

Transcript Extract of Audio of April 8, 2015 SFERS Board Meeting

1:04:42 into audio, SFERS Trustee Brian Stansbury spoke:

“I’m not opposed to this motion [to authorize SFERS staff to conduct due diligence on Ex-Fossil Fuel Indices and invest \$100 million in it].

Here’s how I look at this. I think this is a nice social statement, but I think in terms of financial decisions, I don’t think it necessarily has any real great impact. What we’re really talking about here is somehow thinking we’re going to affect supply, and therefore that’s going to affect demand and people’s behavior, and that’s not going to happen.

You have a population in this world and they have energy needs, both here and in developing countries, and non-developing countries. And I think there have been some really compelling stories about how developing countries have a lot more basic energy needs than we do. And if, for example, we were — by divesting fossil fuels — we somehow would affect the supply of fossil fuels you would be hurting developing countries, say in Africa, that have real energy concerns. They have problems with access to energy and developing countries need basic energy: Coal, oil, other fossil fuels. So, I think that’s something to think about. Feels good here in the U.S., but what about countries that aren’t developed? We need to be thinking about them, as well.

You know, people talk about Oil, and how that there’s only a finite supply [of oil]. And that’s true. There’s only so much oil in this world. But the question is, how much oil is there? And time and time again, there’s been a shift in peak oil. If you just look back over the last 30 years, several times people have said ‘We’re going to hit peak oil in this year,’ and all of a sudden there’s a new technology that comes along, and they figure out another way to extract oil. So, the question is, what is the cost to extract that oil, and on the margin, every time peak oil increases, what is the cost to extract that? Fracking, etc.

I mean, is the cost to extract that, is it greater than the cost of having it deployed to, say, developing countries? That’s something we should also be thinking about. But as we continue to use up the Earth’s resources — and there’s a finite supply, but again I don’t think anybody in this room knows what it is [the finite amount] — when we will actually hit peak oil. Or maybe we have, but nobody knows. Everyone’s been wrong, so far. Everybody.

So, if we really want to change the world, we need to talk about changing behavior, not changing ... not divesting fossil fuels. And if you wanted people to stop using plastic bags, you wouldn’t sell stock in plastic bag companies, you’d try to get everybody to get them to use a bag that is renewable. So, I think that spending our time discussing the divestment of all fossil fuels, I don’t think is really going to have the greatest impact. I think we should be looking at renewables, but something we have to keep in mind the reason fossil fuels are being used and are important is because of the price per kilowatt hour. Nothing else comes close [per kilowatt hour] to coal or oil.

But as technology advances — and it will — alternatives will become more financially viable. And when that happens, you’ll see a shift in behavior. So I think that we should really think long and hard about how we’re doing this, and we should talk about changing behavior. That means making renewables more accessible to people by advancing technology, and maybe looking at [investment] funds that can have a real impact. And also, if there are a handful of energy companies out there that we’re [investing] in, that are egregious violators for a variety of reasons, which also means there’s financial risks associated with that, and is that properly priced in to their market price, maybe it’s not.

I think you know, if we were a little more targeted in how we went about this instead of casting a wide net and throwing everybody out, I think we could actually have more of an impact. So, I just offer that as food for thought for members of the audience and [SFERS'] staff as we go through this process. So, with that, I will support this [motion on the floor to ...], but I just think that we need to be careful about how we go about it.

1:09:17 End of Stansbury's "Thoughts"