

March 9, 2020

To: Honorable Mayor Sam Liccardo and City Councilmembers

Re: Support City Council Agenda Item 3.10.20 Item 3.4 Fossil Fuel-Free Investment Policy

Dear Mayor Liccardo and City Councilmembers,

We support Mayor Liccardo and Councilmembers Peralez, Jimenez and Davis' recommendation in their 3.6.2020 memorandum to cease investments in fossil fuel entities and to revise the City's Investment Policy to reflect that recommendation.

Background: We represent the Sierra Club Loma Prieta Chapter and also San Jose Community Energy Advocates, a volunteer community group that advocates for reducing greenhouse gas emissions and the continued success of the San Jose Clean Energy program. Back on September 17, 2019, the San Jose City Council adopted a Resolution declaring a Climate Emergency. The Resolution includes many reasons including these:

WHEREAS, humans burning carbon-based fossil fuels- including coal, oil, and natural gas- is the primary cause of substantial and continuing increase of carbon dioxide ("CO2"), a greenhouse gas ("GHG"); and ...

WHEREAS, according to climate scientists, addressing the climate emergency caused by global warming will require an economically just and managed phase-out of oil, gas, and coal to keep fossil fuels in the ground; and...

The City Council resolved seven items including: *7. The City of San José commits to reviewing the City's investment portfolio to identify holdings that include direct investments in fossil fuel companies, to determine whether to cease new investments in fossil fuel companies, and prioritize investment in opportunities that would mitigate or limit the effects of burning fossil fuels, such as renewable energy, clean technology, and sustainable communities.*

In response to the resolution, in Item 3.3 on the 3.10.20 City Council agenda, Finance staff has identified two fossil fuel holdings with one company, Chevron, in the total amount of \$16 million. These two investments were purchased in 2019 and mature next year in May 2021. Finance has not purchased fossil fuels investments since the climate emergency was declared by the City Council. If the recommendation in Item 3.4 to codify ceasing fossil fuel investments is approved, then the City of San Jose's \$1.9 billion portfolio will be fully divested next year on May 17, 2021 after the Chevron investments mature!

The City of Oakland and City of Fremont have taken action on prohibiting new fossil fuel investments.

¹Also, in December 2018, the City of Mountain View approved divestment of their fossil fuel investments and revised its investment policy to prohibit new fossil fuel investments. ²

¹ <http://www.fossilfreeca.org/wp-content/uploads/2015/01/CityofOaklandResolution.pdf> and <https://fossilfreeca.org/wp-content/uploads/2019/01/Fremont-Divestment-Resolution.pdf>.

² <https://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=18446> and <https://mountainview.legistar.com/LegislationDetail.aspx?ID=3774060&GUID=B71AF445-33D3-43EC-8FC2-DFD01900281C&Options&Search&fbclid=IwAR1he5Vwf1JYT13RKe07-gYyOvnbah3NvBjfp5ITILxhm66OCDAQvsOwkco>

There are both environmental and financial reasons to cease new investments in fossil fuel companies. Coincidentally, on the day the San Jose Climate Emergency Resolution was adopted, the University of California's chief investment officer/treasurer and the chairman of the UC Board of Regents' Investments Committee wrote an op-ed in the LA Times about divestment.³ Specifically, they wrote that investing in fossil fuel assets is a financial risk. They stated that the \$13.4 billion endowment fund would be "fossil free" by the end of month, and that the \$70 billion pension would soon be fossil free as well. In 2014, UC signed onto the U.N.'s [Principles for Responsible Investing](#)⁴; in 2015, UC Investments [published](#)⁵ its own Framework for Sustainable Investing, which identifies eight environmental, social and governance (ESG) factors most salient to their work. In 2018, the UC Board of Regents publicly changed the university's investment [policy](#)⁶ to explicitly include ESG in investment decision-making. They have not made new fossil fuel investments in the past five years and the value of the portfolio has grown. They believe that there are more attractive opportunities in new energy sources.

Thank you Mayor Liccardo and City Councilmembers for your environmental leadership in declaring the Climate Emergency. You can take that leadership one step further by approving the recommendation to cease investments in fossil fuel entities such that the City of San Jose will be fully divested in May 2021. Furthermore, we will be advocating to the City's two independent retirement boards, to which you referred the Climate Emergency investments resolution, to also divest, as well as to prioritize investments in opportunities such as renewable energy, clean technology, and sustainable communities. We appreciate that the City's retirement boards have already begun to study Environmental, Social and Governance investing.

Sincerely,



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Gladwyn d'Souza
Sierra Club Loma Prieta
Conservation Committee Co-chair

cc Julia Cooper, Finance Director

Roberto Peña, Chief Executive Officer, Office of San Jose Retirement Services

³ <https://www.latimes.com/opinion/story/2019-09-16/divestment-fossil-fuel-university-of-california-climate-change>

⁴ <https://www.unpri.org/>

⁵ https://www.ucop.edu/investment-office/_files/sustainable-investment-framework.pdf

⁶ <https://regents.universityofcalifornia.edu/policies/6102.pdf>