



STATE OF VERMONT
GENERAL ASSEMBLY
SENATE COMMITTEE ON GOVERNMENT
OPERATIONS

March 10, 2016

<Recipient>
<Inside Address>

Dear <Salutation>:

Re: Divestment from fossil fuel companies

We appreciate your recent commitment to form a VPIC subcommittee regarding the strategy of divestment from fossil fuels and look forward to VPIC studying the issues through an inclusive, thoughtful, and factual process. Now, in the spirit of cooperation, we ask that you join a broader collaborative effort regarding divestment. We propose the following:

Inclusion in the VPIC subcommittee process. We ask that two legislators, one each from the Senate and House Committees on Government Operations join the VPIC subcommittee process and that experts familiar with fossil-fuel-free investing also be included in those discussions. The first meeting should be held before July, 2016.

Fiduciary responsibility. Vermont statutes state, “the (VPIC) Committee shall strive to maximize total return on investment, within acceptable levels of risk...in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902.” We agree that the Board shall not take action toward divestment unless it determines in good faith that such action is consistent with its fiduciary responsibilities.

Goals. After a thoughtful consideration and as consistent with fiduciary standards, we ask that you pursue: 1) The intent of the House resolution (H.R.13) concerning divestment from coal companies; and 2) Divestment from the top 200 carbon producing companies in five years.

Tracking investment performance. The Treasurer’s Office shall track and report annually until 2021, to the House and Senate Committees on Government Operations on the issues of climate change as they relate to State and VPIC investments. The VPIC subcommittee shall present its findings to the VPIC Board. The VPIC subcommittee shall report its findings to the House and Senate Committees on Government Operations on fund performance and investment outlook as it compares to applicable fossil-fuel-free alternatives.

This approach preserves the VPIC's fiduciary responsibility and provides needed information about the financial viability of fossil-fuel-free funds.

We hope to discuss this in detail and look forward to your response.

Sincerely,

Senator Jeanette K. White, Chair

Senator Anthony Pollina, Vice Chair

Senator Brian Collamore, Clerk

Senator Joe Benning

Senator Christopher Bray