

RESOLUTION NO.: R-2011-054

A RESOLUTION SUPPORTING AND ENCOURAGING THE DISINVESTMENT OF ALL FUNDS  
MANAGED BY, FOR AND ON BEHALF OF THE CITY OF COLUMBIA AND ANY ANCILLARY  
COMPONENTS OF THE CITY OF COLUMBIA, IN ANY COMPANY WITH ACTIVE  
BUSINESS OPERATIONS IN IRAN; AND FOR OTHER PURPOSES

WHEREAS it is the policy of the United States under the Iran and Libya Sanctions Act of 1996 to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to explore for, extract, refine, or transport by pipeline petroleum resources of Iran; and

WHEREAS the Government of Iran has been unresponsive to unprecedented and serious efforts at engagement, revealing that the Government of Iran is not interested in a diplomatic resolution prompting and expansion of those sanctions as detailed in the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010; and

WHEREAS it has been recognized that Iran has failed to suspend its uranium enrichment activities; that the United Nations Security Council and the United States have imposed sanctions against Iran; and that the United Nations has imposed an embargo on Iranian arms exports which is a freeze on assets abroad of an expanded list of individuals and companies involved in Iran's nuclear and ballistic missile programs; and

WHEREAS it is the responsibility of state and municipal governments to decide how, where and by whom financial resources in its control should be invested; and

WHEREAS it is the prerogative of state and municipal governments not to participate in ownership or in a capital-providing capacity with entities that provide significant practical support for terrorism, including certain non-U.S. companies presently doing business in Iran; and

WHEREAS there are financial risks with investments in publicly traded companies that have business activities in and ties to Iran's petroleum-energy sector; and

WHEREAS Section 202 of the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 outlines the authority of State and local governments to divest from certain companies that invest in Iran; and

WHEREAS the Columbia City Council desires that the Chief Financial Officer through the City Treasurer and investment managers for all funds managed by, for and on behalf of the City of Columbia and any ancillary components of the City of Columbia, make their best efforts to identify all scrutinized companies in which the City has direct or indirect holdings, or could possibly have such holdings in the future; and

WHEREAS the definition of "scrutinized company" includes a company with business operations that involve the government of Iran and/or certain companies, and have revenues or assets linked to Iran and involve oil-related, natural gas and/or mineral extraction under certain conditions; and

WHEREAS the Columbia City Council desires that the Chief Financial Officer through the City Treasurer assemble a list of "scrutinized companies" and update it quarterly; and

WHEREAS the Columbia City Council desires that the Chief Financial Officer through the City Treasurer and investment managers for all funds managed by, for and on behalf of the City of Columbia and any ancillary components of the City of Columbia not acquire securities of any companies on the scrutinized companies list which have active business operations in Iran, with certain exceptions; and

WHEREAS in response to the financial risk posed by investments in companies doing business with countries that sponsor terrorism, the Securities and Exchange Commission established its Office of Global Security Risk to provide for enhanced disclosure of material information regarding such companies; and

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WHEREAS it is a fundamental responsibility of the City of Columbia to decide where, how and by whom financial resources in its control should be invested, taking into account numerous pertinent factors; and

WHEREAS divestiture should be considered with the intent to improve investment performance and, by the rules of prudence, fiduciaries must take into account all relevant substantive factors in arriving at an investment decision; and

WHEREAS it is the prerogative and desire of the City of Columbia, with respect to investment resources in its control and to the extent reasonable, with due consideration for return on investment on behalf of the City and its investment beneficiaries, not to participate in an ownership or capital-providing capacity with entities that provide significant practical support for terrorism, including certain non-U.S. companies presently doing business in Iran; and

WHEREAS the City of Columbia is seriously concerned about investments in publicly traded companies with business activities and ties to Iran's petroleum-energy sector as a financial risk to the shareholders; and

WHEREAS by investing in publicly traded companies having ties to Iran's petroleum-energy sector, the City of Columbia is putting the funds it oversees at substantial financial risk; and

WHEREAS divestiture from markets that are vulnerable to embargo, loan restrictions and sanctions from the United States and the international community, including the United Nations Security Council, is consistent with the rules of prudence; and

WHEREAS to protect the City of Columbia's assets, the Columbia city council feels that it is in the best interest of the City to implement a policy to prohibit the investment of public funds managed by the City in any "scrutinized companies" with active business operations in Iran, as identified by the City Treasurer on a quarterly basis, in accordance with this resolution; NOW THEREFORE,

BE IT RESOLVED by the Mayor and City Council of the City of Columbia this 16th day of August, 2011, that the City Council of the City of Columbia desires and affirms that the City of Columbia shall not invest any Funds managed by, for and on behalf of the City of Columbia and any ancillary components of the City of Columbia in any "scrutinized companies" with active business operations in Iran as identified by the Chief Financial Officer or City Treasurer.

Requested by:

Mayor Benjamin

Steph K. Benjamin  
Mayor

Approved by:

[Signature]  
City Manager

Approved as to form:

[Signature]  
City Attorney

Introduced: 8/16/2011

Final Reading: 8/16/2011

ATTEST:

Erika D. Salley  
City Clerk