

Faculty Senate
McCormick Room, Collins Library
Minutes of the November 16, 2015 Meeting

Senate Members Present: Kris Bartanen, Bill Beardsley, Raine Black, Derek Buescher, Rachel DeMotts, Andrew Gardner, Bill Haltom, Nakisha Renee Jones, Brendan Lanctot, Emelie Peine, Maria Sampen, Mike Segawa, Shirley Skeel, Jonathan Stockdale, Ariela Tubert, Jennifer Utrata, John Wesley

Guests: Emma Casey, Curtis Mraz, Emily Smaldone

1. Call to Order

Tubert called the meeting to order at 4:02 p.m.

2. Discussion of Honorary Degree Candidates

[Closed Session]

3. Announcements

- a. Jones announced the upcoming Townhall Tuesday about narratives that are typically silenced in our community, which would provide learning opportunities to share stories. 4:00-5:00pm in the piano lounge of Wheelock.
- b. Sampen announced that during the Music Teachers National Association Competition a senior music major was named winner in the young artists string division and a freshman named runner-up, and both will compete in the next round of competitions at the next level.

4. Approval of the minutes of October 26, 2015

Wesley requested that when senators wish to suggest changes to the minutes draft on the shared Google Doc, they should do so with margin comments (“Insert” → “Comment”) rather than using Google’s “Suggesting” mode. Comments made in “Suggesting” mode don’t seem to download when transferring the Google Doc to the Word file up for discussion in the meeting.

M/S to approve minutes from October 26, 2015

Sampen wondered if the PowerPoint slides from the Faculty Compensation Task Force (FCTF) contained any confidential material, and, if not, whether we should include them in the minutes. Tubert suggested we should include at least the “Guiding Principles” of the presentation so as to make clear the context of the discussion contained in the minutes. Bartanen clarified that the slides presented to the Senate went out to the faculty as a whole.

Wesley called attention to minor edits to the minutes made prior to our meeting in the electronic draft he had circulated. Stockdale commented that this format provides space for both commentary as well as edits, and asked whether these comments should be included in the minutes. Beardsley clarified that these comments are part of the discussion, and then proposed accepting the minor changes made to the minutes. Wesley asked whether the FCTC presentation should be included as an appendix to the 10/26 minutes. Tubert suggested that we ask the FCTF just for the first part of the presentation (“Guiding Principles”), which is the basis of the discussion that took place during the 10/26 meeting. Beardsley moved that we accept the minor changes proposed in the edited draft.

M/S/P Approval of minutes from October 26, 2015

5. Discussion of a petition that the university divest endowment funds from the fossil fuel industry

Mraz began by reminding the Senate that the Coalition for the Divestment of the University of Puget Sound had sent out reading materials regarding the timeline of the campaign and its principles. He reported they had released a petition during the 2015 LogJam that gathered over 700 signatures in little over a month. The Coalition had been created to unite different groups on campus to work toward this common goal. He reported having received ASUPS Senate endorsement the previous Thursday, as well as a dozen other club signatures, including Sigma Chi. He asked the Senate to review the letter that was sent to us, ask questions, and whether we would endorse the petition (see Appendix A).

Beardsley clarified that the document is a letter to the Board of Trustees. Gardner then asked the Coalition’s representatives about points of resistance to their initiative. Mraz identified the Board of Trustees (BoT) as initially being resistant the previous year, when the initiative was limited to participants from Eco Club. The explanation the BoT gave for not making an immediate change was that the responsibility of investment decisions was in the hands of the advisers of the University Endowment. Otherwise, Mraz cited students resisting the movement as a form of “slacktivism.” Gardner then asked what were some of the logistical accounting difficulties and what kind of communication was happening with third-party investors. Mraz noted that Perella Weinberg Partners (PWP) was recently hired to invest the UPS endowment. The Rockefeller Foundation, he noted, used this company to divest this past year, though granted it is immensely larger. With respect to potential losses resulting from divestment, Mraz suggested that these could be balanced by our portfolio being marked as divested (with money going to socially responsible causes), which would appeal to donors hitherto put off by the university’s investment in the fossil fuel industry. He stressed that the Coalition proposes divestment over a five-year period, because to do it immediately would be economically unfeasible.

