



# CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

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**City of Portland  
Socially Responsible Investments Committee  
Monday, February 22, 2016**

**Committee Members Present:** Claudia Arana Colen, Dave Cutler, Sayer Jones, Robert Landauer, Hyung Nam, Katrina Scotto di Carlo

**Committee Members Absent:** Kristen Sheeran

**City Personnel Present:** Kelly Ball, OMF Business Operations; Jennifer Cooperman, BRFS Treasury; Katie Shriver, Commissioner Novick's Office; Janet Storm, OMF Business Operations.

## **Welcome and Introductions**

Kelly Ball went over the agenda, committee process, and committee charge. The committee agreed to allow five minutes of focused public comment on Wells Fargo and Walmart prior to their discussion on the companies. This is a one-time action because the process is new and there was confusion about when public comment is taken.

## **Communications**

Katrina Scotto di Carlo reported speaking with a candidate for Portland City Council.

Hyung Nam, Claudia Arana, and Sayer Jones reported having a conversation with Amanda Aguilar Shank of Enlace. Nam also reported contact with Occupation Free Portland confirming receipt of documents.

Robert Landauer received email from two community members to which he did not respond, but forwarded to Kelly Ball.

Kelly Ball reported process question conversations with Bob Horenstein of the Jewish Federation of Greater Portland, and Amanda Aguilar Shank of Enlace.

## **Select Companies**

Jennifer Cooperman handed out a list of the City's eligible issuers and MSCI summary reports on those issuers that are in MSCI's database. It was noted that the committee charge directs the committee to consider eligible issuers before looking at other companies.

The Committee will take public comment on Bank of NY Mellon, Colgate Palmolive, HSBC, JP Morgan, and US Bank at the next meeting, and will have committee discussions on those companies at the following meeting.

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## **Focused Public Input: Walmart and Wells Fargo**

The Committee amended their process this one time to take public comment on Walmart and Wells Fargo. Comments included concerns about Wells Fargo's continued investment in private prisons. Comments from: Nicole Brown (Center for Intercultural Organizing), Mary Mendez (Enlace), Elsa Mengis, and Paulino Ruiz.

### **Committee Discussion**

#### **Walmart**

Jennifer Cooperman discussed the financial impact of keeping Walmart on the City's Corporate Securities Do-Not-Buy List. If Walmart is kept on the Do-Not-Buy List, the City could lose between \$585,000 and \$765,000 in income over the next three years if no equivalently yielding investments are found.

Committee members discussed their views on Walmart and whether or not to recommend that it remain on the list. The consensus was that even though Walmart might not be bad on environmental issues, they have serious issues with several other Council-established criteria and no obvious path off of the Do-Not-Buy List. Concerns included:

- The company policy of cutting back hours of 44% of its employees to reduce the need to offer healthcare insurance.
- A documented track record of safety, labor, and human rights abuses – especially within the supply chain overseas.
- Corrupt corporate ethics and governance in the form of policies that result in health, safety, and human rights abuses such as the refusal to sign the binding Accord on Fire and Building Safety in Bangladesh.
- Concerns about excessive market dominance causing disruptions to normal competitive market forces in the form of the creative destruction of local communities; for example, the company practice of moving into a small community, underselling local retailers and suppliers to the point that they are forced to close thereby causing residents to leave or settle for lower wage employment, and then closing the Walmart store thereby further devastating the local economy.
- The company's manipulation of volume discounts which cause many manufacturers and jobs to move overseas.
- The lack of any observable plan on Walmart's part that would remedy these concerns.

The committee unanimously determined that they would recommend that Walmart remain on the Corporate Securities Do-Not-Buy List.

#### **Wells Fargo Bank**

Jennifer Cooperman discussed the financial impact of adding Wells Fargo Bank to the City's Corporate Securities Do-Not-Buy List. If Wells Fargo Bank is added to the Do-Not-Buy List, the City could lose between \$1.8 and \$2.3 million in income over the next three years if no equivalently yielding investments are found. She noted that Wells Fargo Bank (issuer of debt securities purchased by the City) is a separate legal entity from Wells Fargo Asset Management which is an investment manager and is an investor in the stock (equity) issuance of the private prisons.

Committee members discussed their assessment of Wells Fargo Bank and whether or not to recommend that it remain on the list. Concerns included:

- Corrupt corporate ethics and governance demonstrated by its involvement in predatory lending, systemic mortgage accounting abuses, sub-prime lending, illegal foreclosures and possible illegal student loan servicing practices, and former involvement in high-risk payday lending which targets the most financially vulnerable.
- That Wells Fargo Bank and Wells Fargo Asset Management are governed by the same board of directors and that therefore, the corporate ethics of Wells Fargo Asset Management extend to Wells Fargo Bank.
- The company's continued support for and investment in the private prison industry which has been the subject of multiple lawsuits over egregious basic human rights violations, especially within minority and immigrant communities.

The committee unanimously determined that they would recommend that Wells Fargo Bank be added to the Corporate Securities Do-Not-Buy List in the future.

### **Focused Public Input: Caterpillar**

The Committee took focused public comment on Caterpillar. Comments included support for adding Caterpillar to the Do-Not-Buy List for the company's participation in the conflict in Gaza and connection to the fossil fuel industry, as well as opposition to adding the company to the list due to its humanitarian efforts in Israel. Comments from: Craig Berne (Jewish Community Relations Council), Cindy Corrie (Rachel Corrie Foundation), Craig Corrie (Rachel Corrie Foundation), Diane Dulin (United Church of Christ), Wyad Elesari (Occupation Free Portland), Will Fuller (Kairos Milwaukie UCC), Steve Goldberg (Havurah Shalom), Jeff Halpern (ICAH), Dee Poujade (United Methodist Holy Land Task Force), Jeff Reingold, and Mary (unknown last name).

Written or emailed comments are forwarded to committee members.

### **General Public Comment**

There was no general public comment.

### **Next Steps**

The committee will discuss their thoughts on of MSCI reports at the next meeting, and will review information in preparation for next meeting's discussion. Meeting requests will be sent to committee members, and future meetings' time, location, and agenda will be posted to the website. Members will review the MSCI company summaries in preparation for selecting companies to review at the next meeting.

More information is available at <http://www.portlandoreogn.gov/omf/sric>