

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	June 3, 2019
Action Required:	Approval of Resolution
Presenter:	Jason Vandever, City Treasurer
Staff Contacts:	Jason Vandever, City Treasurer
Title:	Charlottesville Operating Funds Divestment Resolution

Background:

At its May 6, 2019 meeting City Council received a presentation regarding sustainable investment practices and possible divestment actions the City might be authorized to take. Out of that meeting both the City Treasurer and Council expressed a desire and willingness to discuss a resolution at a future date regarding divestment from companies engaged in the production and extraction of fossil fuels or the production or upgrading of weapons or weapons systems within the City's investment portfolio because of the danger those activities present to our environment and well-being. This memo and accompanying resolution address potential divestment from these sectors within the City's operating fund investment portfolio. The Retirement Plan Commission continues to discuss sustainable investment practices, and plans on presenting its progress and findings to Council later this fall.

Discussion:

The City's Core Investment Portfolio ranges from \$50-\$100 Million throughout the year, and is comprised of operating funds used in the course of conducting City business. Investment decisions related to these funds are made by the City's elected Treasurer, who is charged with safeguarding City funds with the primary objectives of safety, liquidity, and yield.

The attached resolution expresses City Council's support and encouragement of any and all persons acting on behalf of City investment activity in regards to City operating funds, to divest all City operating funds from direct security investments in any entity involved in the production of fossil fuels or the production or upgrading of weapons and weapons systems within 30 days.

Because the current exposure to these sectors within the City's operating fund investment portfolio is already minimal, this action can be achieved with little to no financial impact to the City while still achieving the stated investment policy goals of safety, liquidity, and yield.

Alignment with City Council's Vision and Strategic Plan:

This proposal aligns with the following City Council Strategic Plan Goals:

- 3.4 Be Responsible Stewards of Natural Resources

- 5.1 Integrate Effective Business Practices and Strong Fiscal Policies

Community Engagement:

Council has received input from several individuals both at Council meetings and through email regarding potential divestment. Additionally, the City Treasurer has met with representatives of Divest Cville to gather further input and ideas.

Budgetary Impact:

Divestment in the City's operating fund investment portfolio of individual securities of the magnitude discussed in this memo would not have a significant budget impact.

Recommendation:

Approval of the resolution.

Alternatives:

Council could elect to not approve a resolution at this time.

Attachments:

Resolution

A RESOLUTION
SUPPORTING THE DIVESTMENT OF CITY OPERATING FUNDS
IN ANY COMPANY INVOLVED IN THE PRODUCTION OF FOSSIL FUELS
OR THE PRODUCTION OR UPGRADING OF WEAPONS AND WEAPONS SYSTEMS

WHEREAS, the Charlottesville City Council formally declares its opposition to investing City funds from the General Operating Fund in any entities that are involved in the production of fossil fuels or the production or upgrading of weapons and weapons systems, whether conventional or nuclear, and including the manufacture of civilian arms; and,

WHEREAS, pursuant to City Code Section 11-64 and the Virginia Security for Public Deposits Act (Virginia Code Section 2.2-4400 et seq.), and the Virginia Investment of Public Funds Act (Virginia Code Section 2.2-4500 et seq.), the City Treasurer has sole discretion over the investment of City operating funds; and,

WHEREAS, the City Treasurer has a duty to invest all City funds with the primary objectives of safety, liquidity, and yield; and,

WHEREAS, the primary investment objectives for operating funds of safety, liquidity, and yield can be achieved while supporting the Council's opposition to investing City funds in direct security investments of any entity involved in the production of fossil fuels or the production or upgrading of weapons and weapons systems; and,

WHEREAS, the City Treasurer has publicly expressed his support for the divestment of City operating funds from direct securities of any entity involved in the production of fossil fuels or the production or upgrading of weapons and weapons systems.

NOW, THEREFORE, BE IT RESOLVED, by the Council of the City of Charlottesville, Virginia that it declares its support and encouragement of any and all persons acting on behalf of City investment activity in regards to City operating funds, to divest all City operating funds from direct security investments in any entity engaged in the production of fossil fuels or the production or upgrading of weapons and weapons systems within 30 days.