

ACIR Meeting Minutes for May 15, 2013

Current as of: 09.23.13

Attendees (*voting member, #via phone):

Terra Lawson-Remer (Faculty, Chair)**Susan Sawyer (Staff)*****Chris Crews (Student Representative)*****Bevis Longstreth (Trustee)*****Malcolm Smith (Trustee)****Brandt Weathers (Research Assistant)****Jens Astrup (Research Assistant)****Larry Woods (Finance Office)****Frank Barletta (Finance Office)****Linda Hird (Finance Office)*****Izza Aftab (Student Representative)**

Topic	Discussion/ Action/ Proposal	Responsibility/Time Frame
Last Meeting Minutes	Minutes to be appended with email exchange between Terra and DVZ. Bevis asks that we thank panelists. Susan moves to approve minutes. Izza seconds motion. No objections.	RAs (Jens and Brandt or J/B) will publish minutes online.
Student Event Update	Committee reading over document. Bevis speaks about view of outcome of event. Malcolm compares event to previous year's event. Izza shares her view of outcome of event. Chris gives perception as well, notes importance of growth of 'sustainability coalition' and 'divestment movement'. Terra asks where should we go from here. Poses question to Chris. Chris states: details and transparency wanted amongst audience; also alignment of values with endowment given emphasis. Izza agrees with Chris' comment on desired transparency and increased financial information.	RAs to send around Bevis's comments at the event. RAs to circulate Martin Wolf's article and Carbon Tracker Report to ACIR. Terra, Bevis, Chris to establish proposal for IC (as fossil fuel subcommittee).

	Terra asks that we consider some of these student questions in the annual report. Jens notes that he was surprised with turnout. Feedback useful. Malcolm asks about Bevis's comments, Bevis describes notes as panelist. Talks about documents backing up his comments (FT article, report on climate change, "carbon tracker initiative"). Stated that the audience should get involved because this is a major issue. Stated several things audience could do: divestment (minimum) ... Bevis states he's organized, personally, a small group of pro-bono lawyers to work on these issues (would be willing to turn it over to TNS if there was interest). Terra asks for more detail on this project. Bevis states project is based on potential mispricing of extractive industries and misallocation of their assets, which he believes, if publicly known, would change public behavior. Ties in three areas of disclosure; notes overvaluation (by up to 40%) of assets by Hong Kong Banks, also Citibank produced similar report. A second area would be excessive gov't subsidies to extractive industries (as opposed to renewable subsidies, by 8 to 10 times). Malcolm asks clarifying question. Bevis: third point involves amount of funds toward new fossil fuel exploration, which he, and carbon tracker, deem as 'unburnable'. Notes handful of letters and rule proposals and universal shareholder proposals to be done. Izza asks what FASB is. Bevis: private organization that is meant to enhance accounting standards in the US. Notes it has been captured by industry interests. Notes attorney general may be helpful. Briefly talks about other relevant context regarding NYS attorney general. Terra says this work sounds great and that TNS client question would need to go through another body beyond TNS. Susan notes there may be potential conflicts, regarding sharing Trustee members with this organization. Conversation	
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	resumes around this potential conflict. Bevis states that unless TNS leads the charge on this issue, then we need to perceive other effective ways to move the fossil fuel issue. Susan states that she thinks that committee members are talking about different topics. Terra asks more detail regarding procedure being pro-bono client. Susan states that we have guidelines for conflict of interest that Malcolm mentioned; states that there are little guidelines directly relevant to this issue. Terra asks further detail on conflict of interest issue. Susan states that this would be a process. Malcolm states that whatever choice we make depends on what this committee recommends and stands behind. Terra poses that we could, as a committee, write up a multi-pronged policy and campaign. Bevis states that there are already multi-pronged elements in his plan (FASB, SEC, shareholders proposals, and attorney general). Terra: if we choose to go in this direction, just talking out loud, I think we would also want to put together components of outreach into the plan so that we don't simply function in a vacuum without the larger interest communities. Suggests, briefly, a New School Climate Change Action Plan that we build it, propose it to Investment Committee, which then goes to board with IC support. Asks for other suggestions from other committee members. Chris notes the conversation in his group, and Steven Bloom, about 'risk'. And nature of how much are we invested in this, where do we move these investments, etc. Izza: isn't this directly related with the idea of reassessing the price of these assets. Chris: not exactly, states that there's no effective pricing mechanism for risk. Izza: this should be emphasized, what should we avoid, where should we go. It is an issue that notions of risk are diverse. Asks that committee discuss this notion further. Terra: to push back, I don't think we're an effective	
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	body for such a task. I would interpret Chris's comments as a framework and set the tone for our argument in pushing our policies forward. Some discussion on risk and externalities continues. Bevis notes that these issues are a bit different than his proposals. Notes that this topic only need be rooted in mispricing and asset wastes. Said this non-normative approach is appealing; quite different than South Africa. Brandt notes that audience didn't appear to see these notions "mispricing" and "divestment" as mutually exclusive. Terra: refers to points made by Bevis and Chris as both useful but in different ways. Asks for straw vote; most support pushing these ideas forward. Bevis: its a concern that we don't work in isolation or establish a cohort to move this forward to make the board feel better about these proposals. Malcolm: I want to be clear what we're proposing the IC. I think we're fortunate that we have Bevis leading the charge on this issue. Some conversation ensues regarding approach Bevis's organization would take tactfully. Terra: my read is that these issues are important, but better set if coming from public interests not activist set of lawyers. Bevis agrees that this should be turned over eventually as well. Terra: suggests we write proposal to IC with two sections (action items [based on Bevis's suggestions] and outreach). Some discussion regarding shareholder proposal rules and divestment. Terra asks if anyone seconds idea or opposes. Izza asks about tactic. Terra clarifies role and the 'how' in going forward with action plan. Name five prongs (includes 'divestment'). Some discussion on shareholdership, questions whether we will or won't be divesting. Bevis further explains approach without	
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	the use of divestment but with the mechanism of disclosure. Malcolm picks up document, discusses holdings details regarding fossil fuels. Notes that certain investment decisions may be extremely controversial with particular individuals within IC. Malcolm states that we wouldn't want to lose any particular Investment Manager so we shouldn't take a hard lined stance on divestment. Bevis compares this approach with approach used with SEC letter. Terra states that she understands that the divestment approach would may be controversial. Notes that IC member stated that they would be interested in this issue only if alternative returns investments are proposed. Bevis proposes that this is posed as a shareholder proposal approach, instead of a divestment approach, to get our investments to be aligned properly. Terra: appears that we're seeing a challenge of our mandate. Compares morality versus details of returns. Chris notes that he doesn't understand why these items are mutually exclusive. Bevis notes that the particular manager being referenced is high performing, would not view threats to returns well considering their reputation, and, Malcolm notes, this IM is not open to new clients. Terra: directs conversation back to plan details; notes that divestment conversation could follow if shareholder proposals fall if proposal is posed properly. Frank notes that we should not confuse fossil fuel manufacturing with fossil fuel extraction. Terra: this is a very good conversation. Frank: oil used to create many products. In 1980s,	
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	people used IBM typewriters while divesting from IBM Its not about products, its about the stock. Terra: should also incorporate views of sustainability groups and be concerned with operations as well. Asks that this subject be moved to subcommittee: suggests Terra, Bevis, and Chris.	
Proxy Voting Update	Linda: Greenhaven given control of proxy votes to us, all items will come directly to Linda herself, will need to clarify process but from upcoming year on this will be our decision alone. Frank: please look at our guidelines and can do this alone with 72 hour comment period. Will be doing with Larry. Clarifying procedure will be important. Bevis notes that this accomplishment should be added into the annual report. Terra: it should be its own section.	
Faculty Seat Update	Terra: Notes that the process has been more difficult than one would've hoped. Informed committee that she spoke to DVZ, and looped in relevant parties. Found out that no one wants to pay... appears to be a method wherein volunteering vs appointment determines payment for committee membership as an adjunct, and is subject to union requirements. Linda: Asks for clarification: aren't only appointments made? Susan: yes, so there won't be appointments if payment is required. Terra: some self-nominating clauses can be considered according to Susan's colleague, notes that charter would have to be adjusted (so volunteers won't get paid). States that there's also a policy issue; there is a lack of commitment by turning away interest... also complicates issue with different determinations of payment based on various approaches. Current status: we do not have another faculty member because President's office has decided they don't want to pay. Bevis: I saw the emails, I'd like to get people involved	RAs to send around luncheon list to determine part/full time faculty, also to ensure Terra's position at UFS meeting.

