

SENATE COMMITTEE ON SOCIAL CONCERNS
MINUTES OF MEETING

March 26, 2012

Morrill Hall Room 238A

[In these minutes: university investment in Sudan; smart grid technology on twin cities campus]

[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: Dave Golden (chair), John Broadhurst, Lolita Davis Carter, Susan Cable Morrison, Shannon Evans, Carol Foth, David Fuhs, Stephen Gross, Maria Hanratty, Ahmed Heikal, Dan Kelliher, Sandra Krebsbach, Theresa Mensinger, Anthony Quill, Tanner Roberts, Timothy Sheldon, Catherine Solheim

REGRETS: Elizabeth Ault, Madisen Johnson, Michael O'Day, Kim Robien, Teresa Schicker

ABSENT: Lizzy Shay, Amelious Whyte, Carolyn Mayberry

GUESTS: Mike Berthelsen, associate vice president, Facilities Management (FM); Jerome Malmquist, director, Energy Management, FM

Dave Golden called the meeting to order, and asked Committee members to introduce themselves.

Report from Subcommittee on University Investment in Sudan

Mr. Golden noted that the Social Concerns Committee charged a subcommittee to consider 1) whether the University should reverse its stance in the Sudan Position Statement and begin investing in Sudan in light of recent political changes in that country, and 2) whether the University has investments in other countries where human rights violations are occurring and what action if any the University should take regarding these investments.

Anthony Quill, Sandra Krebsbach, and David Fuhs presented the subcommittee's report. Ms. Krebsbach described the subcommittee's process as follows:

- Reviewed the Social Concerns Committee's charge
- Reviewed the 2007 Sudan Position Statement
- Reviewed the University of Minnesota's investments policies
- Considered recommending that the position statement be changed to outline investment policies and include a general statement of the review process required by those policies.

Ms. Krebsbach stated that the subcommittee had reviewed the Sudan Position Statement (Statement) and believes that the University has policies that identify the concerns of the Sudan Position statement. She then asked if the Committee agreed with the subcommittee's conclusion. Mr. Fuhs added that the Statement is obsolete, but the processes recommended in it "make sense." He suggested that the Statement be revised to be more general, simple, and shorter.

Mr. Golden asked if the University had the capacity to definitely determine whether it has investments in Sudan. Mr. Quill stated this could not definitely be determined and explained that the bulk of the University's funds are invested in comingled funds. The University relies on fund managers to use good judgment and invest in companies that have long histories and good reputations, he stated. When the University does any direct investing, it looks to the third-party Interfaith Center of Corporate Responsibility (ICCR) to ensure it avoids investing in countries that commit egregious human rights violations.

Professor Daniel Kelliher asked if there was any practical effect of the Sudan Policy. Mr. Quill responded that there was not. But he noted the University is very careful in its selection of investment fund managers and uses managers used by other Big 10 Universities, Harvard, and Yale. Ms. Krebsbach noted that the managers are vetted and screened. She suggested that the Social Concerns Committee could further define what is an egregious country.

Mr. Golden gave the example of poor working conditions in China and asked if it was possible to change where the University invests its money.

Mr. Quill stated it is possible, but it is expensive. He explained that investing in comingled funds is a more reasonable and less risky route for the University because it does not invest enough money to be in a separate account and have an individual manager. He noted that the endowment is about \$1 billion, but this is a relatively small amount of money when funds are diversified.

Mr. Golden stated that one of the Social Concerns Committee's functions is to evaluate investments, but the way the University invests today is different than when the Committee's charge was written. He asked the Committee whether it made sense to attempt to stop investment in countries committing atrocities by controlling the University's investments.

Mr. Fuhs responded that it is important to have a general policy statement that advises adherence to guidelines and sensitivity to social concerns in making investments.

Mr. Quill stated that previously the University's portfolio primarily consisted of individual stocks held by the University, but the University no longer invests in this way because it is risky. The only aspect of the University's investments where there is discretion to call an individual broker is the "cash pool."

In light of the change in the way the University invests, the SCSA discussed methods for it to carry out its charge to determine if the University's investments present a social concern to the University. Mr. Sheldon noted that the Committee should receive information from investment groups on issues such as child labor and environmental degradation. Mr. Golden suggested that the Committee could help identify some guidelines or principles to govern investments.

Mr. Quill responded that because the University is a relatively small investor, it may be difficult for it to receive quality, non-marketing information from investment companies. Getting quality data from an investment manager may also be difficult because the University has 110 managers.

Mr. Golden asked if the ICCR puts out investment guidelines. Mr. Quill responded that they do.

Professor Maria Hanratty asked if the University's investments differed from investments made in socially concerned funds. Mr. Quill responded that the University's investment strategy is quite different. It takes the human element out of investment, by investing in index funds. These funds simply look for the best return on investment. Mr. Quill explained further that religious organizations with clear, long-lasting rules can invest in specific areas, but this does not work as well for the University.

