

SENATE COMMITTEE ON SOCIAL CONCERNS
MINUTES OF MEETING
APRIL 14, 2008

[In these minutes: Socially Responsible Investment Subcommittee Update, Dream Act Update, Workers Rights Consortium and Designated Suppliers Program Updates, Proxy Voting, Mississippi River Walk and Bike Path]

[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: Katherine Fennelly, chair, Jennifer Oliphant, Todd Tratz, Robert Fox, Rebecca von Dissen, Stacy Hebdon, Michael O'Day, Amelious Whyte, David Fox, Mark Pedelty, Ajay Skaria, Yiyuan Zhao, Allison Arling, Christine Dolph, Justin Drees

REGRETS: Joseph Marchesani, Richard Lidstad, Benton Schnabel, Ken Heller, Catherine Jordan, Jessica Arett, Nick Curtis

ABSENT: Theresa Flores

GUESTS: Brent Benrud, associate general counsel, Office of the General Counsel; Steve Sanders, campus bicycle coordinator, Parking and Transportation

I). Professor Fennelly called the meeting to order.

II). Professor Fennelly provided the committee with the following updates:

a). The Socially Responsible Investment Subcommittee has been strategizing on how to best demonstrate that there would be sufficient interest on the part of Faculty Retirement Plan (FRP) participants that it would be prudent for the University to add another socially responsible investment option, particularly one that screens international investments.

The Subcommittee will be conducting an electronic survey of faculty and P&A to determine the level of interest in adding another socially responsible investment option to the FRP line-up. Professor Fennelly asked members to make their faculty and P&A colleagues aware that this survey will be sent out soon, and ask them to take a minute to answer the two very brief questions.

b). Professor Fennelly reported on a meeting with Vice President and Vice Provost Nancy 'Rusty' Barcelo to discuss impediments to the University of Minnesota offering in-state tuition to undocumented students (Dream Act). According to the Office of the General Counsel (OGC), it would be illegal for the University to offer in-state tuition to only undocumented students; instead, it would need to offer in-state tuition to all

students. As a result, the Office of Equity and Diversity is working on making scholarship funds available to qualified, undocumented students.

III). Professor Fennelly welcomed Brent Benrud, associate general counsel, Office of the General Counsel, who was invited to provide the committee with Workers Rights Consortium (WRC) and Designated Suppliers Program (DSP) updates.

As background information, Mr. Benrud reminded members that the WRC has proposed the establishment of the DSP as a substitute for current labor codes of conduct as it relates to sweatshops.

Several college and university WRC members have raised concerns over the legality of the DSP under U.S. antitrust laws. In January 2007, the WRC submitted the DSP proposal to the Antitrust Division of the U.S. Department of Justice for an opinion letter on the legality of the program under U.S. antitrust law. Mr. Benrud reported that the WRC was notified that it would not receive a favorable opinion from the Department of Justice (DOJ) regarding the DSP. Rather than having a negative opinion letter issued by the DOJ, the WRC withdrew its request for an opinion letter, and is reserving its right to resubmit its request at a future time.

Mr. Benrud noted that he recently attended a working group meeting of the WRC, the focus of which was the DSP. At this meeting, the director of the WRC reported that the current DOJ appointees, serving under the current administration, have a fundamental opposition to DSP-type programs. From the WRC's perspective, the DSP had not been reviewed on its merits, and more than likely did not receive serious consideration.

As far as the WRC is concerned the DSP is on hold. They are hopeful, however, that under a new administration, Republican or Democratic, there would be a better opportunity for receiving a fair review of the program. The WRC working group is split in terms of what the group's next steps should be. Some people believe the program should be retained as is, and resubmitted in 2009 once a new administration has been seated. Others believe the WRC should take this interim opportunity to talk about possible changes to the program. Irrespective of the DOJ issue, a majority of WRC members have not endorsed the program. There are other aspects of the program that cause members to have concern regarding the DSP.

According to Mr. Benrud, the earliest a program could be implemented would be in 2009, and likely not until late 2009. In the meantime, the University of Minnesota is moving forward to address the issues raised by the DSP so it can make an informed decision about participation in the program once the antitrust issues have been resolved. President Bruininks has appointed a Trademark Licensee Code of Conduct Working Group. Three members from the Social Concerns Committee serve on this working group, Justin Dress, David Fox and Amelious Whyte. Upcoming meetings of the working group will focus on inviting experts in this area to address the committee and provide information.

Mr. Benrud noted that President Bruininks has officially added the Vendor Code of Conduct to the charge of the Trademark Licensee Code of Conduct Working Group. In addition to looking at the Trademark Licensee Code of Conduct, the working group will be looking at the Vendor Code Conduct for code consistency reasons.

Mr. Benrud stated that he will continue to attend meetings of the Designated Suppliers Working Group of the Workers Rights Consortium on behalf of the University. The University cannot be an official member of the working group because in order to be an official member the University would need to agree with and intend to adopt the DSP; the University has not made a decision to do so yet.

Mr. Benrud noted that an area gaining increased attention with regard to the sweatshop issue at colleges and universities is the idea of fair trade garments. Currently, there is no fair trade garment program. There is movement in the garment industry to establish a fair trade program, which is being led by certain colleges and universities. There are a couple of small licensees who are already marketing and promoting fair trade garments. While these companies are very small, they have been able to attract enough attention so that one of the major licensees is considering selling fair trade garments. If this company were to enter a fair trade program, it is likely there would be dramatic changes within the industry in a relatively short period of time. This would be an interesting development because it would achieve many of the same goals as the DSP, and it would do so without the negative DSP components.

