

## RESOLUTION No. 37102 As Amended

Create the Socially Responsible Investments Committee charged with recommending corporate issuers in which the City shall not directly invest its cash assets (Resolution)

WHEREAS, the City Treasurer is charged with investing the City's cash assets in accordance with the City's Investment Policy;

WHEREAS, the objectives of the City's Investment Policy are to, in priority order, (1) prudently protect the City's principle sums and ensure the preservation of capital, (2) provide ample liquidity to meet the City's operating needs and cash requirements, and (3) generate a market rate of return;

WHEREAS, in 2010, the City Council approved a change to the City's Investment Policy allowing up to 35% of the City's investment portfolio to be invested in corporate securities, subject to criteria and in compliance with State law;

WHEREAS, consistent with its responsibilities to the residents of the City of Portland, the City Council has social and ethical obligations to seek to avoid adding to its investment portfolio debt securities issued by corporations whose practices egregiously contradict efforts to create a prosperous, educated, healthy, and equitable society;

WHEREAS, in 2013, City Council created a temporary advisory committee of five public members charged with making recommendations to City Council about incorporating socially responsible criteria for the City's direct investment in corporate securities;

WHEREAS, corporations that engage in practices that damage the environment and health, engage in abusive labor practices, violate corporate ethical and governance standards, engage in extreme tax avoidance strategies, exercise such a level of market dominance as to disrupt normal competitive market forces, or contribute to human rights violations undermine efforts to create a prosperous, educated, healthy, and equitable society;

WHEREAS, City Council will receive an analysis of financial impact to the investment portfolio when considering adding a company to, or removing a company from, the Corporate Securities Do-Not-Buy List;

WHEREAS, when adding to or removing from the Corporate Securities Do-Not-Buy List, City Council seeks to consider and balance a company's practices as a whole, including the seriousness of concerns about any single business practice, and whether the company's practices involve more than one of the social and values principles established by City Council;

WHEREAS, research and other tools are available to support investor decisions about social- and values-based investment, and these tools often include composite scoring that weighs the relative importance of individual issues and criteria; and

WHEREAS, the City Treasurer will come forward with a request for funding to purchase these tools and resources in the FY 2015-16 budget process; and

WHEREAS, the temporary advisory committee presented its report with recommendations to City Council on August 6, 2014, and those recommendations are incorporated in the proposal outlined in this resolution; and

WHEREAS, since City Council seeks to link our community's values with the City's investment decisions, it is appropriate to appoint a permanent committee of community members charged with making recommendations to City Council about including social- and values-based criteria in the City's direct investments in corporate securities.

NOW, THEREFORE, BE IT RESOLVED that City Council establishes the following social and values concerns as principles for consideration in the City's direct investment in corporate securities:

- Environmental concerns
- Health concerns including weapons production
- Concerns about abusive labor practices
- Concerns about corrupt corporate ethics and governance
- Concerns about extreme tax avoidance
- Concerns about exercise of such a level of market dominance so as to disrupt normal competitive market forces
- Concerns about impacts on human rights

BE IT FURTHER RESOLVED that the principles established here may be amended by a subsequent City Council resolution.

BE IT FURTHER RESOLVED that City Council creates the Socially Responsible Investments Committee charged with recommending corporate issuers for inclusion on, or removal from, the City's Corporate Securities Do-Not-Buy List.

BE IT FURTHER RESOLVED that the Socially Responsible Investments Committee will be made up of seven public members who are reflective of the diversity of the Portland community and who are confirmed by City Council, including one nominated by each member of City Council and the others nominated by the Mayor. Initial terms of committee members shall be one or two years, regular terms of committee members shall be two years, and any individual may serve no longer than four consecutive years.

BE IT FURTHER RESOLVED that the Socially Responsible Investments Committee must include individuals with expertise in environmental and conservation issues, labor practices, corporate ethics and governance, corporate taxation, public health and safety, and business.

BE IT FURTHER RESOLVED that the Socially Responsible Investments Committee shall establish its own meeting schedule but must meet at least twice a year.

