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**GREENING THE CAMPUS: Exploring Practices,
Curriculum and Management in Higher Education**

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Breakout Session B4

Administrators/Development Officers: Funding Campus Greening Initiatives

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Photo: Jane Hoffer [mjhoffer@mindspring.com]

Josie Merck: I'm going to read something, because I went back through my paper trail of my history with Sarah Lawrence College and their green building. And it reveals what kind of an uncomfortable donor I became, no doubt, but perhaps effective, is the way I could put it. So I've included those letters in this, and I hope I won't bore Mark, who has incredible energy. And I can't wait to hear what he has to say, because he has really made a difference.

So this is as true as Judith said about the raising of the funds. I have been raised personally in the milieu of philanthropy and philanthropic giving. And a variety of motivations and energies can drive these gestures of giving, as every donor knows, and every development officer imagines. But later in my life, now, with more of a feeling of urgency, I am exercising my passion and focus in what I am calling the donor dance. And this kind of activated donor could be a development officer's nightmare. Once I got going and found a little traction, as you will see, I was fierce in my enthusiasms. When Michele Myers, the president of Sarah Lawrence in 1999, was planning a visual arts building, she pulled together a constituency of all kinds to participate in the planning process. So those would be the students, faculty, administrators, alumni, and obviously potential donors. And I probably fit three of those categories. I was an alum, I majored in art and I had given over the years, but with no strings attached. This task force was to come up with a plan for innovative teaching. I had never heard about this kind of building they were planning. It was going to be an open space, cross fertilization, fluid open plan. And I have to admit that I had never been interested in buildings as a graduate student of art at Yale, undergraduate at Sarah Lawrence. Buildings actually got in the way. And I was much more interested in program and faculty. But little did this group know that I had become interested in green building, because I had

supported a course at the Yale School of Forestry and Environmental Studies with Stephen Kellert in green building. And the course was specifically based on two designs. I attended it and helped fund it, and had already had a child at Oberlin, so I had been paying attention to exciting propositions. And that then became my agenda for this building.



Photo: Jane Hoffer
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It took a little while for me to be part of this conversation, but I made two friends as I hung out faithfully at these many meetings. And one is here today, Micheal Rengers, at the time was the plant person in charge of facilities. And the head of development, a man named Jim Asp was also interested. They came with me, because I wouldn't be able to persuade anyone else, to go and see one of the first green buildings in New York, which was the Natural Resources Defense Council (NRDC) headquarters, which at the time was probably already six or seven years old. And they met with some of the gurus. And they got it. They saw how the building worked and they got it. But as they said to me, "Now you have to do something with this. We are staff. We can't make a change." So I said, "Well, I need to get on the agenda." I got on the agenda for the next task force meeting. I was at the bottom of the agenda. It was Friday afternoon and there I was with Michael and Jim, and everyone had left. And I thought, oh, this is unfortunate. But in a way it was a good thing, as it turned out, because I have to say I began to gather steam. Slightly miffed steam. And I found a letter that I wrote the next day, Saturday. And I wrote it to Jim Asp. Now maybe I should've sent it to the head of the board of trustees, but then I wrote it to him. And I said, "I don't know if minutes or a summary of the meeting will be pulled together for the benefit of the whole committee." Nobody had been there. "But I would like to submit my points to you in hopes that they be heard more clearly and possibly be better digested. My guess is that I'm not the only one who cares about these issues. And that even the Board itself might wish to consider the implication." It's the year 2000. "The implications of choosing to construct a building with LEED specifications." I'll get back to that if you don't know what that means. "It seems too easy to dismiss this concept as a cost factor. I also realize the other long range problem of fast developing technologies. However, here's what I'd like the minutes to include based on my end of the meeting presentation yesterday. That Jim, and Micheal Rengers and I met with two senior energy efficiency consultants at the NRDC. They are prepared to make themselves available to the college as consultants free of charge. They've already been consultants at 4 Times Square and the Audubon building. My concerns are for the consideration of green building standards and the cost savings to an owner of a building over the long run. And also just as importantly in this day and age, the savings of our natural resources. Creating a building which has, at its soul, a socially responsible ethic is appropriate for an educational institution. It is literally and conceptually good for the health of the students and the whole community in the lessons it teaches. Making the choice to consume less energy is a matter that needs to be established in the initial design process, working through a team approach with an engineer as a colleague, and is the approach that has been strongly recommended. It's a construction opportunity to

do good work with this building and be known for it. Any architectural firm is waiting for the command and the opportunity. Most architects would consider green standards appropriate and responsible no matter what. But it is the owner/client who must guide the ethics, as well the design program priorities. I would like the recommendation that any RFP include these standards for the wellbeing of the environment, college community, the plant, and the long range maintenance program of the college. Respectfully submitted!" Exclamation point.

