

The image features a large, detailed photograph of the Utah State Capitol building. The building is a grand, classical structure with a prominent, large dome covered in green copper. Below the dome is a circular balcony with a decorative railing, and further down is a portico supported by tall, fluted columns. The building is set against a backdrop of a cityscape and distant mountains under a sky with scattered clouds. A dark blue horizontal band is superimposed over the right side of the image, containing the title text. The title "FEDERALISM COMMISSION" is written in large, bold, yellow capital letters. Below this, the text "Utah Office of State Treasurer" is written in white, medium-sized capital letters.

FEDERALISM COMMISSION

Utah Office of State Treasurer

PRESENTATION OVERVIEW

1. ESG Update
2. Natural Asset Companies (NACs)
3. Central Bank Digital Currency (CBDC)
4. National Debt

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WHAT IS ESG?

- Underlying politics NOT necessarily the problem. **ESG pushing politics IS the problem.**
- **Problem:** An agenda-driven strategy: "...**only if all actors contribute** to the integration of environmental, social and governance issues in investment decisions, can significant improvements in this field be achieved." --United Nations, "Who Cares Wins," June 2004.
- ESG has an AGENDA that falls outside of the investment realm (to make money)



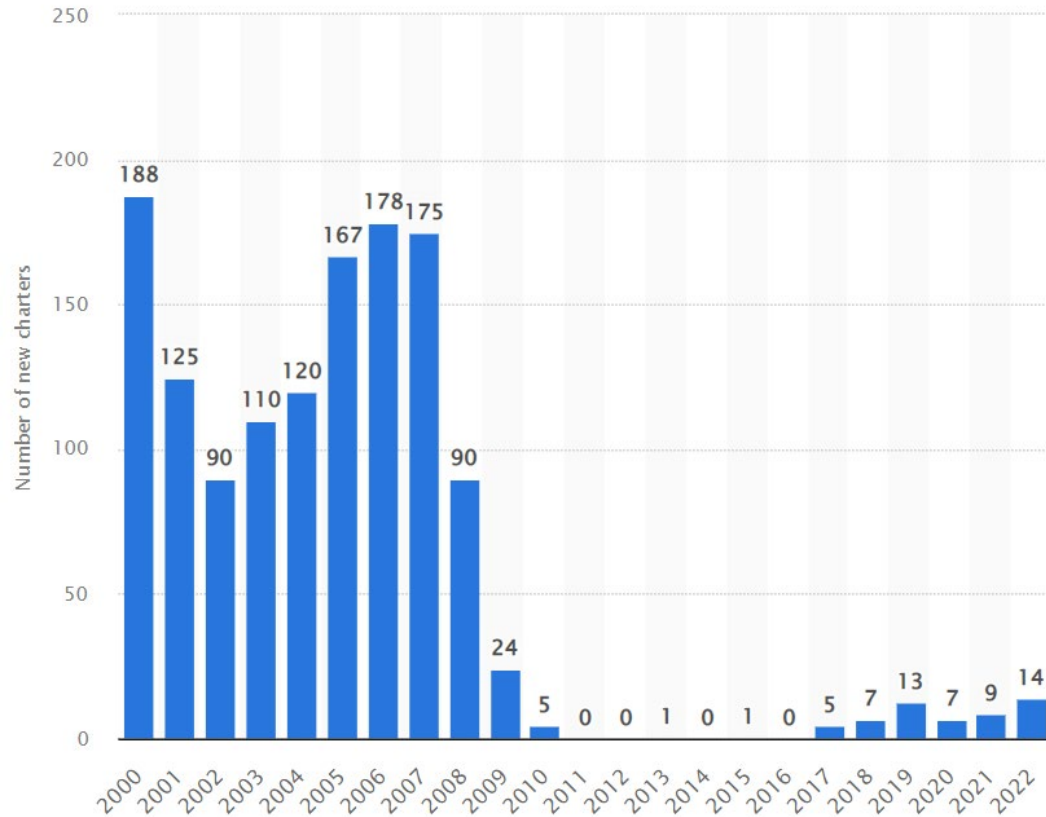
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MARKET WILL NOT EASILY SOLVE ESG

New FDIC-insured commercial bank charters
(United States from 2000 to 2022)



North American Oil and Gas Funds Raised (\$Billions)

Between 2015-2021:
81% reduction in the number of funds, 94% reduction in dollars raised.



Data from Preqin, 2021. (<https://www.preqin.com/data/our-data>).

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DEVELOPMENTS

UC RSP investment options will no longer hold companies that own fossil fuel reserves



The UC Retirement Savings Program fund menu will no longer hold companies that own fossil fuel reserves.

Effective June 30, 2022, companies that own fossil fuel reserves will be removed from the UC Retirement Savings Program - 403(b), 457(b) and 401(k) plans.

