

**PHILADELPHIA BOARD OF PENSIONS AND
RETIREMENT RESOLUTION
PRIVATE PRISONS DIVESTMENT**

October 26, 2017

WHEREAS, in recent decades the private prison industry has grown significantly due to mass incarceration, mandatory minimum sentencing, and limits on alternatives to incarceration;

WHEREAS, the Board of Pensions and Retirement recognizes the growing concerns over the health and safety of persons held in private prison facilities, halfway houses, and mental health facilities;

WHEREAS, private prisons are now a multi-billion dollar for-profit industry, putting the civil rights and safety of such persons in conflict with a profit motive;

WHEREAS, persons held include those awaiting trial, serving criminal sentences, detained in federal immigration proceedings, and subject to mental health proceedings;

WHEREAS, recent data indicates that almost three-quarters of federal immigration detainees and roughly 126,000 prisoners were held in private prisons, as well as an unknown number of persons in privately-operated halfway houses and mental health facilities;

WHEREAS, there are over 25 private prison, halfway houses, and mental health facilities operating in Pennsylvania, with 7 currently in Philadelphia;

WHEREAS, prisons perform an essential government function and are tasked with the grave responsibility of restraining liberty;

WHEREAS, there have been documented instances of bureaucratic and judicial corruption, dangerous and unhealthy living conditions, and human rights violations in many of these facilities;

WHEREAS, former Deputy Attorney General Sally Yates' 2016 Memo to the Federal Bureau of Prisons acknowledged the shortcomings of the private prison industry and directed that the Bureau take steps to "reduc[e]—and ultimately end[]—our use of privately operated prisons;"

WHEREAS, it is the judgment of the Board that the corporate behavior of the private prison industry should represent the values of its investors, that the well-documented practices in private prisons create reputational, regulatory and legal risks that may pose harm to investors and are at odds with the betterment and rehabilitation of incarcerated citizens;

WHEREAS, pursuant to Section 6-601 of The Philadelphia Home Rule Charter and Section 22-1201(1) of The Philadelphia Public Employees Retirement Code, the City of Philadelphia Board

of Pensions and Retirement (the “Board”) is responsible for administering the City’s pension and retirement system;

WHEREAS, pursuant to Section 22-1001 of The Philadelphia Code, the trustees of the Board are trustees of the pension fund, have exclusive control and management of the fund and full power to invest and preserve the same, subject to the exercise of that degree of judgment, skill and care under the circumstances then prevailing which persons of prudence, discretion and intelligence, who are familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; and

WHEREAS, the Law Department has previously determined that the Board has authority to implement limitation on investments in keeping with its fiduciary duties by resolution;

BE IT RESOLVED, that the Board has determined it is prudent to adopt a policy whereby the Board undertakes to divest of its investments in companies engaged in the management or provision of non-voluntary housing to persons awaiting criminal trial, serving criminal sentences, or detained in connection with federal immigration proceedings, in accordance with the terms and conditions set forth below.

SECTION I DEFINITIONS

The following definitions shall apply within this Resolution:

(A) “Board” means The City of Philadelphia Board of Pensions and Retirement.

(B) “Company” means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly-owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of such entities or business associations, that exists for profit-making purposes.

(C) “Covered Company” or “Covered Companies” means any Company or Companies which are engaged in the management or provision of non-voluntary housing to persons involuntarily committed, in detention, awaiting criminal trial, or serving criminal sentences.

(D) “Covered Companies List” means the document attached hereto and incorporated herein as Exhibit A.

(E) “Direct Holdings” in a Company means all stocks, securities, or other obligations of a Company held directly by the Board or in an account or fund in which the Board owns all shares or interests.

(F) "Indirect Holdings" in a Company means all stocks, securities, or other obligations of a Company held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the Board, in which the Board owns shares or interest together with other investors not subject to the provisions of this Resolution.

(G) "Retirement System" means the City of Philadelphia Public Employees Retirement System which encompasses the various plans established for the exclusive benefit of the employees of the City and their beneficiaries.

SECTION II IDENTIFICATION OF COVERED COMPANIES

The Board shall take the following actions to identify Covered Companies:

(A) Within ninety (90) days following passage of this Resolution, the Board shall make its best efforts to identify all Covered Companies in which the Board has Direct or Indirect Holdings or could possibly have such holdings in the future. Such efforts shall include, as appropriate:

(1) Reviewing and relying, as appropriate in the Board's judgment, on publicly available information regarding the private prison industry, including information provided by non-profit organizations, research firms, international organizations, and government entities; and/or

(2) Contacting asset managers contracted by the Board that invest in Covered Companies; and/or

(3) Contacting other institutional investors that have divested from and/or engaged with Covered Companies.

(B) Companies identified as Covered Companies shall be added to the Covered Companies List.

(C) The Board shall update the Covered Companies List as necessary from time to time.

SECTION III ADDRESSING COVERED COMPANIES

The Board shall take the following steps for Companies on the Covered Companies List:

(A) Divestment.

(1) Within ninety (90) days following the Board's identifying a Company on the Covered Companies List, the Board shall cause to be sold, redeemed, divested, or

withdrawn all Direct and Indirect Holdings of the Retirement System in the Company, according to the following schedule:

(a) At least fifty percent (50%) of such assets shall be removed from the Board's assets under management by six (6) months after the Company's identification on the Covered Companies List.

(b) One hundred percent (100%) of such assets shall be removed from the Board's assets under management within nine (9) months after the Company's identification on the Covered Companies List.

(B) Prohibition. At no time shall the Board invest monies or funds of the Retirement System in a Covered Company following the passage of this Resolution.

SECTION IV TRANSPARENCY AND REPORTING

The Board shall take the following steps to ensure transparency and efficient reporting:

(A) The Board shall post this Resolution to its website, and include the Covered Companies List within 90 days after the lists are created.

(B) The Board, on or before the first day of July each year, shall prepare a report and make it available to the public, including:

(1) The Covered Companies List; and

(2) All divestment actions taken by the Board in accordance with this Resolution.

SECTION V MAINTENANCE OF FIDUCIARY OBLIGATIONS

Nothing in this Resolution shall alter or diminish fiduciary or statutory obligations and other terms, conditions, and limitations on the investment of Retirement System assets for the exclusive interest and benefit of members and beneficiaries of the Retirement System.

SECTION VI IMPLEMENTATION

Board staff, in consultation with the Law Department, shall take all necessary and appropriate actions to promptly implement this Resolution, including, without limitation, notifying existing investment managers and consultants of this Resolution, and incorporating provisions into the Board's requests for proposals, contracts and other documents and agreements, as appropriate.

EXHIBIT A
Covered Companies List

- 1) The GEO Group, Inc.
- 2) CoreCivic
- 3) G4S, PLC