So, as I said, it's probably just as well they hadn't been at the meeting, because I did become more passionately focused. I was consulting an economist at this time. And you may know, I think this still holds, that if you wish to green a building it is said that ten percent of the added on cost of the building will go towards that. And that money will probably be recouped pretty quickly, as the price of oil goes up. Which it did, obviously. Budget for this building was 20 million. And so my pledge of 1 million to be matched seemed the way to go. But I have to say in this dance that it was a big leap for me. And I just had to believe it was going to work.

About this challenge, I added an extra challenge to it, that the building must be LEED certified, at least at the base level - there are many levels, platinum, gold, silver - but at least the base level. LEED, if you don't know, stands for Leadership in Energy and Environmental Design. It's a certification process from the Green Building Council. But the dilemma with me attaching a string or a rope, or a noose, was that not many people had heard of it. And they had to do a lot of homework, obviously - the board, the president and the director of development. But they did agree to it. I then had a little more weight on the committee. I had now been elevated to a committee that was almost entirely women who had plenty of clout who probably knew and designated fancy architects. All of whom had fancy books. And a great deal of time was spent looking at the fancy books, which is about presentation. Eventually they were dwindled down to two. And of those two the one that was selected, I have to say, was because that firm, James Polsheck and Partners, was willing to take on the challenge of LEED certification. Even though it was a tiny part of the funding, it had been agreed to. And they were absolutely willing. So much so that they then hired two architects to get trained and learn what to do. Now, every major architectural firm is prepared to design such buildings.

Another string thrown my way as a donor was that the president immediately said, "All right, we agree to this." The contract was signed that we would each do what we promised to do. But it included me helping raise the money. Which wasn't really what I was used to doing. And I had to explain it, obviously, I had to be pitching LEED. So the first "target," I think that is the word in the industry...

Female Speaker: A prospect.

Josie Merck: A "prospect" was a recent graduate who was well known to care about environmental concepts, and this is Joanne Woodward. And little did I know, well I did know, I could see immediately, that her Prius was sitting in the driveway and they had

two Priuses in their family at that time. But she very smartly had a driver waiting. I thought that was very smart of her, because that meant she could be reading while he drove her. So poor Michele, President Michele Myers, is wondering if I'm going to be able to explain this. But luckily I know that Joanne Woodward is refurbishing the West Port Theater, and hopes it to be green. I'd already seen something about that. So she wanted the information. And it turned out that went very well. I just looked at the bid that was made to Newman's Own, it was a huge proposal. And they, for \$1 million, to match my million. And I suppose all development officers figure if we get half of that we'll be happy. And they did. But in the process, before she committed to that, I did write her a letter, which I found the other day. And it said to her, "Dear Joanne, yesterday I had the chance to be in on the meeting with the architects down at James Polsheck's office with the various members of the Sarah Lawrence Visual Arts Committee. I am writing you now because I wish you could've been there to hear just how passionately the designers have taken the challenge of making the LEED certification. You may remember that my original challenge had to do with reaching the base level in order to be certified green. But the architects are now making every effort to strive for the top level, platinum." There's nothing like a prize, you know. "The additional credits they're looking into include such choices as fabric made from recycled plastic bottles. Some of the Sarah Lawrence ladies at the table were unaware, one, that there was such a product, and two, that a textile could cost as little as \$20 a yard." They were taking this information away for their own decorating, obviously. Homasote, does everybody remember that material? It's an old fashioned wall building material. "Homasote was selected by the architects, because it was made in New Jersey, less than 500 miles away. That's how you get points for LEED certification. And a super environmentally friendly company that not only recycles tons and tons of newsprint daily, but also recycles all its water, and has significantly reduced its consumption. I not only love the fact that Polsheck is going for the prize, the green prize of this building, but is becoming experts spurred on by these incentives in the green building design field. And educating everyone who is present in this firm and us at the table along the way." So that was quite thrilling, because then the money began to come.

At some point I was beginning to become so passionate in this dance that when this handsome brochure came out, and it had everything in it that Polsheck designs, the layouts. You know, by now if I get anything like this I look and see, is it recycled paper? Are they doing what they're supposed to be doing? But I looked at this and I did examine it carefully, and it said nothing about the greening of this building. And, of course, because I've been in on every meeting I know that this is recycled glass. I know that this is stone taken from blasting the foundation and used immediately on the spot to clad the building. Forest Stewardship Council certified sustainable cedar, I think. So my dander was up. I called and got a phone call immediately back. And my question had been why hadn't they mentioned the greening aspect? So the poor president is calling me up and I'm writing back and I say, "As you said, it was a missed opportunity forgetting to include any mention of the green building intention for the new Heimbold Visual Arts Center in the most recent fundraising brochure." So we'd had the conversation, but I had to put it in writing. "Nevertheless, I'd like to review with you what I believe is at stake here. The College, its president, its board, the architects, and

several committed funders embrace the philosophical, environmental, ecological and economic principals at the core of the green building design, because they all believed it was the right and intelligent thing to do. This commitment is a model for the educational community and the local community at large. It is good for the conservation of precious natural resources. What is implicit in the materials selected by the architects, and then now prominently illustrate the brochure, is that they're recycled and reused, and not imported from distant sources, unnecessarily wasteful. Both the rocks and the glass are emblems of the well considered process. But there they are elegantly displayed with nary a mention."