Bloomberg

• Live Now Markets Economics Industries Tech AI Politics Wealth Pursuits Opinion Businessweek Equality

Green
ESG & Investing

NYC Pension Funds Are Sued for Cutting Fossil-Fuel Stakes

- City employee complaint latest in backlash over ESG investing
- Retirement plans moved to shed \$4 billion of assets, suit says

By [Saijel Kishan](#) and [Martin Z Braun](#)
May 12, 2023 at 7:56 AM MDT
Updated on May 12, 2023 at 11:55 AM MDT

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Sustainable Finance & Reporting | Sustainable Markets | ESG Investors | Regulatory Oversight

ESG equity funds suffer big outflows, buffeted by market jitters and U.S. backlash

By Tommy Wilkes and Patturaja Murugaboopathy

July 6, 2023 12:09 AM MDT · Updated 5 months ago



Tablet

NEWS & POLITICS

End DEI

It's not about diversity, equity, or inclusion. It is about arrogating power to a movement that threatens not just Jews—but America itself.

BY [BARI WEISS](#)



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DEVELOPMENTS

ESG

December 07, 2022 02:47 PM

Vanguard quits Net Zero Asset Managers initiative

By HAZEL BRADFORD

Home / Region / Europe / CRE Insurance / NZIA members 'monitoring' developments as third insurer departs

NZIA members 'monitoring' developments as third insurer departs

Munich Re indicates antitrust risks sit behind withdrawal from the industry's net zero alliance

Stuart Collins April 20, 2023

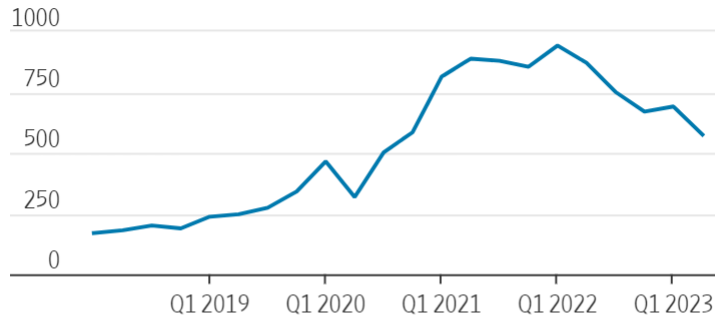
Townhall COLUMNS TIP SHEET CARTOONS PODCASTS VIDEOS VIP

TIP SHEET

BlackRock CEO Larry Fink Says He's 'Ashamed' of ESG

Spencer Brown June 26, 2023 11:15 AM

Number of calls



Note: Q2 2023 is as of June 5.

Source: AlphaSense

Executives Quiet Their Green, Diversity Talk

Companies' references to environmental and social issues have plunged in recent quarters as investor backlash has mounted. 297 6 min read

- Companies That Embraced Social Issues Have Second Thoughts

NIKKEI Asia

World Trending Business Markets Tech Politics Economy Features Opinion Life & Arts Podcast

FINANCE

Shareholder support for ESG proposals crumbles at U.S. companies

BlackRock CEO says the word has become 'entirely weaponized'



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ESG INVESTING

S&P Drops ESG Scores for Credit Ratings Amid Backlash

By Lauren Foster (Follow) and Evie Liu (Follow) Updated Aug. 9, 2023 1:27 pm ET / Original Aug. 9, 2023 Order



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ESG HARM

Climate Change and Energy Impacts

- Low-income households spend 3x more of their income on energy costs¹
- In 2020, minority groups represent nearly half of all households living with energy insecurity.²



Source: ¹ American Council for an Energy-Efficient Economy;

² US Energy Information Administration

The Two Hundred is “a statewide coalition of founders of civil rights organizations, community and business leaders, housing advocates, former state legislators, and cabinet members.”

The Two Hundred, et al. v. California Air Resources Board

“California’s climate change policies... have caused and will cause **unconstitutional and unlawful disparate impacts** to California’s minority populations.”

“The ‘net zero’ GHG threshold would operate unconstitutionally so as to **disproportionately disadvantage low-income minorities** in need of affordable housing relative to wealthier, whiter homeowners who currently occupy the limited existing housing stock...”



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ESG INCOMPATIBLE WITH FREE MARKETS

Why? **Plurality**: Many actors (companies; investors) means many different views.

If enough actors commit to an agenda, markets cease.

"It is important to remember that capitalism has been the greatest driver of prosperity and opportunity the world has ever seen."

– Barack Obama, October 6, 2016



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NET-ZERO CLIMATE PLEDGES



MONEY IS POWER

- Agenda: reduce global emissions using finance as the enforcer
- Why finance?
 - Foundation of our economic system
 - Dictate terms to receive money needed to run business

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NET-ZERO BANKING ALLIANCE



**Net Zero
Banking
Alliance**

Members: 102 banks
representing **\$67tn**

Commitments:
align operational and
financed emissions with
net-zero by 2050 or
sooner, including 2030
interim targets

- Members represent 40% of global banking assets
- Represent over 50% of U.S banking assets:
 - JPMorgan Chase
 - Bank of America
 - Wells Fargo
 - Citi
 - Goldman Sachs
 - Morgan Stanley

Net-Zero Banking Alliance

Industry-led, UN-convened

Insert bank name

.....
is pleased, together with other peer bank signatories, to commit to:
transition all operational and attributable GHG emissions from our lending and invest-
ment¹ portfolios to align with pathways to net-zero by mid-century, or sooner, includ-

