SENATE COMMITTEE ON SOCIAL CONCERNS
MINUTES OF MEETING
FEBRUARY 12, 2007

[In these minutes: Divestment from Sudan Discussion, Coca Cola Update, Military Commissions Act Update]

[These minutes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions or actions reported in these minutes represent the views of, nor are they binding on, the Senate, the Administration or the Board of Regents.]

PRESENT: Mani Subramani, chair, Joseph Marchesani, Jennifer Oliphant, Peter Hiniker, Richard Lidstad, Elizabeth Richardson, Benton Schnabel, Carolyn Chalmers, Greg Schooler, Amelious Whyte, Katherine Fennelly, David Fox, Kenneth Heller, Christine Dolph, Justin Drees, Ann Linde, Kurtis McIntire, Mira Reinberg, Megan Swanson

REGRETS: Todd Tratz, Julia Washenberger

ABSENT: Craig Hassel, Catherine Jordan, Ajay Skaria, David Gysbers

GUESTS: Jonathan Rome, law student and Professor Barbara Frey

I). Professor Mani Subramani called they meeting to order and asked those present to introduce themselves.

II). The committee continued its discussion on divestment from Sudan.

TodayÕs guest, Jonathan Rome, a law student, turned membersÕ attention to a list of three-dozen or so companies warranting scrutiny that are currently doing business in Sudan. All of these companies are foreignly held; American companies are not allowed to do business in Sudan. While acknowledging that the University has much less control over its indirect holdings than its direct holdings, Jonathan Rome proposed that the University ask its independent financial managers to divest from any direct or indirect holdings the University may have in these three-dozen companies.

At the last meeting, the Office of Asset Management was asked to look into whether the University had any direct or indirect holdings in these three-dozen companies. Mr. Rome was disappointed to learn that this has not yet been done.

Next, Mr. Rome shared with the committee the University of Wisconsin, MadisonÕs plan for divesting from Sudan, which he noted is much broader in scope than what the University is being asked to consider. The University is simply being asked to look into whether it has investments in the three-dozen or so companies identified by the Sudan

Divestment Task Force (http://www.sudandivestment.org/home.asp), and, if so, to divest from these holdings.

What companies is the University of Wisconsin, Madison looking into divesting from asked a member? Mr. Rome did not know specifically, but volunteered to look into this further and report back.

Professor Subramani turned membersÕ attention to a handout he compiled that lists various institutions and what actions they have taken with respect to this issue. He highlighted a handful with the point being that actions varied significantly from one institution to another.

A member asked the committee whether the University should consider not investing from this point forward, either directly or indirectly, in companies doing business in Sudan.

Another member stated that the University should be commended for not having any direct Sudanese holdings, and that it should refrain from investing in these companies until the situation in Sudan has improved dramatically. The University should also explore strategies for pressuring its investment managers to divest from commingled funds containing Sudanese holdings.

It seems that at a bare minimum the University should have a resolution that is in line with Governor PawlentyÕs resolution, which was shared at last monthÕs meeting. In order to do this, however, stated a member, the Office of Asset Management needs to determine if the University has any indirect exposure through its participation in commingled funds with its investment managers.

A copy of an email explaining why the Office of Asset Management was unable to collect this data was distributed to the committee. Greg Schooler explained that to collect this data would be very labor intensive for the UniversityÕs fund managers. Instead, the Office of Asset Management would like the Social Concerns Committee to identify from the list of companies warranting scrutiny generated by the Sudan Divestment Task Force, a list of companies the committee finds offensive, and to write up a justification for divestment.

In response, Jonathan Rome stated that the list of companies warranting scrutiny generated by the Sudan Divestment Task Force and cross-referenced by the Lowenstein International Human Rights Clinic at Yale Law School has been carefully prepared and only targets those companies that are aiding the Sudanese regime directly. This list contains approximately 36 companies.

If there are 36 companies that warrant scrutiny, why arenÕt other institutions divesting from 36 companies asked a member. Mr. Rome suspects that these institutions reviewed their investments and determined, which of their holdings were implicated on this list, and took action accordingly. It would be extremely unlikely for an institution to have investments in all 36 companies.

The email response to the Social Concerns Committee from the Office of Asset Management is actually very unresponsive noted a member. It seems like it should be fairly easy to take the list of companies warranting scrutiny and match it to a list of the UniversityÕs investments. Once matches are identified, this information can be brought back to the committee for a recommendation on how to proceed. For the committee to look into each of these companies when the University may not even be invested in them is clearly a waste of time and a way of keeping the committee off the back of the Office of Asset Management. Another member concurred and stated that in this age of computers it would not be that difficult for the UniversityÕs investment managers to provide the University with information on its investment portfolio.