So according to the development office, and I've learned this recently, this challenge attracted a number of donors. Apparently it doubled the money that the challenge was attempting to get. And this is a letter I got by email from one of the donors. I'm not trying to reflect this great glory onto myself, it's just that I have this collection of letters and I'm throwing this in. This is 2002, a lady refers to her husband, "Bert and I made a commitment to the visual arts building and your greening of the building had a lot to do with it. There are very few people with the vision and sense of commitment. And we were most impressed and delighted with your leadership. This is why we're so pleased to be part of it. By the way, Harvard is going to build the new law school building and they're planning to do it green. Sarah Lawrence got there first." So the poor president, I would not give up. In this 2003 letter to Michele I am referring to something I see in a letter to the community. And at this point she must think, please go away. I had to say to her, "I'm so glad that that happened, and I'm so glad that the communications are great." But then I said, "At the risk of being considered your worst nightmare of a gadfly, I would like to suggest that you drop the quotes around the word green, which I see in use in several places. Now, in common usage for the last ten years as a building term, it might be defined, but I don't think it need be apologized for or diminished by the distracting punctuation. In fact, when I look to the internet I see there are 178,000 one can visit," this is 2003, "and in scrolling through those titles," imagine that I bothered to do this, "not until the 50th did punctuation marks appear. All the best in the meantime." So I just checked again to see how does green building look. How many sites are there on the internet? You could guess. Anybody want to guess how many million? 59 million. I thought that was pretty good. Three years, 59 million up from 178,000. Maybe that's nothing exponentially, but it looked good to me.

So in the end the building did achieve its LEED certification and a COTE award, standing for Committee on the Environment as one of the top ten green projects from the American Institute of Architects last year, 2005. And, was the only visual arts building to do so in the last nine years that the award has been given. It was a success in all the ways we hoped it could be. We just need to keep talking about these sustainable ideas, and keep them coming and actualizing them. We need to keep the vision visible. And this will lead me over to Mark now, who I hadn't talked to until just now at this meeting.

But be ready. They're probably worse than I with strings coming down the line. Your next donor could challenge your institutions with significant reduction of the energy your

plant uses. Challenge institutions to calculate your carbon offsets, or to become carbon neutral, or for an accounting of the individual footprints of your students and what they can do to lessen the loads, their loads and their little refrigerators, as I've learned recently. And there might be money to back up these even greener donor activists. So that's my tale of one donor's development dance to the music of making something good happen in a college community. It's good as a model for other institutions. It's good for raising money and awareness. It's good as a teaching tool relating to the academic and arts programs. And most important and urgent it is good for the planet and all of our health. Thank you.

Mark Orlowski: How is everyone doing this afternoon? Josie, thank you so much for your presentation. I learned a lot and I love the story you told about the process that you went through to create a green building at Sarah Lawrence. And it's funny, in a small world category, that Polsheck Partners were your architects, because I'm a recent graduate of Williams College up in western Massachusetts. And Williams just recently commissioned a new student center that's about \$40 million. And the student center is designed by Polsheck Partnership. It's going to be a high performance green building. So it's so nice to see that you were laying the ground work for Polsheck to really become a leader in this area and be recognized and have other schools select them for their work on green buildings.



Photo: Jane Hoffer

I'm really delighted to be here. For those of you who don't know me, my name is Mark Orlowski. I'm the founder and executive director of the Sustainable Endowments Institute. We're a special product of Rockefeller Philanthropy Advisors. And our offices are based in Harvard Square in Cambridge. Our work is on looking at how universities handle the finances and investments, primarily the endowment of an institution, and what possibilities there are for increasing sustainability. And also to be involved with different stakeholders in the investment process. It was really interesting to hear about the donor side, because I personally haven't experienced that, I've given modestly to Williams, but I haven't been able to be inside the system and see directly. And I'm curious to hear from those in the room to get a sense of where all of you work and what kind of roles you have. I'm curious, how many people are in development? If we could just do a show of hands. Okay. So a good bit of folks in development. How about facility operations? Okay. A few folks in facility operations. How about the administration, academic administration? A few folks. Okay. I'm clearly missing some folks. Students? Yes, a couple students. Yay. Other folks?

