


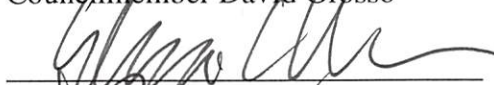
Councilmember Charles Allen



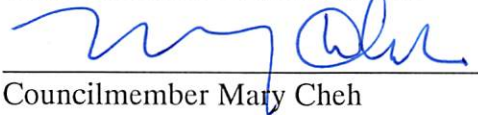
Councilmember David Grosso



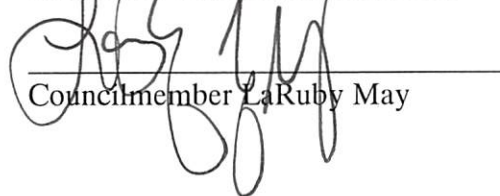
Councilmember Brianne Nadeau



Councilmember Elissa Silverman



Councilmember Mary Cheh



Councilmember LaRuby May

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To require the divestment and to prohibit the investment of public funds in the stocks, securities, and other obligations of certain companies that hold the largest fossil fuel reserves and to provide for the identification of companies with the largest fossil fuel reserves.

BE IT ENACTED BY THE COUNCIL FOR THE DISTRICT OF COLUMBIA, That this act may be cited as the "Fossil Fuel Divestment Act of 2015".

Sec. 2. Definitions.

(1) "Company" means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association that exists for the purpose of making profit.

(2) "Direct holdings" means all securities of the company that are held directly by the public fund or in an account or fund in which the public fund owns all shares or interests.

37 (3) “Inactive business activities” means the mere continued holding or renewal of rights
38 to property previously operated for the purpose of generating revenues but not presently used for
39 that purpose.”

40 (4) “Indirect holdings” means all securities of the company that are held in an account or
41 fund, such as a mutual fund, managed by one or more persons not employed by the public fund,
42 in which the public fund owns shares or interests together with other investors not subject to the
43 provisions of this act.

44 (5) “FFE List” means the Scrutinized Companies with Activities in the Fossil Fuel
45 Energy Sector List.

46 (6) “Public fund” means the assets of the District of Columbia Retirement Board and the
47 Annuitants’ Health and Life Insurance Employer Contribution Trust Fund.

48 (7) “Scrutinized business activities” means business activities that result in a company
49 becoming a scrutinized company.

50 (8) “Scrutinized company” means any company that on or after the effective date of this
51 act knowingly possesses enough fossil fuel reserves to qualify as one of the 100 largest public
52 coal companies globally or one of the 100 largest public oil and gas companies globally, ordered
53 by the potential carbon emissions content of its reported reserves, in gigatons, of carbon dioxide
54 that would be emitted if those reserves were extracted and burned.

55 (9) “Substantial action specific to fossil fuel reserves” means adopting, publicizing, and
56 implementing a formal plan to cease scrutinized business activities within one year and to refrain
57 from any new scrutinized business activities.

58 Sec. 3. Identification of companies.

59 (a) Within 60 days after the effective date of this act, the public fund shall make its best
60 effort to identify all scrutinized companies in which the public fund has direct or indirect
61 holdings. Best effort shall include reviewing and relying on publicly available information
62 regarding companies that possess enough fossil fuel reserves to qualify as one of the 100 largest
63 public coal companies globally or one of the 100 largest public oil and gas companies globally,
64 subject to this act, including information provided by nonprofit organizations, research firms,
65 international organizations, and government entities.

66 (b)(1) On or before the first meeting of a public fund held 60 days after the effective date
67 of this act, the public fund shall compile a list of all scrutinized companies, which shall be
68 entitled "Scrutinized Companies with Activities in the Fossil Fuel Energy Sector List."

69 (2) The public fund shall update and make publicly available annually FFE List.

70 Sec. 4. Required actions.

71 (a) For each scrutinized company on the FFE List:

72 (1)(A)(i) For each company in which the public fund has direct holdings as
73 identified under section 3, the public fund shall send a written notice within 60 days of a
74 company being placed on the FFE List informing the company of its scrutinized company status
75 and that it may become subject to divestment by the public fund if it does not take substantial
76 public action pursuant to section 4(a)(B).

77 (ii) The notice shall inform the company of the opportunity to clarify its
78 fossil fuel-related activities and encourage the company to cease its scrutinized business
79 activities or convert such activities to inactive business activities within 60 days of the receipt of
80 the notice to avoid qualifying for divestment by the public fund pursuant to this act.

