

UNM Divestment

Going Fossil Free



350.Org NM

April 2014

Tom Solomon



4/8/14 – UNM Divestment Presentation to Board of Regents



- KOAT TV7 coverage
 - <http://www.koat.com/news/Environmental-group-urges-UNM-regents-to-stop-investing-in-fossil-fuels/25399552>



UNM Divestment Statement w/ 2300+ signatures

UNIVERSITY OF NEW MEXICO: GO FOSSIL FREE!

To President Frank,

“Because it is unconscionable to pay for our education with investments that will condemn the planet to climate disaster, we call on the University of New Mexico to

1) immediately freeze any new investment in fossil-fuel companies &

2) to divest within five years

from direct ownership and from any commingled funds that include fossil-fuel public equities and corporate bonds.”

These eight State Legislators signed a letter of support:

Sen. Gerald Ortiz y Pino (Bern-12)

Rep. Christine Trujillo (Bern-25)

Rep. Elizabeth Thompson (Bern-24)

Rep. Rick Miera (Bern-11)

Sen. Bill O’Neill (Bern-13)

Rep. Miguel Garcia (Bern-14)

Rep. Patricia Royball-Caballero (Bern-13)

Rep. Mimi Stewart (Bern-21)

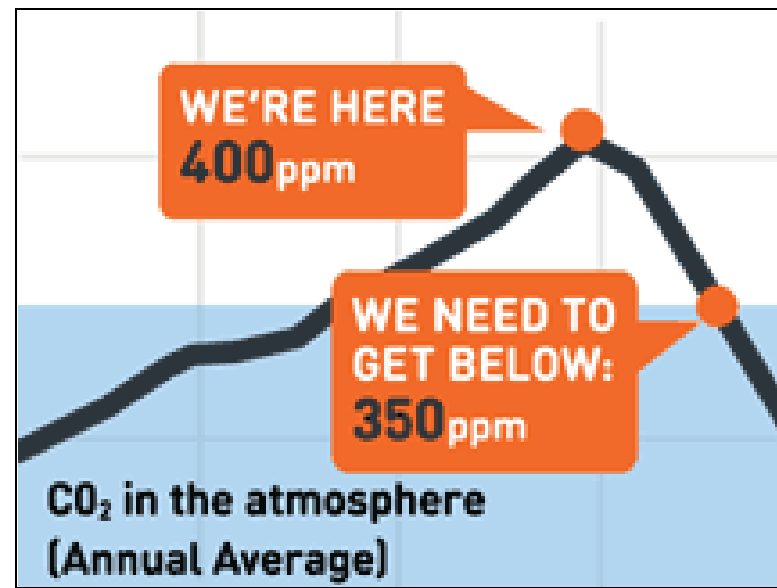


What is Divestment?

- Divestment simply means getting rid of stocks, bonds or investment funds that are unethical or morally ambiguous.
- In this case, investments in the world's Top 200 Fossil Fuel companies (Coal, Oil & Gas):
<http://gofossilfree.org/companies/>



Why Divest?



- To pressure the fossil fuel industry to stop obstructing the policy changes needed to save civilization.



Harvard Faculty Urge Divestment

- 93 members of the Harvard Faculty wrote an open letter to Harvard President Drew Faust urging divestment from fossil fuels:

