1. Call to Order 7:00PM
2. Roll Call 7:00PM
3. Approve last meeting’s minutes 7:05PM
   a) Yes: 36
   b) No: 0
   c) Abstain: 4
4. Divest Smith Discussion/Questions 7:06PM
   a) David DeSwert and Ruth Constantine
      1. Role of Smith's endowment:
         1. Currently 1.8 billion dollars, produces about 70 million dollars in income each year, a third of Smith's income. They try and invest/spend the endowment in such a way that they can fund the same level of activities in the future.
         2. The endowment is an essential part of Smith's long-term financial health.
      2. How Smith's endowment is managed:
         1. Funds are traditionally mingled in different investments to try and maximize returns. At Smith, we actually outsource our investment office, so our money is managed by another firm—mingled with both different funds and other clients. Our returns are 10.3%—average rate is 7.8%.
         2. If we divested, we'd have to leave our firm and we couldn't invest anywhere that mingles funds with other clients, which really lessens our options.
      3. Potential impacts of divesting:
         1. We couldn't keep beating the market like we have so far. What if we just stayed at market level? Over the course of a decade, there would be a $140 million loss, or $14 million a year, which represents about a quarter of their financial aid budget.
      4. Sustainability efforts on campus
         1. Trying to be more sustainable. In 2010, signed the Climate Commitment, which is a 20 year plan to become carbon neutral. In 2012, they completed the Environmental Classroom, which received the Living Building certification. A few years ago, they put a co-generation plant online, which uses natural gas to generate electricity and use waste heat to heat and cool buildings, which has reduced our reliance on purchasing electricity. Recently installed solar panels on the CC and ITT. Dining services has focused on local food sourcing and recycling/compost, so we've reduced our food waste by half since 2001.
      5. Q: Are there other similar firms that focus on sustainable investment?
         1. A: There are probably no firms that are entirely sustainable; there might be some firms that focus on an environmental cause, however.
      6. Q: How much does it cost to move the endowment?
         1. A: We didn't calculate that, so there would be a transaction cost, tie-ups with locked-in investments that we'd have to sell at a loss, etc.
      7. Q: What effect did it have when the Rockefeller Foundation removed their money? Also, what about Cambridge Associates, who said they would support any foundation that wanted to divest?
         1. A: Rockefellers were replaced with another association. We'll have to see about Cambridge Associates—they aren't really like our firm, they're more of an adviser. They haven't had a client with a big portfolio like ours that's chosen to divest. We're kind of waiting for the investment management industry to develop.
8. Q: Senator Zoe: What would you say to the people who believe the gas bubble is going to burst? Isn't it more financially secure to pull out now?
   1. If we were in an environment where our investments were being negatively impacted, our managers would be taking action. Nobody thinks it's going to happen soon, but it could certainly happen over time.

9. Q: Julia Collins: In the past, Smith has divested in the past (apartheid). Why can't they do it now? What's different?
   1. A: The core difference is that for apartheid, there was a specific list of firms to not divest in, so we just didn't buy their stocks. However, a larger share of college investments was invested in private investments and not publicly traded stocks. Also, there's not a standard list right now for sustainability, and our funds are less invested in the stocks than they were then.

10. Q: Senator Jade: If we divested and took the hit and we weren't making as much, would that impact our need-blind admissions policy?
    1. A: We're not actually need-blind—just mostly need-blind. Any downward pressure on our revenue sources is going to impact the decisions we make about our resources. We've already tightened financial aid before in the recession.

11. Q: Senator Marisol: At market levels, we would be losing $14 million a year from operating budget—is there any way to lose that money and not impact financial aid?
    1. A: Other things in that budget are faculty, student services, athletics, residences...everything, in essence. Financial aid wouldn't be cut, but it would absolutely impact faculty, dining staff, building staff, counselors, etc. People would lose jobs. There's no way to just take money away from “non-people” things.

12. Q: Senator Esther: Can't we just increase the budget?
    1. A: 75% of our money comes from tuition, and then there's the endowment. To increase the budget, we need more money...which would probably mean raising tuition. This isn't the only priority at Smith college.

