

---

---

# HOUSE RESOLUTION

URGING THE EMPLOYEES' RETIREMENT SYSTEM TO WORK IN CONJUNCTION WITH A REPUTABLE INVESTMENT CONSULTING FIRM TO ASSESS THE IMPACT OF FOSSIL FUEL INVESTMENTS ON THE EMPLOYEES' RETIREMENT SYSTEM'S PORTFOLIO.

1 WHEREAS, the State of Hawaii has a strong and necessary  
2 commitment to sustainability; and

3  
4 WHEREAS, the State has set a goal to be the first state to  
5 meet 100 percent of its energy needs through renewable energy  
6 sources by 2045; and

7  
8 WHEREAS, the State has also set a goal to meet 40 percent  
9 of its energy needs through renewable energy sources by 2030;  
10 and

11  
12 WHEREAS, the University of Hawaii System, Hawaii's largest  
13 institution of higher learning and research, has adopted  
14 Executive Policy 4.202, which makes a commitment to carbon  
15 neutrality by 2050; and

16  
17 WHEREAS, Hawaii is particularly vulnerable to the effects  
18 of global warming; and

19  
20 WHEREAS, continued rising of sea levels caused by global  
21 warming threatens to erode state beaches and dramatically alter  
22 shorelines; and

23  
24 WHEREAS, continued increases in ocean temperatures caused  
25 by global warming may cause irreversible harm to ocean  
26 ecosystems, including the widespread bleaching of coral and  
27 increased stress on native plants and animals; and

28  
29 WHEREAS, higher average temperatures caused by global  
30 warming may also increase the incidence of heat-related  
31 illnesses, such as dengue fever and cholera; and



1           WHEREAS, global warming has also affected global weather  
2 patterns, leading to periods of drought and flooding worldwide,  
3 and to disruptions in tradewind and rainfall patterns in the  
4 State; and

5  
6           WHEREAS, fossil fuel use is often cited by scientists as a  
7 primary driver of global warming; and

8  
9           WHEREAS, many of the world's leaders have taken steps to  
10 curb fossil fuel use and global warming, exemplified in December  
11 2015, when an international agreement was reached at the United  
12 Nations Climate Change Conference in Paris to limit global  
13 warming to below two degrees Celsius; and

14  
15           WHEREAS, many countries have adopted, and will continue to  
16 adopt, laws that address climate change, evidenced by over 800  
17 laws that presently address global climate change--nearly double  
18 the amount since 2009; and

19  
20           WHEREAS, many of these laws, regulations, and restrictions  
21 regarding fossil fuel use will undoubtedly have effects on the  
22 value of coal, oil, and gas companies; and

23  
24           WHEREAS, the value of fossil fuel stocks has already  
25 decreased by nearly one-third in the past two years; and

26  
27           WHEREAS, the New York State Retirement Fund lost at least  
28 \$5.3 billion from their investments in top coal, oil, and gas  
29 companies; and

30  
31           WHEREAS, fossil fuel stock prices face further valuation  
32 concerns due to restrictions on fossil fuel reserve consumption  
33 set by international global warming goals adopted during the  
34 2015 United Nations Climate Change Conference; and

35  
36           WHEREAS, financial experts, including the Executive  
37 Director for Supervisory Risk and Regulatory Operations of the  
38 Bank of England, Paul Fisher; former United States Treasury  
39 Secretary, Hank Paulson; former Securities and Exchange  
40 Commissioner, Bevis Longstreth; and analysts at Citigroup, AXA



1 Investment Managers, Goldman Sachs, Standard and Poor's, and  
2 HSBC have warned of a looming carbon financial bubble; and  
3

4 WHEREAS, the declining value of fossil fuel stocks may pose  
5 an ongoing problem for investors, given the global push toward  
6 renewable energy; and  
7

8 WHEREAS, two of the largest pension funds in the nation,  
9 California's CalPERS and CALSTRS, have divested from holdings in  
10 coal mining companies in response to legislation adopted by the  
11 California State Legislature; and  
12

13 WHEREAS, even oil-rich countries, such as Saudi Arabia, are  
14 switching investments into renewable energy; and  
15

16 WHEREAS, to maintain the State's commitment to its  
17 citizens, the State should invest in only renewable energy  
18 technologies; now, therefore,  
19

20 BE IT RESOLVED by the House of Representatives of the  
21 Twenty-ninth Legislature of the State of Hawaii, Regular Session  
22 of 2017, that the Board of Trustees of the Employees' Retirement  
23 System, working in conjunction with a reputable investment  
24 consulting firm with experience in managing fossil fuel-free  
25 portfolios, is urged to assess the impact of fossil fuel  
26 investments on the Employees' Retirement System's portfolio; and  
27

28 BE IT FURTHER RESOLVED that the Board of Trustees of the  
29 Employees' Retirement System prepare and submit a report to the  
30 Legislature, prior to the convening of the Regular Session of  
31 2018, assessing the impact on the Employees' Retirement System's  
32 portfolio of fossil fuel investments over the past one, three,  
33 and five years, and quantify the losses and gains incurred by  
34 such investments in comparison to the portfolio rebalanced with  
35 those investments distributed in other sectors; and



# H.R. NO. 26

1 BE IT FURTHER RESOLVED that a certified copy of this  
 2 Resolution be transmitted to the Chair of the Board of Trustees  
 3 of the Employees' Retirement System.  
 4  
 5  
 6

OFFERED BY:

*Mike Lopez*

*[Signature]*

*Richard Gray*

*Viola E. Lamm*

*Ch. [Signature]*

*[Signature]*

FEB 16 2017