The Social Concerns Committee, in reality, is not able to be deeply involved in the details of the UniversityÕs investments. Therefore, the committee should consider making a broad statement, and, if adopted, it would be the responsibility of the Office of Asset Management to implement it. Another member agreed with this suggestion, and added that similar to the resolution requiring the University to divest from Total Oil, these decisions need to be reviewed annually to determine if investment restrictions are still warranted.

ItÕs not the committeeÕs role to decide the UniversityÕs investment policy, but it is the committeeÕs role to inform the University where it should not be invested. Professor Subramani concurred with this memberÕs statement and added that it is the committeeÕs responsibility to explore the issue and to take position.

Should the committee again request from the Office of Asset Management information pertaining to whether the University has investments in any of these 36 companies asked a member. Instead, suggested another member, the committee should draft a broad policy statement on this issue and attach the list of 36 companies doing business in the Sudan that warrant scrutiny, and leave it up to the Office of Asset Management to determine whether the University has any investments in these companies.

It is wrong for the Office of Asset Management to give the impression that the University cannot withdraw its money from commingled funds simply because it is invested jointly with other organizations noted a member. Whatever policy is drafted should not tell the University to specifically invest in or not invest in certain companies, but rather to outline criteria, which the University should consider when making its investment decisions.

While the University may not have any direct Sudanese holdings, a member is of the opinion that this does not necessarily deserve a compliment because it more than likely occurred by accident rather than being a planned investment strategy.

A member asked the cost for setting up the international large cap index account that excluded Total Oil. Greg Schooler, Office of Asset Management, reported that the set up cost was over $250,000 and that it costs the University approximately $50,000 on an annual basis to maintain this account.

If the committee plans to discuss strategies for avoiding association with risk in the future, it needs to realize that it will cost the University either way, to divest or to set up investment screens. With this said, added another member, the issue before the committee is that it still does not really know where the University is invested.

Any policy on this issue will need to outline what a company can do to redeem itself by demonstrating good behavior. Members agreed that this would be very important.

A member suggested the committeeÕs resolution should include the following elements:

- The University will not invest in any of the companies warranting scrutiny on the Sudan Divestment Task Force list going forward;
- The University will disassociate itself from any of these companies that it is currently invested in, and;
- Any screens that are put in place need to be revisited on an annualized basis.

Based on this, a member clarified that the committee basically agrees with the resolution brought forward by Professor FreyÕs class. The committee needs to make its resolution is very clear and should convey a sense that its understands how the University operates, how it makes its investment decisions, etc,

After a lengthy discussion, Professor Subramani volunteered to draft a resolution, which would reflect the committeeÕs position on this issue, and circulate it via email for feedback. Then, once memberÕs input is incorporated into the draft, a final version would be distributed via email for a vote.

Professor Barb Frey made the following announcements:

- John Bul Dau, one of the ÒLost Boys of SudanÓ, whose emigration to the United States was filmed in the 2006 documentary ÒGod Grew Tired of UsÓ, will be the CLA commencement speaker on May 13, 2007. With this in mind, timing on resolution is of the essence.
- It was evidenced by todayÕs discussion that investment options are very confusing. The way investments have become so complicated and anonymous, are a serious issue for those concerned about social issues. Consideration should be given to having an academic forum where the UniversityÕs investment policies and investment options in general can be discussed.

Professor Subramani thanked members for their thoughtful participation in todayÕs discussion.

III). Professor Subramani noted that in light of time, the other items on the agenda, a Coca-Cola update, the Military Commissions Act, and proxy voting will not be taken up today in any length. However, before closing, a member asked what the Military Commissions Act is all about. Professor Frey briefly stated that it is an act of Congress that suspends habeas corpus for any immigrant that is arrested for or suspected of being an enemy combatant. Certain non-American faculty concerned about the implications of this Act have approached the UniversityÕs Human Rights Program for support. Professor David Weissbrodt will provide more information on this topic at the committeeÕs next meeting on March 19th.

With respect to the Coca-Cola matter, Amelious Whyte briefly reported that the Coca-Cola Working Committee found it impossible to substantiate or not substantiate allegations made against Coca-Cola. Therefore, there was insufficient evidence for the committee to recommend to the University that it break its contract with Coca-Cola.

A decision was made to conduct this yearÕs proxy votes via email. Greg Schooler noted that the committee has voted all of the resolutions, except one, in previous years. The one that has not been voted on previously is a resolution asking Kansas City Southern to issue a report on securities safeguards.

IV). Hearing no further business, Professor Subramani adjourned the meeting.

Renee Dempsey
University Senate