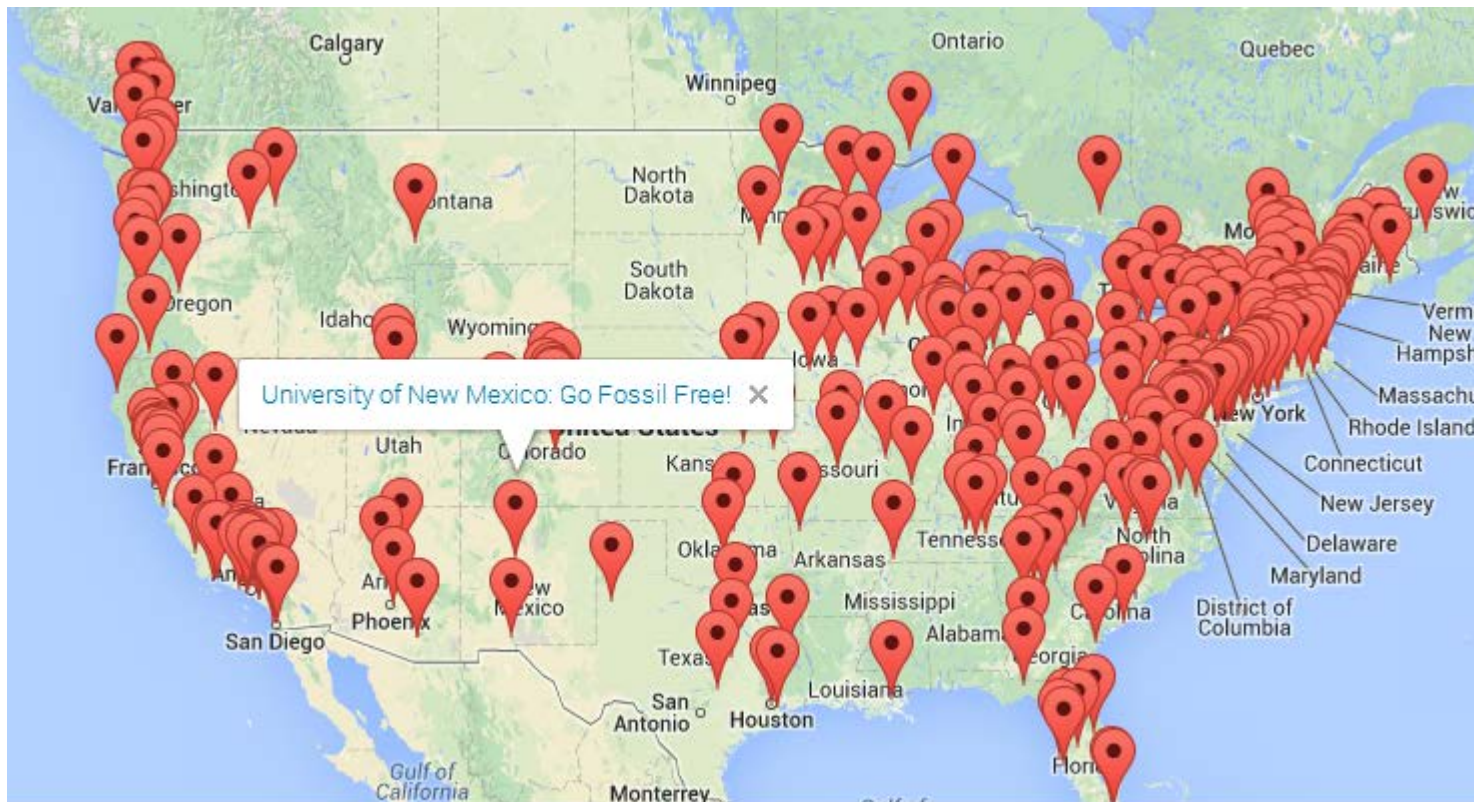
**Faculty of Harvard University to the President and Fellows
April 10, 2014**

Our University invests in the fossil fuel industry: this is for us the central issue. We now know that fossil fuels cause climate change of unprecedented destructive potential. We also know that many in this industry spend large sums of money to mislead the public, deny climate science, control legislation and regulation, and suppress alternative energy sources.

...more at <http://www.harvardfacultydivest.com/>



500 Divestment Campaigns



Colleges Divesting:

- SF State U (CA)
- C of Atlantic (ME)
- Foothl-DeAnza (CA)
- Green Mtn C (VT)
- Hampshire C (MA)
- Naropa U (CO)
- Peralta C (CA)
- Prescott C (AZ)
- Sterling C (KS)
- Unity C (ME)
- Pitzer C (CA)