Female Speaker: Faculty.

Mark Orlowski: Faculty. Yes. Great. Okay. So we have a really neat, super diverse group. Any people in the finance or investment side of a university? Yes. So we've got a pretty nice group of folks here. Excellent.

I'm really excited to be here, because I think universities have a tremendous opportunity in looking at how your finances can grow for sustainability on campus. One way is with the donor centered approach, finding funds that you attract and build through fundraising development. The other area is looking at how, because there are new opportunities and new kinds of mechanisms for looking at funding sustainability. Do you folks know how much money university and college endowments are? University and college endowments combined in this country have over \$300 billion in university endowment assets. \$300 billion. If we had a blackboard I could write out a lot zeros, and it would be a very large number. It's huge. But what's really interesting is that a lot of that money is concentrated in a relatively small number of institutions. The top 100 university endowments have \$225 billion in endowment assets. A lot of money. Now, a lot of that money, as many of you know, goes towards supporting faculty chairs, supporting scholarships, supporting new initiatives and academic programs on campus. But then there's a significant portion of the endowment that is unrestricted or used for other purposes. And that's really where this interesting opportunity is. Where, at schools like Harvard for example, they've created a green campus fund. For those of you who don't know, Harvard has a really fantastic Harvard Green Campus Initiative, and you can Google it. They've got a staff. And what they've done is they've figured out a model to create a loan fund to fund campus sustainability efforts. And because it's Harvard, they could just take a line item budget and put a \$1 million in to start it out. Many of you, and most schools don't have that luxury. But there's certainly other really innovative ways, whether tapping into the endowment, raising funds from alums, or looking at making a smaller operating budget and starting with that. And the Harvard fund started with \$1 million with the concept of investing in sustainability projects on campus that have a proven payback that would then return to that green campus fund and grow the fund. And this was started almost, I think, four or five years ago with \$1 million. It's grown to \$12 million. Now, that's not all due to investment return. Harvard has added significant amounts of capital to that. But the return is about 30 percent annually, which is out-performing the Harvard University endowment.

Now, Harvard has \$29 billion in their endowment, and some of the smartest and best investment managers in the business. Harvard has the second largest endowment of any institution in the world. Well, Gates is now sort of eclipsing that with a gift from Buffett. But other than that the only place you can find an endowment as large as Harvard is the Vatican and the Catholic church. So it's a very, very big endowment. But what Harvard is seeing is this opportunity with the green campus fund. And we could look at other schools. For example, up in Minnesota, Carleton College, a small liberal arts school. They have a pretty sizeable endowment. I think it's about 600 or 700 million dollars, give or take. But what they thought of is what if we could direct the funding on campus, sort of energy efficiency and conservation efforts, what if we could fund a whole new project, a wind turbine project where we actually use the endowment to provide the capital to provide a wind turbine that would provide I think almost half of

their energy needs for the campus. And so they took \$7 million. I don't know what the exact figure is, but they took \$7 million from the endowment and funded this wind turbine project. And now up in Minnesota you'll find a few miles from campus a very large wind turbine powering much of Carleton College's energy needs. And that wind turbine is providing a payback to the endowment, a positive return on investment. I don't know what the exact payback period is, but their full capital investment will be paid back, plus they'll have a profit at the end of the day. That's one other example of areas of innovations in funding sustainability projects.

On the other side of things, for those of you involved in the donor and development side, I was looking at a model that Williams has created and Brown is following some other schools, which is a social choice fund. I think it's more broad than just sustainability, but I think you could create a fund in the sustainability fund that could attract new donors. A few years ago Williams created the social choice fund at the urging of students. And quite a strong urging at times to the point of having half the senior class promising to boycott the senior class gift and all future giving to the college if the social choice fund wasn't created. But ultimately there was a compromise reached and the social choice fund was created. And it's really been a great way to attract new donors. It was started as a pilot project with the goal of raising \$25,000 from young alums and other alums from all walks of life. And within a few years of being started, with very little effort from the development office, purely students finding out about it word of mouth, very grass roots, the \$25,000 mark was reached and exceeded. It's now worth \$50,000. Again, with modest support from the alumni and development office at Williams.

The social choice fund has flexibility, and this is where I think you could tweak it towards sustainability. I haven't seen this happen yet, but I think it'd be really neat to see. The Williams' one is the endowment fund, the unrestricted, the payout, five percent payout is unrestricted. So it can go to anything on campus. But the way it's invested is where the focus is. And it's invested in a mutual fund which uses social screening and shareholder advocacy approaches and a lot of positive efforts on the investment side. That's where 90 percent of the endowment is for that social choice fund. And the remaining ten percent is focused specifically on community investing in western Massachusetts where Williams is located. Taking you back to how we can fund projects relating to affordable housing and job creation. And that's something that's really critical, because western Mass, parts are prosperous economically, the other parts are rather economically depressed. And that kind of funding really can be a key way to jump start a community and help it on the path towards sustainability, if you will. Yes, question.

