

## Resolution of the City of Minneapolis

### By Gordon and Cano

#### **Committing to continued divestment from fossil fuel companies and calling on our partners to divest.**

Whereas, the City of Minneapolis believes that global climate change is a serious threat to the health, safety and welfare of the people of Minneapolis, and has adopted a goal to decrease carbon emissions by 80% by 2050<sup>i</sup>; and

Whereas, Minneapolis has long been a leader in fighting climate change, adopting a climate plan in the early 1990s, signing onto the US Conference of Mayors Climate Protection Agreement, and most recently by passing a Climate Action Plan that lays out goals and strategies for reducing carbon emissions by 30% by 2020<sup>ii</sup>; and

Whereas, the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report<sup>iii</sup> found that climate change is already causing costly disruption of human and natural systems throughout the world including the melting of Arctic and Antarctic ice, the ocean's rise in acidity, flooding and drought; and

Whereas, through the 2009 Copenhagen Accord, the United Nations Framework Convention on Climate Change, which includes the United States, recognized "the scientific view that the increase in global temperature should be below 2 degrees Celsius" in order to allow human civilization to survive in a recognizable form<sup>iv</sup>; and

Whereas, to meet the 2 degrees Celsius target, global carbon emissions must be held to 565 gigatons<sup>v</sup>; and

Whereas, the carbon content of the proven, extractable fossil fuel reserves already controlled by the two hundred publicly-traded companies<sup>vi</sup> with the largest coal, oil, and gas reserves is approximately 2,795 gigatons<sup>vii</sup>, which is five times what can be safely burned without exceeding the 2 degrees Celsius limit; and

Whereas, these proven reserves have a monetary value of over \$20 trillion<sup>viii</sup>, which will be realized only if they are extracted and burned; and

Whereas, despite the fact that the proven reserves of fossil fuels so far exceed what can be safely burned, fossil fuel companies spend \$1.8 billion per day<sup>ix</sup> searching for new reserves; and

Whereas, extraction of fossil fuels such as coal mining, oil drilling, and hydrological fracturing, and the transportation of fossil fuels through pipelines and over rail has many other negative ecological impacts: pollution of soil, groundwater, surface waters and air, and the destruction of landscapes; and

Whereas, fossil fuel extraction is extremely capital intensive, making fossil fuel companies dependent on the capital investments of US investors<sup>x, xi</sup>; and

Whereas, the City of Minneapolis does not currently have any funds invested in fossil fuel companies; and

Whereas, many major institutions in Minneapolis do have investments in fossil fuel companies, including educational institutions, investment and asset management firms, foundations, and other units of government; and

Whereas, the University of Minnesota's endowment funds are valued at over \$3.2 billion<sup>xii</sup>, the fourteen largest investment firms in Minneapolis control investments valued at over \$247 million<sup>xiii</sup>, and the seven largest foundations in Minneapolis have endowments worth over \$2.6 billion<sup>xiv</sup>; and

Whereas, the pension and deferred compensation plans for Minneapolis employees and retirees have not yet divested from fossil fuel companies; and

Whereas, the University of Minnesota offers employees who enroll in their 401(a) retirement plan the opportunity to invest in the Pax World Balanced Fund, which follows a sustainable investment approach<sup>xv</sup>; and

Whereas, in its "Oil and Carbon Revisited" report, HSBC Global Research found that if global policymakers committed to not exceed two degrees Celsius of warming, "only a third of current fossil fuel reserves can be burned before 2050," which would mean that the "potential value (of publicly traded fossil fuel companies) at risk could rise to 40-60% of market (capitalization)"<sup>xvi</sup>; and

Whereas, in its "Do the Investment Math: Building a Carbon-Free Portfolio" report, the Aperio Group investment management firm found that divesting all fossil fuel companies from a broad-market U.S. stock market index such as the Russell 3000 would increase "absolute portfolio risk by 0.0101%"<sup>xvii</sup>; and

Whereas, investment bank Kepler Chevreux estimates that \$100 billion invested in either wind energy or solar energy will produce significantly more energy than that same \$100 billion invested in oil<sup>xviii</sup>; and