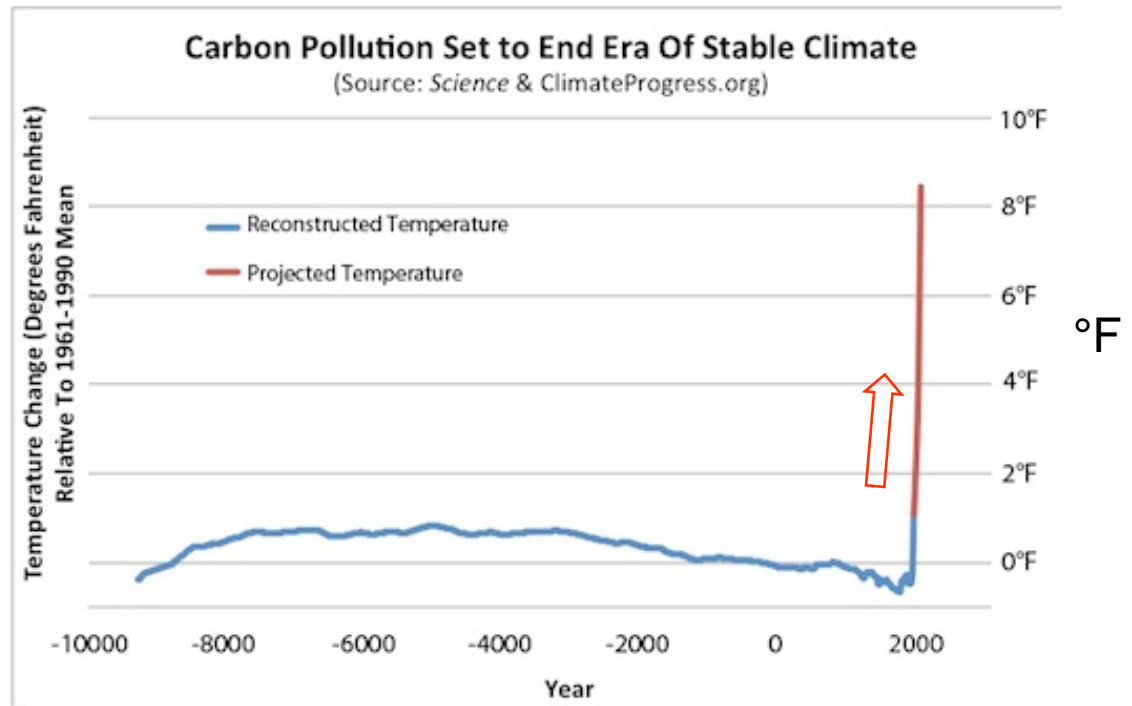
- 500 active campaigns exist in the US and Canada
- Divestment commitments already made in **10** colleges & universities, **22** US cities and **23** religious institutions



Warming Forecasts Are Catastrophic

- The IEA forecasts a civilization-ending 6°C (10.8°F) warming by 2100 if we keep on our current path.
- All developed nations agree that warming must be kept **below 2°C (3.6°F)** to avoid climate catastrophe.
- **This requires 80% of fossil fuel reserves to be left in the ground.**

New Science Study Confirms 'Hockey Stick': The Rate Of Warming Since 1900 Is 50 Times Greater Than The Rate Of Cooling In Previous 5000 Years