Saffron Zomer: [inaudible question]

Mark Orłowski: So the question has to do with revolving loan funds. Saffron is from MASSPIRG, and they're looking at working with possibly community colleges on trying to establish these revolving loans funds that are sort of similar to Harvard, but a much smaller scale for community colleges, and perhaps other state institutions. And my

answer is, it's not an easy question to answer. In part I'll endeavor to give you somewhat of a response, which I think in part is 'where is the money coming from' is a critical question, to fund this revolving loan fund. If you're funding it through state budget, it's true there might be many hoops that you have to jump through. But if perhaps you're establishing it as a separate donor fund where people could contribute to, you could probably establish it in most community colleges, including, actually I'm a graduate from Berkshire Community College before Williams. And Berkshire Community College has a small \$2 million endowment. But it's set up as the Berkshire Community College Foundation, a separate 501(c)(3) non-profit organization. And if that revolving loan fund goes to the foundation you wouldn't have to deal with any of the state hurdles. You would need to figure out some financial mechanisms to recoup the investment, but the payouts are going to be very easy. And it would be doable. Not super simple and straightforward, but achievable.

Looking more broadly how universities are managing their endowment, we did a survey earlier this year asking a number of key questions to 331 colleges and universities around the country. We asked every school with \$100 million or more in endowment assets key questions about their shareholder practices. One is we asked about transparency and information availability. So endowment holdings. Earlier someone said they couldn't even disclose the size of the endowment, which is interesting. Most schools are more than willing to do that. There's an annual endowment statement that comes out by the National Association of College and University Business Officers, NACUBO. If you want to find out how large your institution endowment was, you could go to NACUBO.org and look for their endowment study, which comes out annually. The most recent one is from January this year. They'll be a new one next January. That's where I got the \$300 billion number from. And that's where you can find out details about most school endowments and how large they are. You actually want to know where they're invested. That's what's more interesting. Because we found in our survey, a 65 percent response rate by the way, we were very excited about getting 65 percent response rate on a survey of that universe. And we didn't have to bribe them with money or anything. Just information was good enough. We found out that two-thirds of the schools that responded didn't disclose the basic information about where the endowment was invested. So only a third of schools made basic endowment holdings available.

But we asked the question of proxy voting. Can we have a show of hands, people familiar with the shareholder resolutions and proxy voting? I see some hands. Are you familiar with the California ballot initiative, the idea that you could put an initiative on a ballot and have it voted on by populous? Same idea, but in the corporate world. If you're a shareholder in a company you have certain powers and abilities to put a resolution on the proxy ballot of a corporation to be voted on by all the shareholders up to and at the annual meeting of the corporation. And the only requirements you need to file a shareholder resolution are \$2,000 worth of stock and held for one year. That's it. So not high requirements. And shareholders do take this opportunity. And there are numerous resolutions filed every year on sustainability, on climate change, and I've actually been involved on the Quaker Investment Board for New England. And filed a

number of resolutions on the question of energy efficiency. Because if you're an investor in a company, you really want your company to be as energy efficient as possible. Because energy efficiency is one those really great win/win situations. You have the improvement of and the reduction of energy, the improvement and efficiency, and therefore the reduction in energy costs. Which, if you're investing in a company, means increased profits and then increased shareholder value. So you get the positive economic benefits, but you also get the positive environmental sustainability benefits. And it's a perfect win/win situation. So we've been involved with that. And what's interesting is, we asked how many schools take on the question of actually voting your shares and engaging in sustainability. Not to necessarily filing a resolution, but at least voting on the resolutions that other shareholders file. Because there's actually a lot of shareholders filing resolutions, but most schools don't vote. We asked them the survey, please inform us whether you actually vote on these resolutions, and whether you involved students, at least as advisors in the process. Anyone want to guess what the percentage said yes?

Male Speaker: Five.

Mark Orlowski: Yeah, five. Exactly five percent. 95 percent said no. 95 percent. Pretty striking. And so it's a handful of schools that are doing this right. There's more coming onboard every year. Just in the last few months Middlebury College announced that they were going to start getting their student members involved. Because it really is about connecting the dots. If we're starting to take steps on campus sustainability, maybe we should look at what our endowment's doing, so that there's not a real disconnect or dissidence between the two areas. Because ultimately it's all towards the common goal and the common good that these universities exist as non-profit organizations and the tax benefits that they get. That was the focus. We found that very few schools are voting. We're hoping to change that as time goes forward.

