

## San José Community Energy Advocates

October 10, 2019

To: Members of City of San Jose's Federated Retirement Plan Board

Re: Support of the San Jose City Council Referral –**Item 5f – Discussion on City's Resolution endorsing the declaration of a Climate Emergency by the City Council**

On behalf of San Jose Community Energy Advocates, we support the City of San Jose's City Council referral on September 17, 2019 to the Federated Retirement Plan Board. In essence, the referral asks the Board to commit to reviewing the Federated City Employees' Retirement System'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."*

We are a volunteer community group that successfully advocated for establishing the San Jose Clean Energy community choice energy program. We continue to advocate for the continued success of the San Jose Clean Energy program because we support the reduction of greenhouse gas emissions. I am the chair of the SJ Community Energy Advocates community group, and I am also a City of San Jose retiree.

On September 17, 2019, the City Council adopted the Resolution of the Council of the City of San Jose Declaring a Climate Emergency. <sup>1</sup> 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.*

Given that the City Council does not have jurisdiction over the retiree investments, the City Council referred the issue of fossil fuel-based companies to the City's Retirement Boards.

There are both environmental and financial reasons to cease new investments in fossil fuel companies, as well as to divest. Coincidentally, on the day the Resolution was adopted, the University of California's chief investment officer/treasurer and the chairman of the UC Board of Regents' Investments Committee

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<sup>1</sup> <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4132691&GUID=C858CD3B-1DC6-435E-A50E-A3BFA2B909F8&Options=&Search=>

wrote an op-ed in the LA Times about divestment.<sup>2</sup> 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](#)<sup>3</sup>; in 2015, UC Investments [published](#)<sup>4</sup> 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](#)<sup>5</sup> to explicitly include ESG in investment decision-making. They have not made new fossil fuel investments in the past five year and the value of the portfolio has grown. They believe that there are more attractive opportunities in new energy sources.

The student group which began advocating for UC divestment more than 6 years ago, Fossil Free UC, describe their environmental concerns in their October 8, 2019 article in The Nation.<sup>6</sup> They said that *“With climate disruption setting new records, we need to undercut the fossil fuel industry in every possible way.”* As thousands of people in San Jose and California sit in the dark today during the Public Safety Power Shutoffs, those concerns could not be more evident.

Also, in December 2018, the City of Mountain View City Council approved divestment of their fossil fuel investments.<sup>7</sup>

We strongly urge you to follow the lead of the San Jose City Council and to accept their Climate Emergency Resolution referral to review the Federated City Employees’ Retirement System’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.”*

Sincerely,



Ruth Merino  
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<sup>2</sup> <https://www.latimes.com/opinion/story/2019-09-16/divestment-fossil-fuel-university-of-california-climate-change>

<sup>3</sup> <https://www.unpri.org/>

<sup>4</sup> [https://www.ucop.edu/investment-office/\\_files/sustainable-investment-framework.pdf](https://www.ucop.edu/investment-office/_files/sustainable-investment-framework.pdf)

<sup>5</sup> <https://regents.universityofcalifornia.edu/policies/6102.pdf>

<sup>6</sup> <https://www.thenation.com/article/california-fossil-fuels/>

<sup>7</sup> <https://mountainview.legistar.com/LegislationDetail.aspx?ID=3774060&GUID=B71AF445-33D3-43EC-8FC2-DFD01900281C&Options&Search&fbclid=IwAR1he5Vwf1JYT13RKe07-gYyOvnbah3NvBjfp5ITLxhm66OCDAQvsOwkco>