



AGENDA REPORT

Department

DATE:	April 30, 2024
TO:	Mayor Martinez and Members of the City Council
FROM:	Mayor Eduardo Martinez, Councilmember Gayle McLaughlin, and Councilmember Soheila Bana
Subject:	Adding Restrictions to the City of Richmond’s Investment Policy
FINANCIAL IMPACT:	To be determined
PREVIOUS COUNCIL ACTION:	April 16, 2024 (City Investment Portfolio Updates are provided to the City Council monthly).
STATEMENT OF THE ISSUE:	The City of Richmond reviews and updates its Investment Policy as part of the City’s annual budgetary cycle. In anticipation of FY 2024-2025, additional restrictions are being proposed to improve the City’s Investment Policy, particularly concerning the investment of City funds into industries that facilitate violence, war, oppression, and apartheid.
RECOMMENDED ACTION:	DIRECT City staff to review and modify the City of Richmond Investment Policy, eliminating the investment of City funds into industries that facilitate violence, war, oppression, and apartheid - Mayor Eduardo Martinez (510-620-6502), Councilmembers Gayle McLaughlin (510-620-6636) and Councilmember Soheila Bana (510-620-6743).

DISCUSSION: Beginning in 1985, the City of Richmond formalized its stance against South African apartheid. In February of that year, the City Council unanimously approved the *Resolution Supporting the Abolition of Apartheid in South Africa*. This statement of international solidarity was followed by the *Resolution Establishing Anti-Apartheid Business and Investment Policies* in October 1985 and an ordinance codifying these stances in February of 1986.

In these historical records and others (such as the minutes of copious City Council meetings during this period), the elected leadership of the City of Richmond expresses moral clarity and urgency regarding South African apartheid, at one point expressing: “[The] citizens of the City of Richmond recognize the moral responsibility of communities to take positive steps to end the practices of racial discrimination and racism both in the United States and abroad.” This moral clarity would continue into the early 1990s.

In 2024

In the past 200+ days, over 34,000 Palestinian people have been killed by Israeli attacks on Gaza. Over 14,000 children are dead, with another child killed or wounded every 10 minutes. 1.1 million Palestinians in Gaza face imminent famine, with the region's Integrated Food Security Phase Classification (IPC) now designated as "Catastrophic"— **the most severe level of food insecurity possible**. Babies and other children younger than 5, pregnant and breastfeeding women, the elderly, and people with underlying health conditions are most at risk of accelerated death from malnutrition.

As of April 22, 2024, a mass grave site of over 320 Palestinians is being uncovered on an ongoing basis at the Nasser Medical Complex. Included among the deceased were children, elderly people, women, and people with their hands tied behind their back. The United Nations is calling for an independent investigation into this discovery, noting that Israeli armed forces have been operating with “impunity.” This is the second mass grave of Palestinian civilians uncovered at a hospital site, the first being a mass grave of 400 bodies at Al Shifa Hospital in Gaza City. The Al Shifa mass grave shows indications of field executions and civilians being buried alive.

Since the October 7th Hamas attacks on Israel, Israeli airstrikes have targeted Palestinian hospitals, schools, markets, and refugee camps, killing over 95 journalists and 350 healthcare workers in Gaza. As of late February, over 5,213 students have been killed and 8,691 injured since October, all 12 higher learning institutions in Gaza have been physically destroyed, and 78% of all schools in Gaza are severely damaged. Educators have been assassinated in targeted attacks by Israeli artillery and drones in what international observers have deemed [a cultural genocide](#).

The City of Richmond’s Investment Policy

Richmond City Council will begin its annual budgetary deliberations in May of 2024. As part of this process, the City’s Finance Department reviews and updates the [Investment Policy](#) annually in accordance with Government Finance Officers Association (GFOA) recommended best practices and standards set forth by the California Municipal Treasurers Association (CMTA) certification program. This agenda item appears in anticipation of this annual review.

The Investment Policy “covers the City's pooled funds which include the General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal service, Trust & Agency,

Redevelopment/Successor Agency and any other Funds investment activities under the direction of the City (Section II, "Scope")."

Within this government document is a section entitled "Restrictions" (Section XVIII). Contained therein are certain industries the City may not invest in, due to restraints that prior City Councils have placed upon the City's investment. Items 3 through 5 provide a sample of these restrictions:

3. It is the City's policy not to invest in companies involved in the manufacturing of tobacco and tobacco-related products such as cigarettes, cigars, pipe tobacco, chewing tobacco, etc.

4. In accordance with the Slavery Era Insurance Ordinance 14-05 N.S. Section 2.29.030 Social Disclosure on Gains from Slavery effective July 1, 2005, the City will not invest any funds in international financial instruments that benefited from slavery. The City Council prohibits, by social investment policy, such investments and reserves the absolute right to divest from such investments with the cost of divestment being borne by the contracting institution.

5. In accordance with Resolution 38-13 effective May 7, 2013 the City declared it a policy of the City of Richmond to not invest in Fossil Fuel companies and urges the Board and Management of the City's Pension funds to divest from publicly-traded Fossil Fuel Companies.

Therefore, it is in keeping with previous, relatively recent City of Richmond actions to impose moral, ethical, and political parameters on its investment portfolio.

Policy Reasoning

The relentless assaults on Palestinians are facilitated by both Israeli and multinational corporations. These companies produce and supply the weaponry, ships, vehicles, equipment, and technology that enable Israel's attacks on Gaza, as well as illegal settlements that steal Palestinian land in the West Bank in breach of international law. In doing so, they garner substantial profits from their involvement in the assault on Palestinian lives and fundamental rights.

