

Banking Services

Current Situation

- Takoma Park receives banking services from Truist
 - Checking accounts, ARA Fund, Stormwater Fund, Speed Camera Fund
 - City staff paid via direct deposit and ~20 employees prefer physical checks that can be cashed at Truist
 - Vendors paid via check from checking account, ACH deposits, wire transfers

Reasons for Change

- Truist provides financing to nuclear weapons producers.

Proposal

- City should issue an RFP for an institution that would provide banking services.
- RFP should include criterion requiring financial institution to present ESG policy. Institution should also disclose whether it provides financing to nuclear weapons producers.
- Proximity of banking services to Takoma Park could also be an RFP criterion.

Certificates of Deposit

Current Situation

- City purchases CDs for liquidity purposes and yield.
- City uses MBS to find CDs to purchase and does not consider ESG-friendly financial institutions when purchasing CDs.

Reasons for Change

- It should be feasible to require MBS (or another broker) to screen banks that issue CDs using ESG filters.

Proposal

- City should explore with MBS (or another broker) to identify an option to purchase CDs from “ESG-friendly” financial institutions. This screen could be another lens to filter potential CDs to purchase, in addition to term and yield.
- Consider B Corp banks, credit unions, and large financial institutions (i.e. Credit Suisse) that provide green CDs.

Maryland Local Government Investment Pool

Current Situation

- City holds \$1.4 million in MLGIP, managed by PNC Bank and administered by State Treasurer.
- MLGIP provides local governments with an investment vehicle for short-term investments to: preserve capital invested, provided a competitive rate of return, offer liquidity.
- City has limited discretion over how MLGIP funds are invested.

Reasons for Change

- MLGIP is a substantial pool of assets (\$9 billion) that could be invested in a more responsible way.
- A carefully formulated socially responsible investment policy could not only allow public funds to be invested in a way that has more of a positive impact on society, but also result in a higher rate of return.

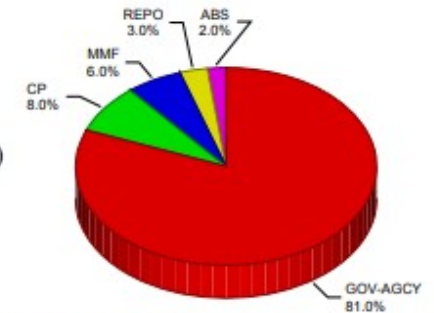
Proposal

- Takoma Park should work with other local governments participating in the MLGIP to encourage the investment vehicle to more explicitly consider the social impact of its investments.

About the Pool

Pool Rating	AAAm
Pool Type	Stable NAV Government Investment Pool
Investment Adviser	State of Maryland Treasurer
Investment Manager	PNC Capital Advisors, LLC - Baltimore, MD
Portfolio Manager	Kelley Peel, CFA (Fund Mgr: David Rommel)
Pool Rated Since	April 2000
Custodian	PNC Bank, NA., Pittsburgh, PA

Portfolio Composition as of March 30, 2015



GOV-AGCY - Agency and Government; CP - Commercial Paper; MMF - Money Market Fund; REPO - Repurchase Agreement; ABS - Asset-backed security

What is ESG?



Environmental, Social, and Governance Factors:



Sustainable investing typically refers to investing whereby investors screen companies based on their performance against a holistic set of Environmental, Social and Governance (ESG) criteria.

Source: SustainFi

Changes to Investment Policy

Section IV: Add a fourth investment objective

“The investment portfolio shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. The integration of ESG considerations within the investment process supports Takoma Park’s sustainability and climate objectives.”

Section IX:

Integrate ESG Principles in All Investment Decision Making

Divestment from Large Fossil Fuel Reserve Holders

Divestment from Nuclear Weapons Producers