

DRAFT
Sustainable Banking and Investment Task Force Meeting Minutes
December 27, 2021

The Task Force (TF) meeting was held at 7 pm by Zoom. The meeting was open to the public and members of the public were listening in. Present were Victor Thuronyi, Christine Pendzich, Jessica Clarke (Deputy City Manager), Amber Cameron, Paul Gunter, Michael Ashford, and Rachel Fredman Lyngaas.

1. Meeting Minutes

TF members unanimously approved the minutes of the December 13 meeting.

2. TF Scope

Victor (TF Chair) proposed that members discuss an outline for a report, prepared by him and the Vice Chair Michael Ashford. This report would be the final product prepared by the TF for the City Council. Each sub-topic of the report could be written by a working group, ideally consisting of at least one TF member.

Christine Pendzich suggested that the TF first discuss and agree on its proposed scope of work prior to agreeing to form working groups. That way, working groups could be proposed based on the TF's scope. The TF agreed with this approach. Michael noted that, according to his understanding, there were three "buckets" that composed the TF's outputs: 1) the report, 2) a policy document with a recommended investment policy, and 3) an operational plan or recommendations. Mike noted that operationalizing a sustainable banking and investment policy would be most difficult for the city, hence the importance of the third "bucket."

Christine asked if the TF was being asked to opine on all of Takoma Park's assets or just its investment policy and the police pension fund. She also asked if the TF was being asked to opine on day-to-day money management. Victor responded that the TF's scope includes the City's banking arrangements, including its investments in CDs, in addition to the police pension fund. The TF's scope also includes making recommendations on the Nuclear-Free Takoma Park Committee (NFTPC). This should include recommendations on how the NFTPC should operate, and its scope. He added that the NFTPC makes recommendations on procurement for the City. Procurement policy is beyond the scope of the TF. With respect to the City's CDs, it holds arrangements all over the country and with different financial institutions beyond SunTrust Bank. CDs are first recommended by a financial advisor to the City. The City also participates in the Maryland Investment Pool. The Maryland Investment Pool is a PNC account, while CDs are held for liquidity purposes. Victor added that the TF will need to understand all these arrangements and come up with a policy.

Christine noted that the TF's recommendations with respect to the NFTPC should be part of a broader environmental, sustainability and governance (ESG) policy. Rachel asked to clarify the language in the resolution establishing the TF with respect to the NFTPC. Victor noted that the language is vague, and that the TF is expected to recommend what the NFTPC should be doing, and whether there should be a change in the ordinance that governs it. He reiterated that the NFTPC's ordinance includes things like procurement, i.e., when the City buys radios for its police. Paul Gunter (representative from the NFTPC)

clarified that Takoma Park is part of a county and state network, and police communications must be coordinated. Therefore Motorola, which manufactures communications equipment for the Takoma Park Police Force, is given an exemption with recognition of the NFTPC based on the necessity of first responder services. Christine asked if there was any communication with other jurisdictions with which Takoma Park coordinated to stop using Motorola. Paul had not yet served on the NFTOC at that time but responded that there was not.¹

Victor noted that the NFTPC is a standing committee. The City did a review of its standing committees, and there was a recommendation to disband the NFTPC given a preponderance of standing committees. This recommendation was subsequently pushed off to this TF to do that review. Paul added that the NFTPC would like this TF to recommend to the City Council that the NFTPC remain as a standing committee so that the City Council and Mayor resume accepting and vetting resident applications to the City to fill the NFTPC's quota. He added that New York City and Boston have most recently passed resolutions to divest their city funds from nuclear weapons and New York City took an additional step to establish an advisory nuclear-free committee. It thus makes no sense to stand down the NFTPC committee just when there is momentum in the nuclear-free movement around the country. In 1983, Takoma Park was one of the first American cities to recommend such an advisory committee and on that committee's advice, became the first municipality to adopt the United Nations Treaty to Prohibit Nuclear Weapons on January 13, 2021.² Victor summarized that the TF should make recommendations on the status of the NFTPC, including whether amendments to the City ordinance relating to the NFTPC should be required.

Paul stated that it might make sense for the recommendation regarding the NFTPC come from this TF, and that this TF also recommend another advisory committee for the City on climate issues.

Amber Cameron asked for more clarity on the TF's scope regarding the NFTPC. Paul responded that the NFTPC would like the City to clarify if it is asking the TF to make recommendations to reconstitute the duties and responsibilities of the NFTPC. Victor indicated that the TF should make recommendations to the City Council on what the NFTPC should do, and what its link might be with the City's investment policies in support of City Ordinance 14.04.050 Investment of City Funds.³

Michael added that currently, the City's investment policy does not include any recommendations on nuclear power or nuclear weapons. The TF is being asked to review that investment policy. Christine noted that she would be surprised if people did not agree we should not be investing in companies involved in nuclear weapons production, but that some discussion might arise around whether companies that produce nuclear power generators for peace use could be considered for investment. Michael noted that for the City, the precedence of its policies relates to the production of nuclear weapons, but not the use of nuclear technology for fuel or power. Victor added that this presents an

¹ Motorola is no longer listed with nuclear weapons manufacturers by "Don't Bank on the Bomb" (2021) published by the International Campaign to Abolish Nuclear Weapons.

