



RESOLUTION NO. 40273

1 BY REQUEST OF MAYOR WOODARDS AND COUNCIL MEMBERS BEALE,
2 IBSEN, AND MELLO

3 A RESOLUTION relating to the Tacoma Employees' Retirement System; urging
4 Tacoma Employees' Retirement System ("TERS") staff and the TERS
5 Board of Administration to consider/analyze the investment risks from
6 climate change, and explore ways to potentially reduce exposure to carbon
7 intensive companies, such as fossil fuel producers, in TERS' investment
8 portfolio, subject to the TERS staff and Board continuing to meet their
9 primary fiduciary responsibilities to TERS members.

10 WHEREAS the City of Tacoma and the Puget Sound Region is
11 experiencing sea level rise, increasing temperatures, changes in precipitation, a
12 long-term decline in snow and ice, and ocean acidification, and

13 WHEREAS these trends are projected to continue and accelerate in the
14 coming decades, increasing the potential for flooding, landslides, summer drought,
15 wildfire, disruption of ecological communities, and other impacts in our region, and

16 WHEREAS these impacts increase risks to public health, infrastructure,
17 safety, local economies, and the environment, and

18 WHEREAS most climate scientists agree the main cause of the current
19 climate change is due to an increase in greenhouse gas emissions produced by
20 human activities, which includes the production and burning of carbon intensive
21 fossil fuels, and

22 WHEREAS, on May 1, 2018, a local family foundation made a presentation
23 to the Government Performance and Finance Committee ("GPFC") regarding their
24 experience with divestment of fossil fuel related companies, and

25 WHEREAS, after that presentation, the GPFC Chair requested information
26 from the Retirement Director regarding how the foundation's experience may or



may not relate to the investment approach utilized by the Tacoma Employees' Retirement System ("TERS"), and

WHEREAS the Retirement Fund, created pursuant to Tacoma City Charter Section 6.10 and Tacoma Municipal Code 1.30.460, is a \$1.7 billion trust fund maintained to support the current and future retirement benefits for the System's 3,000 active members and 3,000 deferred/retired members and beneficiaries, and

WHEREAS the assets are overseen by the TERS Board of Administration ("Board"), which bears a fiduciary responsibility to act for the exclusive benefit of TERS plan participants and beneficiaries, and to administer the plan efficiently and properly, and

WHEREAS volatility in security prices, including the price of fossil fuels, brings with it risks that must be overseen and managed by the Board, and

WHEREAS the City Council recognizes that TERS is a valued City employee benefit and a significant tool in employee recruitment and retention, and

WHEREAS the continued strong financial position of TERS is of critical importance to the City, and to active and retired TERS members, and

WHEREAS one important determinant of TERS' financial strength is the strategic asset allocation adopted by the Board, which directs the System's investments, and

WHEREAS the TERS Board of Administration bears a fiduciary responsibility to act for the exclusive benefit of the plan participants and beneficiaries; Now,

Therefore,



BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

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That the City Council urges Tacoma Employees' Retirement System ("TERS") staff and the TERS Board of Administration ("Board") to consider/analyze the investment risks from climate change and explore ways to potentially reduce exposure to carbon intensive companies, such as fossil fuel producers, in the System's investment portfolio, subject to the TERS staff and Board continuing to meet their primary fiduciary responsibilities to TERS members.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney