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CITY OF OAKLAND



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February 13, 2013

FINANCE & MANAGEMENT COMMITTEE
Oakland, California

SUBJECT: Resolution (1) Declaring A City Policy Prohibiting The City from Holding any Investment or Ownership Stake in Any Manufacturer of Firearms; (2) Directing the City Administrator to Examine the City's Holdings and Future Investments to Assure that the City Complies with this City Policy, and (3) Urging the Police and Fire Retirement System Board and the Oakland Municipal Employees Retirement System Board to Adopt a Similar Policy

Chairperson Schaaf and Members of the Finance Committee:

RECOMMENDATION

The City Attorney and Councilmembers Reid and Kaplan recommend that the Council adopt this proposed Resolution (1) declaring a policy prohibiting the City from holding any investment or ownership stake in firearms manufacturers, (2) directing the City Administrator to examine the City's current holdings and future investments to assure the City complies with this policy; and (3) urging the Police and Fire Retirement System Board and the Oakland Municipal Employees Retirement System Board to adopt a similar policy.

OUTCOME

This proposed resolution is sponsored by City Attorney Barbara Parker, Vice-Mayor Larry Reid, and Council President Pro Tem Rebecca Kaplan. This resolution will establish an express City policy not to support firearms manufacturers by prohibiting the City from holding in its investment portfolio any investments or any ownership stake in firearms manufacturers. The resolution directs the City Administrator to examine the City's holdings and assure compliance with this policy by divesting any holdings and not investing in any such companies in the future. The resolution also urges the Police and

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Fire Retirement System Board and the Oakland Municipal Employees Retirement System Board to adopt policies consistent with this policy.

BACKGROUND/LEGISLATIVE HISTORY

The City of Oakland has a long history of taking action to reduce the number of guns available to the public to be used in street crimes, including the 1996 Ordinance prohibiting the Sale of Saturday Night Specials, the 1996 sales tax on firearms and ammunition, and the 2000 Ordinance prohibiting the sale of Compact Handguns. We recommend that the City Council adopt the proposed policy against the City making investments or holding an ownership stake in firearms manufacturers. The Treasurer has examined the City's and Port's investment portfolio and found that there are no such investments in the portfolio invested with any firearms manufacturers at this time.

ANALYSIS

In the wake of escalating gun violence in Oakland, and throughout the United States, which is causing the deaths of many innocent people, the City of Oakland can take a stand by adopting a policy to ensure that in the future, it will not hold any investment or ownership stake in any manufacturer of firearms.

On December 14, 2012, 26 people, 20 elementary school children and 6 school administrators and teachers, were executed by a single person who, heavily-armed, came to Sandy Hook Elementary School in Newtown, Connecticut. This horrific mass murder shocked the nation and jarred its people to act toward regulating assault weapons at the national level. California Treasurer Bill Lockyer requested that the California State Teachers Retirement System (STRS) consider withdrawing its retirement investments in The Freedom Group, a private company that owns major firearms manufacturers including Remington Arms, Bushmaster Arms, and Marlin Firearms. In response, STRS' private equity investment firm, Ceberus, reacted quickly deciding to sell off its firearms industry holdings.

The City currently has no investments in firearms manufacturers, and adoption of this resolution would insure that the City excludes such investments from consideration in the future.

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The City has no direct control over the funds of Oakland's Police and Fire Retirement System (PFRS) Board or the Oakland Municipal Employees Retirement System Board, which have retirement investment portfolios of approximately \$470 million and \$4.4 million respectively. However, the Oakland City Council can encourage those Retirement Boards to adopt similar policies.

Respectfully submitted,



BARBARA J. PARKER
Oakland City Attorney

Attorney Assigned:
Pelayo A. Llamas, Jr.

cc: Deanna Santana, City Administrator
Walter L. Johnson, President
Police and Fire Retirement Board
William C. Russell, President
Oakland Municipal Employees Retirement Board


City Attorney

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

**INTRODUCED BY CITY ATTORNEY PARKER, VICE-MAYOR REID AND
PRESIDENT PRO TEM KAPLAN**

**RESOLUTION OF THE OAKLAND CITY COUNCIL (1)
DECLARING A CITY POLICY PROHIBITING THE CITY FROM
HOLDING ANY INVESTMENT OR OWNERSHIP STAKE IN ANY
MANUFACTURER OF FIREARMS, (2) DIRECTING THE CITY
ADMINISTRATOR TO EXAMINE THE CITY'S HOLDINGS AND
FUTURE INVESTMENTS TO ASSURE THAT THE CITY
COMPLIES WITH THIS CITY POLICY, AND (3) URGING THE
POLICE AND FIRE RETIREMENT SYSTEM BOARD AND THE
OAKLAND MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
BOARD TO ADOPT A SIMILAR POLICY**

