

AMENDMENT TO THE CITY'S INVESTMENT POLICY

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City Council Item 20





Recommendation

FINANCE DEPARTMENT

- Find that the proposed action is not a “project” subject to California Environmental Quality Act (CEQA) as defined in section 15378(b)(4) of the State CEQA Guidelines;
- Approve the suggested amendment to the City’s Investment Policy.



Purpose of the Investment Policy

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- To establish procedures and guidelines that will ensure the prudent management of public agency funds.
- To incorporate all of the regulations specified by California Code sections into the agency's investment program.
- To specify the investment philosophy of the agency.



Investment Objectives

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1. The primary objective is to safeguard the principal of the funds.
2. The second objective is to meet the liquidity needs of the City.
3. The third objective is to achieve a reasonable return on the investments.



2021 Amendment - ESG

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- In 2021, the Investment Policy was amended to include a section regarding Environmental, Social, and Governance (ESG) or Socially Responsible Investing. ESG requires investments to be made with consideration of the environment and human well being as well as the economy;
- Environmental: Carbon Footprint, Energy Consumption, Water/Waste; External Conservation Initiatives and use of natural resources;
- Social: Labor rights; Employee Diversity; Corporate Social Responsibility; Human Rights/Ethics; and
- Governance: Leadership Structure; Executive Compensation; Corruption/bribery; Human Capital management; Transparency/Disclosure' and Shareholders Rights.



Legislative Policy Committee

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- December 18, 2025, Legislative Committee met and discussed the Investment Policy position on SRI and ESG including public comment requests to consider the boycott and divestment from companies doing business in Israel and requested a review of the City's investment policy to ensure exclusion of direct investments in companies engaged in fossil fuel production, weapons manufacturing, and tobacco;
- On January 6, 2026, Vice Mayor Rivas reported that she is working with staff on a broader resolution regarding investment and social responsibility; and
- On February 3, 2026, the Committee reviewed a memorandum confirming the City's pooled investment portfolio did not hold any of these investments and directed staff to bring forward an amendment to the Investment Policy prohibiting such investments and included companies engaged in private prisons.



Recommended Amendment

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- It is recommended that the City Council codify the Legislative Policy Committee's recommendation by inserting the following language in Section X of the Investment Policy:
- ***“The City Treasurer or any other authorized individual or company managing the investments of the City's surplus funds shall not invest in companies that engage in the production of fossil fuel, weapons manufacturing, tobacco, or private prisons.”***