

RESOLUTION No. **37037**

Provide the City Treasurer with a Council-approved list including one specific corporation 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 portfolio those securities issued by corporations that contradict efforts to create a prosperous, educated, healthy, and equitable City;

WHEREAS, corporations undermine efforts to create a prosperous, educated, healthy, and equitable City when they engage in damaging environmental and health practices, engage in abusive labor practices, violate basic ethical standards (e.g. engaging in bribery), engage in extreme tax avoidance strategies, or exercise such a level of market dominance as to disrupt normal competitive market forces;

WHEREAS, Wal-Mart is one of the issuers of corporate securities the City of Portland may purchase under the financial criteria required by the City's Investment Policy, and the City currently owns about \$37 million in Wal-Mart securities;

WHEREAS, in 2012 the Netherlands' biggest pension fund announced that it would divest from Wal-Mart because of the company's noncompliance with the United Nations' Global Compact principles, which present a set of core values relating to human rights, labor standards, the environment, and anti-corruption efforts;

WHEREAS, Wal-Mart is the largest private-sector employer in the United States and the company's business model exerts considerable downward pressure on wages throughout the retail sector and the broader economy;

WHEREAS, according to media reports, in 2012, Wal-Mart significantly reduced health insurance benefits for part-time employees by eliminating eligibility for new part-time employees who work less than an average 30 hours per week;

WHEREAS, in November 2012, workers at dozens of Wal-Mart stores across the country protested unfair labor practices and low pay, and media reports indicate that there are plans for more protests in the last quarter of 2013;

WHEREAS, outside of the United States, Wal-Mart has focused on fast, low-cost production at the expense of basic safety measures for employees, as evidenced by the tragic Rana Plaza building collapse in Bangladesh;

WHEREAS, after *The New York Times* in April 2012 presented a compelling article detailing a Wal-Mart scheme to bribe local government officials in Mexico in exchange for obtaining development permits more quickly for its retail store expansion plans in that country, the U.S. Department of Justice began an investigation that continues today into whether the Wal-Mart has violated the Foreign Corrupt Practices Act;

WHEREAS, according to media reports in 2013, e-mails released by a Congressional inquiry show that senior Wal-Mart executives, including current Wal-Mart Chief Executive Officer Mike Duke, knew as far back as 2005 that the company had bribed Mexican government officials, but Duke and other leadership failed to address the issue at that time;

WHEREAS, in his book *The Wal-Mart Effect*, Charles Fishman demonstrates that Wal-Mart exercises its market dominance to disrupt normal market forces, for example, by forcing manufacturers to dilute the quality of their goods in order to continue to do business with Wal-Mart;

WHEREAS, Fishman illustrates the effects of Wal-Mart's exercise of market control by quoting an anonymous CEO of a U.S. consumer products company whose products are sold at Wal-Mart as saying, "they have killed free-market capitalism in America;"

WHEREAS, Council will consider this resolution only after approving a resolution to establish a temporary advisory committee of public members charged with making recommendations to Council by July 31, 2014, about how the City could change its investment policy to incorporate socially responsible criteria to the investment of City funds in corporate securities; and

WHEREAS, Council must act now with this resolution to ensure the City does not directly invest additional cash assets in Wal-Mart while the temporary committee formulates its recommendations.

NOW, THEREFORE, BE IT RESOLVED that Council provides to the City Treasurer the list of specific industries and companies included in this resolution and directs that the City shall not invest additional cash assets in the specific company included on this list.

BE IT FURTHER RESOLVED that the list of specific companies in which the City shall not invest additional cash assets is as follows:

Wal-Mart

BE IT FURTHER RESOLVED that unless extended by Council through a subsequent resolution, this resolution shall expire on December 31, 2014.

Adopted by the Council:

OCT 02 2013

Commissioner Steve Novick
Prepared by: Katie Shriver

LaVonne Griffin-Valade
Auditor of the City of Portland
By


Deputy

942

J140

Agenda No.
RESOLUTION NO.

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Title

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<p>INTRODUCED BY Commissioner/Auditor: Novick</p>	<p>CLERK USE: DATE FILED <u>SEP 27 2013</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick <i>[Signature]</i></p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Commissioner Novick Bureau Head: Chris Warner</p>	<p>ACTION TAKEN:</p>
<p>Prepared by: Katie Shriver Date Prepared: 9/18/2013</p>	
<p>Financial Impact & Public Involvement Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>City Auditor Office Approval: required for Code Ordinances</p>	
<p>City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan <i>[Signature]</i></p>	
<p>Council Meeting Date October 2, 2013</p>	

<p>AGENDA 20F2</p>
<p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input checked="" type="checkbox"/></p> <p>Total amount of time needed: 10 minutes (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	