Greetings,

I am a Boulder resident who is concerned about the continued noncompliance of the City's investment portfolio with the City's own regulations for Socially Responsible Investing (SRI). There are six corporate bond holdings that violate either the spirit or the letter of the SRI screens. These include investments in fossil fuels, tobacco, firearms, and prisons, each of which is specifically excluded from investment.

Here's a timeline of what I've done to bring the portfolio into compliance:

I presented my findings on this matter to the City's CFO in January of this year. She presented them to a Deputy City Manager in March. I met with the CFO again in April, and she reported that she would be compiling my findings into a comprehensive financial report for city council in the fall, and that no further action would be taken until then. I told her I would not wait until then, so I wrote to the City Manager in April requesting a meeting. I received no response.

I wrote to the CFO again in May, with the City Manager and city council cc'd, with information about the State of Washington divesting from Caterpillar Tractor due to perceived financial risk. Then, again in May, I wrote to the city council describing the investment portfolio's noncompliance. One council member responded and indicated that she would raise the visibility of this issue.

In June I wrote to the City Manager again, this time about the benefit of buying government bonds now, due to their current high rate of return; I cc'd city council. I heard back from the City Manager the following day, with a note that other projects are taking priority over this one. Again in June, I wrote to the City Manager with six rationales why it is important to prioritize this issue. She responded the following day with a note saying that she would get to this as soon as possible. I wrote to the CFO again in June with an additional rationale for speedy action. In August I had a meeting with the council member who responded to my initial note to council.

As you can see, I have done everything I can think of to get City staff and council to do what the City's regulations specifically require it to do, to date with

virtually no meaningful response.

Following is a succinct explanation of this issue that I wrote for publication. If you would like further detail I will be happy to present my compliance review to you.

One of the things that I think most Boulder citizens can be proud of is that the City has Socially Responsible Investment (SRI) criteria that preclude the City from investing in certain products and services that voters and previous city councils have determined are antithetical to the values we hold dear. These criteria place ethics ahead of profitability and assure Boulderites that every penny of the City's profit from its investment portfolio comes from corporations that do not violate the values of most citizens of Boulder.

The products and services that are specifically excluded are: "fossil fuels inclusive of pipeline construction and extraction, firearms or weapons not used in national defense, tobacco companies, and firms related to mass incarceration/private prisons/detention centers." <https://bouldercolorado.gov/quarterly-investment-report-second-quarter-2026>.

In January of this year I alerted City staff to errors made by the City's investment advisors. These advisors are the ones who make investment recommendations to the City. Boulder, by its own regulations, is required to invest only in bonds, either governmental or corporate. Its corporate bond holdings are required to be compliant with its SRI criteria. Right now the City has holdings in five governmental entities and twelve corporations. Unfortunately, six of the twelve corporate holdings violate the City's own SRI screens and/or the will of Boulder voters.

Here are the details:

- Caterpillar Tractor manufactures products for the fossil fuel industry. <https://www.cat.com/en_US/by-industry/oil-and-gas/about-us.html>. Now you may say that the City invests in Caterpillar Financial Services Corp., a subsidiary of the parent company. However, the City's own criteria include this

notice: “Included in these negative screens is the prohibition of financial firms associated with pipeline construction.” It’s clear as day.

- Cisco Systems and Microsoft are both involved heavily in administering mass incarceration. The City’s SRI screen states clearly that the City may not invest in “firms related to mass incarceration/private prisons/detention centers.”

- PepsiCo manufactures sugar sweetened beverages on which City voters imposed a distribution tax ten years ago. While this corporation is not in explicit violation of the City’s SRI screens, it certainly violates the will of the voters who have demonstrated their displeasure with the products it sells.

- State Street Corp. is a company that invests in all industries precluded by SRI screens, every single one - tobacco companies, fossil fuel companies, prisons, and firearms.

- Toyota manufactures vehicles which use fossil fuels. While this does not violate the letter of the SRI regulations, it certainly violates the spirit of it. In addition, the parent company of Toyota Motor Credit Corp., in which Boulder invests, is located in Japan, and the City is required by its own rules to invest solely in US corporations.

As you can see in this brief overview, the City’s investment advisors have been remiss in their investment recommendations. This negligence was called to City staff’s attention in January, and to city council’s attention in May, four months ago. It is time for city council and city staff to divest from these noncompliant corporations. If you agree with this, please contact city council and let them know how you feel.

Now, where should we invest instead of these companies? Let’s put our money where are mouths are. Let’s invest in affordable housing and helping farmers by increasing the City’s holdings in Federal Farm Credit Banks, Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corp.

It’s time we stop pretending we’re investing where our values lie, and time we actually do it. Right now our SRI policies are nothing more than virtue signaling.

I am pleased to learn that the City has an internal oversight functionary. My hope is that you:

- investigate the compliance of the City's investment portfolio with its regulations regarding social responsibility,
- prioritize this issue so that it gets your immediate attention,
- reach out to me for assistance if the issue is not crystal clear to you, and
- take action to ensure divestment, assuming you agree with my conclusions.

I look forward to your involvement in this issue, and I hope you can motivate City staff to correct this problem in an expeditious manner. What I'm asking for is really quite simple: (1) sell some corporate bonds, and (2) buy some government bonds. The daily average of corporate bond trading in the US is $67B, and for Treasury securities it's over $1T.

Buying and selling bonds is not rocket science. It happens on a mass scale every business day. Surely the City can devote the small amount of time it will take to meet with its brokers and make these trades. There is really no excuse for inaction. Thank you.

Best Regards,

Guy Benintendi