With this question of energy efficiency, the reason I speak about it more in detail, is because this Quaker Investment Fund filed a resolution with a couple of different companies. Have any of you heard of a Simon Property Group? Any hands? Some people. If you haven't heard of Simon Property Group, you may have heard of Simon Malls, or as their flagship mall is called 'The Mall of America' out in Minnesota. They own a lot of malls. They own over 250 malls all across the country. In fact, they're the largest real estate investment company that's publicly taking all of North American. They've got 200 million square feet of malls. And not only that, they're market backed. The company is worth close to \$40 billion. Huge company. We had about a \$50,000 investment in Simon Malls. Hmm, \$50,000. \$40 billion. I wonder how much of a voice we have. Anyone know how much of a voice? Some people are laughing at me. Yeah, exactly, we don't have much of a voice. But what's great about this, just like the ballot issue process in California, and also around the country, there's a similar process with the shareholder proposals. And we went to Simon and said, "Well, what are you doing about energy efficiency?" This is back in '04. They said, "Well, we're really not doing much. But thanks for asking." So we said, "Wait. Well, we actually want to know what you're doing. And thanks for asking is not a full response. We're partial owners of your

company, even though we're very partial, not much of the ownership, yet we still want to know. And we think other shareholders and the public should also know." So we filed a single shareholder resolution. It was 500 words or less. And the people who really want to see it I've got copies of it. Not with me, but I can email it to you. It basically laid out the case for why this is critical and asked the company to report on how they were handling the rising regulatory, competitive and public pressure to increase energy efficiency and reduce energy consumption and report to shareholders, at a reasonable cost, and any proprietary information by a date about six months out. And we flew out to Indiana to their annual meeting, their board of directors were there, the president and CEO was there, the chairman of the board was there. We presented this resolution and we got eight percent of the vote. Eight percent. Okay. So I see a couple of people thinking, "eight percent?"

Josie Merck: That's fabulous.

Mark Orlowski: Who thinks eight percent's a great vote? Show of hands. Okay. So quite a few of you have been playing with this a little bit, because you know. Most people say eight percent? If I was running an election for public office eight percent I'd be trounced. If you think about eight percent, okay, for those of you saying, "well eight percent's really not that great." Why are the people saying eight percent is so wonderful? The reason is, eight percent translates into a company that's worth \$40 billion to over \$3 billion investor money that's saying, yes, energy efficiency is important. So the board thought about this over the next year. And then the right you have as a shareholder is to refile the resolution the next year. All you need is three percent to refile the next year. So eight percent was far and above that. We went back, we filed a resolution again, about a month after filing, it's about a four-month process from filing to the actual vote at the end of the meeting. And we filed the resolution and I think it was about a month afterwards they came to us and said, "We didn't have so much fun last year. It wasn't really enjoyable for us getting these shareholders voting. We didn't really want it on the ballot." Because the thing is, when it goes on the ballots, it gets mailed to all the shareholders, and all the shareholders read the resolution and then management has to write a response saying why you should vote against it. And the response is rather anemic. The first year it was something along the lines of, well, we have a pilot project here, we have a little something there, and you shouldn't worry about this, shareholders. And I think they probably heard from some other shareholders. And what was fascinating is how they turned around in a year and they had started implementing many of the pilots on a portfolio wide basis. And they said, "Okay, we're going to announce publicly about what we're doing in energy efficiency, and were' also going to give you numerical quantitative data on how much our conservation efforts have saved." And we said, "Okay, fantastic. Where are you going to put it?" I was almost ready to say, oh, why don't you put it on subsection on your website where no one will ever look. That's what I was thinking in my head. But I knew better to keep quiet in negotiations and let them offer something. They offered their form 10K, which is the main financial reporting form for a public corporation. And that's where all the financial data from the profitability and the operation of the company. It was the first real estate company in the country to put that information on energy

conservation into a form 10K where financial analysts and potential investors, and foreign investors were looking for data. And so they, in March of this year, put that data in there. And they announced that they had conserved 133 million kilowatt hours of energy. Which is a net six percent reduction in their overall use. They're huge in energy consumption in malls, as you can imagine. But six percent. Now, for those that are thinking well, I'm not so sure what 330 million kilowatt hours means. So head down the Hudson River a little bit, you'll get to New York University. New York University uses roughly 120, give or take, million kilowatt hours. So Simon Malls conserved more energy than the New York University uses in the entire year for all their operations, and through the shareholder process.

So what we're thinking about and looking forward to the future is seeing schools thinking about, we're doing campus efforts, we're increasing the sustainability of our campuses, we're doing green building. We're looking at energy and conversation, and we're buying maybe some new energy, we're putting up solar or photovoltaics, or wind. But what can we do with our investments. And that's the story that I wanted to tell. And we have a little bit of time left, I'd love to entertain some questions with Josie. And I thank you for your time.

