



The Student Senate

Texas A&M University

S.B. 69-49

**The Student Senate
69th Session
Texas A&M University**

Introduced By: Spencer Davis, Vice President of Municipal Affairs
Michael Walther, Mays Business School
Hannah Wimberly, Student Body President
Dan Rosenfeld, Executive Vice President
Jacob Arnett, Vice President of Legislative Relations

Sponsor(s): Joseph Hood, Speaker of the Student Senate
Jake Wilson, Off Campus
Courtney Crews, Off Campus
Jasmine Wang, Ad Hoc Diversity and Inclusion Chair
Lauren Powers, CEHD
Alan Hernandez, On Campus
Taylor Day, Finance Chair
Luke Weissler, Off Campus
Dylan Boster, Off Campus
Ian Peterson, Transition Academic Program

Action Taken

PASSED

Certified By:

Joseph Hood 17
Joseph Hood
Speaker of the Senate

Duly Approved:

Hannah Wimberly 17
Hannah Wimberly
Student Body President

The Principles for Responsible Investing and Cooperation for Endowments (PRICE) Act

Special Designation: Act of the Senate

"An act passed in cooperation with the University of Texas Student Government to authorize joint negotiations with the University of Texas Investment Management Corporation (UTIMCO) to form an advisory group focused on shareholder engagement."

Whereas(1): The Texas A&M University System (TAMUS) and the University of Texas System (UTS) have a joint endowment worth approximately \$18.7 billion



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called the Permanent University Fund (PUF).¹

Whereas(2): TAMUS received \$265.8 million from the PUF in FY2016.²

Whereas(3): UTS received \$360 million from the PUF in FY2016.³

Whereas(4): The PUF is managed by the University of Texas Investment Management Company (UTIMCO), established in 1996 to invest the endowment. The returns are distributed to UTS and TAMUS with a 2/3 and 1/3 split, respectively.⁴

Whereas(5): Except for private investment funds, UTIMCO does not invest the PUF directly. UTIMCO management hire external equity managers to invest the money for them. These equity managers have purchased shares in approximately 1,800 domestic and foreign public companies.^{5,6}

Whereas(6): Several dozen of these external managers invest the PUF into companies accused of well-documented human rights abuses. These violations were most recently revealed in a *Battalion* series last year. Sources include: the State of Texas, the United Nations, the United States Congress, and international non-profits.

Whereas(7): *The Daily Texan* is active in investigating unethical companies in the PUF portfolio.⁷

Whereas(8): In November 2015, the PUF was invested in 10 companies that according to

¹ [UTIMCO December 2016 Performance Report](#)

² [Texas A&M System FY2017 Executive Summary](#) (Pg. 5)

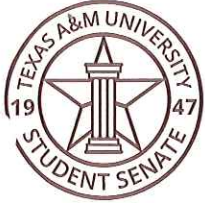
³ [University of Texas Operating Budget Summaries FY2017](#) (Pg. 15)

⁴ [Permanent University Fund Summary](#)

⁵ [Detailed Schedule of Investment Securities – Year Ended August 31, 2016](#) (Pgs. 3 – 34)

⁶ [Most Current External Manager Lists \(Source: Open Records Request 01/2017\)](#)

⁷ [UTIMCO – The Daily Texan](#)



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two Texas Comptrollers of Public Accounts—including current Comptroller Glenn Hegar—and Texas Government Code Sec. 806.001 are “taking actions that have directly supported or promoted the genocidal campaign in Darfur.”⁸

- Whereas(9):** Sometime in 2015, UTIMCO quietly divested from all companies listed as being directly involved in Sudanese and Iranian human rights abuses by Texas Comptroller of Public Accounts, Glenn Hegar.⁹
- Whereas(10):** Despite this divestment, UTIMCO remains without a policy or committee devoted to removing the fund from current human rights abuses and avoiding future ones.
- Whereas(11):** Several other companies, still in the PUF portfolio, are accused of human rights abuses, including: modern slavery, child labor and fatally negligent working conditions for workers.^{10, 11}
- Whereas(12):** Previous efforts from the student governments of both Texas A&M University and the University of Texas to persuade UTIMCO to establish a policy of divestment or noninvestment of these human rights abusive companies failed. Former UTIMCO CEO, Bruce Zimmerman, cited a threat to risk-adjusted returns and portfolio diversity if such a policy is established.¹²
- Whereas(13):** Despite their concerns for potential effects on overall returns, the PUF’s 10-year average annual return is the lowest in the top ten of the most valuable U.S. higher education endowments.¹³ Of this class of investors, UTIMCO is the only that does not have a committee, policy, or other vehicle that

⁸ [A Dark Spot on Texas A&M’s Investments – The Battalion \(Nov. 2015\)](#)

⁹ [Detailed Schedule of Investment Securities – Year Ended August 31, 2016 \(Pgs. 3 – 34\)](#)

¹⁰ [Battalion List of Suspect Companies in the PUF portfolio – Part 1](#)

¹¹ [Battalion List of Suspect Companies in the PUF Portfolio – Part 2](#)

¹² [The Bottom Line First – The Battalion \(Nov. 2015\)](#)


¹³ [Most Endowments Feel Dreaded Pinch of Negative Returns – Pensions & Investments \(Oct. 2016\)](#)



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examines the character and social responsibility of companies in their investment portfolio.¹⁴

Whereas(14): Public companies, such as the ones found in the PUF’s portfolio, are beholden to the direction of their investors, which is considered at annual stockholders meetings through shareholder votes. As a shareholder, UTIMCO has approximately hundreds of millions of these votes at their disposal—putting them in a unique position to improve the lives of many around the world.