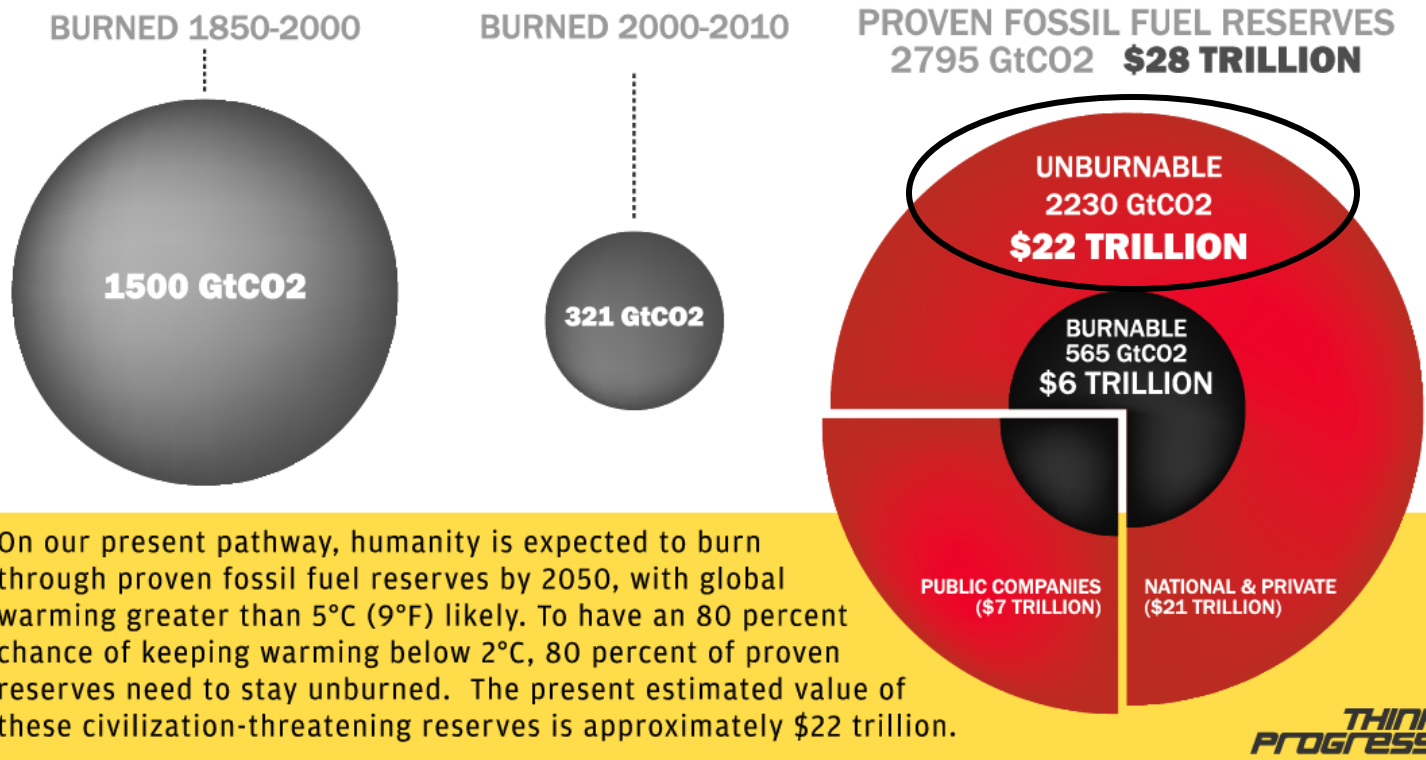


Temperature change over past 11,300 years (in blue, via [Science, 2013](#)) plus projected warming this century on humanity's current emissions path (in red, via [recent literature](#)).



The \$22 Trillion Carbon Bubble

THE \$22 TRILLION CARBON BUBBLE



Sources: Meinshausen et al. 2009; Allen et al. 2009; Sokolov et al. 2009; Carbon Tracker Initiative 2011. Carbon reserves as of the start of 2011; since then approximately 50 gigatons of carbon dioxide have been burned. Total fossil reserves are projected to be four times larger than proven reserves, and exploration for new reserves continues.



The UNM Endowment CIF: \$358M



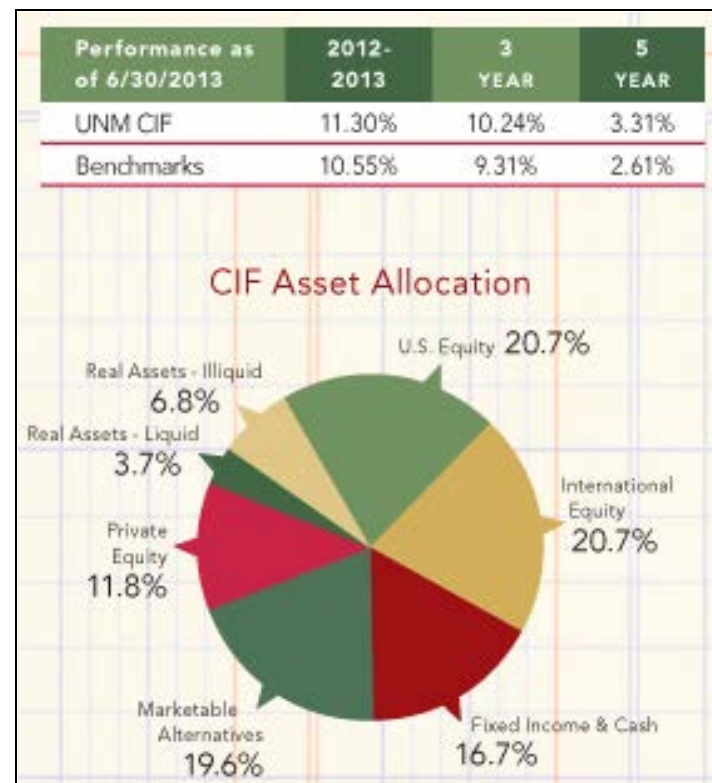
Two entities control CIF investment policy: the **Regents** and the **Foundation Board**.



“The University of New Mexico Board of Regents has delegated authority to the **UNM Foundation Investment Committee** to oversee and manage the endowment assets of the University and the Foundation. The pooled assets are combined for investment purposes and operated as a unitized pool known as the **Consolidated Investment Fund (CIF)**. The CIF is managed in accordance with the Consolidated Investment Fund **Investment Policy**, which is approved by both the **UNM Foundation Board of Trustees** and the **UNM Board of Regents**.”

“The UNM Foundation Investment Committee is comprised of representatives from the volunteer Board of Trustees (7 members), investment professionals from the community (3 members) and University officials (2 members).

