

From: [Kevin Kennedy](#)
To: [Jono Soglin](#); [John Knox White](#); [Malia Vella](#); [Marilyn Ezzy Ashcraft](#); [Tony Daysog](#); [Trish Spencer](#)
Cc: [City Clerk](#); [Finance](#); [Eric Levitt](#)
Subject: RE: Agenda item 6-B City of Alameda Investment Policy
Date: Tuesday, June 15, 2021 10:41:59 AM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)

Hi Jono-

Thank you for your suggestions, you make some very good points that are worth exploring more fully.

This year we primarily focused on process, looking to update and streamline the reporting and operational side of the financial reporting. But I do think the focus prior to next year should be to have these types of discussions and look at the social/environmental/governance side of the investment process.

Madame Mayor and Councilmembers, I would be happy to work with any of you who have an interest in this, with the goal being to discuss and develop policy around these and other issues. It would be entirely feasible to go through this process and prepare our investment managers for the proposed changes so that the June 2022 policy reflects whatever changes we settle on.

Thanks,
Kevin

Kevin Kennedy, CFP®
Kevin Kennedy, LLC
1516 Oak Street Suite 101
Alameda, CA 94501
ph. 510-748-1898
fax 510-748-1896

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From: Jono Soglin
Sent: Tuesday, June 15, 2021 8:56 AM
To: John Knox White <jknoxwhite@alamedaca.gov>; Malia Vella <mvella@alamedaca.gov>; mezzashcraft@alamedaca.gov; tdaysog@alamedaca.gov; tspencer@alamedaca.gov
Cc: clerk@alamedaca.gov; Kevin Kennedy <kevin@KevinKennedyLLC.com>; Finance <finance@alamedaca.gov>; Eric Levitt <elevitt@alamedaca.gov>
Subject: Agenda item 6-B City of Alameda Investment Policy

Dear Mayor, Vice Mayor, and Councilmembers:

On your agenda tonight is the review of the city's investment policy. While several changes are proposed, none of the changes touch on socially responsible investment. Section III(E) of the policy ("Other Objectives") states the current policy on socially responsible investment and it could withstand some updating:

Investments are to be made that will bear in mind the responsibility of city government to its citizens. Alternative investments, which enhance the quality of life, will be given full consideration. Investments, which serve to only enrich a few to the detriment of the people, will be strictly avoided. **No investment is to be made in a company that receives more than 51% of gross revenues from the production or manufacture of cigarettes, alcohol, or gambling products, nor is any investment to be made in any company involved in the coal industry** (defined as any company classified under Bloomberg Industry Classification Systems (BICS) code 131016). In addition, investing in Wells Fargo securities, when Wells Fargo is the issuer, will be prohibited at least until 2021.

A few easy tweaks could enhance this section.

1. On the climate change front, we could do better than merely avoiding the coal industry. The policy could affirmatively encourage investment in companies with environmentally sound practices ([San Francisco does that](#)) and also ban investment in industries---in addition to the coal industry---that have a particularly deleterious impact on the environment (e.g. some segments of the transportation industry)
2. To save lives, there should be no investment in any business making money off of firearms, whether it be manufacturers, sellers, ad revenue, gun show sponsors or hosts, etc.
3. The word "cigarettes" should probably be replaced with "tobacco".
4. In a society where the government fully embraces gambling (and even funds public schools with it) the ban on investment in gambling products seems outdated. And in a town where Spirits Alley is so embraced, the ban on investing in alcohol-related businesses also seems quaint.
5. There is no reference to the labor practices or racial justice policies of the businesses.

With so many considerations in play, a more manageable approach might be to rely on indexes which rate investments on multiple factors. [The City of Madison \(WI\) uses an index](#), rather than specifying industries, relying on an overall ESG ranking: "Investments in corporate equities and bonds will be limited to companies with an Environmental, Social and Governance (ESG) score within the top 50% of the ranking index and consistent with Common Council authorized guidance." Such a shift might take some time, so---for now---please consider the changes suggested above regarding the current language.

Thank you for considering these suggestions.

Best,

Jono Soglin

P.S. One of the minor proposed changes (on p. 3) is---in citing to a state code---to capitalize the S in "section", such that staff proposes this modification: "In accordance with Government Code **section** **Section** 53600.3" If the goal is to use proper legal citation format, in California the practice is to use lower case for the word "section" when, as here, it is preceded by the name of the code and followed by the section number, i.e. "Government Code section 53600.3" is correct.

From: [Jono Soglin](#)
To: [John Knox White](#); [Malia Vella](#); [Marilyn Ezzy Ashcraft](#); [Tony Daysog](#); [Trish Spencer](#)
Cc: [City Clerk](#); kevin@kevinkennedyllc.com; [Finance](#); [Eric Levitt](#)
Subject: [EXTERNAL] Agenda item 6-B City of Alameda Investment Policy
Date: Tuesday, June 15, 2021 8:56:09 AM

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