Whereas, Blackrock, FTSE Group and the Natural Resources Defense Council have developed the FTSE Developed ex-Fossil Fuels Index Series, a capitalization-weighted index designed to represent the performance of constituents of the FTSE Developed Index after the exclusion of companies that have a certain revenue and/or reserve exposure to fossil fuels<sup>xix</sup>; and

Whereas, many institutions in the United States have already taken steps to divest from fossil fuel companies, including<sup>xx</sup>:

- Stanford University and more than twenty other colleges and universities
- Thirty-seven US cities, including San Francisco, CA; Seattle, OR; Portland, OR; Boulder, CO; and Madison, WI
- More than sixty religious organizations
- Over thirty foundations and philanthropic organizations;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the City of Minneapolis hereby commits to not investing, directly or indirectly, in fossil fuel companies. Minneapolis Finance staff are directed to update the City of Minneapolis Investment Policy and Strategy to include this divestment from fossil fuel companies.

Be It Further Resolved that the City of Minneapolis urges all individuals and organizations that invest any considerable amount of capital to ensure that none of their directly held or commingled assets include holdings in fossil fuel public equities and corporate bonds, or to make a fossil-free investment option available to their customers.

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<sup>i</sup> <http://www.minneapolismn.gov/www/groups/public/@clerk/documents/webcontent/wcms1p-122973.pdf>

<sup>ii</sup> <http://www.ci.minneapolis.mn.us/www/groups/public/@citycoordinator/documents/webcontent/wcms1p-113598.pdf>

<sup>iii</sup> [http://www.ipcc.ch/publications\\_and\\_data/publications\\_ipcc\\_fourth\\_assessment\\_report\\_synthesis\\_report.htm](http://www.ipcc.ch/publications_and_data/publications_ipcc_fourth_assessment_report_synthesis_report.htm)

<sup>iv</sup> <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>

<sup>v</sup> <http://www.rollingstone.com/politics/news/global-warmings-terrifying-new-math-20120719>

<sup>vi</sup> <http://fossilfreeindexes.com/the-carbon-underground-2014/>

<sup>vii</sup> <http://www.rollingstone.com/politics/news/global-warmings-terrifying-new-math-20120719>

<sup>viii</sup> **Ibid.**

<sup>ix</sup> <http://carbontracker.live.kiln.it/Unburnable-Carbon-2-Web-Version.pdf>

<sup>x</sup> <http://www.thenation.com/article/179461/new-abolitionism>

<sup>xi</sup> <http://genfound.org/media/pdf-generation-foundation-stranded-carbon-assets-v1.pdf>

<sup>xii</sup>

[http://www.nacubo.org/Documents/EndowmentFiles/2014\\_Endowment\\_Market\\_Values\\_Revision.pdf](http://www.nacubo.org/Documents/EndowmentFiles/2014_Endowment_Market_Values_Revision.pdf)

<sup>xiii</sup> [http://tcbmag.com/Lists-and-Research/BIG-Book?djoPage=view\\_html&djoPid=18823](http://tcbmag.com/Lists-and-Research/BIG-Book?djoPage=view_html&djoPid=18823)

<sup>xiv</sup> [http://tcbmag.com/Lists-and-Research/BIG-Book?djoPage=view\\_html&aliaspath=%2FLists-and-Research%2FBIG-Book&djoPid=18813](http://tcbmag.com/Lists-and-Research/BIG-Book?djoPage=view_html&aliaspath=%2FLists-and-Research%2FBIG-Book&djoPid=18813)

<sup>xv</sup> <http://www.paxworld.com/advisors/investment-strategies/pax-world-mutual-funds/balanced-fund>

<sup>xvi</sup> <http://daily.swarthmore.edu/wp-content/uploads/2013/02/HSBCOilJan13.pdf>

<sup>xvii</sup> <http://www.aperiogroup.com/cmis/browser?id=workspace%3A//SpacesStore/262d672d-0c09-4251-a141-7ead3f84222d>

<sup>xviii</sup> <http://reneweconomy.com.au/2014/why-100bn-invested-in-wind-or-solar-will-produce-more-energy-than-oil-18002>

<sup>xix</sup> <http://www.ftse.com/products/indices/dev-ex-fossil-fuels>

<sup>xx</sup> <http://gofossilfree.org/commitments/>