The Investment Committee utilizes a professional investment consulting firm (Hewitt EnnisKnupp) to advise on investment matters and engages an investment custodian (Northern Trust Company) to safe-guard the investment assets.”



<https://www.unmfund.org/about/endowment-funds/> Data retrieved 11-13-13



Energy Stocks have Under-Performed the Market by 50% Over Five Years

Data retrieved 3-25-14



- UNM Endowment returns would have improved without Energy stocks

* <http://us.spindices.com/indices/equity/energy-select-sector-index>



How Would UNM Go Fossil Free?

- 1) President Frank, the Regents and the UNM Foundation Board commit to divest.
- 2) The UNM Foundation Investment Committee rewrites the CIF investment policies to reflect divestment, with transparent and enforceable safeguards.
- 3) The Foundation and the Regents approve the new divestment policy and the CIF executes it.
- 4) Resources on how: <http://gofossilfree.org/resources/>



Fossil Free Investing

<http://www.greenamerica.org/fossilfree/>

Green America has partnered with 350.org on the national [Go Fossil Free divestment campaign](#).

These financial services companies, certified members of the Green Business Network®, can help you divest from fossil fuel companies and invest in fossil-free options.

MUTUAL FUNDS

[PDF] »

Broad-Based Mutual Funds That Exclude Fossil-Fuel Companies by Policy



Green Century Balanced Fund -- This fund excludes fossil-fuel companies, and in 2009 became the first fund to release a carbon-footprint report of its holdings: 66 percent smaller than the S&P 500.



Portfolio 21 -- Portfolio 21 pursues a company-wide strategy of screening out investments in fossil fuel companies. A searchable list of its holdings appears on its Web site.



Shelton Green Alpha Fund -- Green Alpha Advisors believes that fossil fuels disrupt the economy and its underlying ecosystems, do not represent solutions, and have no place in Green Alpha portfolios.

Clean-Energy-Focused Fossil-Free Mutual Funds



Pax World Global Environmental Markets Fund -- While excluding fossil fuels, this fund also invests in clean energy and energy efficiency, pollution control, waste management, and water infrastructure.

Community-Development Mutual Funds (Also Fossil-Free)



Access Capital Community Investment Fund -- Because of this fund's focus on community investing, it is not invested in fossil fuel companies.



CRA Qualified Investment Fund -- The CRA Fund focuses on community development, including affordable housing, job creation, and neighborhood revitalization.