	Can we get Joel to indicate someone? Frank: Notes that there are lots of adjuncts at Parsons. Susan: Do we know how many at the luncheon were full time? Brandt: not currently. Terra: reiterates that this is a policy issue that excludes adjuncts. Bevis/Susan: that may not be our decision. Some conversation ensues regarding preference and priority of this issue. Terra: is consensus to go along with President's policy for now and look for volunteers? Terra notes that finding volunteers is unlikely. Bevis says that we should go meet those who we are interested in having on the committee. Chris says drafting a provocative letter may be useful.	
Annual Report Outline and Update	Jens: updates committee on progress Terra: Requests that the RAs change endowment's holding data section to be thoughtful and include Izza on the conversation to be an important part of the annual report. Linda: States that process could be done later because data comes out at end-of-calendar-year. Expresses uncertainty of what we can or cannot provide, would need to be resolved. Info that can come out is in the 'audits'. Frank: Suggests that annual report could not list manager names and instead give websites for pooled investors so people can check them out. Also can describe hedge funds, but not give names, unless they can be purchased publicly. Larry: "like our manager concentrations without the	Linda to draft document of endowment data to send to Izza. RAs to re-circulate this document with better titles and more detail, production timeline, distributional strategy.

	names?” Frank: States that websites should be put on annual report. Izza: Notes that the ACIR should have a facebook page. Brandt: states that our current website could use an update section on the frontpage composed of news, links, and updates. Bevis: Requests that divestment section, in annual report, be called ‘fossil fuels at TNS’. Frank: Notes that this about divestment as well as investment. Terra: States that annual report sections need “sexier titles” that are informative and provocative. Titles like SEC Letter and Proxy Voting Report are uninformative to the unengaged. Linda offers document with website changes/annual report changes. Chris: Asks about possibility of having photos on annual report, and videos on ACIR youtube channel.	
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