



California Public Employees' Retirement System
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September 12, 2017

Ms. Shanna Cleveland
Mr. Ronald A. Fein
Mr. John C. Bonifaz
Free Speech For People
1340 Centre St., #209
Newton, MA 02459

Eddie Kurtz
Courage Campaign
7119 West Sunset Blvd., No. 195
Los Angeles, CA 90046

Ben T. Clements
Clements & Pineault, LLP
24 Federal Street
Boston, MA 02110

Jed Shugerman, Professor of Law
Fordham University School of Law
150 West 62nd Street
New York, NY 10023

Ladies and Gentlemen,

Thank you for your letter of August 14, 2017 and continued interest in CalPERS' investment in the CIM Fund III.

I want to assure you that we, at all times, comply with the laws of the United States and with our fiduciary duty under the California Constitution to act "solely in the interest of, and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions, and defraying reasonable expenses of administering the system."

While we understand your view about divestment from the CIM Fund III and are sensitive to the public policy issues, CalPERS is obligated under California law to seek out and implement portfolio construction methods that best serve our mission – which is to provide sustainable delivery of promised benefits. We must weigh the costs, risks and unintended consequences of divestment against our fiduciary duty to our 1.8 million members.

We have carefully reviewed and deliberated the issues addressed in your letter, including those concerning President Trump and the Domestic Emoluments Clause. We will be following that issue as it is considered within the appropriate legal process.

In addition, CalPERS fully reports the performance and management fees that we pay to our external managers in our annual financial report. The schedule of fees will be

reported to our Board at our November board and committee meetings scheduled for November 13-15 at which time we will be happy to provide you the information.

Thank you again for your letter. If you have any questions, please feel free to contact me at (916) 795-3818 or Marcie.Frost@calpers.ca.gov.

Sincerely,



MARCIE FROST
Chief Executive Officer

cc: Betty Yee, California State Controller
John Chiang, California State Treasurer
Xavier Becerra, California Attorney General
Henry Jones, Chair, CalPERS Investment Committee