



**Testimony to the Vermont Senate and House Government Operations
Committees –February 19, 2016
Subject: S.28**

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Madame Chairs, Distinguished Senators and Representatives,

Thank you for the opportunity to testify to today. My name is Robb Kidd, I am the Vermont Chapter of the Sierra Club Conservation Program Manager. On behalf of the Sierra Club's nine thousand members and supporters in Vermont, we urge you to pass measures to advance divestment of the state's pension funds from fossil fuels. We know that you have heard numerous accounts underscoring the environmental and financial rationales for divesting from fossil fuels, so we will limit our remarks to how the Vermont Pension Investment Committee can create a more open and transparent decision-making process.

At the outset, I want to recognize Treasurer Pearce and her staff for their work to support socially responsible investing and for developing methods to reinvest in Vermont. We applaud Treasurer Pearce and her staff for these efforts.

The Vermont Chapter recently endorsed Treasurer's Pearce's efforts to ensure greater corporate compliance in disclosing climate risk in reports to the Securities and Exchange Commission. We have pledged to collaborate with Treasurer Pearce on this effort by working with Sierra Club members across the United States to engage their state treasurers to follow suit.

However, when it comes to divestment, the Vermont Chapter of the Sierra Club views diverge from those of the Treasurer. We strongly believe that divestment can be an important policy lever as evidenced by Vermont's divestitures from tobacco companies and from companies doing business in apartheid South Africa.

We know that Treasure Pearce is deeply committed to her fiduciary responsibilities. And, it is precisely for this reason that we have urged the Vermont Pension Investment Committee to divest from coal and other fossil fuels. Beyond the moral imperative, as we have heard, there is a strong financial basis for divesting from coal and other fossil fuels.

With me here today is Nate Hausman, a Sierra Club volunteer leader who has a few words to say on how we can have a more inclusive divestment dialogue.

My name is Nate Hausman. I am a member of the Vermont Chapter of the Sierra Club and former chair of the Chapter's Energy and Climate Committee. I am an attorney and work for a Montpelier-based nonprofit that works with state and municipal clean energy funds on energy policy. My mom is a state pensioner and my dad is a former state representative.

I offer testimony today to support the divestment of fossil fuels from Vermont's pension funds and to offer ideas about how we can create a process that achieves our mutual goals.

Many have asked why the Chapter is pursuing divestment legislatively when there's an administrative body--the Vermont Pension Investment Committee (VPIC)--that been explicitly established to oversee the management of the state's pension fund. The answer is that in an ideal world, the decision to divest from fossil fuels would rest with VPIC, but deficiencies in VPIC's divestment process have marred the committee's examination of this issue.

The Vermont Chapter of the Sierra Club believes that good transparent, public decision-making processes, yield sound, informed decisions. Unfortunately, the Vermont Pension Investment Committee's public processes related to divestment have been far from transparent.

To give you some examples, in anticipation of VPIC's July 28th last summer--a meeting in which the board discussed and voted on divestment--the Vermont Chapter of the Sierra Club tried to submit written comments to the Vermont Pension Investment Committee on divestment; however, no public written commenting process was set forth

and no public email address was provided to submit comments to. The VPIC Chair, Stephen Raul allowed only one advocacy group's comments to be included in the packet of materials disseminated to VPIC members. Even those comments were restricted to 2-3 pages based on a private email exchange with the Chair. With respect to the Sierra Club Vermont's letter, the VPIC Chair neglected to acknowledge receipt of the comment letter and failed to notify us of his decision not to include the letter in the materials packet. (Only after raising objections to not having our comment letter included was it disseminated to committee members before the meeting.) Neither the divestment staff report nor the VPIC materials packet were provided to members of the public in advance of the meeting so there was no time for the public to digest the information that VPIC members had seen well in advance of the meeting--information which was formed the basis for VPIC's decision on this issue.

The staff report that was provided in VPIC's information packet reflected the same questioned analysis from a previous 2013 report, far overstating any costs associated with divestment and neglecting to provide analysis focused on divestment from the coal sector as had been requested.

At the meeting itself, the oral public comment opportunity that was originally scheduled for after the committee had already deliberated and voted on divestment was changed, but only at the eleventh-hour after a few committee members questioned the process. Even then, the oral public comment period was drastically curtailed.

If VPIC allowed for an open and transparent process related to divestment, we might well not be testifying before you today. It's is because VPIC's administrative process has fallen short on divestment that we are encouraging the legislature to take action.

As a public body, the Vermont Pension Investment Committee should engage in a process that complies with the Vermont Open Meeting Law and embraces public input and a spirit of openness and transparency. At a minimum, we believe the process should:

- Provide ample advance notice to the public on meeting times and agendas.
- Provide an opportunity for advance public written comments, so that stakeholders can contribute to the process.
- Provide ample opportunity for an oral public comment period at meetings before formative decisions are made.
- Provide clear direction to the public as to how to submit written input and provide in-person testimony at public hearings.

The Vermont Chapter of the Vermont Chapter of the Sierra Club appreciates the time that the Government Operations Committees have given us to testify on this subject and we look forward to building a process that can transition Vermont's high carbon risk holdings into more financially secure investments that better align with our state's values. We owe it to our current and future pensioners and future generations of Vermonters.

We'd be happy to take any questions you may have. Thanks.