Buescher asked whether this specific five-year time frame is an industry standard, and if there was evidence for increased donation as a result of socially conscious investing. Mraz said, in response to the latter question, that it was mostly anecdotal. He cited

comments posted on the petition written by alumni. Buescher then clarified his first question: What is the rationale for, and the projected economic impact of the five-year time frame? Smaldone pointed out that 350.org has suggested five years as a timeline for divestment campaigns. The point, she stressed, is to hold the BoT accountable by giving them a concrete timeline for action. Mraz added that contracts with fossil fuel companies typically have a duration of 8-15 years, which allows us to pull out of investments when contracts expire, as opposed to paying a penalty for the early withdrawal of funds from an investment. Casey said that five years provides a timeframe with which to evaluate those funds that have more recently been renewed. So, as opposed to letting contracts expire, we could pull money from select funds, but still minimize losses resulting from penalties.

Buescher asked whether it was acceptable that the university pay penalties to retire funds. Casey said yes, and suggested that this may not in fact harm the portfolio, though it could result in a small, short-term loss.

Skeel asked if the Rockefeller fund or anyone else had documented the costs or the downsides of divestment from fossil fuels. Smaldone observed that one of the biggest disappointments was that many of those groups ended up not really divesting, but just letting investments cycle out. Moreover, in the case of Stanford University, they only withdrew the university's direct investments (of which Puget Sound has none) and only in coal. So, some models aren't useful. Mraz noted that in the meeting with the BoT earlier in the fall, they gave a ballpark number, suggesting that there would be a seven-figure loss if they were to remove all 12.7% (the percentage of the university's total investments in fossil fuel related assets). Over the course of five years, about half the contracts would cycle out, and a single large donation could potentially cover the remainder of the loss. Utrata asked whether there was data from any other places—specifically other small colleges—that have done this. Smaldone noted that it is hard to find comparable institutions of our size, but that this would position Puget Sound on the cutting edge in this area. Unity College in ME, Green Mountain, VT, were two examples that Mraz offered, but then noted that these don't commingle their endowment funds (as it does for Puget Sound).

Tubert said that during a recent BoT workshop on this issue, the Rockefeller example was mentioned as different because they could hire special managers. DeMotts said that there are, to the best of her knowledge, several hundred colleges working on this. This is a conversation very much in process and that there is much debate about how effective it is economically. However, she referred to a Canadian study that suggests there may be a loss to keeping money in fossil fuel related assets. The idea that the whole debate is about losing money, she stressed, loses sight of the fact that divesting sooner than later may in fact be advantageous, both in the short and long term.

Casey noted that this is an argument the Coalition has been making. Mraz emphasized it was about framing a shift in social expectations. Gardner commented that divestment would be of symbolic importance in terms of the university's role in society, and referred to the same symbolism that plays a role in the way the stock market works: there is a

liability in investment as well as divestment. Sampen echoed Gardner and thanked and commended the students for their work.

Haltom made two points: 1) the Coalition's letter ought to capitalize the "B" and "T" when it mentions the "board of trustees"; and 2) more substantially, and related to the framing: this letter ought to call on the BoT as if they are starting a conversation or negotiation process. This would open the possibility of asking, in the face of resistance, 'what is your counter offer?'; in other words, what degree of divestment wouldn't be too much? He recommended framing the letter in this way so as to put the BoT under the obligation of responding to a civil conversation. In response, Mraz mentioned having a discussion on this very topic in a recent Coalition meeting, and admitted the possibility of a wide variety of options. Tubert mentioned that multiple trustees asked her about faculty opinions, and had the sense that the faculty had not discussed this much. Beardsley pointed out that the Faculty Senate could not speak on behalf of the full faculty with respect to this issue. Mraz noted that we are being asked to sign as the Senate, and noted they are also asking individual departments and faculties as well. Tubert suggested the Coalition seek endorsement from the faculty, and, to that purpose, attend the next faculty meeting.

