

RESOLUTION No. **371 0.1** As Amended

Extend to December 31, 2015, the Council-approved list of companies the debt securities of 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 whose practices egregiously contradict efforts to create a prosperous, educated, healthy, and equitable society;

WHEREAS, corporations that engage in practices that damage the environment and health, engage in abusive labor practices, violate corporate ethical and governance standards, engage in extreme tax avoidance strategies, exercise such a level of market dominance as to disrupt normal competitive market forces, or contribute to human rights violations undermine efforts to create a prosperous, educated, healthy, and equitable society;

WHEREAS, in 2013, the City Council for the first time provided the City Treasurer with a Council-approved list of corporate issuers in which the City shall not directly invest its cash assets;

WHEREAS, the list in which the City shall not directly invest its cash assets that was adopted by Council in 2013 included one corporation, Wal-Mart;

WHEREAS, the Council-approved list passed in 2013 expires on December 31, 2014, unless extended by Council through a subsequent resolution;

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, 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, according to a New York University study published in 2005, Wal-Mart employees earn 28 percent less, on average, than employees of other large retailers;

WHEREAS, according to Human Rights Watch, between 2000 and 2005, the National Labor Relations Board (NLRB) issued 39 complaints accusing Wal-Mart of violating the rights guaranteed to workers by the National Labor Relations Act; the complaints related to 101 cases in which NLRB attorneys found merit to charges including illegal firings, disciplinary action and discrimination against union supporters;

WHEREAS, Wal-Mart's anti-union posture has diminished the exercise of workers' rights, and in the years since 2005 efforts to formally unionize Wal-Mart workplaces have declined, leading to a associated decline in NLRB complaints against the company;

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 into whether the Wal-Mart has violated the Foreign Corrupt Practices Act;

WHEREAS, in his book *The Wal-Mart Effect*, Charles Fishman demonstrated that Wal-Mart exercises its market dominance to eliminate and control market competition;

WHEREAS, Fishman illustrated 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, in 2013, Council also created a temporary committee charged with making recommendations to Council about incorporating socially responsible criteria for the City of Portland's direct investment in corporate securities, and that committee presented its recommendations to Council in August 2014; and

WHEREAS, Council must act now with this resolution to ensure the City does not invest additional funds in debt securities issued by Wal-Mart.

NOW, THEREFORE, BE IT RESOLVED that Council provides to the City Treasurer the list of one specific company included in this resolution and directs that the City shall not directly invest additional cash assets in the corporate debt securities issued by the company on this list.

BE IT FURTHER RESOLVED that the list of companies of which the City shall not purchase additional corporate debt securities 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, 2015.

BE IT FURTHER RESOLVED that the list extended by this resolution is known as the Council-approved "Corporate Securities Do-Not-Buy List."

Passed by the Council: DEC 17 2014

Commissioner Steve Novick
Prepared by: Katie Shriver

LaVonne Griffin-Valade
Auditor of the City of Portland

By


Deputy

Agenda No.

RESOLUTION NO. 37101

As Amended

Title

Extend to December 31, 2015, the Council-approved list of companies the debt securities of which the City shall not directly invest its cash assets (Resolution).

<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Novick</p>	<p>CLERK USE: DATE FILED <u>DEC 12 2014</u></p>
<p style="text-align: center;">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: <i>[Signature]</i> Deputy</p>
<p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Bureau Head:</p>	<p>ACTION TAKEN:</p>
<p>Prepared by: Katie Shriver Date Prepared: 12-11-14</p>	
<p>Impact Statement 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</p>	
<p>Council Meeting Date 12-17-14</p>	

<p>AGENDA <i>1 of 2</i></p>
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: <u>10 a.m.</u></p> <p>Total amount of time needed: 45 minutes (for presentation, testimony and discussion) This is the 1st of 2 items to be heard at this time.</p>
<p>CONSENT <input type="checkbox"/></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (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	✓	