



TO: Elizabeth Pauli, City Manager
FROM: Timothy Allen, Retirement Director / Chief Investment Officer
COPY: Government Performance and Finance Committee; Finance Director Andy Cherullo
PRESENTER: Tim Allen, Retirement Department
SUBJECT: TERS Environmental, Social and Governance (ESG) Considerations
DATE: December 11, 2018

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. Specifically, we will discuss the System's exposure to companies involved with the production of fossil fuels.

BACKGROUND:

On June 5, 2018 Retirement Director Timothy Allen gave an informational briefing to the GPFC, providing background on investments in the portfolio in terms of public and private assets, separate account and commingled vehicles, stocks/bonds/real estate, etc. Using a list of the largest oil and gas production companies, it was estimated that as of Q1 2018 the portfolio had approximately a 4% exposure to these companies.

ISSUE:

The GPFC seeks a draft Council Resolution regarding TERS' investments in companies involved with fossil fuel production.

However, the TERS Board of Administration bears a fiduciary duty to act for the exclusive benefit of the plan participants and beneficiaries to the exclusion of all other interests.

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.