² <https://www.youtube.com/watch?v=9N1a2mF2JNc>, (referenced at time mark 11:29).

³ "The City Council shall consider a socially responsible investment policy, specifically addressing any investments the City may have or may plan to have in industries and institutions which are knowingly and intentionally engaged in the production of nuclear weapons. (Ord. 2021-39 § 7, 2021/prior code § 8A-5)"

opportunity for the TF to clarify how we interpret sustainable. Rachel indicated that another step removed from nuclear technology would be making recommendations regarding financial services or prohibiting interacting with financial institutions that provide services to nuclear weapons manufacturers. Because financial institutions are a step removed from the nuclear supply chain, we may need to approach this question differently. Paul referred to an email he sent to the TF. Truist/SunTrust Bank manages money for one nuclear weapons manufacturer, Fluor Corporation, in addition to City investments. Fluor Corporation has been involved in nuclear weapons production since the 1940s⁴ and now holds a controlling share (81 percent) in NuScale Power, which is seeking to mass produce its Small Modular Reactor design for domestic and exported nuclear power technology. This is one example of a direct connection, stated Paul, of a nuclear weapons manufacturer that is now seeking to lower its investment in NuScale to 60 percent through a public offering of stock on the NASDAQ known as New Scale Power Corporation (SMR). If the TF makes recommendations regarding City investments, it should thus scrutinize such investments according to the City's nuclear-free policy.

Amber noted language in the resolution establishing the TF regarding analyzing the impacts of its proposed changes. She asked if that would be something that the TF wants to be bound up with everything else, or a separate outcome. Victor proposed that this be tied to other items. Christine agreed that assessing impacts should be woven throughout the TF's recommendations.

Michael noted that ESG is a standard looking for standards and understanding its application to nuclear-free principles and/or local jurisdictions is something that a lot of people are trying to figure out. He added that Lesley Hunter, another TF member not present in the meeting, had sent the group a useful two-page document. Christine added that ESG discussions are converging around two basic standards. The City of Takoma Park holds a small portfolio, and the TF can interpret what this means for us. Does it mean excluding institutions heavily invested in fossil fuels? Does it mean investing in local businesses or financial service providers? Does it imply we should make sure that we are not doing harm on equity issues? This would be part of the TF's scope.

3. Working Groups

Victor returned to the issue of working groups and suggested that the TF identify members who might want to participate in each of the following seven groups: 1) background (factual and historic), 2) learning from other jurisdictions, 3) define sustainable, 4) identify and interview other financial service providers for the City, 5) identify other institutions that can provide CDs, 6) establish investment criteria for the Police Pension Fund, and 7) make recommendations regarding the NFTPC. Victor added that, ideally, each working group will include at least one TF member.

Paul indicated that he would participate in the seventh working group on the NFTPC. He proposed that the working group on the NFTPC also include some discussion on nuclear power. Christine asked if the discussion on nuclear-free should be part of the third working group, which would define "sustainable." Victor clarified that the third working group could discuss how nuclear-free relates to the City's definition of sustainable, but that the seventh working group should discuss the role of the NFTPC.

Rachel indicated that she would be interested in working groups four and five – to identify other financial institutions and CDs, respectively. However, she noted that this presumes that the City should

⁴ <https://www.fluor.com/about-fluor/corporate-information/history-text-only?target=Fluor-Nuclear>.

switch its financial service providers. Victor clarified that working groups four and five could interview more “sustainable” financial institutions that could be recommended to the City. Rachel noted that this should first be informed by our definition of “sustainable.” Christine proposed that the TF first undertake work carried out by three working groups to: 1) establish background (factual and historic), 2) learn from other jurisdictions, and 3) define sustainable. Once this work is undertaken, the other working groups can continue undertaking other topics, including identifying more “sustainable” financial service providers and/or CDs, as well as establishing investment criteria for the Police Pension Fund. TF members agreed to this approach.

Christine and Rachel agreed to volunteer for the first working group to establish background. Michael volunteered for the second working group to learn from other jurisdictions. Christine and Amber volunteered for the third working group to define sustainable.

There was some discussion of why the City did not previously take up the NFTPC’s recommendation to switch financial service providers to Sandy Spring Bank. Victor said the City felt it would be too difficult. Christine also referenced a City Council Memo that referenced this effort would require a full-time city employee to work on the transition. She expressed doubt that it would require a full-time employee and both Christine and Paul suggested that the TF revisit Sandy Spring Bank in its broader review.

Victor noted that he would reach out to members not present in today’s meeting to identify volunteers for the working groups, and that the TF will be meeting again in two weeks. In the interim, working group members can coordinate with each other and report back with draft reports, or undertake work that can be presented at the January 10 meeting. He added that the January 10 meeting may run longer than an hour as a result.

Victor called for the TF meeting to adjourn, which was supported by other members.