

Ann Arbor City Council Regular Session: October 21, 2013
Email Redactions List Pursuant to Council Resolution R-09-386

	A	B	C	D	E	F	G
	<u>Received</u>						
1	<u>Sent Time</u>	<u>Time</u>	<u>TO</u>	<u>From</u>	<u>CC</u>	<u>Redactions</u>	<u>Reason for Redaction</u>
2	7:08 PM		Ren Farley	Jane Lumm		email address	privacy
3	7:16 PM		All City Council	Wendy Stewart		email address	privacy
4	8:03 PM		Christopher Taylor	Jacqueline Beaudry		cell phone number	privacy
5	8:16 PM		All City Council	Mariah Cherem		email address	privacy
6	8:20PM		Christopher Taylor	Jane Lumm	Sally Petersen		
7	8:24 PM		Jane Lumm	Vince Caruso		email address	privacy
8	9:39 PM		Stephen Kunselman	Rite Paye		email address	privacy
9	10:52 PM		All City Council	Christopher Taylor	Jacqueline Beaudry		
10	11:18 PM		Jacqueline Beaudry	Christopher Taylor			

Alexa, Jennifer

From: Taylor, Christopher (Council)
Sent: Monday, October 21, 2013 11:18 PM
To: Beaudry, Jacqueline
Subject: RE:

Thank you, yes please.

-----Original Message-----

From: Beaudry, Jacqueline
Sent: Monday, October 21, 2013 11:15 PM
To: Taylor, Christopher (Council)
Subject: RE:

Confirming that the title and the First Resolved will also be changed to "Request."

Jacqueline Beaudry, City Clerk
City Clerk's Office | Guy C. Larcom City Hall | 301 E. Huron, 2nd Floor · Ann Arbor · MI ·
48104
734.794.6140 (O) · 734.994.8296 (F) |
jbeaudry@a2gov.org | www.a2gov.org

☑ Think Green! Please don't print this e-mail unless absolutely necessary.

-----Original Message-----

From: Taylor, Christopher (Council)
Sent: Monday, October 21, 2013 10:52 PM
To: *City Council Members (All)
Cc: Beaudry, Jacqueline
Subject: FW:

-----Original Message-----

From: Taylor, Christopher (Council)
Sent: Sunday, October 20, 2013 1:42 PM
To: Taylor, Christopher (Council)
Subject:

Christopher Taylor Member Ann Arbor City Council (Third Ward)
734-834-3600 (c) [New Number]
734-531-1331 (w) [New Number]
734-213-6223 (h)
Like me on Facebook at: <http://tinyurl.com/a2jsvpa>

Alexa, Jennifer

From: Taylor, Christopher (Council)
Sent: Monday, October 21, 2013 10:52 PM
To: *City Council Members (All)
Cc: Beaudry, Jacqueline
Subject: FW:
Attachments: Divestment.doc

-----Original Message-----

From: Taylor, Christopher (Council)
Sent: Sunday, October 20, 2013 1:42 PM
To: Taylor, Christopher (Council)
Subject:

Christopher Taylor Member Ann Arbor City Council (Third Ward)
734-834-3600 (c) [New Number]
734-531-1331 (w) [New Number]
734-213-6223 (h)
Like me on Facebook at: <http://tinyurl.com/a2jsvpa>

Body

Whereas, The climate crisis is a serious threat to current and future generations here in Ann Arbor and around the world;

Whereas, The City of Ann Arbor established a goal to "eliminate net greenhouse gas emissions and other destabilizing climate impacts" in Resolution R-330-707 on July 16, 2007;

Whereas, The City of Ann Arbor's Climate Action Plan has a goal of reducing greenhouse gas emissions by 25% by 2025 and 90% by 2050;

Whereas, For the purposes of this resolution, a "fossil fuel company" is defined as any of the 200 publicly-traded companies with the largest coal, oil, and/or gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those reserves were extracted and burned, as listed on pages 13-14 of the attached Carbon Tracker Initiative's "Unburnable Carbon" report;

Whereas, In its "Unburnable Carbon" report, the Carbon Tracker Initiative found that fossil fuel companies possess proven fossil fuel reserves that would release approximately 2,795 gigatons of CO₂ if they are burned, which is five times the amount that can be released without exceeding 2°C of warming;

Whereas, The City of Ann Arbor has a stated and moral responsibility to protect the lives and livelihoods of its inhabitants from the threat of climate change;

Whereas, The City of Ann Arbor believes that its investments should support a future where all citizens can live healthy lives without the negative impacts of a warming environment and the health impacts from particulate pollution produced by the continued burning of fossil fuel;