BE IT FURTHER RESOLVED that the committee will establish bylaws and govern accordingly including protocols for holding public meetings and receiving public testimony.

BE IT FURTHER RESOLVED that in making its recommendations, the Socially Responsible Investments Committee shall consider and balance a company's practices as a whole, including the seriousness of concerns about any business practice and whether the company's practices involve more than one of the social and values principles established by City Council in this resolution or later amended by City Council.

BE IT FURTHER RESOLVED that staff from the Office of Management and Finance Business Operations Division shall provide the Socially Responsible Investments Committee subject matter and technical support in the area of public involvement. The City Treasurer shall provide the committee subject matter and technical support with respect to the City's investment policies and practices.

BE IT FURTHER RESOLVED that in making its recommendations to City Council, the Socially Responsible Investments Committee shall consult any reports and data procured by the City from a research firm specializing in providing company-specific information about business practices relevant to social- and values-based criteria. The City Treasurer is directed to identify and procure a research subscription(s) that best addresses the socially responsible investment principles established by City Council, in accordance with procurement rules.

BE IT FURTHER RESOLVED that the Socially Responsible Investments Committee shall prioritize its review, starting with the corporate issuers eligible for the City's direct investment as identified by the City Treasurer, after which the committee may review other companies or industries that they reasonably anticipate may become eligible for the City's direct investment.

BE IT FURTHER RESOLVED that the Socially Responsible Investment Committee shall receive and consider an analysis of financial impact to the City's investment portfolio prepared by the City Treasurer before recommending that City Council add a company or industry to the Corporate Securities Do-Not-Buy List.

BE IT FURTHER RESOLVED that the committee may identify and use additional research beyond research purchased by the City.

BE IT FURTHER RESOLVED that the Socially Responsible Investments Committee shall forward a recommendation, which may include "no change," and explanatory report to City Council once per calendar year and no later than October 1.

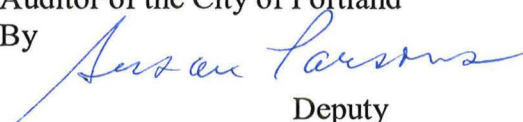
BE IT FURTHER RESOLVED that if the Socially Responsible Investment Committee recommends companies for inclusion on, or removal from, the Corporate Securities Do-Not-Buy List, the City Treasurer will provide a financial impact statement for City Council to consider along with the recommendation.

Adopted by the Council: DEC 17 2014

Commissioner Steve Novick  
Prepared by: Katie Shriver

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

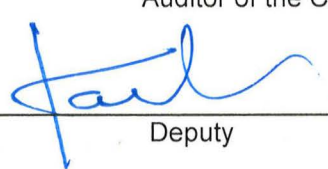
By

  
Deputy

1301

Agenda No.  
**RESOLUTION NO. 371 02 As Amended**  
 Title

Create the Socially Responsible Investments Committee charged with recommending corporate issuers in which the City shall not directly invest its cash assets (Resolution).

INTRODUCED BY Commissioner/Auditor: <b>Novick</b>	CLERK USE: DATE FILED <u>DEC 12 2014</u>
COMMISSIONER APPROVAL Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick	LaVonne Griffin-Valade Auditor of the City of Portland  By:  Deputy
BUREAU APPROVAL Bureau: Bureau Head:	ACTION TAKEN:
Prepared by: Katie Shriver Date Prepared: 12-11-14	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, charter, Comp Plan	
Council Meeting Date 12-17-14	

<b>AGENDA</b> 2 of 2 <b>TIME CERTAIN</b> <input checked="" type="checkbox"/> Start time: <u>10 a.m.</u> <b>Total amount of time needed: 45 minutes</b> This is the 2 <sup>nd</sup> of 2 items to be heard during this time. (for presentation, testimony and discussion) <b>CONSENT</b> <input type="checkbox"/> <b>REGULAR</b> <input type="checkbox"/> <b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)
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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"/>	