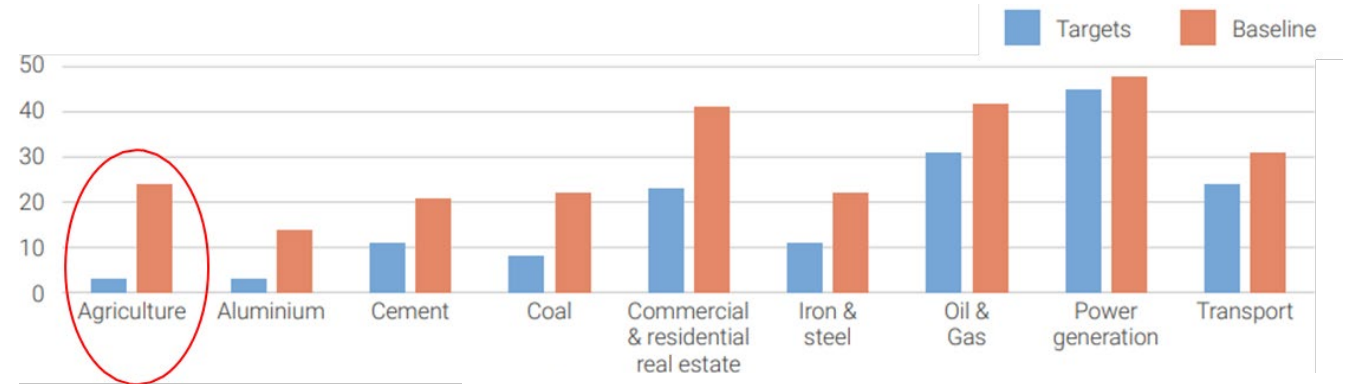
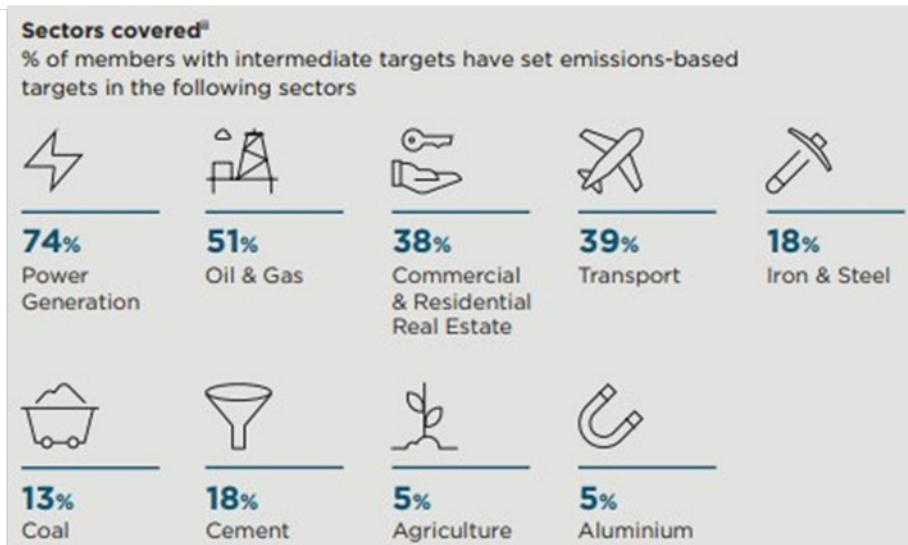


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NET-ZERO BANKING ALLIANCE

- 18 months: set targets for 3 sectors
- 36 months: set targets for remaining sectors



NZBA Dashboard (Updated as of 9 November 2022)

122 Members | \$72TN Financial Assets

In joining the Alliance, signatory banks have committed to:

- Prioritise sectors based on GHG emissions, GHG intensities and/or financial exposure in their portfolio in their first round of target setting (within 18 months of signing).
- Set a further round of **sector-level targets within 36 months of joining** for all or a significant majority of specified carbon-intensive sectors, including: agriculture; aluminium; cement; coal; commercial and residential real estate; iron and steel; oil and gas; power generation; transport.



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EXAMPLE: BANK OF AMERICA



*“As part of net zero strategy and **in alignment with NZBA guidelines**, we plan to set milestone targets for other key sectors through 2024 to cover a significant majority of our financed emissions . . .”*

2021

Committed to net zero emissions before 2050 for our financing activities, operations and supply chain. Announced \$1.5 trillion sustainable finance commitment by 2030. Founding member of the Net-Zero Banking Alliance (NZBA).

2030 Targets	
Auto Manufacturing	
Scope 1-2 CO ₂ e, Scope 3 end use CO ₂	44% reduction
Energy	
Scope 1-2 CO ₂ e	42% reduction
Scope 3 end use CO ₂	29% reduction
Power Generation	
Scope 1 CO ₂	70% reduction