Moreover, since the early 2000s, Israel has marketed itself as the international market's epicenter for military and homeland security products and services. The economic success of this sector is, in large part, because Israeli companies can tout their products as "battle-tested" on Palestinians. These products are then purchased and funneled into our country's own police departments, migrant detention centers, and armed services. There is a clear, documented pipeline between Israel's arms industry and state violence against American residents.

The genesis of this agenda item came from Israel's current war crimes in Gaza and its long-term occupation and apartheid against the Palestinian people. Nonetheless, in the course of drafting this item, it became apparent that additional restrictions were needed, in keeping with other City of Richmond policies and initiatives, such as:

- Health in All Policies [Ordinance](#) (Ordinance No. 27-15 N.S.)

- Sanctuary City Contracting and Investment [Policy](#) (Ordinance No. 12-18 N.S.)
- Groundbreaking gun violence prevention programming via the Office of Neighborhood Safety.
- Status as a Human Rights City and its adoption of the Universal Declaration of Human Rights as guiding principles (November 2009)
- Human Rights Commission (see: “Purpose” section, [ORDINANCE NO. 30-10 N.S.](#))

In keeping with these priorities, the core intent of the proposed changes is to ensure that the City of Richmond does not invest in companies which consistently, knowingly, and directly facilitate and enable state violence and repression, war and occupation, and/or severe violations of international law and human rights.

Proposed Changes

New Restriction 1: It is the City’s policy not to invest in a predetermined list of companies and their subsidiaries that are involved in Israel’s violations of Palestinian rights.

For this section, it is suggested that the City of Richmond restrict investments and create a list of specific corporations within which the City will not invest, detailed in Attachment 1. Please note that *many* corporations profit handsomely from Israel’s apartheid and settler systems. They are not listed in Attachment 1 because of their exclusion from the City’s Investment Policy if the below restrictions are adopted (i.e. Lockheed Martin, the world’s largest military company that provides reconnaissance aircraft used to monitor the US-Mexico border and provides the Israeli Air Force with F-16 and F-35 aircraft, Hellfire missiles, and multiple launch rocket systems; or Elbit Systems, Israel’s largest military company, which makes killer drones, large weapon systems, and ammunition used against civilians, and monitors walls and borders along the US-Mexico border.)

It will also perhaps surprise no one in Richmond that Chevron Corporation is internationally recognized as a prime divestment target when considering the proposed New Restriction 4 (apartheid against Palestinians). However, as per Resolution 38-13, the City’s Investment Policy already contains a restriction against investing in fossil fuel companies since 2013. Thus, the inclusion of Chevron in the list above would be redundant to the City’s extant investment policy. The authors of this item would nonetheless like to emphasize and enter into the City’s public record that Chevron Corporation is widely considered to be another business entity that is operating within and profiting from an apartheid system in occupied Palestine, in addition to its well-documented contributions to global warming and the urgent, existential threat of climate change.

New Restriction 2: It is the City’s policy not to invest in companies and their subsidiaries involved in the development and manufacturing of arms and weapons.

This restriction would encompass companies involved in the arms and weapons manufacturing industries, who develop and manufacture such items as:

- All forms of munitions.
- Artillery systems.
- Fighter jets, attack helicopters, warplanes, and warships.

- Firearms and accessories (scopes, sights).
- Military robots.
- Missiles.
- Military and commercial drones.
- Software that supports drones and missiles systems (such as control actuation systems).
- Tactical body gear/body armor.
- Tactical, military, and armored vehicles; tank transporters.

New Restriction 3: It is the City’s policy not to invest in companies and their subsidiaries that are involved in the border and mass surveillance industries.

This restriction would encompass companies involved in the border and mass surveillance industries, who develop, manufacture, and provide such items and/or services as:

- Border construction and maintenance.
- Border monitoring and surveillance.
- Certain air cargo and transportation companies (i.e., deportation flights, helicopters monitoring the border).

This language is an expansion of, but should not replace, the investment policy contained in its Sanctuary City Contracting and Investment Policy (Ordinance No. 12-18 N.S.), Section 4, item 1:

The City of Richmond shall not make any investment in stocks, bonds, securities, or other obligations issued by any provider of Data Broker or Extreme Vetting services to ICE.

New Restriction 4: It is the City’s policy not to invest in companies and their subsidiaries that are involved in the mass incarceration and detention industries, nor those companies that use prison labor to manufacture products.

This restriction would encompass companies involved in the mass incarceration and detention industries who develop, manufacture, or provide such items and/or services as:

- Bail bonds services.
- Facility Surveillance and Security.
- Prison facility management (i.e., commissary, other logistical services).
- Prison labor.
- Telecommunications companies who have major contracts with prisons and other detention facilities.
- Transportation and deportation services.
- Youth and Adult detention facilities.

Conclusion

It must be noted that any single one of the above proposed restrictions would automatically exclude many companies that are also captured in another of the proposed restrictions.

In other words, there is a high degree of overlap between companies whose offerings use prison labor to manufacture their products, test those products on incarcerated people or Palestinians, and that those same products are then used to both surveil and detain migrants at the U.S.-Mexico border and also surveil, detain, and grievously injure or kill Palestinians and other people overseas.

It is suggested that, if approved, the attached lists be presented to the City's Human Rights Commission. If the commission agrees, the body would then be tasked with creating a framework for the annual assessment of the companies listed in Attachment 1, subsequently making pertinent recommendations to the City Council.

ATTACHMENTS

[Attachment 1](#) — Restricted Companies for Proposed Restriction 1

Attachment 2 — [STATE OF CALIFORNIA POOLED MONEY INVESTMENT ACCOUNT APPROVED CORPORATE BONDS as of March 31, 2024](#)