EXCHANGE TRADED FUNDS

First Trust ISE Global Wind Energy Index Fund

PowerShares Global Clean Energy ETF

Guggenheim Solar ETF

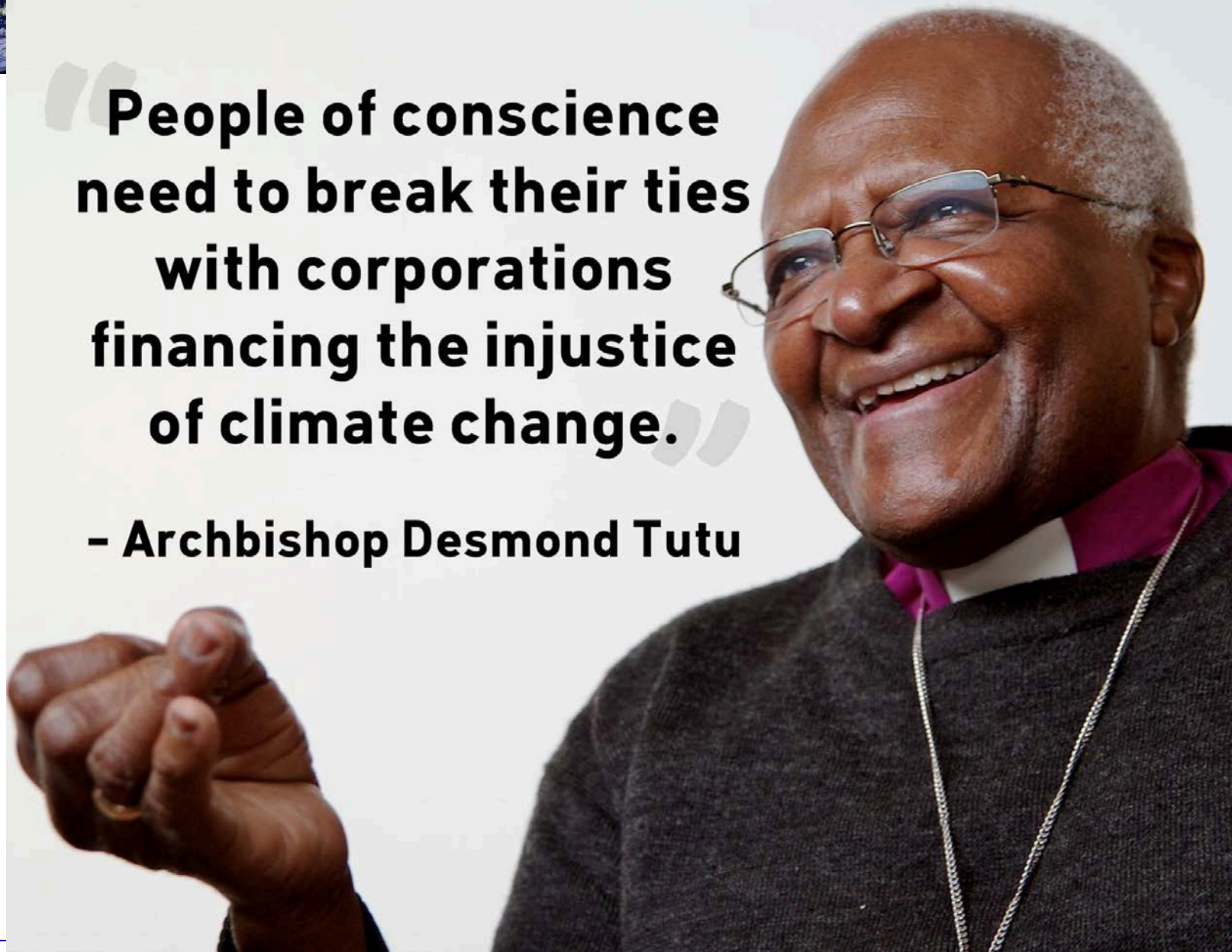
Van Eck Global Alternative Energy ETF

Van Eck Solar Power ETF



**“ People of conscience
need to break their ties
with corporations
financing the injustice
of climate change.”**

- Archbishop Desmond Tutu





UNM Endowment Investments

<https://www.unmfund.org/about/endowment-funds/> Data retrieved 11-13-13

40 different funds

Est. \$260M in equity funds

- BlackRock Russell 1000 Index Fund
- Vanguard Dividend Appreciation Index Fund
- Vanguard Growth Index Fund
- Jensen Quality Growth Fund
- IronBridge Small-Cap Fund
- GMO International Core Fund
- Vanguard Developed Markets Index Fund
- Silchester International Value Fund
- Mondrian Emerging Markets Fund
- PIMCO Moderate Duration Fund
- Sankaty Senior Bank Loan Fund
- Stone Harbor Emerging Market Debt Fund
- Vanguard Inflation Protected Securities
- Colchester Global Bond Fund
- Anchorage Capital Partners Offshore Fund
- BlueCrest AllBlue
- Brevan Howard Multi-Strategy Fund
- Davidson Kempner Institutional Partners
- Fortress Macro Offshore Fund
- Elliott International Fund
- Graham Capital PMX 10V Fund
- King Street Capital
- Och Ziff Overseas II Fund
- Shepherd Investments International
- Silver Point Capital Offshore
- Viking Global Equities III Fund
- Adams Street
- Commonfund Capital
- Montauk Triguard
- Newbury Fund, L.P.
- Saybrook Capital L.P.
- Wexford Partners L.P.
- BlackRock Diamond Property Fund
- Metropolitan Real Estate IV Fund
- RREEF America REIT III
- Thor Urban Fund L.P.
- *Goldman Sachs iShares Natural Resources Index
- *Natural Gas L.P.
- *Newlin Energy Partners L.P.
- *Quantum Resources

*Pure fossil fuel





Backup



Pathways to Fossil-Free Investing

INSTITUTIONAL PATHWAYS TO FOSSIL-FREE INVESTING

Endowment Management in a Warming World

Joshua Humphreys

- Want to know how to go fossil-free? Here's how:
 - A 41- page guide for investment committees:
<http://631nj1ki9k11gbkhx39b3qpzua.wpengine.netdna-cdn.com/files/2013/06/institutional-pathways-final-061813.pdf>



The Pentagon (3/4/14)

“Climate Change is a Threat Multiplier”