Whereas, Approximately 12 municipalities have already committed to divesting their assets from major fossil fuel companies; and

Whereas, Some financial analyses indicate that divestment from major fossil fuel companies is possible with less risk to return on investments than might be expected;

RESOLVED, That the City Council urges the City of Ann Arbor Employees' Retirement Board ("Retirement Board") to investigate whether it can reasonably cease immediately any new investments in fossil fuel companies or in commingled assets that include holdings in fossil fuel companies;

RESOLVED, That, for any City of Ann Arbor Employees' Retirement System investments in commingled funds that are found to include fossil fuel companies, the City Council urges requests the Retirement Board to contact the fund managers and request they offer low-expense investment products that do not

~~contain that the fossil fuel company equities be removed from the funds;~~

RESOLVED, That the City Council ~~urges~~ requests the Retirement Board to ~~ensure~~ consider ensuring that none of its directly held or commingled assets include holdings in fossil fuel companies within 5 years;

RESOLVED, That the City Council ~~urges~~ requests the Retirement Board to prepare a report and options for investing ~~the pension funds~~ in a way that further maximizes the positive impact of the fund by seeking out investments in opportunities to limit the effects of burning fossil fuels or help to mitigate its effects including, but not limited to, clean technology and renewable energy, sustainable companies or projects, and sustainable communities;

RESOLVED, That the City Council particularly ~~urges~~ requests the Retirement Board to put policies in place that support local projects and local jobs;

RESOLVED, That the City Council acknowledges that compliance, if any, with the requests above must be consistent with the Retirement Board's fiduciary duties; and

RESOLVED, That the City Council ~~urges~~ requests the Retirement Board to release annual updates, available to the public, detailing progress made towards full divestment.

Alexa, Jennifer

From: Rita Paye [REDACTED]
Sent: Monday, October 21, 2013 9:39 PM
To: Kunselman, Stephen
Subject: mass transit

Thank you for trying to include Ypsilanti Township and Ypsilanti City in the overall plan, but I'm not hearing any discussion of Ann Arbor Township! They should also be involved. As you may know, the current system for residents to get out to the new Medical Center and Domino Farms is sadly lacking. They want the prestige. They should help fund patients to get there.

--R

Alexa, Jennifer

From: Lumm, Jane
Sent: Monday, October 21, 2013 8:20 PM
To: Taylor, Christopher (Council)
Cc: Petersen, Sally
Subject: Resolution re: UM's digital billboard

Christopher, Responding to your announcement re: the UM billboard. I share many of the concerns you noted, and am interested in co-sponsoring the resolution. Sally mentioned that you shared with her your interest in bringing this forward, and so I am copying Sally on this message.

Thanks very much, Christopher, Jane

Alexa, Jennifer

From: Mariah Cherem [REDACTED]
Sent: Monday, October 21, 2013 8:16 PM
To: Hieftje, John; Briere, Sabra; Kailasapathy, Sumi; Lumm, Jane; Petersen, Sally; Kunselman, Stephen; Taylor, Christopher (Council); Higgins, Marcia; Teall, Margie; Anglin, Mike; Warpehoski, Chuck
Subject: McWilliams DDA Appt.

Dear Mayor Hieftje and Members of City Council,

I know that this comes late in the game - I've been traveling and only now had a quick chance to write a note. Still, I wanted to send something along. I've lived in Ann Arbor well over a decade, work downtown, help produce events in/adjacent to downtown, and walk both to and through downtown daily.

I just wanted to take a second to voice my support for Al McWilliams and his appointment to the DDA. As a successful small (downtown) business owner, and a resident of Ann Arbor, he has a clear sense of what people appreciate about Ann Arbor and how its downtown is truly unique.

I hope that his appointment will indeed be confirmed.
Kind regards,
Mariah Cherem

Alexa, Jennifer

From: Beaudry, Jacqueline
Sent: Monday, October 21, 2013 8:03 PM
To: Taylor, Christopher (Council)
Subject: RE: pension & fossil fuels
Attachments: DC-2ATT4.pdf

It is page 391 of the packet.

Jacqueline Beaudry, City Clerk

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734.794.6140 (O) · 734.994.8296 (F) |
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Think Green! Please don't print this e-mail unless absolutely necessary.

From: Taylor, Christopher (Council)
Sent: Monday, October 21, 2013 7:52 PM
To: Beaudry, Jacqueline
Subject: FW: pension & fossil fuels

Can you forward to me plz?

I cannot seem to find it.

Thank you.