81 (B) If, within 60 days after receipt of the notice required by subparagraph
82 (A) of this paragraph, a company publicly announces by public disclosure substantial action
83 specific to fossil fuel reserves, the public fund may maintain its direct holdings; provided, that
84 the company shall remain on the FFE List pending completion of its cessation of scrutinized
85 business activities.

86 (2)(A) If, within 60 days after receipt of the notice required by paragraph (1)(A)
87 of this subsection, the company has not announced by public disclosure substantial action
88 specific to fossil fuel reserves, or the public fund determines or becomes aware that the company
89 continues to have scrutinized business activities, the public fund, within 2 years after the
90 expiration of the 60-day period, shall sell, redeem, divest, or withdraw all publicly-traded
91 securities of the company from the public fund's direct holdings.

92 (B) If the public fund determines or becomes aware that a company that ceased
93 scrutinized business activities following engagement pursuant to paragraph (1) of this subsection
94 has resumed scrutinized business activities, the public fund shall:

95 (i) Send a written notice to the company as required under paragraph
96 (1)(A) of this subsection;

97 (ii) Add the company to the FFE List; and

98 (iii) Sell, redeem, divest, or withdraw as may be required by subparagraph
99 (A) of this paragraph.

100 (C) The public fund shall monitor the scrutinized company that has announced by
101 public disclosure substantial action specific to fossil fuel reserves. If, after one year, the public
102 fund determines or becomes aware that the company has not implemented substantial action,
103 within 3 months after the expiration of the one-year period, the public fund shall sell, redeem,

104 divest, or withdraw all publicly-traded securities of the company from the public fund's direct
105 holdings, and the company also shall be immediately placed on the FFE List.

106 (b) The public fund shall not acquire securities of companies on the FFE List.

107 (c)(1) Notwithstanding the provisions of this act, subsection (a)(2) of this section shall
108 not apply to the public fund's indirect holdings; provided, that the public fund shall submit letters
109 to the managers of any managed investment funds the public fund is invested in which contain
110 companies on the FFE List, requesting that they remove those companies from the fund or create
111 a similar actively-managed fund having indirect holdings devoid of such companies.

112 (2) If the manager creates a similar fund without such securities or if such funds are
113 created elsewhere, the District of Columbia Retirement Board and the Office of the Chief
114 Financial Officer shall determine within 6 months of the creation of that similar fund, whether to
115 replace any or all applicable investments with investments in the similar fund in an expedited
116 time period consistent with prudent investing standards. Explanations of decisions to replace or
117 not replace applicable investments shall be included the public fund's annual report, as required
118 by section 5.

119 (3) The public fund shall repeat the entirety of the process required by this act
120 every year until the public fund no longer contains any indirect holdings containing companies
121 on the FFE List.

122 (4) For the purpose of this section, a private equity fund shall be deemed to be an
123 actively managed investment fund.

124 Sec. 5. Reporting.

125 (a) The public fund shall send a report to each member of the District of Columbia
126 Retirement Board, the Council, and the Mayor that includes the FFE List within 30 days after the
127 list is created. The report shall be made available to the public.

128 (b) Annually thereafter, the public fund shall send a publicly available report to the
129 Council and the Mayor that includes:

130 (1) All investments sold, redeemed, divested, or withdrawn in compliance with
131 this act;

132 (2) All prohibited investments, including the FFE List;

133 (3) Any progress made under section 4(c) and explanations of decisions to replace
134 or not replace applicable indirect investments; and

135 (4) A list of all publicly-traded securities held directly by the public fund.

136 Sec. 6. Liability.

137 Present, future, and former District of Columbia Retirement Board members and
138 employees, and Office of the Chief Financial Officer, its members and employees, shall be
139 indemnified by the District of Columbia from all claims and liability, including court costs and
140 attorney's fees, because of any action taken pursuant to this act.

141 Sec. 7. Fiscal impact statement.

142 The Council adopts the fiscal impact statement in the committee report as the fiscal
143 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
144 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

145 Sec. 8. Effective date.

146 This act shall take effect following approval by the Mayor (or in the event of veto by the
147 Mayor, action by the Council to override the veto), a 30-day period of congressional review as

148 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
149 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
150 Columbia Register.