shall mean
26 the Capital Markets Task Force Board. The board shall
27 consist of the following elected officials or their
28 respective designated representatives:

- 29 (a) The Governor.
- 30 (b) The Treasurer.
- 31 (c) The Controller.



1 (d) The President pro Tempore of the Senate.

2 (e) The Speaker of the Assembly.

3 (f) The Minority Leader of the Senate.

4 (g) The Minority Leader of the Assembly.

5 7521.2. *No member of the board shall have any direct*
6 *personal involvement or economic interest in any*
7 *financial transaction with the State Teachers' Retirement*
8 *System or the Public Employees' Retirement System*
9 *while the member serves on the board or for one year*
10 *after the expiration or earlier termination of the*
11 *member's term on the board.*

12 7521.4. (a) *The members of the board shall annually*
13 *elect a chairperson of the board.*

14 (b) *The board shall meet no less than quarterly, but*
15 *may meet at the call of the chairperson.*

16 (c) *Notwithstanding any other provision of law, the*
17 *members of the board shall receive no salary,*
18 *compensation, or reimbursement for expenses related to*
19 *their service on the board. The board shall not employ*
20 *any permanent staff.*

21 (d) *Any expenses incurred by the board shall be paid*
22 *in equal shares by the State Teachers' Retirement System*
23 *and the Public Employees' Retirement System.*

24 7522. The board shall make recommendations to the
25 Board of Administration of the Public Employees'
26 Retirement System and the Teachers' Retirement Board
27 with respect to the following:

28 (a) National security concerns.

29 (b) Human rights concerns.

30 (c) Social concerns material to the performance of
31 investments.

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