

Proposed Medford Values-Aligned Local Investments Ordinance

CHAPTER 2 – ADMINISTRATION

ARTICLE IV. - OFFICERS AND EMPLOYEES

DIVISION 5. - CITY TREASURER AND COLLECTOR

Sec. 2-696. - Purpose and Intent.

The City of Medford will strive to invest its funds in ways that promote the wellbeing of our communities and our environment, favoring investment of its funds in entities that support the needs of peacetime in daily life and meet the city's goals of conducting local government in an "accountable, transparent, innovative, stable, ethical, representative, and responsible" way.

This ordinance shall be known as the Values-Aligned Local Investments Ordinance.

Sec. 2-697. - Prohibiting Certain Local Investments.

(A) No public funds under the care and custody of the Treasurer-Collector of the city shall be invested or remain invested in the stocks, securities or other financial instruments ~~obligations~~ of any company which derives more than 15% of its revenue from the combustion, distribution, extraction, manufacture or sale of fossil fuels, which shall include coal, oil and gas, or fossil fuel products.

(B) No public funds under the care and custody of the Treasurer-Collector of the city shall be invested or remain invested in the stocks, securities or other financial instruments ~~obligations~~ of any company which derives more than 15% of its revenue from the operation, maintenance, servicing or supply of jails, prisons, or detention facilities.

(C) No public funds under the care and custody of the Treasurer-Collector of the city, as specified in Sec. 2-682, shall be invested or remain invested in the stocks, securities, or other financial instruments ~~obligations~~ of any company which derives any of its revenue from the manufacture or sale of weapons of any kind, including defense contractors.

(D) No public funds under the care and custody of the Treasurer-Collector of the city, as specified in Sec. 2-682, shall be invested or remain invested in the stocks, securities or other financial instruments ~~obligations~~ of any company ~~or entity~~ that is directly, knowingly and over time contributing to severe violations of human rights and international humanitarian law as determined by international legal and humanitarian bodies and conventions including the United Nations, including, but not limited to, complicity in killings, physical abuse, displacement or other rights violations, confinement, forced labor, human rights violations based on racial, gender or LGBTQ+ identity, war crimes, crimes against humanity, apartheid, genocide, ethnic cleansing, and illegal occupation, and complicity with such actions by governments or other parties.~~n.~~

(E) Notwithstanding anything to the contrary in paragraphs (A) through (D), inclusive, the Treasurer-Collector continues to have authorization to invest the funds of the Medford Retirement System as the Medford Retirement Board directs, consistent with the provisions of M G.L. c. 32, § 23 and 840 CMR 16. 00 through 19. 00, et seq.~~(E) This section shall not apply to public funds under the custody of the retirement system when application would result in a violation of the city's fiduciary responsibilities to its pensioners and beneficiaries.~~

Sec. 2-698. - Effective Date of Prohibition of Certain Local Investments.

(A) Upon enactment of this ordinance, the Treasurer-Collector of the city shall review the investment portfolio of the city and identify any investments that may be deemed to violate the provisions established in this ordinance. The Treasurer-Collector shall divest public funds under their care from investments defined in Sec. 2-697 no later than December 31, 2025.

(B) When applicable, the Treasurer-Collector of the city shall use the MSCI ESG (environmental, social, governance) Controversies and Global Norms Methodology to make determinations regarding investments of public funds that violate the prohibitions of Sec. 2-697 (A) through (D).

The MSCI ESG Controversies and Global Norms Methodology "is designed to provide timely and consistent assessments of companies' involvement in ESG-related controversies and incidents concerning corporate entities... Cases include alleged company violations of existing laws and/or regulations to which they are subject to, or an alleged company action or event that violates commonly accepted international norms, including, but not limited to, global norms and conventions."

The MSCI ESG Controversies and Global Norms Methodology references the following documents used to make determinations regarding violations of international norms and laws:

- United Nations Declaration of Human Rights
- United Nations Declaration on the Rights of Indigenous Peoples
- International Labour Organization Convention No. 169: Indigenous and Tribal Peoples
- International Labour Organization Convention No. 105: Abolition of Forced Labour Convention
- United Nations Minorities Declaration
- Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment
- International Convention for the Protection of All Persons from Enforced Disappearance
- International Convention on the Elimination of All Forms of Racial Discrimination

- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Convention on the Non-Applicability of Statutory Limitations to War Crimes and Crimes Against Humanity
- Convention on the Prevention and Punishment of the Crime of Genocide

As of June 2024, the MSCI ESG Controversies and Global Norms Methodology identified “vulnerable demographics” of “31 national (i.e., civilians and refugees), ethnic, racial and religious groups... located and/or originated from countries with ongoing international armed conflicts or military offensives.”

The Treasurer-Collector of the city shall use the most recently updated version of the MSCI ESG Controversies and Global Norms Methodology, which is updated regularly.

(C) On or before December 31, 2026, and annually thereafter, the City Council shall review Sec. 2-698(B) to ensure that the MSCI ESG Controversies and Global Norms Methodology remains applicable to making determinations regarding the prohibitions of Sec. 2-697 (A) through (D).

Sec. 2-699. - Disposition of Proceeds of Sales Required by Prohibition of Certain Local Investments.

Any proceeds of the sales required under this Subsection shall be invested as much as reasonably possible in institutions or companies which invest or conduct business or operations in the city or the commonwealth of Massachusetts so long as such use is consistent with sound and prudent investment policy, subject to the provisions of M.G.L. c.44, §§ 54 and 55 and the Prudent Investor Act, M.G.L. c. 203C.

Sec. 2-700. - Report on Local Investment.

Upon achieving compliance with Sec. 2-698, the Treasurer-Collector shall submit a report within 120 days to the Medford City Council regarding the status of investments affected by Sec. 2-697.

The Treasurer-Collector shall review all investments annually and submit a report to the Medford City Council on an annual basis regarding the status of investments affected by Sec. 2-697.

Sec. 2-701. - Severability.

The provisions of this section are severable. If any subsection, provision or portion of this section is determined to be invalid by a court of competent jurisdiction, the remaining provisions of this section shall continue to be valid.

Secs. 2-70~~21~~—2-720. - *Reserved.*