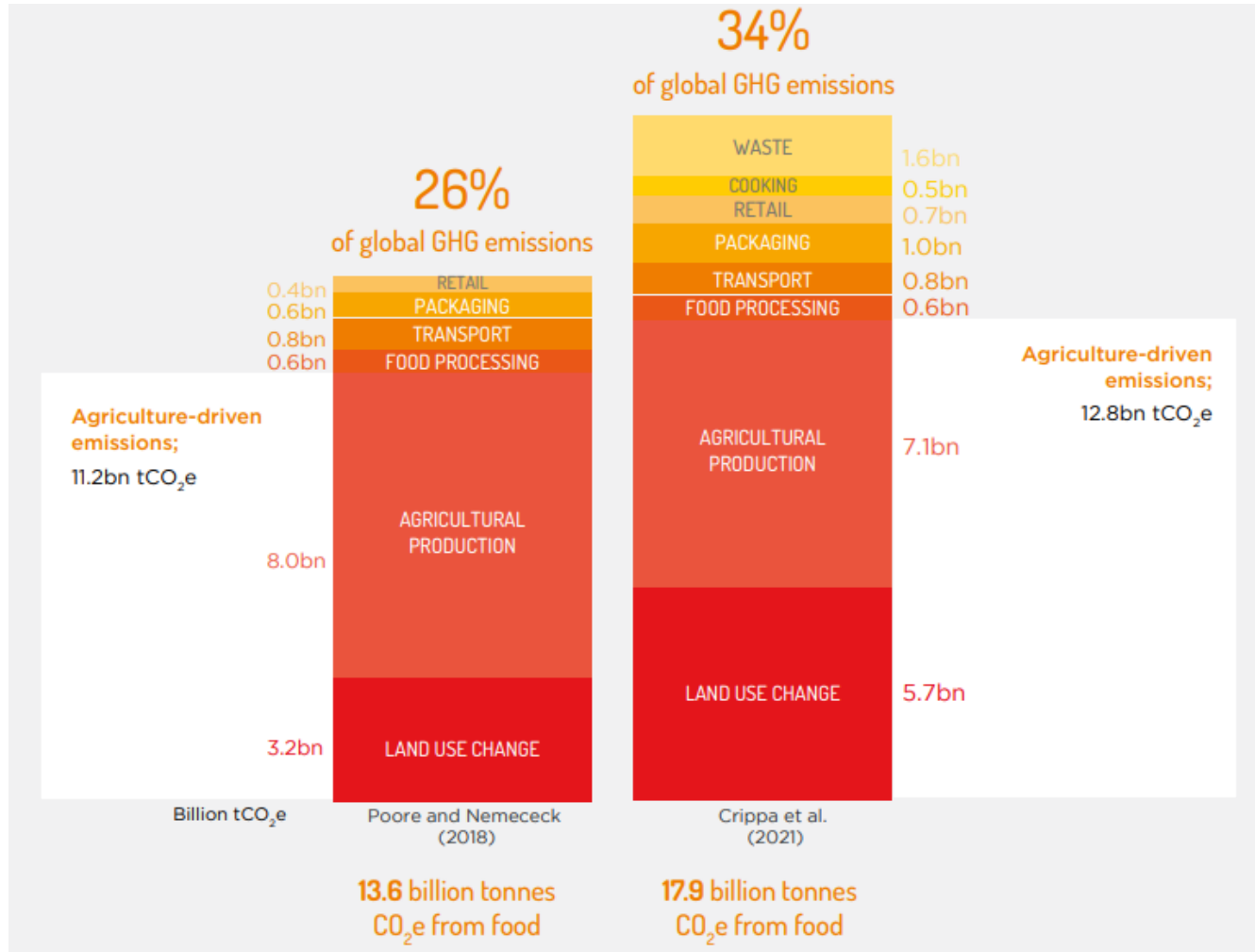
Source: <https://about.bankofamerica.com/content/dam/about/pdfs/approach-to-zero-2022.pdf> , pages 2, 8.

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AGRICULTURE'S IMPACT



Global food system: 25% to 35%

Most emissions: 1) **land use change** and, 2) **agriculture: fertilizer** nitrous oxide; *livestock* and *rice* methane.

Solutions:

- Reduce land emissions 85%, 2050
- Cut red meat consumption 50%
- Align capital expenditures with “alternatives to meat and dairy”
- Electrify machinery, replace fertilizer



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FROM ROAST BEEF TO:



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SRI LANKA and ESG



- **Sri Lanka ESG** score: **98** out of 100 (Sweden: 96; U.S.: 51)
- **Per capita income** in 2018, **\$4,000**; India, **\$2,000**



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SRI LANKA and ESG

- Sri Lanka was **self-sufficient** in food production until 2021.
- President issued an overnight **ban** on all **synthetic fertilizers** to promote “organic agriculture.”
- The production of **rice...fell** by between **40 and 50%** nationwide. Food **prices** rose by **over 80%....**

Source: <https://committeetounleashprosperity.com/hotlines/the-tragedy-of-sri-lanka-a-cautionary-tale-on-going-green/>

‘Complete Collapse’: Here’s How ESG Destroyed One Nation’s Economy



DAILY CALLER NEWS FOUNDATION



MICAILA BURROW
CONTRIBUTOR

July 06, 2022
8:10 PM ET

FONT SIZE: + -

- Sri Lanka has run out of fuel and is facing the worst economic crisis in decades.
- A chemical fertilizer ban in 2021, part of an initiative to cut nitrogen waste and implement greener farming practices, drastically reduced crop yields and damaged Sri Lanka's trade balance.
- “The decision to overnight shift away from synthetic fertilizers was an absolute disaster,” economist Peter Earle told The Daily Caller News Foundation.

Sri Lanka is in a last-ditch effort to stave off economic collapse after an allegedly climate-friendly ban on artificial fertilizers devastated one of the country's largest industries, according to experts.



