Bond Case Briefs

Municipal Finance Law Since 1971

<u>Pension Politics: Should States Be Investing in Controversial Companies?</u>

It's an increasingly divisive question. If the goal is to affect change — from gun control to climate change — some argue that to divest is the best, while others believe pensions would have more power keeping their financial stake.

Earlier this year, even before a gunman killed 12 patrons at a bar in Thousand Oaks, there was a groundswell of calls for California's two largest pension funds to sell off their investments in gun retailers. But Jason Perez, a Southern California cop, balked. As a protest against "politically correct" investing, he decided to run for a seat on the California Public Employee Retirement System's board of directors. And it wasn't just any seat; it was the one held by CalPERS Board President Priya Mathur.

Mathur had been on the board for 15 years. She is a globally recognized leader in the sustainable investment community and holds a seat on the board of the United Nations-supported Principles for Responsible Investment, a network of international investors working to create and promote standards for sustainable investing. She's worked to apply those standards to CalPERS.

Perez and his union, the Corona Police Officers Association, have routinely criticized the board for spending too much time on environmental and social investment programs. Association members regularly attended CalPERS meetings 430 miles away in Sacramento to urge pension officials to focus instead on making money for the \$360 billion pension fund. During his campaign, Perez painted a picture of an investment strategy overrun by politics and emotion, particularly proposals before the board to divest the portfolio of gun manufacturers and retailers and to drop the controversial Dakota Access Pipeline.

Continue reading.

GOVERNING.COM

BY LIZ FARMER | DECEMBER 2018

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com