QUADRENNIAL DEFENSE REVIEW 2014

http://www.defense.gov/pubs/2014/Quadrennial_Defense_Review.pdf

- **Under ‘Global Trends’** (p8): “Climate change poses another significant challenge for the United States and the world at large. As greenhouse gas emissions increase, sea levels are rising, average global temperatures are increasing and severe weather patterns are accelerating. These changes... will devastate homes, land, and infrastructure. Climate change may exacerbate water scarcity and lead to sharp increases in food costs. The pressures caused by climate change will influence resource competition while placing additional burdens on economies, societies, and governance institutions around the world. These effects are threat multipliers that will aggravate stressors abroad such as poverty, environmental degradation, political instability, and social tensions – conditions that can enable terrorist activity and other forms of violence.”
- **Adm. Sam Locklear III, commander of US Pacific Cmnd:** “You have the real potential here in the not-too-distant future of nations displaced by rising sea level. Certainly weather patterns are more severe than they have been in the past. We are on super typhoon 27 or 28 this year in the Western Pacific. The average is about 17.”



29 US Senators Speak Out on Climate Change in Historic all-night session: 3/10/2014

http://www.tomudall.senate.gov/?p=press_release&id=1579



<http://www.heinrich.senate.gov/view/heinrich-climate-change-is-not-theoretical-and-it-cannot-be-ignored>



Sen. Tom Udall 3/11/14- "New Mexico and the Southwest are at the bull's-eye when it comes to climate change. We know it's a serious problem, the American people know it's a serious problem, and we want something done." "By 2050, NM will resemble the Chihuahuan desert 300 miles to the south."

Sen. Martin Heinrich - U.S. Senator Martin Heinrich (D-N.M.) delivered his opening remarks on the Senate floor to help kick off the #Up4Climate conversation and call attention to the urgent need to tackle climate change, March 10, 2014.



Eight NM State Legislators Have Signed a Divestment Letter to the Regents

Dear President Frank and Regents of the University of New Mexico,

Climate change is accelerating. We are witnessing the increasing impacts of a warming planet more and more consistently. In this last year alone our country experienced record-breaking heat and hurricanes, which impacted hundreds of thousands of people and cost our country hundreds of billions of dollars. Hurricane Sandy alone caused \$50bn in damages. Here in New Mexico we are experiencing the worst drought since 1880. 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 half of global fossil-fuel reserves without dangerously warming the planet for several thousand years.

As public pressure to confront climate change builds, we call on the University of New Mexico to **1) immediately freeze any new investment in fossil-fuel companies, and 2) to divest within five years from direct ownership and from any commingled funds that include fossil-fuel public equities and corporate bonds.**

We believe such action on behalf of UNM will not only be a sound decision for our institution's financial portfolio, but also for the well-being of its current and future graduating classes, who deserve the opportunity to graduate with a future not defined by climate chaos.

For the good of our students and our nation, and to preserve the quality of life for this and future generations worldwide, we call upon you to join a growing movement of schools around the country that are committed to preventing a more extreme climate by moving UNM's endowment beyond fossil fuels.

Sincerely, **Sen. Gerald Ortiz y Pino (Bern-12)**
Rep. Christine Trujillo (Bern-25)
Rep. Elizabeth Thompson (Bern-24)
Rep. Rick Miera (Bern-11)

Rep. Mimi Stewart (Bern-21)
Rep. Miguel Garcia (Bern-14)
Rep. Patricia Royball-Caballero (Bern-13)
Sen. Bill O'Neill (Bern-13)



Top 200 Fossil Fuel Companies

- Divest from these: (<http://gofossilfree.org/companies/>)

TOP 200 FOSSIL FUEL COMPANIES

By carbon in proven oil, gas and coal reserves.

Source: *Unburnable Carbon*, The Carbon Tracker Initiative. [Click here to download the list in Excel.](#)

Show entries

Search:

Company	GtCO2	Primary Fossil Fuel
Severstal JSC	141.6	Coal
Lukoil Holdings	43.56	Oil and/or Gas
Exxon Mobil Corp.	41.03	Oil and/or Gas
BP PLC	34.6	Oil and/or Gas
Gazprom OAO	28.83	Oil and/or Gas
Chevron Corp.	21.22	Oil and/or Gas
ConocoPhillips	19.14	Oil and/or Gas
Total S.A.	18.02	Oil and/or Gas
Anglo American PLC	16.75	Coal
Royal Dutch Shell PLC	16.2	Oil and/or Gas