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DEBANKING

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ECONOMY & POLICY

Debanking Hurts Everyone

COMMENTARY By Ellen R. Wald Jan. 8, 2021 5:30 pm ET

Text size − +



Brendan Smialowski / AFP via Getty Images

Vocal activist groups are putting pressure on U.S. banks to refuse services to certain businesses and entire industries. This “debanking” has been targeted at energy companies, private prison operators, and gun manufacturers, but it threatens to disrupt the operations and investment in any industry that finds itself

unpopular in the moment. This trend has the potential to turn the American market system on its head. Fortunately, a new federal regulation would, if finalized, make

Described by one former JPMorgan Chase executive as “red-dotting:”

- Account-holder is first deemed a risk for their views
- When the time is right, the bank cancels the account with scant explanation.
- Stonewalling follows
- When bank sees a public relations advantage to responding at all bank reverse-engineers a plausible reason for the decision it made several months previously



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DEBANKING



THE 700 CLUB CBN NEWS FAITH KIDS LISTEN ABOUT



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Bank of America Freezes Ministry Account of Lance Wallnau in Latest Case of Banks Canceling Christians

STEVE WARREN

03-13-2023

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United Kingdom

UK watchdog steps into row over 'debanking' of Nigel Farage

By Iain Withers

July 19, 2023 12:37 PM MDT · Updated 2 months ago

Newsweek 90

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OPINION

Stop the Troubling Trend of Politically Motivated Debanking | Opinion

SAM BROWNBACK AND JEREMY TEDESCO

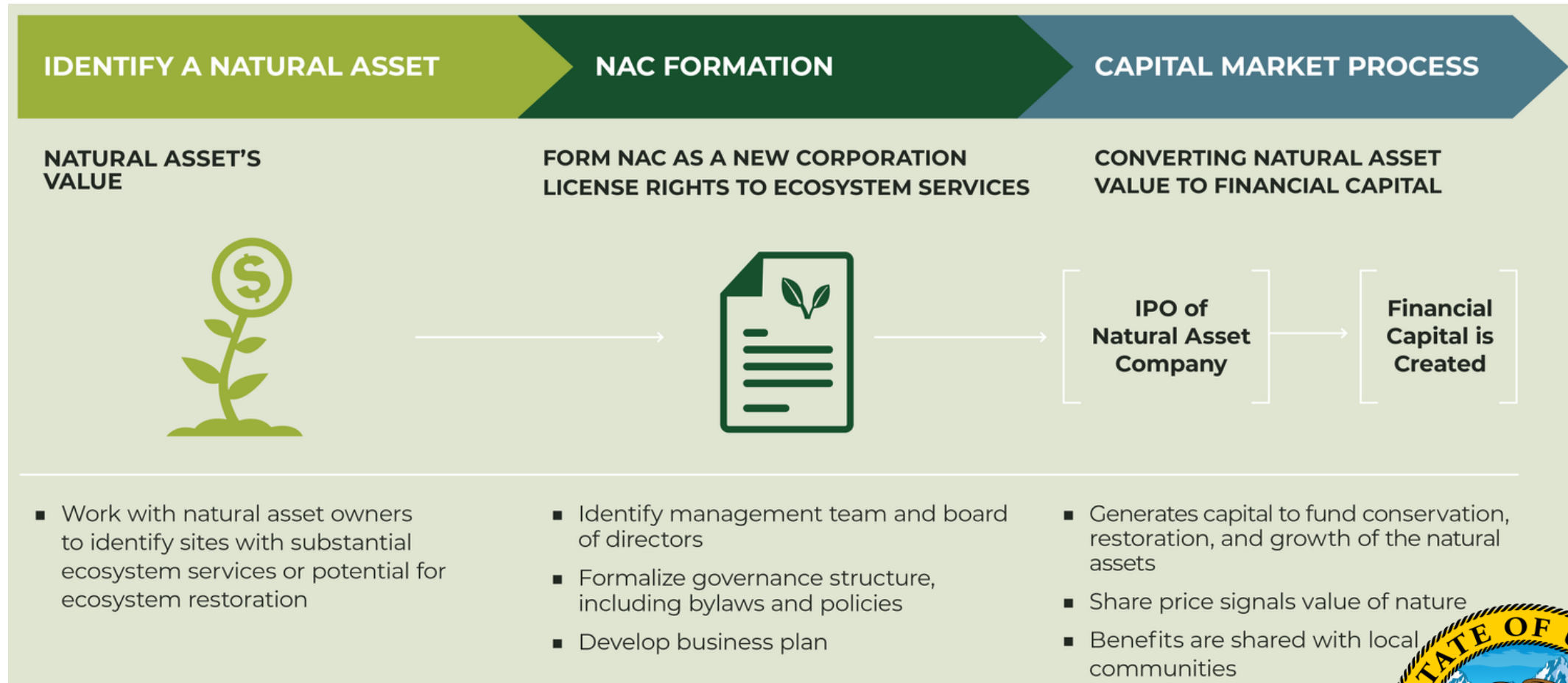
ON 3/15/23 AT 6:00 AM EDT



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NATURAL ASSET COMPANIES (NAC)



Source: intrinsicexchange.com/nacs

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NATURAL ASSET COMPANIES (NAC)



- Could have devastating impact on rural communities in western states like Utah, where natural resource extraction and agriculture are major industries.
- Reduced production: Agriculture, mining, oil, means higher prices on food and energy, especially harming those who can least afford it.
- SEC provided unusually short, 21-day public comment period. Expect decision January 2.

