



CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

Charlie Hales, Mayor
Fred Miller, Chief Administrative Officer
1120 SW Fifth Ave., Suite 1250
Portland, Oregon 97204-1912
(503) 823-5288
FAX (503) 823-5384
TTY (503) 823-6868

**City of Portland
Socially Responsible Investments Committee
Monday, August 15, 2016**

Committee Members Present: Sayer Jones, Robert Landauer, Hyung Nam, Katrina Scotto di Carlo.

Committee Members Absent: Dave Cutler, Kristen Sheeran.

City Personnel Present: Kelly Ball, OMF Business Operations; Julian Massenburg, OMF Business Operations; Katie Shriver, Commissioner Novick's Office.

Guests: Commissioner Steve Novick

Welcome

Kelly Ball reviewed the agenda and meeting schedule.

Communications

Wells Fargo Bank contacted Kelly Ball regarding how to get in contact with Socially Responsible Investments Committee members.

Commissioner Novick

Commissioner Novick thanked committee members for their work and noted this is a challenging and ground-breaking topic.

Looking at the Committee's preliminary work, if the report was submitted to Council with 11 companies recommended for the Corporate Securities Do-Not-Buy (DNB) List, it would seem substantial. When a company is added to the DNB List there is a potential loss of earnings for the City's General Fund. Committee members should focus on recommending the worst of the worst based on the Council-established principles. Prioritizing the recommendations would also be helpful.

Novick also addressed whether companies are being recommended for the DNB List because of the products they create, or other implicit behaviors.

Committee questions for Commissioner Novick's clarification included:

- If a company is in remediation on a controversial issue, should the committee pay attention to the remediation?
 - The committee should definitely consider when a company is undergoing remediation.
- The private prison industry is generally unsavory, should companies with private prison involvement be considered when determining the DNB List?
 - Private prisons are not a categorized exclusion, but the industry may be included for committing other Council-established principles for consideration.

An Equal Opportunity Employer

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.

- If a company is on the DNB List and conducts business in other areas of the City, can a process be instituted for how to handle this occurrence?
 - Inherently, the City should take an action. This should be an area we explore. However, that is not the charge of this Committee and further discussions would be needed.

Commissioner Novick discussed the final SRIC report to Council, which is due by October 1. The report should not place special weight on Oregon, or Portland, since it's really the corporate practices that matter rather than where the company is located, or conducts business. The recommendation should include only the worst of the worst (companies) as outlined in the Committee's charge. Committee processes will improve as refinements are made over time.

Mitsubishi UFJ Financial Group, Inc.: Bank of Tokyo-Mitsubishi UFJ

In July, the committee voted on the Bank of Tokyo-Mitsubishi UFJ and the vote resulted in a 2-2 split. It was agreed to table until August. A re-vote occurred and a consensus was reached to not recommend the company for the DNB List. Hyung Nam and Katrina Scotto di Carlo, who previously voted in favor, voted against. Sawyer Jones and Robert Landauer also voted against recommending the company for the DNB List.

Research was conducted on the Bank of Tokyo-Mitsubishi UFJ and the member concluded the bank is not great from a governance perspective. Despite the negative governance perspective, Bank of Tokyo-Mitsubishi UFJ does not seem horrendous and the Committee Members did not recommend placing the Bank of Tokyo-Mitsubishi UFJ on the DNB List.

Report Discussion

The committee agreed that Council direction is needed when analyzing companies who deal with fossil fuels and this was not something to address as part of their report.

Concern was expressed about possibility that HSBC Bank USA and JP Morgan Chase Bank NA credit ratings could fall. There is a higher concern regarding domestic banks, as they conduct business locally.

Wells Fargo Bank is a domestic bank and committee members expressed concern with their involvement with the private prison industry. Several committee members expressed concern with a Wells Fargo Bank Executive's alleged involvement with anti-labor campaigns, anti-LGBTQ campaigns, and non-support of Measure 97. The Committee was reminded that issues must correlate with the principles outlined by Council.

One committee member suggests unsavory behaviors from companies should be highlighted and used to prioritize why each company is listed on the DNB List.

Committee members agreed to insert new analysis language provided by the City Treasurer.

The Committee was unable to reach a consensus on a shorter or prioritized list of companies to recommend that Council add to the DNB List.

Since a consensus on a recommendation to Council for a DNB List could not be reached, the Committee agreed to the following process:

- The draft report is to be sent out to members
- Using Track Changes, members will add more specific details to the sections and highlight what is most important in each section.

- List details under the Council-established principles and source information and ideas where appropriate.
- Members will send their additions to Kelly Ball/Julian Massenburg for compilation.
- The compiled draft will then be distributed to Committee members for review shortly before the next meeting.
- Discussion and de-conflicting comments will happen at the next SRIC meeting.

A Committee member provided a draft report expressing his personal views. There was discussion of how this report would be included. The Committee agreed that the report should be added as a part of an appendix with the author's name attached to it. The same guidelines will apply for all Committee members who wants to have their individual voices heard though a report in the appendix. It was noted that members should not forget about the collective report that requires more input from each member when writing up their options. There is room for dissenting voices in the body of the report.

MSCI Reports

There were no MSCI reports distributed.

Focused Public Input:

There was no focused public input.

General Public Comment

The Committee took general public comment from two community members. The first community member provided background information on fossil fuels and encouraged the Committee and Council to disinvest in fossil fuels and companies listed on the Carbon Tracker 200. A second Community Member representing Occupation Portland provided a testimony against Caterpillar and the private prison industry. The Community Member also provided a report on behalf of Occupation Portland, which was distributed to the Committee.

Next Steps

The next meeting will include:

- Deliberation on the Committee's report to Council.

More information and a full meeting schedule is available at <http://www.portlandoreogn.gov/omf/sric>.