

SOCIAL CONCERNS COMMITTEE

Wednesday, March 4, 1998

238 Morrill Hall

1:00 PM

In these minutes:

Summary of Meeting with Investment Managers, Culture Fair, Proxy Resolutions, U Response to Energy & Environment Resolution, Burma/Total Oil Resolution

MINUTES

Present: Eric Bauer (Chair), Friedrich Srienc, Clint Hewitt, Claudia Wallace-Gardner, Lisa Albrecht, Robert Brown, George French, Arthur Geffen, Joel Nelson, Mike Davey, Amy Mertl, Mark Ott, Sheila Warness, Catherine Foreseide

Regrets: Frank Wood, Jean Niemiec, Thomas Haakenson

Absent: Lori Clark, Carla Maxwell Monacelli, Julie Sweitzer, Chris Kelley, James Kroger, Neta Jo Scarpari

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

The Social Concerns Committee met at 1:00 PM on Wednesday, March 4, 1998 in the 238 Morrill Hall on the East Bank of the University of Minnesota.

MEETING MINUTES.

The meeting minutes from February 5, 1998 were approved with the following changes: Change Lisa Albrecht's status from Absent to Regret, and replace the name of the Office of Master Planning and Analysis to the Office of Master Planning.

SUMMARY OF MEETING WITH INVESTMENT MANAGERS.

Professor Eric Bauer, Chair, summarized the meeting with Andrew De Simone and Victoria Herget, two University investment managers from Scudder Investment Management Firm (a written summary was also distributed to committee members by e-mail prior to the meeting); committee members Eric Bauer, Jean Niemiec, Mark Ott, Julie Sweitzer, and Sheila Warness were present at that meeting. Professor Bauer reported that the University investment managers have full discretion in managing the University assets, and the University participates in a co-mingled emerging market trust fund managed by Scudder. The primary function of the managers at Scudder is to research the country's markets with respect to financial and political stability, strength of its economy, and growth potential. Investment managers invest based upon their interpretation of the factors affecting the markets. In fact, the overall

desirability of a company's stock depends partly on factors such as how well the company treats its workers with respect to pay and benefits, and to the cleanliness, comfort, and safety of work sites, and so forth. A more detailed description of the meeting is outlined in the handout previously distributed to members.

CULTURE FAIR.

Professor Bauer reported that a survey requesting information about interest and participation in a culture fair was distributed by e-mail to nearly 100 student organizations in January, 1998. He added that the responses so far have indicated that most organizations in the twin cities would be interested in attending in a culture fair at the University, and would like to participate in various ways, such as lectures, discussion groups, and demonstrations. It was also noted that many of the organizations have not attended or participated in a culture fair to date.

Professor George French from the Crookston campus stated that select individuals from the coordinate campuses would all be interested in participating in the planning of the culture fair at the twin cities campus. Options for funding of the culture fair were discussed including possible support from the University Senate, student organization fees or contributions, and resources for community building. The most appropriate time for the culture fair seems to be the fall quarter.

PROXY RESOLUTIONS.

The Subcommittee on Internal Policies and Procedures met in January to discuss how the Social Concerns Committee could position itself in relation to the current investment policy. Specifically, they considered Professor Bauers' charge to either continue the present reactive course, or adopt a more proactive stance in which the committee would select critical issues and propose courses of action. The subcommittee made the following suggestions that were summarized in an e-mail from Professor Robin Brown:

1. The committee should continue reviewing proxy issues as presented by its reviewing agencies, and recommending the University's votes on these issues;
2. The committee should serve as a representative body to hear appeals from the University and the community for actions on investment issues;
3. The committee should ALSO identify issues of concern to the University in the course of each year, perhaps recommending actions such as responses to the relevant media and recommending actions to the Senate or the Regents.

Professor Bauer summarized for committee members the proxy resolution process as it pertains to the involvement of the Social Concerns Committee. He stated that public corporations hold annual meetings, some of which involve resolutions addressing social issues. Shareholders are entitled to proxy votes depending upon how much stock they hold. The IRRC monitors several of these resolutions, particularly those related to social and environmental issues, and sends resolution information to shareholders who hold stock in these companies. The resolution information is sent to the Chair of the Social Concerns Committee by the IRRC, and the Department of Asset Management further breaks the list down to the stock held by the University. The most recent version of the proxy resolution statement this year is dated February 27, 1998 and was distributed to committee members at the meeting, including company names, number of shares, market value, resolution, sponsor, and the annual meeting date. The committee agreed to address only those resolutions for which a vote can be submitted before the annual meeting, and members will select which company resolutions they'd like to review upon request by e-mail following the meeting.

U RESPONSE TO ENERGY & ENVIRONMENT RESOLUTION.

Clint Hewitt, Office of Master Planning, distributed a report outlining the University's response to the committee's Energy and Environment Resolution that was approved by the Senate last year; copies of this report were distributed to committee members by mail if absent from the meeting. The offices in the report include three units in Finance and Operations (Facilities Management, University Services and Health, and Safety and Transportation) which are committed to energy and environmental conservation and have already implemented a number of suggestions in the supporting statements to the resolution prepared by the committee. Committee members discussed ways to ensure

that this type of progress will continue, such as asking each of these units to report to the committee on an annual basis regarding their progress in response to the resolution.

BURMA/TOTAL OIL RESOLUTION.

A draft copy of a resolution to divest from Total Oil was distributed to all committee members by e-mail prior to the meeting. The subcommittee that drafted the resolution considered information from individual organizations recommending divestment, and from Total Oil's web page and correspondence regarding a site visit to Burma.

Sheila Warness, Asset Management, reported that the University initially invested in Total Oil because it was a low priced, growth company. At one time, the University held a \$1.5 million investment in Total Oil, but it was decreased to \$500,000 approximately two weeks prior to this meeting (the stock has been sold in pieces since November, 1997). As of today, however, the University has sold all of its stock in Total Oil. Sheila noted that the University divested from Total Oil because oil prices are falling, and because the University has realized their gain on investment (however, this is not to say that the University will not turn around and reinvest). Due to the University's divestment from Total Oil, the resolution prepared by the subcommittee of the Social Concerns Committee needs to be revised.

The committee discussed the following options for action in response to the University's recent divestment from Total Oil:

- Recommend that the University consider investments in Burma with sensitivity;
- Recommend that the University not reinvest in Total Oil, but the committee should overlook investments with Total Oil by way of mutual funds (in response to the meeting with investment managers);
- The Social Concerns Committee should support the University's decision to divest from Total Oil;
- Recommend that the University avoid reinvestment in Total Oil.

Committee members recognized the political, economical, and practical issues associated with the issue of social concern regarding Burma and Total Oil. It was noted that although the University's course of action has been the result of a business decision, the committee should emphasize the moral and ethical responsibility of the University. Concern was raised about the second item in the resolution being too vague and not actionable; it was recommended that the action be more specific so that it can be monitored.

The Burma/Total Oil subcommittee consists of the following committee members: Mike Davey, Mark Ott, Tom Haakenson, Amy Mertl, Art Geffen, and Eric Bauer. The subcommittee will meet on the morning of Wednesday, March 18 to revise the current resolution to adapt to this new situation.

Drew Hempl and Mick Schommer from the MN Free Burma Coalition attended the last portion of the meeting; Drew will get information about other companies and their investment/divestment from Total Oil to the committee.

The meeting adjourned at 2:30 PM.