



REED COLLEGE

Roger M. Perlmutter, MD, PHD

Chairman
Board of Trustees

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Dear Reed Student Senators,

I am writing to provide an update on the deliberations of Reed's Board of Trustees with respect to our approach to sustainability, and the positions that the college could adopt to ensure that our actions are well-aligned with our values.

As most of you are aware, our board meets three times a year to engage in oversight of the college's activities. The board has responsibility for approving annual budget targets, and for authorizing the conveyance of degrees. More generally, the board also has oversight responsibility for the way in which the college operates. Reed's Board of Trustees has spent time at every meeting in the past year considering the values that bind Reed students, faculty, staff, and trustees together as a community, and the ways in which these values are exemplified through our actions. We recognize that every aspect of our program must be viewed from the perspective of our role as a leading liberal arts college, and in the context of our responsibility to educate students who will be engaged participants in society. We therefore begin with a shared belief in the importance of Reed's academic program.

As a small college, our main contribution to healing the world will be, and has always been, the education of students who can, through their capacity to reason effectively and argue persuasively, beneficially influence the public sphere. Trustees also believe, in keeping with the college's sustainability statement (approved by the board in 2007), that a part of ensuring that our actions are consonant with our values means that we should adopt policies that promote energy conservation. This means, for example, keeping our focus on efforts to ensure that we continue to reduce Reed's energy consumption. Additionally, all agree that the establishment of an Environmental Studies major provided a basis for developing initiatives that can further improve our stance on sustainability.

Beyond these actions, some community members also urge the college to move away from long-held ideas of political neutrality, those now articulated in the college's mission statement and investment responsibility statement. Trustees' views in this area have also evolved considerably. As I have previously noted, the investment strategy for the college's endowment — which is the subject of oversight by the Board of Trustees — will have no meaningful influence on the world economy. However, the way in which we

invest our endowment may more broadly send a signal that diminishes our credibility with respect to energy conservation. Many trustees now embrace the idea of avoiding investment in funds that profit from fossil fuel extraction. As a practical matter, it is not possible to rebalance our investments overnight. However, there are mechanisms that could curtail future direct investment in fossil fuel extraction. Board members will discuss these and other approaches to sustainability at our February 2020 meeting. In this context, I was pleased to learn of a proposed Reed Union to be held on February 6, 2020 that will consider, from a community perspective, various aspects of our policies regarding fossil fuel extraction and consumption. Many trustees, myself included, plan to attend this Reed Union.

I also wish to update you on board deliberations related to the college's relationship with Wells Fargo Bank. In February of this year the board considered a report prepared by an Ad Hoc Committee of students and trustees regarding Wells Fargo. The committee was divided on their recommendation, as was the board itself. The board instructed Lorraine Arvin, Reed's financial Vice President and Treasurer, to develop a timetable whereby we could conduct a "Request-for-Proposals" (RFP) process, inviting banks capable of providing all of the required services to participate. The RFP must take into consideration the multiple services that would need to be transitioned if the college were to decide to change operating banks.

This process, as currently outlined, would start in Fall 2021 with the goal of making a decision in Spring 2022. As the Ad Hoc Committee pointed out, only a few banks are able to provide all of the services required to support Reed's business, and they each have strengths and weaknesses. It is also worth noting that all of these banks have at some time in the past been sanctioned by government agencies. Corporate governance, and especially the strength of those internal processes that detect and prevent fraud and abuse, will certainly be an important area to evaluate for all candidate banks. The college's financial leadership will conduct the RFP process and make a recommendation to the President at the conclusion of the process. Given wide interest in this choice, I have asked the administration to discuss this recommendation with the Budget Policy Committee of the Board of Trustees prior to their final commitment. We will invite two students appointed by the student senate to meet with the administration and the Chair of the Budget Policy Committee as we finalize this decision in Spring 2022.

In the meantime, we have strengthened our oversight of Wells Fargo Bank in their commercial relationship with us. As you may know, the company has replaced many of its senior executives, including their chief executive officer and their chief risk officer, and has appointed a significant number of new independent board members since 2017. They are also meeting with us periodically to review both the corrective actions that they

have taken, and the preventative measures that they have put in place, to ensure that future lapses in conduct will not occur.

Finally, returning to the issue of Reed's own sustainability programs, the board has encouraged the college's administration to articulate plans, developed in concert with student groups such as Greenboard, to accelerate actions that reduce our carbon footprint. Every trustee believes, as I have noted in prior communications, that global warming poses an existential threat to humanity, and the board plans to engage with all constituencies in expanding our sustainability initiatives. President Bilger and I are completely aligned in supporting this process.

I close by thanking you for your dedication to Reed, and to the spirit of critical inquiry. Together we can improve the college, and perhaps someday, the world. As the semester draws to a close, I wish you all well in your studies. I am looking forward to further discussions with community members at the Reed Union in February.

With best wishes for the holiday season,

A handwritten signature in black ink, appearing to read 'RMP', with a long, sweeping horizontal line extending to the right.

Roger M. Perlmutter
Chairman of the Board

RMP:dgt