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Title: Environmental/Social/Governance Investing & Socially Responsible Investing Analysis (B)

This Agenda Item involves an analysis of Environmental, Social and Governance & Socially Responsible Investing Analysis with respect to the City’s Operating Fund Investments, General Employees’ Retirement Plan, and Retiree Health Insurance Trust Fund as requested by the City Commission Finance Committee

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Attachments: 1. 211258_2022 ESG - SRI Investment Analysis_20220525, 2. 211258_City Attorney Memo to CCOM re Pension Fiduciary Duty_20220525

Date	Ver.	Action By	Action	Result
5/25/2022	1	Finance Committee		

Environmental/Social/Governance Investing & Socially Responsible Investing Analysis (B)

This Agenda Item involves an analysis of Environmental, Social and Governance & Socially Responsible Investing Analysis with respect to the City’s Operating Fund Investments, General Employees’ Retirement Plan, and Retiree Health Insurance Trust Fund as requested by the City Commission Finance Committee

At their February 9, 2022 meeting, the City Finance Committee asked staff to prepare an analysis of Environmental/Social/Governance (ESG) investing and Socially Responsible Investing (SRI) investing for City investments. The attached ESG & SRI Investment Analysis presentation has been prepared to review ESG & SRI investing, summarize related issues, and analyze the potential impacts that ESG & SRI investing could have on the City’s Operating Funds, General Employees’ Retirement Plan, and Retiree Health Insurance Trust Fund.

The fiscal impact of adopting ESG or SRI investment polices is difficult to predict, and will likely vary over time. Staff was directed to ESG factor considerations to replace the Retiree Health Insurance Trust Fund’s legacy U.S. Equity investment managers with higher ESG rated investment managers in July, 2020. The Fund’s investment returns have been negatively impacted from July 1, 2020 through December 31, 2021 by -6.20%, or \$2.05 million. A similar impact on the General Employees’ Retirement Plan investment returns would cost that Plan \$28 million. Because investment returns are the major revenue source for the City’s Pension Plans, reductions in annualized investment returns could create significant increases in the City’s required employer contributions to the Plans. Annual employer pension plan contributions are calculated through the Plan’s actuarial valuation process, and included in the City’s Annual Budgets.

Recommended Motion: The Finance Committee: 1) review the Environmental, Social and Governance & Socially Responsible Investing Analysis, and take any action deemed appropriate.

