



Legislation Text

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Resolution to Request City of Ann Arbor Employees' Retirement System to Divest from the Top 200 Publicly-Traded Fossil Fuel Companies

At its July 9, 2013 meeting, the Ann Arbor Energy Commission passed a resolution recommending City Council urge the City of Ann Arbor Employees' Retirement System to divest from the top 200 publicly traded fossil fuel companies. A copy of the resolution is attached.

Over the last several months several institutions, including universities and 12 municipalities, have begun to divest (remove their investment contributions) from portions of their portfolios from the top 200 publicly-traded coal, oil and gas extraction companies (the "top 200 fossil fuel companies"). The effort has been driven largely by the 350.org movement seeking to reduce global greenhouse gas emissions and activities that enable their continued utilization. The Energy Commission points to historic energy and environmental goals approved by City Council and the Climate Action Plan as a basis for asking City Council to urge the Ann Arbor Employees Retirement Board ("Retirement Board") both to divest from fossil fuel companies and holdings and to invest proactively in clean technology, renewable energy and sustainable companies and projects.

The Energy Commission is aware of City Council's limitations with respect to direct authority over the Retirement Board as an autonomous body, but requests City Council to urge the Retirement Board to divest from the top 200 publicly-traded fossil fuel companies as part of a movement of fossil fuel divestment occurring across the country. Those companies are found in the list of the top 200 fossil fuel companies (listed by the top 100 coal and top 100 oil and gas extraction companies) on pages 13-14 of the attached "Unburnable Carbon" report of the Carbon Tracker Initiative.

Financial analyses have been done that show some divestments from fossil fuel companies may have less financial impact than presumed. A copy of a recent report from Aperio Group, LLC, regarding the impact of divestment from the top 15 fossil fuel companies in the United States is attached.

Members of the Energy Commission spoke at a public meeting of the Retirement Board to provide information to the Retirement Board about the reasons to divest from fossil fuel companies.

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Reviewed by: Craig Hupy, Public Services Area Administrator

Sponsored by: Energy Commission and Councilmember Teall

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 requests the City of Ann Arbor Employees' Retirement Board ("Retirement Board") to investigate whether it can reasonably cease 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 requests the Retirement Board to contact the fund managers and request they offer low-expense investment products that do not contain fossil fuel company equities;

RESOLVED, That the City Council requests the Retirement Board to 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 requests the Retirement Board to prepare a report and options for investing 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 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 requests the Retirement Board to release annual updates, available to the public, detailing progress made towards full divestment.

As Amended by Ann Arbor City Council on September 16, 2013 and October 21, 2013