



City of Takoma Park

City Manager Jamal T. Fox

MEMORANDUM

DATE: September 28, 2022

TO: Mayor and Members of City Council

RE: Update on Sustainable Banking Committee recommendations

The Resolution 2022-14, which Council passed in May, lists the following policies and actions based on the Task Force recommendations, with the need for an update to Council in September, 2022.

Here are the Committee recommendations and current status:

- **Socially Responsible Investment Policy.** Adopt an investment policy that integrates ESG (environmental, social and governance) principles in all City investment decision making, by updating the current City investment policy adopted in 2001; and prohibiting City investments in companies included in the Carbon Underground 200™, and any industries and institutions engaged in the production of nuclear weapons.

City staff is working with the University of Maryland I-Consultancy to establish criteria for the City for Environmental, Social and Governance principles (ESG) that include provisions regarding the prohibition of industries and institutions engaged in the production of nuclear weapons. Staff expects the Consultancy program to begin the work in early 2023.

- **Banking Services.** Initiate the adoption of sustainable banking services for the City by identifying financial institutions operating in our region that incorporate an ESG policy prohibiting financing to nuclear weapons producers or for fossil fuel extraction, and, depending on the results of that analysis, proceed with the issuance of a Request for Proposals.

When the City has criteria to use for ESG investing, including provisions regarding the prohibition of industries and institutions engaged in the production of nuclear weapons, then Staff will draft an investment policy incorporating the ESG criteria. The process will include the issuance of an RFI/RFPI for the banking services. Staff is studying the impact on workload and staff capacity; no timeframe has been established.

- **Certificates of Deposit.** Investigate options for the purchase of CDs from socially responsible, or ESG-friendly, financial institutions, such as those who have committed to ESG, green, and inclusive banking goals, or are certified as B Corporations.



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In the last quarter of Fiscal Year 2022, the City moved away from the investment in Certificate of Deposits. The City is currently investing in short term US Treasury Bonds.

- Maryland Local Government Investment Pool. Work with other governmental agencies participating in the Pool (MLGIP) and State legislators to encourage the MLGIP to consider more explicitly the social impact of its investments.

The prior Deputy City Manager was working with other governmental agencies to encourage the MLGIP to consider more explicitly the social impact of its investments. This initiative will require a sustained, long-term, coordinated effort with other governmental agencies; no timeframe has been identified.

- Sustainable Banking and Investment Committee. Identify specific tasks for a Sustainable Banking and Investment Committee to assist City staff in implementing these policies and tasks, and establish such committee if there's a determination that the tasks are impractical for City staff to handle, based on their capacity and workload.

Staff has not identified the need for a committee at this time.