Whereas(15): At these meetings, shareholders, or their designated proxies, are able to vote on important company decisions, including: who is on the company’s board, who manages the company, and other major strategy decisions, such as discontinuing operations contributing to the violation of the most basic of human rights.

Whereas(16): On July 1, 2012, the UTIMCO board adopted a shareholder voting policy that establishes that they “shall not invest the Fund so as to achieve temporal benefits for any purpose including use of its economic power to advance social or political purposes.” This policy grants the power for case-by-case review of shareholder votes to UTIMCO’s Internal Equity Manager.¹⁵

Whereas(17): A January 26, 2017 UTIMCO response to an Open Records Request for a record of all votes against corporate management in the last 5 years suggested that they do not actually have an Internal Equity Manager, and that by default they forfeit all of their shareholder votes to their external equity managers. There appears to be no financial or social review of corporate behavior.¹⁶

¹⁴ [The Bottom Line First – The Battalion \(Nov. 2015\)](#)

¹⁵ [UTIMCO Proxy Voting Policy \(Pg. 1\)](#)

¹⁶ [January 26, 2017 ORR Response](#)



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Whereas(18): At other higher education endowments of comparable size, advisory groups exist consisting of members appointed both by the endowment managers and respective student governments. Together, they discuss and direct how their shareholder votes are utilized. These advisory groups have proven themselves successful in ending human rights abuses while maintaining financial goals.¹⁷

Whereas(19): TAMUS states with regard to leadership “it is our responsibility to improve the world with forward-thinking research and service that make the state and the world significantly better.”¹⁸

Whereas(20): UTS states with regard to social justice that its mission is to “improve the human condition at local and global levels through programs that advance equality and better conditions for those who may not have a voice.”¹⁹

Whereas(21): UTIMCO’s own policy recognizes that “as a shareholder, the PUF has the right to a voice in corporate affairs consistent with those of any shareholder. These include the right and obligation to vote proxies in a manner consistent with the unique role and mission of higher education.”²⁰

Whereas(22): The historical and present holdings of the PUF directly contradict the higher education missions of TAMUS, UTS, and UTIMCO.

Whereas(23): Despite the best intentions of the Texas A&M University and University of Texas student governments to separately address UTIMCO concerning their opposition to their current policy, UTIMCO has yet to review the situation or implement change.

¹⁷ [Columbia University Advisory Committee on Socially Responsible Investing](#)

¹⁸ [Impact on the State, the Nation, and the World](#)

¹⁹ [UT Division of Diversity and Community Engagement – Social Justice](#)

²⁰ [Permanent University Fund Investment Policy Statement \(Pg. 9\)](#)



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Therefore

Let it be

Enacted(1): That with the passage of identical legislation forming a negotiation team, the Texas A&M University Student Government Association and the University of Texas Student Government are for the first time united in our demands for the creation of an advisory group that, along with UTIMCO representatives, will review and direct UTIMCO management in their use of shareholder votes; and,

Let it be

Further

Enacted(2): That the representatives of the Texas A&M Student Government Association are appointed to enter into direct negotiations with UTIMCO management for the creation of said advisory group. This should be completed by the next UTIMCO board meeting on April 20, 2017, subject to reauthorization by the Student Senate; and,

Let it be

Further

Enacted(3): That the representatives for such negotiations are to be appointed by the Student Body President, and are to report back to the duly elected Student Senate upon their completion of negotiations; and,

Let it be

Further

Enacted(4): That in the event that negotiations with UTIMCO management are not completed prior to April 20, 2017, each succeeding Student Body President after the Student Body President of the 69th session is to appoint a negotiation team under the same guidelines of Let it be Further Enacted (2) and (3) to continue negotiations for the advisory group until its ultimate passage or the appeal of this act; and,

Let it be

Further

Enacted(5): That upon the adoption by UTIMCO of the advisory group outlined in the provisions of Let it be Enacted (1), this act is to be removed from the code



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and maintained in the archives of each session that it was in effect; and,

**Let it be
Further**

Enacted(6): This legislation, upon passage, should be sent to the following:

UTIMCO:

Mark Warner – Interim CEO
Joanna Barrett – Executive Assistant for CEO
Jeffrey Hildebrand – Chairman of Board
Admiral William McRaven – Vice Chairman for Policy
Phil Adams – Board Member
Kyle Bass – Board Member

David Beck – Board Member
R. Steven Hicks – Board Member
H. Lee S. Hobson – Board Member
Ray Nixon – Board Member
Ray Rothrock – Board Member

TAMUS:

Joseph Duron – Executive Director of Budget and Accounting
John Sharp – Chancellor

TAMU:

Dr. Jerry Strawser – Executive VP for Finance and Administration and CFO
Michael K. Young – President