Showing 1 to 10 of 200 entries



THE FINANCIAL CASE FOR DIVESTMENT

- **REPORT: THE FINANCIAL CASE FOR DIVESTMENT, NOV 3, 2013**
- On 11/3/13 Bevis Longstreth, former Securities and Exchange Commissioner under President Reagan, posted a report on why it's a financial imperative to divest from fossil fuels. Among the key findings are that:
 - Governments are regulating carbon and other pollutants, making fossil fuels expensive to produce.
 - The rise of alternative and clean energy technology is lowering demand for coal, oil and gas.
 - Rising grassroots and public opposition to fossil fuel companies are stigmatizing them, and that's making their stocks less valuable.
 - Fossil fuel companies are becoming pariahs, which has bad implications for hiring, employee morale and motivation, stockholder satisfaction and equity valuations.
 - **60-80% of the coal, oil and gas reserves underground are stranded assets, meaning that they can't be burned without raising temperatures beyond the exceedingly dangerous 2 degree C threshold, and will at some point in the near future lose their entire value.**
 - A sophisticated reading of fiduciary duty allows endowment and pension fund managers to divest from fossil fuel stocks without risking liability.
 - In the context of pensions and endowments, focusing on short-term returns is not useful, and divesting from fossil fuel companies will likely be the right decision.
 - He goes on to summarize his main point on the financial case:
 - Recognizing climate change as an existential threat to the planet, unique in human history, and both the compelling need to limit carbon emissions and the confidence we place in global leaders to achieve the necessary limits, the largest 200 fossil fuel companies are vastly overvalued in their trading markets and, therefore, continuing to hold investments in any of them exposes our endowment to material loss.
 - Read the report here: http://www.huffingtonpost.com/bevis-longstreth/the-financial-case-for-di_b_4203910.html



SF State University Divestment

A Case Study

San Francisco State University Foundation

- Committed to divest from coal and tar sands and set up a committee to explore full divestment in May 2013
- This May (2013), San Francisco State University (SF State) became the first public university and first school on the west coast to commit to divest immediately from coal and tar sands companies and start a formal process to look at fully divesting from the fossil fuel industry.
- The SF State University Foundation, which manages \$51.2 million endowment for the university, issued the following statement on the decision:
- “The SF State University Foundation Finance and Investment Committee voted unanimously at its May 20, 2013 meeting to limit direct investments in fossil fuel companies. The SF State University Foundation Executive Committee also voted unanimously at its May 23, 2013 meeting that the foundation would not directly invest in companies with significant production or use of coal and tar sands and that it would amend its Investment Policy Statement (IPS) to reflect this change.”
- In addition, per a request by SF State President Leslie Wong, the Foundation Board will convene a special committee comprised of Foundation directors to review the Foundation’s investment policy, identify all of the Foundation’s fossil fuel investments, and make recommendations for future changes to the Foundation’s investment policy in regards to divestment.



What is Divestment?

What is fossil fuel divestment?

Divestment is the process of pulling your investments from fossil fuel companies in order to cease profiting from the destruction of the planet. Divestment is a tactic for fighting climate change.



Why now? A few years ago, global warming seemed like a distant threat. Now, millions of people have witnessed climate disruption first hand in the terrible droughts, floods, heat-waves, wildfires, and storms that have ravaged much of the globe. Scientists warn us that we're reaching tipping points where the system could spin out of control.

Here's the math: If we're going to limit warming to 2°C, a goal that even the most conservative governments in the world have agreed to meet, then we can only burn 565 gigatons more of carbon dioxide. But the fossil fuel industry has 2,765 gigatons of carbon in their reserves – nearly five times the safe amount – and every day they're searching for more. Their business model is incompatible with a livable climate.

Why divestment? 1) Divestment is a proven tactic in highlighting the destructive practices of fossil fuel companies in the public arena; 2) divesting from dirty energy is already generating market interest in creating environmentally sustainable investments; and 3) divestment can help create the political momentum we need to pass carbon-restrictive legislation.

Will I lose money if I divest? No. Don't believe us? Many big institutional investors are highlighting the increasing financial disincentives for investing in fossil fuel companies and the increasing financial incentives for divesting portfolios of fossil fuels. Even Goldman Sachs, one of the most establishment finance firms on Wall Street, is divesting from coal.

Divesting helps save the planet AND your money. If we're going to have any chance of slowing down climate change, most fossil fuel reserves will need to stay in the ground -- and investments based on those reserves will lose their market value. This is called the "carbon bubble."

It's going to take all of us to make a difference. We are excited that dozens of cities, religious institutions, foundations, organizations and thousands of activists have already divested or are in the process of doing so. Start a campaign and join the movement:

www.gofossilfree.org