

# Senate

## California Legislature

**JOEL ANDERSON**

SENATOR

THIRTY-EIGHTH SENATE DISTRICT



July 31, 2015

Rob Feckner  
The California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95811

Dear Mr. Chairman,

As you are aware, in 2007, in an effort to put economic pressure on the government of Iran to cease efforts for the development of their nuclear capability and to cease its support of terrorism in the region, I authored AB 221 – the California Public Divestment from Iran Act. That measure aligned California's investment strategy with federal law by amending Section 16642 and added Section 7513.7 of the Government Code relating to California Public Retirement System investments and the Republic of Iran. After careful consideration and informed debate, the California Legislature passed AB 221, and the Governor signed the bill on October 14, 2007.

Thereby, Section 7513.7(m) was added to the Government Code to read; "This section shall cease to be operative if both [emphasis added] of the following apply: 1) Iran is removed from the United States Department of State's list of countries that have been determined to repeatedly provide support for acts of international terrorism, and 2) Pursuant to Public Law 104-172, as amended, the President of the United States determines and certifies to the appropriate committee of the Congress of the United States that Iran has ceased its efforts to design, develop, manufacture, or acquire a nuclear explosive device or related materials and technology.

The recently concluded negotiations between the Obama Administration and the Republic of Iran creating the Joint Comprehensive Plan of Action (JCPOA) relative to Iran's nuclear weapons program have brought forward a proposed solution to the Iranian nuclear issue. According to senior administration officials, however, the agreement's limits and transparency measures will take more than a decade to ensure the peaceful nature of the Iranian nuclear program, if they ever will.

As the author of AB 221, I want to bring clarity to the media coverage surrounding the agreement and any impact that it might imply with respect to AB221. At this point, there is nothing in the JCPOA which would necessitate any change to state policy, and the State Department has not amended its list of state sponsors of terror. Accordingly, I urge both

CalPERS and CalSTRS to refrain from taking any precipitous action to change California's investment strategy using recent events as justification.

In fact, with regard to state sponsored terrorism, I am afraid that condition will never be met under the current administration in Iran. Their supreme leader reiterated immediately in the wake of the nuclear agreement, that Iran will not cease its support of its allies and not let up on its opposition to the United States and its allies in the region.

Accordingly, as the author of the California Public Divestment from Iran Act, I intend to carefully review the Iran deal as it relates to the alignment of the state's investment strategy to federal law, consult with my colleagues in the legislature and other stakeholders, and determine if amendments to that act are necessary.

And finally, as the author of AB 221, I would appreciate you notifying me in a timely fashion as it relates to any proposed change in the investment strategy of the state pension systems with respect to Iran. Likewise, I hope to stay in close contact with you as I learn more.

Sincerely,



Senator Joel Anderson  
38<sup>th</sup> District

Cc: Anne Stausboll, Chief Executive Officer  
Ted Eliopoulos, Chief Investment Officer  
Henry Jones, Vice President of the Board  
Michael Bilbrey, Board Member  
John Chiang, Board Member  
Richard Gillihan, Board Member  
Richard Costigan, Board Member  
Dana Hollinger, Board Member  
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Ron Lind, Board Member  
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