

Dear Brothers and Sisters,

Governor Cuomo and state officials are adamant that fossil fuel divestment is a prudent option for our pension fund portfolio as reported in the New York Daily news, several local newspapers and websites.

What exactly does fossil fuel divestment mean? It generally means removal of investment assets including stocks, bonds, and investment funds from companies involved in extracting and processing fossil fuels, in an attempt to reduce climate change by tackling its ultimate causes.

The following is an excerpt of statements made by Governor Cuomo and responses from our Comptroller Tom DiNapoli:

“New York has made incredible strides in securing a clean energy future for this state with our nation-leading clean energy standard, off shore wind development, and aggressive investment in the clean tech economy, yet the Common Fund remains heavily invested in the energy economy of the past. Moving the Common Fund away from fossil fuel investments will protect the retirement savings of New Yorkers,” Cuomo said.

“This proposal lays out a roadmap for New York’s \$200 billion Common Fund to take responsible steps to divest from its fossil fuel holdings, leading to a more secure retirement fund for countless New Yorkers while also helping to achieve the state’s clean energy goals.”

Buried in all this is a proposal by Governor Cuomo to have the Retirement System divest its holdings in fossil fuel companies.

As we know, the Comptroller is the Sole Trustee of the system. In response to the Governor’s proposal, here is a part of Comptroller Tom DiNapoli’s statement on the matter:

“The New York State Common Retirement Fund is a leader among public pension funds that are investing to build a low carbon economy and urging corporations to tackle climate risk. We’ve shown that shareholders have the power to compel major corporations, like ExxonMobil, to address climate change. I will continue to manage the pension fund in the long-term best interests of our members, retirees and the state’s taxpayers.”

The Retired Public Employees Association (RPEA) fully supports the Comptroller on this issue. As the Sole Trustee he has a fiduciary responsibility to maximize the return investment for the benefit of members of the pension system. The RPEA represents thousands of state retirees.

I firmly believe this is a huge mistake on behalf of Comptroller Tom DiNapoli and the RPEA.

In case anyone has forgotten, let me remind everyone about Buffalo’s Solar City fiasco: About four years ago, New York State’s leaders announced Silevo’s Triex technology was “of critical importance to the United States economic competitiveness and energy independence.”

New York officials and Governor Cuomo felt justified in providing SolarCity with \$750 million of taxpayers money and free use of a massive factory in the Riverbend deal. SolarCity promised thousands of new jobs in Buffalo.

How did that work out for us? Not very good, not at all. Triex was a miserable flop. SolarCity has written off its Silevo investment. Elon Musk won, he picked up the

investment for pennies on the dollar. The New York State taxpayer has basically paid for this gift to Elon Musk. And from what I have read, maybe 500 jobs have been created. Folks this was right in our back yard and we couldn't get this kind of investment in clean technology to work, I mean really work, for us. We're out \$750 million and we may have gotten 500 jobs. Image the damage a \$750 million dollar loss would cause to our pension funds if Governor Cuomo had his way.

I ask you to all read the article with this link: naturalgasnow.org/is-andrew-cuomos-pet-project-solarcity-a-scam

It is easy to extrapolate the shenanigans of the Solar City investment by our state officials and Governor Cuomo to the divestment of our pension fund. Who really has the insight and technical knowledge to provide sound advice on which clean energy funds are the right ones to invest in with our pension fund? Neither Governor Cuomo or Comptroller DiNapoli have that insight.

The RPEA support of this issue is disheartening. How will they feel when our pension system takes a hit because of Governor Cuomo green agenda.

I am not against clean energy, it has a role in our ever evolving world but we have to be smart about how we go about making this happen. We need to have a very clear plan for any high risk investment of our pension funds. We can't afford to stay quiet or be short-sighted and allow shaky investments be made on our behalf with our pensions.

Here is my main reason why I think we should stick with the big oil giants – they are already investing in clean technology, they have to:

This was taken from Bloomberg business:

The world's biggest oil companies are closing more clean energy deals as pressure to diversify their businesses mounts and growth accelerates among green technologies.

Oil majors more than doubled the number of acquisitions, project investments and venture capital stakes, to 44 in 2016 from 21 the year before, according to research published by Bloomberg New Energy Finance. In the last 15 years, they've completed 428 transactions and spent \$6.2 billion building stakes in clean energy companies.

In November 2017 this article was published:

The work done by Exxon Mobil Corp. includes research on environmentally-friendly technologies in five to 10 key areas, according to Vice President of Research and Development Vijay Swarup. While any commercial breakthrough is at least a decade away, Exxon's support for clean energy suggests the world's most valuable publicly-traded oil company is looking toward the possibility of a future where fossil fuels are less dominant.

While Exxon has discussed some of its research before and runs advertisements about its work in algae, the remarks from Swarup are the first indication of the breadth of the oil company's interests in alternative energies. It's part of the \$1 billion a year Exxon spends on research worldwide and the \$8 billion it has spent since 2000 researching, developing and deploying low-carbon technologies.

Here is another example, listen to this story:

SunPower lost more than 70% of its value over the course of 2016, a figure that strikes fear in the heart of the average investor. Bankruptcy is a definite concern with some solar companies, but SunPower is majority owned (66%) by petroleum giant Total S.A., which is propping it up with credit and even purchasing solar panels for its 5,000 gas stations. SunPower is plowing money into new technology from Congenra Solar to boost its solar panels' efficiency and move into utility-scale projects, which could be a game changer for the balance sheet.

So I ask you who really understands what it means to invest in "clean energy". There are so many questions to answer:

- 1) The company making the chemicals and gases (like Air Products, Praxair, Air Liquide) to make the solar cells and solar panels – where is that energy coming from? Are they considered green companies because their raw materials are making the building blocks of solar cells?
- 2) What is starting block for the materials used to make the wind turbines, and algae farms? Are the companies making the blades, generators, engines and carbon fibres, tanks and chemicals? Are those green companies?
- 3) What about all the companies who are transporting and installing wind turbines and solar cells for solar farms? Are they green companies?

Folks I can go on and on. Do I really need to say more? Bottom line let's stick with the investments that have been proven and are less risky and do our homework. Don't let another SolarCity Scam happen in front of our eyes! Does Governor Cuomo have the knowledge to decide what a sound "clean energy" investment is? Can we ask him to put HIS money where his mouth is? Don't let a wave of so called green energy investments destroy our pension fund!

Fraternally,

Paul Beakman
Executive Vice President