



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE

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**REPORT TO COUNCIL**

To: Mayor Charlie Hales

From: Fred Miller, Chief Administrative Officer  
*Fred Miller*

Subject: Accept the Report of the temporary Socially Responsible Investing Committee (Report)

As the Chief Administrative Officer with responsibilities for the Office of Management and Finance, I am submitting the report of the temporary Socially Responsible Investing Committee on its behalf, attached as Exhibit A.

On October 9, 2013, Portland City Council passed a resolution (#37036) creating a temporary Socially Responsible Investments Advisory Committee of five public members. The Mayor appointed committee members representing the environmental, labor, and business communities and individuals with expertise in economics and corporate ethics. The Office of Management and Finance and the Office of Commissioner Novick provided staff support and technical advice to the committee.

Council charged this committee with studying the City's current investment policy and processes and making recommendations to Council for how the City could change its investment policy to incorporate social and ethical concerns, including:

- Environmental concerns
- Health concerns, including weapons production
- Abusive labor practices
- Corrupt corporate ethics and governance
- Extreme tax avoidance
- Exercise of such a level of market dominance so as to disrupt normal competitive market forces

In addition to other strategies it may identify, the committee was also charged with considering the cost, effectiveness, and practicality of:

- A standing advisory committee of public members that periodically makes recommendations to Council about a list of companies and/or industries in which the City shall not invest its cash assets.
- Hiring a firm with expertise in social and environmental investing to advise the Council on managing its corporate investments.

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*To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.*

The temporary Socially Responsible Investments Advisory Committee met to gather information and develop recommendations. Meetings began and ended with an opportunity for public comment; written comments were also accepted. Information presented included: the constraints on and laws concerning municipal investing, the City's investment practices and policies, and whether and how other local governments have implemented socially responsible investment policies. The second meeting included presentations by representatives of two firms that specialize in Environmental, Social, and Governance investing. An in depth discussion about the numerous legal constraints on municipal investing was held, where it was learned that investments in corporate securities represent a substantial portion of the City's income.

After thoughtful consideration of public comments and the comments of the City's Investment Advisory Committee (IAC), the benefits and drawbacks to various options were discussed, and, through a consensus process, the following recommendations were developed:

- Council should establish a standing permanent committee of public members with various areas of expertise to take public input and recommend eligible issuers for inclusion on, or removal from, a do-not-buy list. The City should contract with an outside data research vendor to provide reports about eligible issuers. These reports should evaluate each eligible issuer based on principles established by the Council. The committee should use these reports to develop its recommendations to Council.

I recommend that Council accept the report.

#### **TO THE COUNCIL**

The Commissioner of Finance and Administration concurs with the recommendations of the Chief Administrative Officer and

#### **RECOMMENDS**

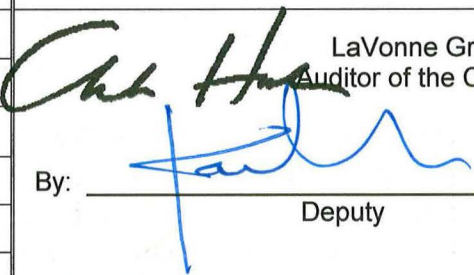

That the Council accept the report.

Respectfully submitted,

Charlie Hales  
Mayor

Agenda No.  
**REPORT**  
 Title

Accept the Report of the Socially Responsible Investing Committee (Report)

<p><b>INTRODUCED BY</b>          Commissioner/Auditor:  <b>Mayor Charlie Hales</b></p>	<p>CLERK USE: DATE FILED <u>AUG 01 2014</u></p>
<p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p>LaVonne Griffin-Valade          Auditor of the City of Portland</p> <p>By:  Deputy</p>
<p><b>BUREAU APPROVAL</b></p> <p>Bureau: Office of Management and Finance           Bureau Head: Fred Miller, Chief Administrative Officer</p> <p>Prepared by: Janet Storm          Date Prepared: July 18, 2014</p> <p>Financial Impact &amp; Public Involvement Statement          Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p><b>City Auditor Office Approval:</b>          required for Code Ordinances</p> <p><b>City Attorney Approval:</b>          required for contract, code, easement, franchise, charter, Comp Plan</p> <p>Council Meeting Date  <b>August 6, 2014</b></p>	<p><b>ACTION TAKEN:</b></p> <p><b>AUG 06 2014 ACCEPTED</b></p>

<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input checked="" type="checkbox"/>  <b>Start time: 10:45 a.m.</b></p> <p><b>Total amount of time needed: 60 Minutes</b>          (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/>  <b>Total amount of time needed: _____</b>          (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz <input checked="" type="checkbox"/>	
2. Fish	2. Fish <input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman <input checked="" type="checkbox"/>	
4. Novick	4. Novick <input checked="" type="checkbox"/>	
Hales	Hales <input checked="" type="checkbox"/>	