

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OLYMPIA,
WASHINGTON, FOR RESPONSIBLE MANAGEMENT OF PUBLIC TRUST
FUNDS**

WHEREAS, it is the mission of the Washington State Investment Board (WSIB) to manage investments for retirement and public trust funds with the highest standard of professional conduct for the exclusive benefit of fund beneficiaries; and

WHEREAS, currently WSIB is managing more than \$129 billion for public employees, teachers, school employees, law enforcement officers, firefighters, and judges, as well as the Deferred Compensation Program and investments for 18 other public funds, including industrial insurance, colleges and universities, and developmental disability programs; and

WHEREAS, in October of 2013, the City of Olympia expressed concerns with the WSIB investments in companies and/or portfolios engaged with fossil fuel extraction, production, or transport and requested that the process of divestment from these holdings begin; and

WHEREAS, since 2013, public pension funds, including those managed by WSIB, have sustained substantial financial losses from fossil fuel investments, and future returns from this sector are not reasonably expected to better their past performance due to changes in risk, regulations, and attitudes towards the use of fossil fuels; and

WHEREAS, it is important for fiduciaries to consider the various ways to assess and mitigate the risks that different sectors and industries have from the impacts of climate change, the long-term transition to a less carbon-intensive economy, and the potential for fossil fuel reserves and companies to lose a substantial portion of their value; and

WHEREAS, the world economy is shifting toward less energy-intensive models of growth, fracking has driven down energy prices, and renewable energy and electric vehicles are gaining market share; and

WHEREAS, litigation on climate change is expanding and campaigns in opposition to fossil fuels have matured, which factors are now a material risk to the fossil fuel sector, calling into question the presence of holdings for fossil fuel and allied industries in the portfolio of the WSIB; and

WHEREAS, the investment risks of the WSIB affect the residents of the City of Olympia with outsized impact due to the disproportionate number of people in Olympia whose pensions and investments are managed by the WSIB;

NOW, THEREFORE, THE OLYMPIA CITY COUNCIL DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. That the WSIB initiate a focused carbon footprint analysis for those equity assets within its portfolio, that it conduct an assessment of potential climate change impacts on risk and return characteristics of the portfolio, and that it review approaches for integrating climate change risks and opportunities into asset allocation, manager selection, and risk management.

Section 2. That the WSIB not modify its portfolio with new or expanded investments in fossil fuels or allied industries until such analyses are complete.

Section 3. That the WSIB prominently announce its risk analysis findings for those components of its portfolio that are exposed to climate change risk through association with the fossil fuel industry, and that such findings be incorporated in the WSIB's deliberations and decisions pertaining to funds management in order to protect the long-term interests of its beneficiaries and to determine the most efficacious way to safeguard its portfolio from the economic risks of climate change, thereby fulfilling the WSIB's fiduciary duty to beneficiaries.

Section 4. That these requests promptly be transmitted to the WSIB members and staff as an action of the City of Olympia.

PASSED BY THE OLYMPIA CITY COUNCIL this _____ day of _____ 2018.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:



CITY ATTORNEY