From: Brock Hastie [<mailto:BrockHastie@risadvisory.com>]
Sent: Sunday, October 20, 2013 9:07 PM
To: Taylor, Christopher (Council)
Subject: pension & fossil fuels

Hi Christopher –

On Friday, Nancy Walker forwarded a memo to the city clerk from the Retirement System regarding the fossil fuel divestment issue.

If you have any questions on that topic, please let me know. My cell is [REDACTED]

Thanks.

Brock E. Hastie
Managing Partner



Retirement Income Solutions

Helping to grow and preserve your wealth

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Please consider the environment before printing this e-mail. Thank you.

City of Ann Arbor
Employees' Retirement System
Board of Trustees

DC-2

532 S. Maple Rd. • Ann Arbor, Michigan 48103 (734) 794-6710 • Fax (734) 994-9205

Date: October 17, 2013
To: Honorable Mayor and City Council
From: Board of Trustees of the City of Ann Arbor Employees' Retirement System
RE: Fossil Fuel Divestment

Thank you for engaging with the Board of Trustees of the Retirement System on the issue of fossil fuel divestment. The topic of fossil fuel divestment is complex, and the Board has not had sufficient time to review the subject comprehensively. However, over the past month, and at the request of Council, the Board worked with its investment consultant, Meketa Investment Group, to research certain aspects of a fossil fuel divestment approach within the Retirement System. Some of those preliminary findings and other information are provided below.

As you are aware, the Board of Trustees ("Board") have a fiduciary obligation under the plan provisions and Public Act 314 of 1965, as amended, to discharge their duties solely in the interest of the Retirement System's participants and beneficiaries. The assets of the Retirement System are held in trust for the exclusive benefit of these plan members and beneficiaries. As of June 30, 2013, the Retirement System (Pension and Retiree Health Care) had approximately \$540 million in assets. The Board has a statutory obligation to "make investments for the exclusive purpose of providing benefits to participants and beneficiaries, and defraying reasonable expenses of investing assets of the System." Trustees must determine that "a particular investment or investment course of action is reasonably designed to further the purposes of the System, taking into consideration the risk of loss and the opportunity for gain or other return", as well as other factors such as, the diversification of the System's investments and liquidity needs of the System.

HARD COSTS

Through discussions with individual investment managers, Meketa analyzed the impact of fossil fuel divestment or fossil fuel free portfolios on manager fees. Certain managers, representing 21% of the Retirement System's assets, can implement such a "filter" without cost. Other managers, representing 11% of the Retirement System's assets, can implement by changing the structure of the account at essentially no cost. Approximately 44% of Retirement System assets are invested in passively managed index funds that could be allocated differently by providing direction to the investment manager or moving assets to a different custodian. Any changes to the passive investments would incur higher asset management fees. Approximately 13% of the Retirement System's portfolio cannot implement the fossil fuel free strategy without exorbitant costs (that would clearly outweigh any potential benefit) or changing investment strategies. The remaining assets, approximately 11%, are invested in strategies unaffected by fossil fuel divestment, such as real estate or hedge funds.

The sum of increased fees to the Retirement System resulting from a fossil fuel divestment approach would be approximately \$125,000 to \$175,000 on an annual basis. The increase in fees incurred would be primarily a result of the following:

- Larger fees from the same provider to implement a more customized strategy;
- Switching to a different provider that offers customized solutions at a higher cost;
- Increased administrative charges from different account structures; and
- Higher trading costs from separate accounts instead of commingled funds.

It is important to note that, according to Meketa, there are no index providers today that offer a “fossil fuel free” index fund. It is passively managed index funds that allow institutional investors such as the Retirement System to invest with very low costs. As of June 30, 2013, the Retirement System has allocated \$247M, or 46%, to such low-cost index strategies. If such indices became available, the cost impact of a fossil fuel free portfolio would be significantly lower.

In summary, the fossil fuel divestment would impact the investment management costs of plan assets as follows:

- 32% would incur no change in cost;
- 44% would incur additional costs;
- 13% cannot be implemented due to size restrictions or other limitations; and
- 11% is invested in areas where this approach does not apply.

SOFT COSTS

In addition to the fee increases and account charges, the Retirement System would likely incur higher costs to setup, manage and administer the fund. The Board of Trustees would need to set up more accounts, potentially in foreign countries, which would require increased oversight by staff as well as higher legal, accounting, and audit charges. In some cases, the liquidity of accounts would be lessened due to longer account settlement timing.

INVESTMENT RETURNS & MARKET RISK

At this time, the Board of Trustees has not studied the potential impact to market risk or investment returns associated with removing fossil fuel companies from the Retirement System’s investment portfolio. Such analysis would likely require several months of investigation and analysis by the Board, Meketa and the Retirement System’s Investment Managers. Several studies exist that attempt to quantify the impacts, but many have conflicting conclusions.