Jones asked what the reinvestment would look like, and whether there were any concrete areas the Coalition was looking at. Casey said students wouldn't make such a recommendation because it is the role of the university's hired investment managers to redirect that money. The letter simply states that investing in fossil fuels does not align with our views as a university. Casey added that this campaign would set a model for future divestment initiatives. Smaldone noted that it was a difficult decision made early in the campaign to restrict its focus, and felt that this provided a feasible request to the BoT. She also noted that different tools would be needed to reinvest these funds, but "screens" would be part of the vocabulary guiding how PWP invests our money. Tubert added that the board has principles for investments and but none that is ethically related; this would be the first of its kind and could set a precedent for other, potentially more general, principles.

Buescher asked whether, in terms of precedent, there were any conversations about divestment from South Africa in the 1980s. Tubert recalled that, anecdotally, there was a request and it was not successful. Peine noted that the notion of ethical investing is not new, and that there are socially conscious funds that screen alcohol, tobacco, and firearms, but she noted how it was impossible to divest her own retirement funds, because even the socially conscious fund in TIAA-CREF includes various fossil fuel companies. Skeel underscored that the majority response to divestment would be positive. Tubert stressed the integrity argument over the economic argument. Jones asked if there was any way to work with PWP to produce projections of divestment consequences. Mraz stated that such a thing was requested upon meeting with the finance committee of the BoT, but they said producing a road map would be difficult. Gardner insisted that they be wary of accountants' projections. Smaldone pointed out that the projected losses do not take into account the potential of reinvestment. In closing, Mraz stressed that the success of the

campaign so far has derived from the pride the students take in being UPS students. This campaign has been educational, not finger-wagging.

Segawa then asked if we should hear from the other side. Sampen stressed that we are simply asking the BoT to produce more information. Peine noted that the BoT report already offers a different perspective, and stressed her support of the letter not out of financial knowledge, but due to her support for an ethical investment choice. She added that it is the fiduciary duty of the BoT to determine the financial responsibility of this move. It would be a powerful endorsement of this effort. Buescher commended the letter, but said that it is unclear about the process and procedure that it is asking for. He noted that what Peine advocates is a bit more forceful than what the letter from the Coalition asks for. Peine countered that there is already momentum and we should help move that forward. Gardner echoed this and said we could configure our perspective later. Tubert noted that we could put this on the agenda for the next meeting.

M/S to endorse letter from Coalition / P (with amendment to capitalize “B” and “T” in “board of trustees”)

6. M/S/P to adjourn the meeting

Meeting adjourned at 5:30 p.m.

Minutes prepared by Brendan Lanctot.

Respectfully submitted,

John Wesley, Secretary of the Faculty Senate

Appendix A: Letter from Coalition for the Divestment of University of Puget Sound

To the Board of Trustees,

As leaders of the University of Puget Sound campus community, we the undersigned give our support to the divestment campaign undertaken by students of E.C.O. The campaign has been in communication with the Board of Trustees since the fall of 2014 and has expressed its goals in the following terms:

We find it unacceptable that any percentage of the University of Puget Sound's endowment fund is invested in coal and fossil fuels, contributing millions of dollars to an industry that is responsible for devastating climate change.

We call on the Board of Trustees of the University of Puget Sound and its outsourced chief investment officer to commit to the following:

- 1. Abstaining from all new investments in the Underground 200, including the Filthy 15, and private hydrocarbon companies.**
- 2. Divesting from all current holdings in the Underground 200, including the Filthy 15, and private hydrocarbon companies within five years.**

Note: The Underground 200 is an annually updated list of the world's 100 largest coal companies and the world's 100 largest oil and gas companies. The Filthy 15 is a list of the 15 largest and dirtiest coal companies in the United States.

In our capacity as campus community leaders, we represent the university in a variety of contexts. We want the University of Puget Sound to be an institution we are proud to represent, one that makes ethical decisions compatible with its mission statement and reputation. Divesting the university's endowment from the fossil fuel industry is one of the most significant steps Puget Sound can take to safeguard the future of its endowment as well as the environment on which its current and future students depend.

Signed,

The Coalition for the Divestment of the University of Puget Sound