A member asked Mr. Benrud to explain the negative aspects of the DSP that colleges and universities are objecting to. According to Mr. Benrud, the two major players are the WRC and the FLA (Fair Labor Association). The major difference between these programs is that the FLA, in addition to having colleges and universities at the table, also has industry members, e.g. Nike, Russell Athletics. The FLA approach is much more voluntary as opposed to mandatory. The WRC, on the other hand, does not accept money or allow membership by any organization other than colleges, universities and student groups. The WRC takes a much more mandatory approach than the FLA. Many view the WRC as a better agent for bringing about change because they do not trust the industry. Others, however, criticize the WRC because they believe the only way to achieve real change is to have everyone at the table and to build consensus.

Concerns that have been raised concerning the DSP, aside from the antitrust issue, include:

- The DSP requires the payment of a living wage, which is highly debatable in terms of whether it is practical, good or bad, and how a living wage should be calculated.
- A component of the DSP stipulates long-term contracts with factories, and a requirement that at least half of a factory's business be with the college and university market. One concern is that it would be impossible to find enough factories that could meet this requirement, and the other concern is that in a free market society licensees should not be told how to run their business.

There are a wide range of attitudes concerning these provisions even within the WRC noted Mr. Benrud.

IV). Proxy voting:

a). Kansas City Southern – Report on Security Safeguards - Jenny Oliphant reported being unable to find the actual proxy language for this resolution; hence, her inability to recommend a vote to the committee. Stacy Hebdon from the Office of Asset Management stated that when she reviewed the University's proxy list today that this item has been omitted by the SEC, and, therefore, does not require a vote.

b). HCC Insurance Holdings, Inc. – Implement Equality Principles – Professor Fox recommended a yes vote on this proxy. The committee voted in favor of this proxy. (2 abstentions)

c). Crane Company - Implement McBride Principles – Professor Pedelty recommended a yes vote on this proxy. Members voted in favor of this proxy. (1 abstention)

V). Professor Fennelly called on Professor Pedelty to introduce the next agenda item, the Mississippi River walk and bike path. Professor Pedelty began by explaining the location of the path. According to Professor Pedelty the issues around this path are threefold:

1. The community would like the path completed; technically, the path currently is not open to the public.
2. Completion of this path would reduce the commute time for students, faculty and staff and members of the broader community.
3. The path's safety would undoubtedly be improved.

Steve Sanders, campus bicycle coordinator, Parking and Transportation, introduced himself. He noted that he has been working on getting this path completed since he was hired to fill this position 12 years ago. Over the course of the years, the University has received grants to fund this project, but the primary obstacle has been the railroad's unwillingness to sell their portion of the land needed to complete this project. Then, in 1999, when the railroad finally agreed that it would sell, there was not enough money in the grant to pay the railroad's asking price. According to Mr. Sanders, a committee of the Metropolitan Council that evaluates these types of projects has consistently ranked completion of this path as a top priority.

Recently, the project has been funded for a third time, but this time through the National Transportation Pilot Program, a program that awards 4 communities across the U.S. \$2.5 million for bike and footpath projects. This particular federal program does not require matching grants, which means that the project is completely funded. With most grants, the University has to pay 20% of construction costs, plus planning costs.

In a meeting with the City of Minneapolis this morning multiple issues associated with this project were discussed. Consideration needs to be given to the following:

- Light rail placement.

- Transportation of bio-fuels to the University's steam plant, and service drive requirements.
- New University baseball stadium and athletic fields.
- Purchasing railroad right-of-way.

It would be extremely helpful if the Social Concerns Committee would lend its support to this project. Given that this is the third time this project has been funded, it is extremely unlikely this project would ever be funded again. Assuming the project moves forward, construction would begin in 2009,

Questions/comments from members included:

- When noting the need to purchase right-of-way and property from the railroad and the University, are these terms being used interchangeably asked a member? In the past, the University has agreed to sell its right-of-way to the City of Minneapolis for \$1 given the fact that the path would mostly be on University property. Hopefully, purchasing right-of-way from the railroad will be a non-issue this time.
- What is being asked of the Social Concerns Committee regarding this issue? Professor Pedelty stated that he would like the Committee to endorse this project via a resolution. Mr. Sanders added that Committee support would bring more attention to this issue, and the more internal University support for this project the more likely it will happen. Parking and Transportation is a big proponent of this project.
- The irony of not completing a bike and footpath in favor of driving diesel trucks to haul bio-fuels to the University's steam plant is ludicrous.

Professor Fennelly suggested the Committee consider a general statement of support in favor of increasing bike and foot traffic to campus as well as promoting 'green' methods of transportation, both of which would fit within the Committee's purview. However, she cautioned against a more detailed statement involving railroad and University negotiations, which, in her opinion, would not be appropriate. Professor Pedelty volunteered to draft a statement somewhere in between the general statement that was suggested and a more specific statement. Professor Fennelly suggested that once Professor Pedelty completes the statement that it be circulated to the Committee via email.

VI). Hearing no other business, Professor Fennelly adjourned the meeting.

Renee Dempsey
University Senate

