

Hello, my name is Norma Fragoso, I have been a public servant for 28 years with local government. I have just retired from my capacity of community development and redevelopment manager.

I am here to speak about MCERA's policy regarding divestment which appears to be inconsistent with recent analysis.

I also ask that you hold an educational session on divestment inviting financial experts of the bay area to discuss the perceived risks associated with divestment from fossil fuels. Moreover, I ask that you eventually divest the portfolio of all fossil fuel holdings.

The main issue I'd like to raise about the MCERA policy is the absence of evidence and its presumptuous claims about the financial and social impact of divestment. MCERA does not cite any evidence in stating that divestment would "harm investment performance." Recently, Aperio Group, a Marin-based investment management firm, ran a ten year study to explore whether divestment would hurt the performance of a portfolio of 1 billion dollars. The report examined the "tracking error" between the ordinary risk an investor faces in the stock market, as measured against the Russell 3000 Index, and the risk an investor faces when excluding the publicly traded stocks of the 15 most dirty fossil fuel companies; and the added risk when excluding all fossil-fuel companies. The standard deviation, in terms of market risk, of the Russell 3000 Index is 17.6657%. When investments in the "Filthy 15" were excluded, the additional risk to investors increased by 0.0006%. When investments in the fossil fuel industry were excluded, the additional risk increased by 0.0101%. The Aperio Group report concludes that the financial impacts of divestment away from fossil fuels, "may be far less significant than presumed."

Finally, MCERA policy states that divestment is "an ineffective strategy for achieving ethical or political goals,". The divestment movement to end apartheid was not only very successful, it was one of the main drivers of social and political change in South Africa. For this reason, Nelson Mandela's first visit in the US after apartheid ended was at UC Berkeley, where he thanked the students there for convincing their university to divest from companies associated with the oppressive social system in South Africa. Numerous article and books have been written about this time period and the effectiveness of the divestment campaign in the United States in dismantling Apartheid.

Thank you for your time and consideration.