



TO: Elizabeth Pauli, City Manager
FROM: Timothy Allen, Retirement Director / Chief Investment Officer
COPY: Government Performance and Finance Committee (GPFC)
SUBJECT: TERS Environmental, Social and Governance (ESG) Considerations
DATE: October 1, 2019

PRESENTATION TYPE:

Informational Briefing

SUMMARY:

The Tacoma Employees' Retirement System Director/Chief Investment Officer has been asked to appear before the GPFC to discuss Environmental, Social and Governance (ESG) issues related to the System's investment portfolio.

BACKGROUND:

This topic was previously addressed at GPFC meetings on June 5, 2018 and December 11, 2018.

Council Resolution 40273 urged, "Tacoma Employees' Retirement System ("TERS") staff and the TERS Board of Administration to consider/analyze the investment risks from climate change, and explore ways to potentially reduce exposure to carbon intensive companies, such as fossil fuel producers, in TERS' investment portfolio, subject to the TERS staff and Board continuing to meet their primary fiduciary responsibilities to TERS members."

TERS first established a Board Policy on this issue in 1985, with more recent Policy updates occurring in 2014 and 2017.

ISSUE:

TERS' \$1.8 billion trust fund is maintained to support current and future retirement benefits for the System's 3000 active members and the 3000 deferred/retired members and beneficiaries. The assets are overseen by the TERS Board of Administration, who has a fiduciary duty to act for the exclusive benefit of the plan participants and to administer the plan efficiently and properly.

ALTERNATIVES:

This is an information briefing only. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing only. There is no fiscal impact.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.

Summary of ESG Actions - TERS Board / TERS Staff - 2019:

<u>DATE</u>	<u>PARTICIPANTS</u>	<u>ACTION</u>	<u>LOCATION</u>	<u>STATUS</u>
1-Jan-19	Retirement Director / CIO	Converted Retirement Department from individual water bottles to refillable water pitchers and glasses for meetings with asset managers	Tacoma	DONE
8-Feb-19	Retirement Director / CIO	Participated in ISS Webcast on Proxy Voting 101	Tacoma	DONE
13-Feb-19	Retirement Director / CIO	Participated in ISS Webcast on Proxy Voting Platform Demo	Tacoma	DONE
28-Feb-19	Retirement Director / CIO	Meeting with ISS to discuss their approach to ESG and proxy voting	Tacoma	DONE
12-Mar-19	Retirement Director / CIO	Participated in CFA / UNPRI webcast on ESG integration in the Americas, specifically with regard to fixed income	Tacoma	DONE
20-Mar-19	Retirement Director / CIO	Conference call with Mirova Asset Management to discuss sustainable public equity investment strategies	Tacoma	DONE
25-Mar-19	Retirement Director / CIO	Met 1:1 with Wilshire's Senior Vice President for Responsible Investments	Wilshire Conference	DONE
26-Mar-19	Retirement Director / CIO	Attended Wilshire Client Conference - dedicated ESG session: "PG&E, Facebook & Tesla: Are You Doing Enough to Protect Your Portfolio from ESG Risks?"	Wilshire Conference	DONE
16-Apr-19	Retirement Director / CIO	Meeting with SERS and SCERS staff to discuss common issues, including ESG	Seattle	DONE
22-Apr-19	Retirement Director / CIO	Participated in BlackRock Monthly Webcast Series: Mapping climate risk in portfolios	Tacoma	DONE
25-Apr-19	Retirement Director / CIO	Attended Institutional Investor Public Funds Roundtable Conference - dedicated ESG session: "ESG and the Investment Process"	Los Angeles	DONE
30-Apr-19	Retirement Director / CIO	Attended Markets Group Conference - dedicated ESG session: "Value vs. Values - ESG and Impact"	Seattle	DONE
14-May-19	Retirement Director / CIO	Attended Pensions & Investments ESG Investing Conference	Chicago	DONE
22-May-19	Retirement Director / CIO	Attended CFA Society Seattle event: Renewable Energy Infrastructure and Sustainable Investing	Seattle	DONE
3-Jun-19	Retirement Director / CIO	Participated in Callan's annual ESG Survey - results to be presented to the TERS Board (when available)	Tacoma	DONE
19-Jun-19	Retirement Director / CIO	Attended Pantheon Client Conference - dedicated ESG session: "Responsible Investing across the Private Markets"	Pantheon Conference	DONE
8-Aug-19	TERS Board	Wilshire's Senior Vice President for Responsible Investments presented to the TERS Board on the topic of ESG	Tacoma	DONE
12-Sep-19	Retirement Director / CIO	Participated in Institutional Investor/BlackRock webcast: ESG Indexes and Policy Benchmarks	Tacoma	DONE
16-Sep-19	Retirement Director / CIO	Participated in J.P. Morgan Webcast: How is ESG affecting the investment landscape?	Tacoma	DONE