

**Senate Committee on Finance and Planning (SCFP)**  
**December 12, 2017**  
**Minutes of the Meeting**

*[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 view of, nor are they binding on the senate, the administration, or the Board of Regents.]*

**[In these minutes:** Endowments Status and Payout Rates; Board of Regents Agendas; Organics Recycling Resolutions from Social Concerns; University’s Strategy Around Naming of Buildings]

**PRESENT:** Dan Feeney (chair), Mike Berthelsen, Harrison Frisk, Frank Gigler, Robert Goldstein, Michael Korth, Dan Lockren, Jill Merriam, Fred Morrison, Paul Olin, Tracy Peters, Scott Petty, Erik van Kuijuk

**REGRETS:** Catherine Fitch, Carl Rosen, Karen Seashore

**ABSENT:** Lisa Babbs, Brian Burnett, Laura Kalambokidis, Lincoln Kallsen, Julie Tonneson, Jennifer Gunn, Karen Ho, Tolulope Odebunmi

**GUESTS:** Doug Gorence, CEO, UMF Investment Advisors; Stuart Mason, chief investment officer, Office of Investments & Banking; Ingrid Nuttal, chair, Social Concerns Committee; Bill Paulus, interim associate vice president, Facilities Management; Nicole Smiley, member, Social Concerns Committee; Shane Stennes, sustainability director, University Services; Dana Donatucci, recycling supervisor, Facilities Management; Jon Steadland, chief of staff, Office of the President; Bob Burgett, senior vice president, Development, University of Minnesota Foundation

**OTHER:**

Chair Dan Feeney welcomed the committee and the members introduced themselves.

**1. Endowments Status and Payout Rates**

Doug Gorence, CEO, UMF Investment Advisors and Stuart Mason, associate vice president, Central Administration and Centers, University Finance, attended the meeting to present members an overview of the endowment status and payout rates. Mason explained that they would discuss the management of the endowment funds, which are large pools of equity or growth oriented funds. Mason provided a PowerPoint titled “Annual Asset Management Report” to members and highlighted the following points:

- The policy for payout is 4.5% annually of the amount that is in the endowment. An average of the endowment is taken over the last five years to determine the payout.
- The Office of Investments and Banking (OIB) manages a series of funds:
  - Consolidated Endowment Fund (CEF)

- Long-Term Reserves (GIP)
- Short-Term Reserves (TIP)
- RUMINCO Ltd.
- Invested Assets Related to Indebtedness

More information about these funds is available at the OIB website:

<http://oib.umn.edu/index.html>

- In the last 15 years, TIP has grown by an average of 50MM per year. This growth is created by unspent budget allocations. For example, unspent capital could be the result of a large purchase that was not made or a faculty position was not filled. Departments have the choice to invest unspent funds in GIP or another long-term option depending on the goal. OIB can be contacted directly by departments to discuss investment strategies.
- As of September 2017, CEF is up 3.5%, which is above the benchmark of 3%.

Gorence then presented information regarding the UMF endowment and provided a handout that can be found here: <https://give.umn.edu/about-umf/financial/endowment>

- Gorence explained that the policy benchmark compared to the market benchmark helps to highlight that the returns have been higher than the market, while presenting less risk to the funds.
- As of 2017, the liquid investments have not performed as well as the stock market, but this is a recent issue.
- Underlying these portfolios are differing strategies between the UMF endowment and the portfolio of OIB.
- Long periods of low returns deplete endowment funds, and this is the risk that fund management attempts to mitigate.

Feeney recalled that payout goals were higher in the past, 10 years ago the payout rate was 5%. Mason explained that the move to 4.5% payout was gradual, and was a result of the expectation in an overall decline in returns from the market. Mason emphasized that there is no near-term discussion of decline in the payout rate at the University, but comparable institutions have instituted payout rates in a range from 3.7-5.2%.

Gorence agreed with Mason that returns going forward are going to be lower and this could be due to various economic factors. Mason and Gorence explained that they are self-funding, so an administrative fee is drawn from the pools.

In closing, Feeney summarized by saying that the funds are stable, and market returns could see a decline in the next year or two.

## **2. Board of Regents Agendas**

Dockets for the Board of Regents Audit and Compliance and Finance and Operations Committees meetings on December 12, 2017 were shared with members. Members agreed that they would like to receive the Board of Regents agendas with the SCFP agendas.