Female Speaker: I heard you mention that it's possible to involve students in some of the shareholder advocacy.

Mark Orlowski: I did allude to that. Yes, I did.

Female Speaker: And I was wondering if you have a case study, or an example of a college that has done that and their success and the problems they went through.

Mark Orlowski: There's a number of schools. Remember that five figure? That five percent those schools, and I'll give you a partial list of schools, just from the top of my head. Schools like Harvard, Dartmouth, Williams, and Swarthmore, and out on the west coast Stanford, and also down south Duke, and in the mid Atlantic, Penn, just a few examples. Mainly ivy, as you can tell. But also Middlebury recently has come onboard. And these schools are using a committee structure. A shareholder responsibility committee structure that is multi-stakeholder in nature. And so I look around this room and I'm like, wow, I see two-thirds of a committee in this room from different folks. Because the committees, and I've been involved with a number of them, most directly I was a student member of the Williams College committee. And that committee was a multi-stakeholder committee. Typically the one at Williams was pretty average in the way that it was structured. It was eight members. Other schools might be 10 or 12. Harvard had 12. And the approach was, let's involve students. So we're going to have student voting members on the committee. And it's going to be an advisory committee to the finance committee of the board of trustees. Or the investment committee, however your school names it. That committee says we'll have student members, we'll have faculty members. A faculty member would chair the committee. Not always. Administrators sometimes from the investment office. At Williams we had the vice president and treasurer, and then also the provost were two administrative members,

high level administrators. And then two alumni members. So you have eight people on the committee. And that committee was charged with making all the recommendations on the voting for all the environmental sustainability and social resolutions that came before the college. We didn't file our own resolutions, but we voted on all the others. And then for the year I'd say on our committee there were about 50 resolutions what were considered. And many of them were supported. What was interesting though the trustees were 100 percent in alignment with what the advisory committee recommended. And Harvard's not quite that good. Harvard's hovers around 90 percent most of the years. And at Dartmouth it's pretty similar, 85, 90 percent.

And I can talk more about case studies. We've got some case studies under development. Stanford is a good one. Stanford actually adopted global warming shareholder guidelines. They always vote in favor of all the shareholder proposals regarding climate change and global warming. That was a few years ago. So we've got a case study of that. But, we should talk afterwards and I'll give you some more details.

Jim Call: I'm Jim Call, consulting engineer working with Iona College right now. My general question is, do these motivations to direct an endowment investment based on sustainability, are they sent to those people and maybe they've added this to the menu, the human rights responsibilities. There is whole list of things that can be divided, for example the tobacco companies.

Mark Orlowksi: These committees are charged with tackling all of the environmental and all the social issues that come up before corporations in which a university or college endowment is invested. These committees though are charged with the voting and engagement side of things. You hear people talking about social responsible investing. In our field I like to call it sustainable investment. It's a little bit different. But there's this broad picture of social responsible investing, and not investing in companies that do bad things. So that's the traditional definition of responsible or social responsible investing. That means screening out companies in which there's certain, specific criteria, such as whether they're arms producers or tobacco manufactures, or whatever you pick out.

That's one very traditional approach. Most schools don't do that. They just simply don't. The NACUBO data suggests that there's only a small fraction of schools that do any screening at all. And those that do, it's tobacco. We won't invest in tobacco companies. But still most schools will. But look at Yale, \$17 billion endowment. Harvard back in the early 90s, I think, announced they were no longer going to invest in tobacco. Northwestern and Stanford were heavily invested in tobacco. Williams recently announced no more tobacco. But most schools, the vast majority, don't do any screening at all. Then there's a engagement side, which is where we focus most of our time. Because that's where it's really fitting. Because let's face it, no matter how large or prestigious an institution if you sell your shares in a company you're not going to single handedly just change the course of the company. You're just selling out for some press, just a little bit of, you know, buzz. And then it just dies down and you've sold and it's over. With engagement you keep coming back and you have that voice. And what

we've been talking about is how do you use that voice and maximize and leverage that voice you have as an investor. And that's where these committees come in, with the engagement with the shareholder, advocacy efforts and the shareholder responsibility voting process.

Then the third one, which we really haven't touched on, but I think is really an emerging area is community investing and issue related investing. And taking a portion of the endowment and putting it into local communities where your housing universities are based to help the community. And I think it's a great way to have an immeasurable impact and improvement on the local community. And also a great way to improve town relations. I think too often schools have poor town relationships because there's a lot of friction with the community. And then also when the college or university does do something nice it seems like a gift or charity. It's like, "oh, we're going to give the community something." And people don't like handouts. There's a certain amount of pride and getting a handout is not necessarily something that is well received by communities. And the investing thing is fascinating because it's a way to really give people a hand up and a leg up towards a better and more prosperous community, but without giving them charity. But being investors in their future and providing them opportunities that they wouldn't otherwise have in traditional financial institutions. Yes, next question.

