



CITY OF SYRACUSE COMMON COUNCIL

JOSEPH T. DRISCOLL
Councilor - 5th District

April 19, 2019

To Whom It May Concern

The City of Syracuse Common Council is writing in support of the New York Fossil Fuel Divestment Act (Senate Bill S2126 and Assembly Bill A1536), requiring the state comptroller to divest the New York State pension from fossil fuel companies. The Syracuse Common Council requests that the comptroller divest from fossil fuel companies to meet its fiduciary obligation to maximize return, and because of the moral imperative to address climate change.

Divesting from Fossil Fuels not only does not hurt returns, but improves returns

Study after study demonstrates that screening fossil fuels out of an investment portfolio not only has no negative impact on financial performance, but can actually increase financial performance. In November 2018, the Global Finance Journal published a study that showed a positive correlation between fossil fuel divestment and portfolio performance. The report stated: "Using a range of measures, we find that portfolios that divest from fossil fuels and utilities and invest in clean energy perform better than those with fossil fuels and utilities."¹ As fiduciary of the pension, there is a legal obligation to maximize return. Because of the risk and return of fossil fuel investments, trustees are in breach of their fiduciary obligation by not divesting from fossil fuel companies.

Why shareholder advocacy doesn't work

Thomas DiNapoli, the State of New York Comptroller has indicated that his reason for continuing to hold a large position in fossil fuel companies is because of shareholder advocacy. By being a shareholder and exercising shareholder rights, the Comptroller has argued that he can move fossil fuel companies to become more sustainable. That said, no amount of shareholder resolutions or proxy voting will [change the fundamental business practice of a company](#)². Additionally, the [SEC just this month made it even](#) more difficult to hold companies accountable

¹ <https://www.sciencedirect.com/science/article/pii/S1044028317300169>

² https://www.huffpost.com/entry/climate-change-and-invest_b_6295444

using this strategy.³ Nevertheless, DiNapoli has doubled down on this strategy, even as a hypothetical state pension that screened out shares in fossil fuels would have outperformed our existing pension by \$22 billion.⁴

Divestment Works

The Common Council's case for divestment is simple: it *works*. Goldman Sachs has reported that the "divestment movement has been a key driver of the coal sector's 60% de-rating over the past five years."⁵ Moreover, a new study by Lappeenranta University of Technology (LUT) and the Energy Watch Group (EWG) shows that a global transition to 100% renewable electricity is not a long-term vision, but already a tangible reality.⁶ The bottom line is that fossil fuel companies are not a viable long term investment strategy. Even Shell Oil has recognized the financial impact of divestment: in their latest annual report, Shell specifically identified divestment campaigns as posing "a material adverse effect" on the price of its securities and its ability to access equity capital markets.⁷ This is all the more reason for New York to hit the world's biggest polluters where it hurts: their wallets.

The Moral Case for Divestment

Finally, for those who doubt the moral urgency of divestment, we would like to emphasize that climate change is dangerously accelerating. We are witnessing the increasing impacts of a warming planet. more and more consistently; the National Oceanic and Atmospheric Administration (NOAA) reported that the last five years (from 2014 to 2018) were the hottest on record. The past year has seen devastating, unprecedented floods and fires in our country. Already, communities are being forced to relocate as sea levels rise. Experts agree that global warming caused by humans burning fossil fuels will continue to accelerate and intensify these tragic climate disasters. The scientific consensus is clear and overwhelming; we cannot safely burn even a fraction of global fossil-fuel reserves without dangerously warming the planet for several thousand years. We applaud Senator Rachel May, one of the co-sponsors of the Senate version of the New York Fossil Fuel Divestment Act (S2126), for her leadership on this critical issue. We ask other state lawmakers in Central New York to follow Senator May's lead in cutting the state pension from shares in fossil fuels. If we take action now, future New York State taxpayers won't have to be on the hook for the environmental and fiscal calamity that will otherwise befall on them.

³ <https://www.cnn.com/2019/04/03/investing/exxon-sec-climate-change-shareholder-vote/index.html>

⁴ <https://350.org/press-release/dinapoli-cost-nys-22-billion-divestment/>

⁵ <https://www.theguardian.com/commentisfree/2018/dec/16/divestment-fossil-fuel-industry-trillions-dollars-investments-carbon>

⁶ <http://energywatchgroup.org/new-study-100-renewable-electricity-worldwide-feasible-cost-effective-existing-system>

⁷ <https://350.org/press-release/shell-report-impact-of-divestment/>

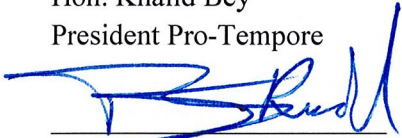
Respectfully,



Hon. Helen Hudson
Common Council President



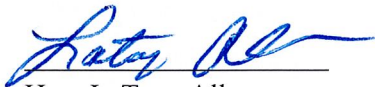
Hon. Khalid Bey
President Pro-Tempore



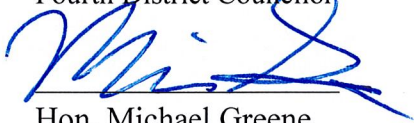
Hon. Timothy Rudd
Councilor At Large



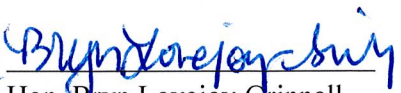
Hon. Steven Thompson
Majority Leader



Hon. LaToya Allen
Fourth District Councilor



Hon. Michael Greene
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Hon. Bryn Lovejoy-Grinnell
Third District Councilor



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Fifth District Councilor