## **3. Organics Recycling Resolutions from Social Concerns**

In March of 2017, the Social Concerns Committee passed the following two resolutions:

### **An Act in Support of Compostable Food Service Ware for the Campus**

Whereas it has been determined that between 25 and 30% of the University's Municipal Solid Waste consists of organic material capable of being composted, translating to between 2300 to 2700 tons annually;

Whereas the University has an existing organics collection program that is currently recovering 1200 tons of organic material from 17 food service locations and 11 Research Animal Facilities. This tonnage represents roughly half of the total potential. The other 1200 tons is spread through the remaining buildings on campus from food related activities ranging from individuals' lunches to events on campus;

Whereas many of the food service items currently used by caterers and national brands and contracted vendors on campus are disposable and aren't acceptable for composting;

Whereas Aramark, the University contracted food service vendor, has made the conversion from disposable food service ware to compostable service ware;

Whereas distinguishing between compostable and disposable food service ware by appearance is not easy for most faculty staff, students to do, making it difficult to collect and clean organic material;

Whereas local composting facilities require "clean" organics (i.e, only certified compostable materials accepted);

Whereas having all disposable food service ware compostable on campus would greatly simplify the educational and promotional message to the campus community (ie, all food service service ware is compostable);

Whereas converting food service ware from disposable to compostable will get the University of Minnesota closer to a zero waste campus (>90% recovery);

Whereas the University saves \$47 for each ton composted (\$25 per ton) instead of disposed as trash (\$72 per ton); therefore, be it

*Resolved*, that the University Social Concerns Committee:

1. urges the University of Minnesota to require all food vendors, caterers, and food services working on campus to use compostable food serviceware.

Approved by the Social Concerns Committee, 3.27.2017

### **An Act in Support of Centralized Collection for the Campus**

Centralized collection is a method of waste handling within an institution or commercial establishment that relies on custodial collection from specified collection containers instead of collection from the desk. At the University of Minnesota, the custodial program collects trash from the desk, but requires individuals to bring their recyclables to centralized recycling collection containers. These centralized collection containers are known as ‘The Quad System’ and are setup in all University buildings. The Quad System consists of containers for the collection of Paper, Cans and Bottles, Organics and Trash. In centralized collection, individuals are responsible for depositing the waste and recyclables they generate at their desk or work station directly into the Quad System containers at their convenience.

Whereas the current recycling rate on the Twin Cities campus is 42% and a recycling rate of greater than 50% is achievable;

Whereas the current collection process used by the custodial programs favors disposal over recycling by offering desk-side waste collection and not desk-side recycling collection;

Whereas centralized collection puts the responsibility of handling waste/recycling into the hands of the generator at the University;

Whereas custodial collection of desk-side trash and not desk-side recyclables makes waste collection more convenient than recycling and as a result short-circuits the recycling process;

Whereas previous pilot studies from five buildings on campus using the centralized collection model yielded recovery rates greater than 90% (Resource Recycling March 1993, p86);

Whereas survey of pilot building participants found an 86% acceptance rate for handling their own trash and recyclables;

Whereas handling waste makes individuals more aware of the waste they generate and open to waste reduction (survey results);

Whereas since the development of Centralized Collection on the Twin Cities campus other institutions and Universities throughout the country have adopted similar approaches (University of Vermont, West Virginia University, University of North Carolina at Greensboro, Western Michigan University, Duke University and many others);

Whereas the State Capitol Complex has recently implemented a new recycling system in which centralized collection is a component;

Whereas University of Minnesota Morris has adopted centralized collection;

*Resolved*, that the University Social Concerns Committee:

1. urges the University of Minnesota to adopt a centralized collection system.

Approved by the Social Concerns Committee, 3.27.2017

Ingrid Nuttall, chair, Social Concerns Committee, explained that the committee is seeking support for the resolutions with a goal of guiding the direction of the University, the committee is not seeking a policy change. She added that the committee welcomes feedback to ensure that these resolutions are serving the entire University community.

Shane Stennes, sustainability director, University Services, presented the first resolution titled, “An Act in Support of Compostable Food Service Ware for the Campus.” He explained that the goal of this resolution is to move the campus to a zero waste generator, currently there is a large portion of waste on campus that is food or food related. The resolution would require food service vendors to provide compostable serviceware when they are serving food. Aramark has already integrated compostable serviceware into their services, so change would affect the chain businesses such as StarBucks, Surdyk’s, and other off campus vendors.

Members asked what the cost implications of this change would be. Stennes said that there are not complete figures, but TCF Stadium made the change to compostable serviceware and it resulted in approximately \$20,000 additional spending for an entire season.

Dana Donatucci, recycling supervisor, Facilities Management, explained that the other resolution, “An Act in Support of Centralized Collection for the Campus,” proposes that individuals be required to deposit all waste and recycling into the designated quad system trash bins. Currently, individuals only deposit recycling into the quad system at their own convenience and custodians collect trash at desks.