13. Q: Some colleges have chosen to divest. How are they able to divest?
    1. A: The only colleges they know have that have divested have considerably smaller investments. We don't have any direct investments we can pull out.

14. Q: Senator Rose: Would this also affect admissions?
    1. A: We wouldn't accept fewer students, because we'd need their money, they would just get less generous packages.

15. Q: Senator Zoe: Don't you think Smith stands for something? Shouldn't our money stand for something too?
    1. A: Senator Marisol: Smith also stands for low-income students, and we have a responsibility to them.
    2. A: Students are our first mission, not anything else—that all comes second.

16. Q: Senator Sarena: Last year in my econ class, a student asked about the impact of divesting, and the professor said there would be no positive ethical effect. Agree?
    1. A: The sense is that if we withdrew as an investor, there are plenty of other investors waiting to step in and buy that stock. Now, the envisioned future is that someday other investors won't make that choice. But that's not today's reality.

17. Q: It sounds like we haven't really looked into how else this money could be invested with another firm. We don't really know what the transaction costs are, how much it would cost to make sustainable investments that have returned above market value—we're just making assumptions about this loss even though sustainable investments have done very well before. Could we get the actual numbers?
    1. A: So there are transaction costs to selling off everything—but we could only
ballpark that. Ruth attended an endowment forum and many people were proud to state that they were meeting the market average, but they wouldn't sit here and say they're making above average.

5. Elect Senator to the ENA Committee 7:43 PM
   a) Because of Constitutional changes, there will be more people running, so they need another senator to help with elections. They meet Fridays at 6:30.
      1. Senator Madeline Ewell, elected with vote of confidence

6. Vote on constitutional changes to appear on ballot 7:46 PM
   a) Yes: 38
   b) No: 6
   c) Abstain: 1

7. Open Forum 7:48PM
   a) Student Divestment Group
      1. Eventually, there will be a carbon tax that will decrease value of fossil fuel investments, and if we aren't ahead of that curve, we could lose more money. These risks are increasing and they're thinking about the students fifty years from now. Smith has the power to make social change—one college divesting doesn't change anything, true, but it helps the movement grow and create more change.
      2. It's not true that there aren't any other alternatives. Cambridge Associates, as mentioned before. We're our firm's largest client, so we do have power to affect change within the firm. We've already put $1 million in a sustainable fund. Past returns don't guarantee future results and fossil fuel shares will become less valuable. We have an opportunity to preempt the market.
      3. What Divest Smith College is asking for right now isn't immediate divestment—it's dialogue on campus. They want the Committee on Investor Responsibility reinstated.
      4. Q: Senator Jade: Does this resolution say we're asking to freeze new investments?
         1. A: The new resolution is just an expression of support of freezing investments, not a direct request for it.
      5. Q: Senator Sarena: Isn't this a bad time to sell because oil prices have gone down?
         1. A: Once again, they're just asking for a committee. And once again, Smith invests in other things, too. Only 6.5% is invested in fossil fuels right now, so there are certainly other things to look at.
      6. If you contextualize the 2.5 year history of Divest Smith, they've been accomplishing a healthy dialogue—look at the referendum from last year, with an 84% expression of support from the student body. In addition, perhaps financial aid shouldn't be part of this discussion—it puts current students in an uncomfortable position. The Committee on Resource Allocation should look everywhere else before financial aid.
      7. Q: Senator Marisol: How do you feel about two resolutions, one about reinstating the committee—which everyone would be likely to support—and one about the general declaration of support, which might impact low-income students.
         1. A: Divest Smith College would love to work with interested senators to work on a rewrite over the weekend.

8. Announcements 8:03PM
   a) Junior Class President Yoo Eun Kim - Junior Class Cider Donuts and Drinks
   b) “Engagement Points” - upload to Smith Social Network
   c) Send Committee updates by Thursday at midnight
   d) Send out house emails, CC sgasenate@smith.edu
   e) Come to the Restructure Meeting following Senate

9. Adjournment 8:06PM