OTHER CONSIDERATIONS

It is important to re-emphasize that the Board only considered the anticipated direct costs associated with adopting a fossil fuel divestment policy. Clearly, the impact to risk and return would need to be seriously considered.

In addition, it is important to note that the definition of socially responsible investing (SRI) not only varies by individual and community but also over time. If one SRI issue is adopted

as part of an investment approach, the Board and/or City Council will likely be presented with other SRI issues (i.e., alcohol, tobacco, firearms, emerging manager allocations, alternative energy investments, etc.). Analyzing the relative merits of numerous SRI issues could be time consuming.

In addition, preliminary research indicates that only three city councils have approved the submission of fossil fuel divestment recommendations to their respective retirement boards. At this time, fossil fuel divestment has not yet been adopted by those retirement boards.

MOVING FORWARD

Consistent with the fiduciary role of the Board of Trustees to the Retirement System, the Board is always looking for established products that have a compelling risk and reward profile. As is the case with all investment decisions, when new approaches or strategies are suggested, the Board will evaluate the idea based on potential return, risk, liquidity, cost, complexity and other appropriate factors. At this time, the Board of Trustees is unlikely to further consider fossil fuel divestment due to the following:

- Increased annual cost to implement and administer;
- Lack of tools and investment vehicles; and
- Lack of established practices or approaches by other retirement systems, which could increase risk to the System.

Alexa, Jennifer

From: Taylor, Christopher (Council)
Sent: Monday, October 21, 2013 7:52 PM
To: Beaudry, Jacqueline
Subject: FW: pension & fossil fuels

Can you forward to me plz?

I cannot seem to find it.

Thank you.

From: Brock Hastie [<mailto:BrockHastie@risadvisory.com>]
Sent: Sunday, October 20, 2013 9:07 PM
To: Taylor, Christopher (Council)
Subject: pension & fossil fuels

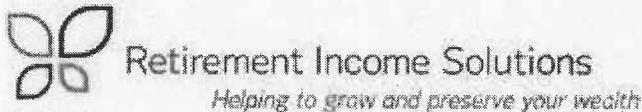
Hi Christopher –

On Friday, Nancy Walker forwarded a memo to the city clerk from the Retirement System regarding the fossil fuel divestment issue.

If you have any questions on that topic, please let me know. My cell is 734-474-3232.

Thanks.

Brock E. Hastie
Managing Partner



455 E. Eisenhower Parkway
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734-769-7727 Phone
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 Please consider the environment before printing this e-mail. Thank you.

Alexa, Jennifer

From: Wendy Stewart [REDACTED]
Sent: Monday, October 21, 2013 7:16 PM
Subject: Fossil Fuels

To the members of the Ann Arbor City Council:

The issue of resolution for recommending divestiture of fossil fuels to the Retirement Board will be before you this evening. Commissioner Shriberg has provided you with a revised resolution from the Energy Commission after conferring with Council Members and members of the Retirement Board along with documents supporting evaluating financial investments in fossil fuels in the face of the realities of climate change.

I urge you to adopt this resolution recommending divestiture of fossil fuels for the following reasons:

- 1) City Council approved the Ann Arbor Climate Action Plan last year. This resolution will, in a small way, be one more step towards achieving the goals of that plan. If we are providing funds for fossil fuel companies we are inherently supporting the burning of fossil fuels
- 2) It asks the Retirement Service to look into reinvesting in renewable energies and other non-fossil fuel investments which may provide more secure investments as fossil fuel investments become riskier, as they will as events (think BP spill), laws and public policies change
- 3) Their asking for the creation of non-fossil fuel funds will stimulate the creation of non-fossil fuel funds (i.e. creating a market)
- 4) It sends a message to fossil fuel companies, other governments, and the population as a whole that we are serious about tackling climate change.

*In addition: **I urge you to support Wayne Appleyard's reappointment as chair of the Energy Commission.** Wayne Appleyard has served the City as a knowledgeable and transparent steward on Energy issues. He has followed a clear trajectory to address climate issues; he is someone who does not waver as the political winds change, and his service to both the Energy and Environmental commissions is crucial at this time where Ann Arbor, as all cities across the globe, is faced with choices about how to address climate change.*

Thank you for your care,
Wendy Stewart
Procurement Technician; Ann Arbor VA Medical Center
Touchstone CoHousing Member
560 Little Lake Drive #2
Ann Arbor, MI 48103
734-355-9902
[REDACTED]