Male Speaker: [break in audio] ... the endowment doesn't do that, because they don't come under the state treasury.

Mark Orlowski: Yeah, University of Connecticut's foundation is about I think over \$200 million there about. And there's nothing, there's no... it's a total disconnect between what the university is doing. And the state pension fund, Denise Nappier is the Connecticut State Treasurer, and she's just a fantastic leader. She helped organize a big summit, the institutional investor's summit on climate risk that happened last year at the United Nations in New York at their headquarters. And Al Gore was there speaking, Paul O'Neil former treasury secretary, Abby Joseph Cohen, one of the big people at Goldman Sachs. It was an incredible summit. The representation was from institutional investors that managed I think it was more than \$1 trillion. The investor network on climate risk now has over \$3 trillion in institutional investor capital. Saying we think climate change is important. And then there's a whole other area of getting corporations to disclose their climate footprint in their missions. And that's the carbon disclosure projects. That's www.cdproject.net. That's really neat. They just did their latest survey and they got a large number of corporations over in Europe and some of them in the States to respond to this survey. And they're representing I think, John, is it over \$30 trillion?

John Cusack: No, 33.

Mark Orlowski: That's T, 30 trillion, not billion. Which is pretty incredible to see.

John Cusack: That's why they got an 80 percent response rate.

Mark Orłowski: Yeah, exactly. And you can see how this movement is evolving. I think universities will be at the leading edge. The corporations need to also be there right with us. And I think universities have an important role to play in helping businesses see that.

Female Speaker: This question is for Josie. Did you get any support from foundations and corporations supporting your green building?

Josie Merck: Who's here from Sarah Lawrence?

Female Speaker: They were all individuals.

Josie Merck: They were all individuals. Okay. Nice circle of friends who gave more than was expected. So but another time could probably lead with that.

Female Speaker: [inaudible]

Mark Orłowski: Well, I mean that's the critical question. You could ask that question about the general sustainability initiatives on campuses. I think it's not specific to looking at sustainable endowments or investing. I think it's critical to work through existing organizations and strike up new partnerships. That's what our organization, Sustainable Endowments Institute, has done. We've become an Energy Action Coalition partner. Folks that aren't familiar with this, you probably will be hearing about it soon. Their biggest initiative is the Campus Climate Challenge. Which is primarily, a coalition of over 30 primarily youth-led organizations with the goal of looking and tackling the question of climate change on campus. They are more than halfway to their goal of 700 campuses. Just over 360 campuses already engaged. There are teams of students, faculty and others involved. And the goal is 700 schools and in building awareness and raising awareness with a million college students across the country.

We've also been partnering with Net Impact, which is a network of business school students, and they've got over 100 chapters across the country of business schools. Net Impact is based out in California, and the concept is increasing and engaging MBA students on corporation social responsibility. And they have a great new initiative called the campus greening initiative, the CGI, where I'm on their advisory board for that. And I just spoke two weeks ago at Kellogg School at Northwestern to their national conference. They had 1,000 MBA students coming from all across the country. Very exciting. So I think that starts to be part of the answer. And if there's absolutely nothing going on and there's no connections, it just takes time and I think it's all about, you know, the personal relationships you can develop with these schools to start things. There's no magic way to wave your hand around and make things happen. It takes time, and persistence and hard work. And enthusiasm. Other questions? We've silenced the audience. Oh, yes.

Female Speaker: Did your Simon Properties benefit economically?

Mark Orlowski: Well, that's a great question. They have not released the financial data behind the energy conservation efforts. So the report is on their actual conservation. One would assume, as they're a savvy corporation and they've been incredibly profitable in recent years, that they would not have done this if it wasn't a great short and long term payback. So I haven't gotten specific numbers from them, but if they were doing something that wasn't in the best interested of the shareholders they'd be breaching their fiduciary duty. And so I trust they're smart. They've got a lot of great legal minds there. One of their board members is even Birch Bayh, former senator from Indiana. For those of you who are perhaps from a younger generation, then Birch Bayh means absolutely nothing. He's Evan Bayh's father, senator from Indiana. And Birch was, from what I understand, I wasn't around when he was one of the leaders in the Senate, a big conservationist and environmentalist and did a lot of great work in the US Senate. So he's on their board, which is interesting. I actually met him. I got to shake his hand at the annual meeting. Any other questions? Okay. Well, thank you again, everyone.

Josie Merck: Thank you everybody. I couldn't take notes fast enough. The world is going to change.