WHEREAS, the Oakland City Council has enacted ordinances aimed at reducing the number of dangerous handguns and firearms in Oakland (1996 Oakland Municipal Code Chapter 9.26 banning the sale of Junk Guns), and reducing the violence associated with their use in street crimes (2000 OMC Chapter 9.36 banning the sale of compact handguns); and

WHEREAS, of the 1,255 victims of homicide in Oakland in the last 10 years, the large majority were killed by firearms; and

WHEREAS, in 2012 there were 131 homicides in the City of Oakland, the vast majority of them were committed by the use of firearms; and

WHEREAS, the 2012 homicide tally is the highest number of homicides in Oakland since 2006, when 148 people were slain

WHEREAS, in 2012, people killed by guns in Oakland included children and elderly residents and victims of a mass shooting, namely a grandmother killed by a stray bullet from a nearby gun battle; six students and a staff member killed in a mass shooting at Oikos University; two best friends from childhood, girls ages 15 and 16, killed in East Oakland; and a 15-year-old girl shot to death at an Oakland housing complex, the same complex where another teen was shot and died in July; and

WHEREAS, in 2012, Oakland police identified over 4,600 incidents through its Shot Spotter system, a technology that detects gunfire in certain parts of Oakland; and

WHEREAS, there were approximately 681 non-fatal shootings of human beings in Oakland in 2012 - a 12% increase from the previous year

WHEREAS, in 2012, Oakland police recorded over 700 incidents where vehicles and dwellings were hit by gunfire; and

WHEREAS, in 2011 the City of Oakland had 110 homicides, including the shooting deaths of a 1 year old, a 3 year old and a 5 year old; and

WHEREAS, in 2011, Oakland Police recorded more than 502 cases where vehicles and dwellings were hit by gunfire; and

WHEREAS, there is a public health and safety crisis in Oakland evidenced by the number of deaths and injuries caused by firearms, the shattering of so many lives and families, and the fear, stress, mental health and emotional impacts of the scourge of gun violence; and

WHEREAS, the City's Administrative Services Agency reports that the City of Oakland and Port of Oakland currently have no direct investment in any firearms manufacturing companies; and

WHEREAS, any future investment of monies under the control of the City of Oakland in manufacturers of firearms would be contrary to the City of Oakland's values and vision for a peaceful and violence-free future, and such support for firearms manufacturers may exacerbate, rather than reduce, gun violence in Oakland, which has caused immense personal pain and social and economic harm to Oakland residents on an almost daily basis; and

WHEREAS, the City has no direct control over the investment of monies controlled by the Oakland Police and Fire Retirement System Board or the Oakland Municipal Employees Retirement System Board, but the Council urges said Boards to honor adopt similar policies; and

WHEREAS, Smith & Wesson Holding Corporation, Sturm Ruger & Company, inc. and Alliant TechSystems, inc. are three of the largest publicly traded firearms manufacturers in the United States; and their stocks are held by numerous mutual fund companies including Vanguard, Allianz, and American Funds; and

WHEREAS, in December, 2012, the California State Teachers Retirement System (STRS) initiated discussions with private equity manager Cerberus questioning the social and human impacts of STRS investments in the Freedom Group (a firearms-focused holding company that owns firearm manufacturers including Bushmaster Firearms, and Remington Arms) through Cerberus; and

WHEREAS, STRS' discussion resulted in Cerberus' decision to immediately take steps to sell off its investments in the Freedom Group; and

WHEREAS, the Oakland City Council desires to plainly state that its values and vision for the future should be furthered by prohibiting the City from holding any investment or ownership stake in any firearms manufacturers; now, therefore, be it

RESOLVED: That the City Council finds the foregoing recitals are true and correct; and

FURTHER RESOLVED: That the City Council hereby declares that it is the policy of the City of Oakland to have no financial holdings or investments in any company that manufactures firearms, whether it be through ownership of stock, ownership of mutual fund shares, investment in a private equity fund owning the stock, or through any other instrument; and be it

FURTHER RESOLVED: That the City Administrator shall examine the City's financial holdings and future investments to assure that the City complies with this City Policy; and be it

FURTHER RESOLVED: That the City Council urges the Oakland Police and Fire Retirement System Board and the Oakland Municipal Employees Retirement System Board, to adopt this City policy and to divest any investments in firearms manufacturers.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, KALB, GALLO, KAPLAN, MCELHANEY GIBSON, REID, SCHAAF and
PRESIDENT KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California