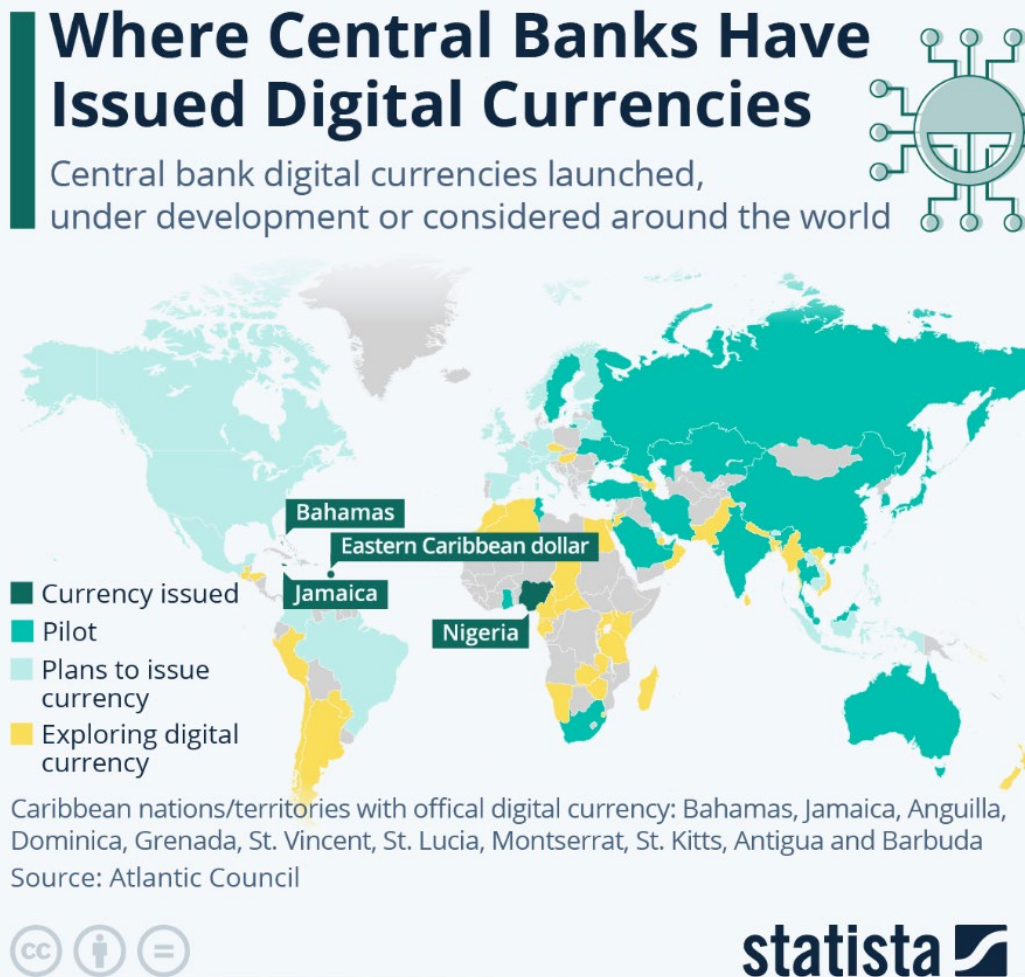
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CENTRAL BANK DIGITAL CURRENCY

https://www.statista.com/chart/24571/central-bank-digital-currencies-around-the-world/



- A digital currency backed & issued by a central bank, similar to cryptocurrencies except its value is fixed by the central bank & equivalent to the country's fiat currency.
- 11 countries have launched. 130 countries representing 98% of the global economy are exploring or launched.

(Source – [Reuters](#))

As of June 2023



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CENTRAL BANK DIGITAL CURRENCY

WIRED

BACKCHANNEL BUSINESS CULTURE GEAR IDEAS SCIENCE SECURITY MERCH CYBER MONDAY

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JENNIFER CONRAD

BUSINESS NOV 8, 2022 8:00 AM

China's Digital Yuan Works Just Like Cash—With Added Surveillance

Government officials are urging citizens to adopt the official digital currency in a bid to gain more control over the economy.