Dana Donatucci, recycling supervisor, Facilities Management, explained that currently 42% of waste is recycled, and the goal is to collect 50%. He further explained that “zero waste” is the term applied to the instance where 90% of waste is recycled. Donatucci performed a demonstration using compostable and non-compostable cups. This demonstrated the need to streamline serviceware on campus because it is not easily discerned which are compostable and which are not. This would reduce the contamination rate, which can result in additional disposal cost if a collection is rejected by the recycling vendor.

Chair Feeney commented that while there is a cultural shift that would need to take place for implementing centralized collection, there would also be a cost related to altering the quad system of trash bins. Guests then provided the following responses to member questions:

- Nuttall clarified that the resolutions are intended to be systemwide. While all campuses are implementing different aspects already, the resolutions are direction setting for the University as a whole.
- Stennes said that the options for compostable serviceware are expanding as a result of customer demand. The cost of these items continues to decrease over time.

- Paulus explained that organics are composted off campus, the cost benefit is found in the avoidance of these materials being sent to the incinerator.
- Paulus emphasized that these resolutions are intertwined because centralized collection has increased recycling participation at other institutions, which is necessary for the collection of organics and qualifying for local subsidies. Based on the pilots being conducted, there will be a higher labor cost associated with the centralized collection, but a reduction in the cost of disposal because of the materials being diverted from the landfill or incinerator, therefore the overall cost will be neutral.
- Paulus said that the University is collecting about half of the organics, while the other half is mixed within other trash.
- Donatucci said they are hoping to have cost estimates from the campus pilots in January 2018.
- Members discussed the costs associated with having employees stop their regular duties to sort trash. The complete halting of waste collection from desks could be perceived as a deterioration of University services. Education will be needed to clarify where different types of waste should be disposed.

In summary, Feeney asked that the guests return with the results of the pilot program in the spring.

### **3. University's Strategy Around Naming of Buildings**

Jon Steadland, chief of staff, Office of the President and Bob Burgett, senior vice president, Development, University of Minnesota Foundation provided members a copy of the Board of Regents (BOR) Policy - Namings, which governs the naming of significant University assets. The policy can be accessed at this link:

<https://regents.umn.edu/sites/regents.umn.edu/files/policies/Namings.pdf>

Steadland explained that they were asked to speak on this topic as a result of questions about a proposed administrative policy on corporate signage. Steadland then walked members through the BOR Policy highlighting the following:

- The policy was adopted in 2010, prior to this all naming proposals went through the University Honors Committee. The naming of TCF Stadium brought to question if the University Honors Committee is the appropriate group for naming assets related to corporate sponsorship.
- A “significant University asset” is defined within the BOR Policy as follows:

Significant University assets shall mean tangible or intangible resources of the University that are of significant prominence or visibility. Assets include but are not limited to the following: colleges and schools; University-level academic programs, centers, and institutes; and buildings, significant portions of buildings, grounds, physical structures, streets, and areas.

Steadland then described the naming process for naming colleges, schools, buildings, and other significant University assets, it is also outlined in detail on page 4 of the policy:

- Consultation begins with the Office of the President, it must first be determined if the building, school, or grounds, etc. is a significant University asset. The Naming Committee is then asked to review the proposal. The committee is not a standing committee because representatives are dependent upon the asset being named. Recommendations from the committee are forwarded to the president, who then recommends the proposed name to the Board for final approval.

Burgett explained some of the guidelines around philanthropic namings, which are the result of a gift, which is a separate process from sponsorships:

- Development staff speak with benefactors about namings as recognition for the gift. A dean or chancellor completes a form to provide information to be submitted to the Naming Committee to determine if it is a significant asset. There are guidelines for the cost associated with naming different assets. Background checks are completed on individuals before the proposal is sent to the committee.
- There are on average 3-5 proposals per year.
- Philanthropic gifts are in perpetuity, unless there is cause for removal, while sponsorships have a term. If an asset is torn down, there is no guarantee that the name will continue with the new space that is built.
- Donors have the option to remove their names from assets, this would initiate the renaming process as outlined in the policy.
- Mariucci Arena was originally an honorific naming and not the result of a gift.
- The Foundation is not typically involved with sponsorship namings, those are more often Athletics related.
- Steadland pointed out in Section V of the policy, it is stated, “colleges, schools, academics programs, centers, or institutes are not usually named for commercial entities...” He added that there has not been a proposal of this kind brought to the Naming Committee, and would likely be met with considerable scrutiny if advanced.

Petty provided examples and asked if the University is moving away from naming buildings after people that are not administrators. Burgett explained that the honorific proposals are typically generated by the colleges and departments, so there has not been an intentional move in this direction. Steadland added that there is an economic as well as a collegiate consideration. Burgett said that because state funding has been reduced, donations are more of a necessity now than in the past, which can drive naming decisions.

With no further business, Feeney adjourned the meeting.

Bobbie Erichsen  
University Senate Office