

Presbytery of Newton  
Stated Meeting  
Report of the Trustees  
September 15, 2020

**Items for Consent Agenda:**

**TR-1**

Approve a PILP loan for First Presbyterian Church of Washington of \$100,000 to fund a project that will consist of the brickwork on the front of the sanctuary building and repairing some of its stone trim.

**Items for Action:**

**TR-2**

**Motion that Newton Presbytery move its investments to fossil free vehicles.** Rationale is included and was received for First Reading at the March 2020 Stated Meeting of the Presbytery.

**Investment Rationale:**

"After a long and thorough inquiry into the various aspects of the matter, the Presbytery Trustees are moving that Newton Presbytery direct the Presbyterian Foundation to reinvest our equity investments into the New Covenant Trust Fossil Free Equity Fund and out of any funds which hold fossil fuel investments to the greatest extent possible. Our money market funds and bond investments will not be affected.

Overtures directing that the PCUSA divest from fossil fuel investments have been made to the last four General Assemblies and we have concurred with the last three of those Overtures. In doing so we have recognized that Climate Change is a serious threat to God's wonderful creation and our civilization. Climate Change is the result of humanity's burning of fossil fuels which adds vast amounts of carbon dioxide to the atmosphere which in turn causes heat to build up in our atmosphere. That this is a serious problem was recognized by the United Nations Panel on Climate Change and 197 nations at the Paris Conference of the Parties to the Kyoto Protocol in 2015.

Just as the PCUSA has elected to divest from investments in tobacco and firearms companies to express our ethical and moral disapproval, divesting from fossil fuel investments is intended to express our disapproval of the

actions of the fossil fuel industry, which disapprobation is well earned. It has come to light that the big oil companies were well aware of the dangers that the consumption of their products presented to the world's climate at least as early as the 1970's. Rather than acknowledge the problem, they chose to finance and support a campaign of disinformation to first dispute the existence of the problem and then to minimize it, while at the same time they took measures to protect their facilities from the potential dangers. To this day their strategy is to pump as much oil and gas as they can for as long as they can in order to keep their profits coming for as long as they can. Although they are starting to pay lip service to the need to address the dangers of Climate Change, their overall plans demonstrate otherwise. Despite strong signs that they need to change their business model, they continue to invest large sums exploring for more fossil fuel resources when it is already clear that if we burn all their known reserves we will vastly overheat our world and render the Earth largely uninhabitable. As it stands now, it has been calculated that if we are to prevent catastrophic changes to our climate, we can afford to burn only 20% of those known existing reserves. At best, according to Exxon's 2018 Energy and Carbon Summary they view Climate Change to be a very long term challenge, not something that is happening now. Clearly, the fossil fuel companies are the villains in the Global Warming drama.

However, aside from the moral and ethical aspects of the matter, another important reason to divest from fossil fuel investments is the simple fact that they have become very poor investments. Since the 1980's the nations of the world have recognized the threat of carbon dioxide build up in our atmosphere and have taken halting steps to reduce fossil fuel consumption which are now starting to have an effect. At the same time, sources of renewable energy, primarily wind and solar, have become much cheaper due to technological improvements to the point where in many cases renewable energy has become less expensive than fossil fuel energy. On top of that, the fossil fuel companies have already exploited their cheapest resources and their new discoveries are becoming increasingly expensive to develop.

As a result, over the last ten years fossil fuel investments have declined significantly in value. In 2010 the energy companies made up over 11% of the value of the S&P 500 companies. Today, that value is down to 2%, with 40% of that drop having taken place in the last year. In 2013 ExxonMobil was the largest company in the world based on its stock value. However, just last month they were dropped from the Dow Jones industrial average because of the major decline in its stock value. While the large energy companies continue to pay their dividends, they mostly do so by borrowing, thus impairing their corporate value. It is also note worthy that over the last ten years mutual funds that were fossil free have done as well and recently

better than funds which included fossil fuel investments. So from an investment perspective, the sooner we divest, the better our portfolio will fare.

In conclusion, while there is clearly a moral and ethical basis for divesting from the fossil fuel companies because they have shown themselves to be poor global citizens, there is also a sound case to show that they are poor investments as well. In 2014 the Rockefeller Brothers Fund, which originated from the oil wealth of John D. Rockefeller and Standard Oil, which is now ExxonMobil, chose to divest from fossil fuel investments. If divestment was a proper choice for the Rockefeller Brothers, it should be a proper choice for Newton Presbytery."

### **Items to Report:**

#### **TR-3**

The Trustees continue to approve plans for re-entry as we receive them. We thank our congregations' leadership for the care and attention they are dedicating to everyone's safety. The Trustees will be releasing a letter on reentry updates soon and continue to follow the guidelines of the CDC and Governor Murphy.