Digital currency provides ultimate government control:

- Monitor transactions
- Program money to expire
- Easily freeze personal accounts
- Prevent or limit spending in targeted industries (e.g. firearms, energy, fast food, beef)

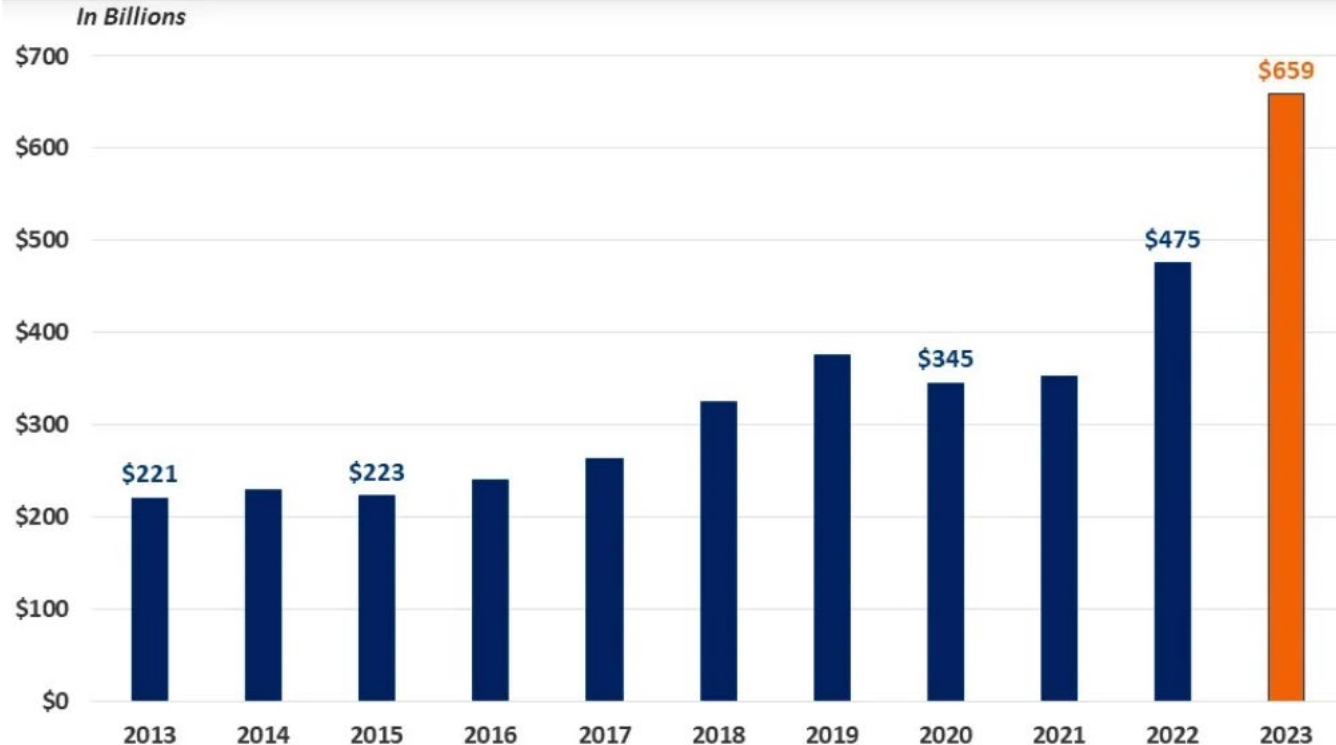
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NATIONAL DEBT

Net Interest Hits New Record



Source: Congressional Budget Office

CRFB.org



- Amount spent to service debt increases with higher interest rates
- Could move higher even if interest rates drift down (depends on yield of reissued debt)

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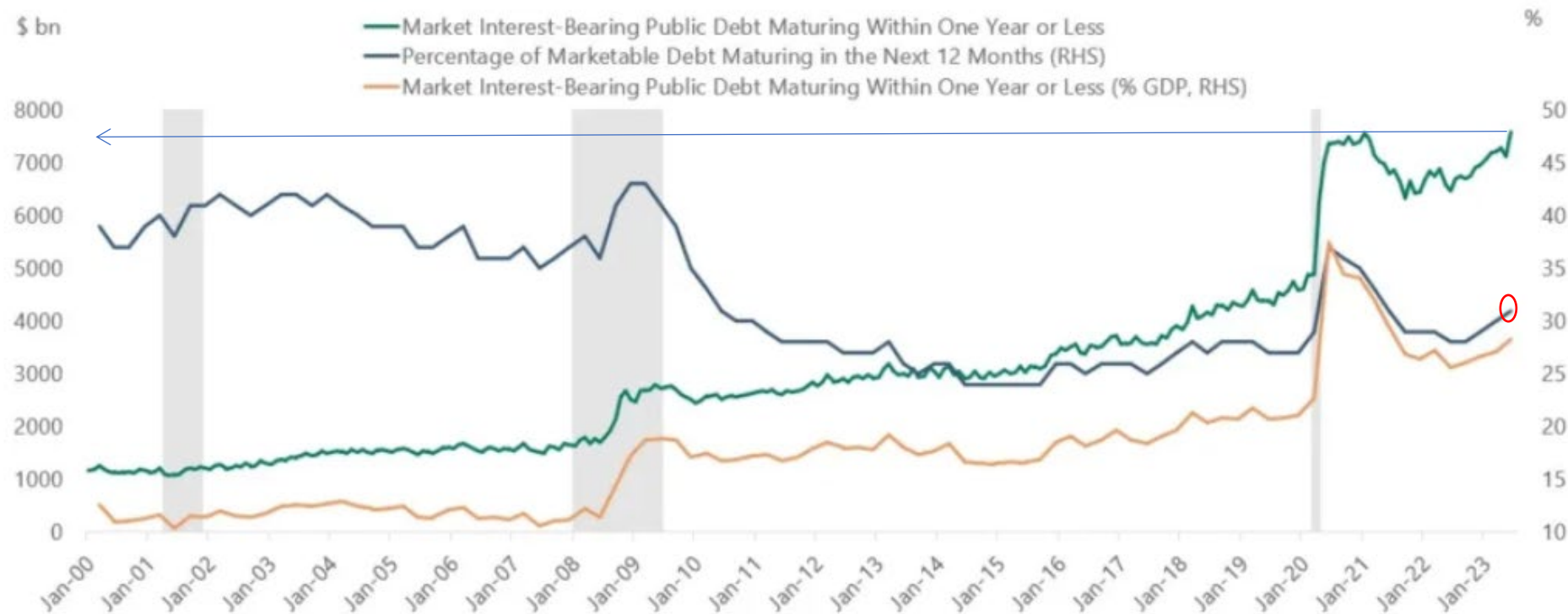
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NATIONAL DEBT