Ms. Krebsbach commented that there is value in the Committee considering and evaluating where the University invests. Mr. Quill responded that every four or five years the Board of Regents investment policies are reviewed and it might work well for the Committee to consult on these policies. The Office of Investments and Banking heads up the policy review.

The Committee discussed how to insert itself into the policy review process. Mr. Golden asked if it would be beneficial to have a Committee member participate in the policy review process. Mr. Quill responded that adding the Committee as a stop in the review process was possible.

Mr. Fuhs asked if the subcommittee should rework the Statement. Susan Cable Morrison suggested writing an addendum to the Statement. Mr. Fuhs responded that the new statement could reference the previous Statement.

Professor Kelliher agreed that the Statement should be broadened because it is based on a model of social and political action that is outdated. Methods of investing are different, so it does not make sense to spend a lot of time on considering where the University invests, he stated.

The Committee agreed that the position statement should be more general and section "d" should provide a broader description of the Committee's actions.

Mr. Golden also asked Mr. Quill to look into how the Committee could be involved in the review of the Board of Regents investment policies.

Implementation of Smart Grid Technologies on the Twin Cities Campus

Mr. Golden introduced Mike Berthelsen, associate vice president, Facilities Management (FM) and Jerome Malmquist, director, Energy Management. He stated the Committee had previously received a presentation about smart grid technology from Dr. Massoud Amin and were interested in learning from Mr. Berthelsen and Mr. Malmquist about how these technologies could be implemented on the Twin Cities campus.

Mr. Berthelsen stated that FM is considering many methods for implementing smart grid concepts on the campus for example electronic building controls and twenty-four hour monitoring of the building systems automation center.

Mr. Malmquist then described implementation of smart grid concepts from an energy production distribution perspective. He stated the building automation center monitors buildings and watches for alarms. Energy loads can be quickly shifted with the push of a button. Additionally, the Supervisory Controlled Data Access (SCADA) system looks at the campus electrical grid to determine loads on all circuits. While this is currently done manually, he stated with smart grid technology, it would eventually be done automatically.

Mr. Malmquist stated further that the campus works closely with Xcel Energy on electrical distribution and is installing combustion turbines to make power on campus. Xcel is supportive of the University creating its own power due to increases in energy use on the Twin Cities campus, concerns about pulling power into the Twin Cities, and increasing loads on the power transmission grids.

FM is also working with the Office of Classroom Management (OCM) to determine when classrooms are in use and to schedule heating and cooling based on room use patterns. Additionally, many rooms on campus have motion sensors to control the lights and air handling systems. FM is making large strides in squeezing energy efficiencies out of old buildings, Mr. Malmquist stated.

Mr. Malmquist also indicated that variable frequency drives on motors allow motors to function according to their use and save energy. In the future, the variable frequency drives may “talk” to the smart grid.

Another energy saving technology, FM is looking at is an energy saver switch for the University chiller plants that functions automatically. Currently, this is being handled manually. There are also solar arrays on campus. The 39.4-kilowatt array on the University Office Plaza contributes to 3.7% of the energy. Mr. Malmquist explained that the smart grid is really a lot of small energy saving solutions linked together.

Mr. Golden asked if there are any actions the Social Concerns Committee could take to encourage a campus effort to be more energy efficient.

Mr. Berthelsen responded that the University has a sustainability policy and is a signatory to the American College and University Presidents' Climate Commitment. The Climate Commitment requires members to commit to being carbon neutral by 2050 and producing a climate action plan every two years

Mr. Berthelsen stated that each campus has its own sustainability plan, and he co-chairs the Twin Cities Sustainability Committee with Dr. Emily Hoover. Some initiatives and strategies from the Twin Cities Sustainability Committee include

- The "It All Adds Up" campaign
- Computer energy efficiency
- Lighting efficiency
- Recommissioning every building every five years to keep them adapted to their use
- Reducing campus size
- Laboratory energy efficiency

Mr. Berthelsen also noted the process initiated by Vice President O'Brien to consider way to better use space on campus. He stated the next step is for individuals to consider behavioral actions that can be taken by the institution such as considering better use of offices. Because the largest percentage of space used on campus is office space at 24%, the university should consider alternative work place solutions. Working from alternative spaces could present energy savings. He stated the faculty and staff could drive the initiative for better use of campus spaces. One example he cited of improved use of space is an OCM initiative that only schedules eleven buildings for weekend use rather than opening all of the buildings on campus.

Shannon Evans asked if there is a policy around use of space and materials. Mr. Berthelsen stated that there is not currently, but FM is working to help people see the possibilities. For example, the University has created new models for building lab space. Now they are open landscape, which helps the University manage productivity.

Mr. Golden thanked Mr. Berthelsen and Mr. Malmquist.

Due to time constraints the Committee did not consider the Student Senate Resolution Opposing the Constitutional Amendment Defining Marriage as between One Man and One Woman. He indicated the Committee would take this resolution up via e-mail.

Hearing no further business, Mr. Golden adjourned the meeting.

Dawn Zugay
University Senate Office