Alexa, Jennifer

From: Lumm, Jane
Sent: Monday, October 21, 2013 7:08 PM
To: Ren Farley
Subject: RE: Proposed study of the location of a new depot

Thank you, Professor Farley. I appreciate your expression of support for the train study, and will weigh your thoughtful observations in my evaluation. The meeting's about to start, and I apologize for my too brief response. I will respond in greater detail as soon as I can. Thank you! Kind regards, Jane

From: Ren Farley [REDACTED]
Sent: Monday, October 21, 2013 3:25 PM
To: Hieftje, John; Kailasapathy, Sumi; Briere, Sabra; Lumm, Jane; Petersen, Sally; Taylor, Christopher (Council); Kunselman, Stephen; Higgins, Marcia; Teall, Margie; Warpehoski, Chuck; Anglin, Mike
Subject: Proposed study of the location of a new depot

It is my understanding that a proposal to study locations for a new depot will come before Council this evening. I hope that you will vote to endorse that study. I believe that a substantial component of that study will involve getting input from the community.

Michigan's population has been more or less stagnant for more than 20 years and there has been little job growth in the state. On important measures of educational attainment, health and economic accomplishments Michigan is falling behind other states.

There are, however, some bright spots in the state. The vehicle industry will use much more information technology in the future. There is a current effort to make downtown Detroit and the Detroit area a center for the innovative development that will change how we drive. One can foresee the development of a high tech corridor with major employments centers in downtown Detroit, Ann Arbor and other locations between here and Chicago. Amtrak's higher speed trains will link these places. Ann Arbor needs a modern depot to serve that larger number of passengers who will use the expanded and faster service.

Thank you very much.

Reynolds Farley

807 Asa Gray

--

Reynolds Farley
Research Scientists and Dudley Duncan Professor Emeritus
Population Studies Center
Institute for Social Research
University of Michigan
www.Detroit1701.org

Alexa, Jennifer

From: [REDACTED]
Sent: Monday, October 21, 2013 8:24 PM
To: Lumm, Jane
Subject: Re: Alterations to my personal website

Thanks Jane for the note.

I was told by several reliable source changes had happened. I did not seem them myself, even checking on the Google Cache sites (older versions but not any before about. Oct 15, I may have checked to late).

I had thought someone would have made copy of the pages that were changed but none has come forward.

I do not think All McWilliams should be held to these comments without more to back them up.

I do think his site is still not becoming a DDA member or his conflicts of interest with the DDA, maybe that's just me, but I don't think so.

Glad to hear discussion of bringing forward the State Laws on Conflict of Interest issues early in the meeting tonight. More effort in this regard for our city government is way overdue as you may know although I think changes happening on council on Nov. 6 will mitigate the issue somewhat.

Thanks,
Vince

From: "Jane Lumm" <JLumm@a2gov.org>
To: "Vince Caruso" [REDACTED]
Sent: Monday, October 21, 2013 6:06:22 PM
Subject: Fwd: Alterations to my personal website

Sent from my iPhone

Begin forwarded message:

From: "Al McWilliams (QuackMedia)" <al@quackmedia.com>
Date: October 21, 2013 5:45:33 PM EDT
To: Sumi Kailasapathy <skailasapathy@a2gov.org>
Cc: Mayor John Hieftje <JHieftje@a2gov.org>, Sabra Briere <Sbriere@a2gov.org>, JLumm@a2gov.org, SPetersen@a2gov.org, Stephen Kunselman <SKunselman@a2gov.org>, Christopher Taylor <CTaylor@a2gov.org>, Marcia Higgins <MHiggins@a2gov.org>, Margie Teall <MTeall@a2gov.org>, Mike Anglin <MAnglin@a2gov.org>, Chuck Warpehoski <CWarpehoski@a2gov.org>
Subject: Alterations to my personal website

Hello Council,

I received a few emails today asking whether my personal website had been altered, referencing statements by council members who told them that it had been "sanitized." **I assure you this is not true.** In the interest of productivity, I do not need to call anyone out publicly, but please *keep the statements truthful.*

My website has *not been changed* except for the **ONE** photo from the **Huffington Post** which I switched at the request of CM Peterson, before the original vote, simply to show that I am willing to listen and work with everyone (I am!).

I repeat: nothing else has been altered. At all. None of it. Absolutely nothing. If you don't find it offensive now, then you didn't find it offensive before, which is great news! Let's be friends.

As always, I'm generally available should you have any questions,

-a!

Al McWilliams // Quack!
320 S. Main // Ann Arbor, MI // 48104
734.769.4929 o. // 734.769.4928 f. // 734.272.5956 m.

www.quackmedia.com | www.foundmagazine.com