APOLLO

31% of all US government debt outstanding, or \$7.6trn, will mature over the next year



Source: Treasury, BEA, Haver Analytics, Apollo Chief Economist <https://finance.yahoo.com/news/7-6-trillion-us-government-040643412.html>

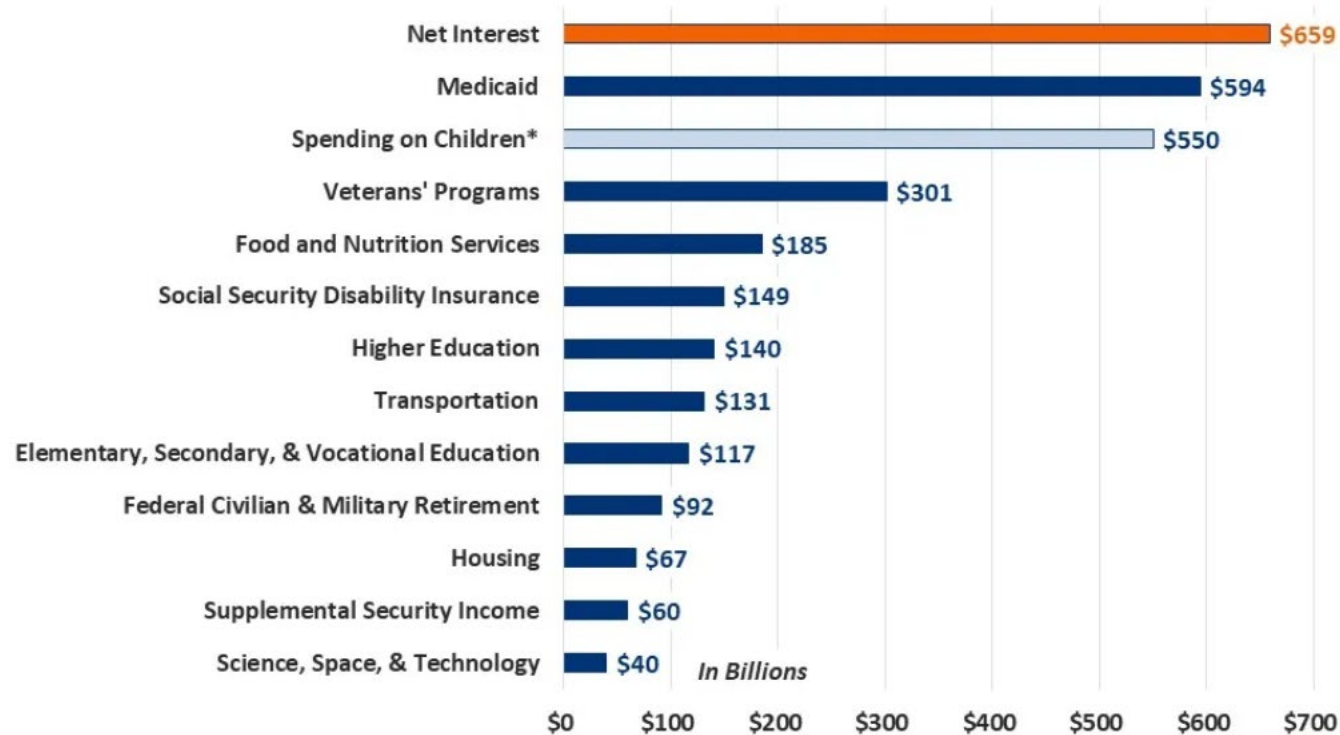
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NATIONAL DEBT

Net Interest Exceeds Many Other Programs in 2023



Sources: Committee for a Responsible Federal Budget, Congressional Budget Office, The Office of Management and Budget, The Urban Institute

*This includes spending on parts of the Child Tax Credit, K-12 education, school lunches, and other programs for children as well as parts of spending on Medicaid, SNAP, and other programs

CRFB.org



- Other budget items
- Only: Social Security; Medicare; Defense higher than Net Interest

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NATIONAL DEBT

- On Aug. 1, Fitch Ratings announced its decision to downgrade the U.S. long-term credit ratings to AA+ from AAA after placing on a negative watch on May 24, citing politicking over the debt ceiling.
- Moody's Investors Service changed the outlook on the U.S. credit rating to "negative" on November 10.
- Not a cause for panic but Americans should not dismiss concerns about the national debt's long-term trajectory.

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