

9. Student Financial Assistance Entitlement Waivers. Mr. Hakanson reported that this item was initiated by Trustee Richardson who was unable to be present. On motion of Dr. Elkins, which was seconded, the item was tabled to the September meeting.

10. Gifts, Grants and Awards. On motion of Mr. Hakanson, which was seconded, it was

VOTED: to accept with gratitude all gifts, grants and awards listed under the date of July 26, 1982.
A complete listing is appended to the file of these minutes.

11. South African Investments. Mr. Hakanson noted that the UMO Council of Colleges previously had presented a report and recommendations on South African investments, and he requested that the Board permit Professor Douglas Allen to discuss the report. The Chairman asked if the Trustees wished to hear Professor Allen. Mr. Brown moved that Professor Allen be permitted to address the Board and the motion was seconded. During discussion, Mr. Robinson said he would not raise objections but he thought the Board should address and resolve the question of Board appearances. Specifically, he said the Board should determine whether and to what extent a representative from an organization such as the Council of Colleges should be permitted to address the Board on issues outside the framework of its discipline. There being no objections to the presentation, the Chairman introduced Dr. Allen, who is a Professor of Philosophy and a member of the Council of Colleges at the University of Maine at Orono.

Professor Allen thanked the Trustees for the opportunity to make the presentation and commented briefly on the background of the report on South African investments, which he said had been an issue on the Orono Campus for the past three years. He reported that he had chaired the subcommittee established by the Council of Colleges to study the issue and that the Committee members represented a wide spectrum of political, social and economic views. The study, which engaged the Committee for more than six months, culminated in a report and recommendations which were adopted unanimously, first by the subcommittee and subsequently by the full membership of the Council of Colleges. Professor Allen outlined the study process which:

- determined that roughly one-third of the holdings of both the University and the University of Maine Foundation are invested in corporations which have operations in South Africa;
- considered whether University holdings were insulated from questions of morality and social responsibility. The Committee recognized that the primary objective of University investment is to generate funds for the operation of the University, but the Committee concluded that there would be certain investments - e.g. in the production of chemicals used in Nazi extermination camps - which everyone would agree would be wholly unjustifiable.
- investigated the issue of apartheid at length and concluded that the government of South Africa is unique in that it is the only nation in the world with legalized and institutionalized racism in which overt and extreme racism

constitutes an essential defining characteristic of the legal, social, economic and political system;

- examined different options:

- . do nothing - which was rejected on the basis that apartheid conflicts with the values of the University;
- . rely on the Sullivan Principles - which was rejected as inadequate;
- . complete divestment - which was endorsed since the Committee concluded that corporate investment is part of the problem, and that divestment on a large scale would lead to change.

- developed recommendations for divestment of holdings in corporations operating in South Africa through a gradual and financially prudent process that the Committee believed would enable the University to address the issue in a manner that would be both morally and financially responsible.

Following the presentation, Chairman Monaghan opened the floor for discussion of the report and recommendations. Mr. Robinson said he thought the Board should go on record that none of the Trustees were in favor of apartheid policies in South Africa. In addition, he had three points he wanted to make:

- the Board should not establish a precedent which allows various groups in the University to by-pass the organizational structure and proceed directly to the Board of Trustees;
- the University as a public institution needs the support of the public at large and should take care that it is not perceived as a political action or pressure group, nor should it be taking positions in fields other than its academic mission;
- the purpose of the investment portfolio must be sacrosanct if the investment program is to succeed, and to dictate policy to investment managers, for any purpose, is to establish a dangerous precedent. Use of public money to satisfy social purposes - e.g. investment of public retirement funds in low income housing - has resulted in legal and political controversy.

Mr. Monaghan requested that before proceeding with discussion of investment issues, the Board address the procedural question raised by Mr. Robinson in his first point. Dr. Evans noted that the divestment issue was submitted by President Silverman, through the Chancellor. He said he thought this procedure was appropriate and that the Campus had acted responsibly. President Silverman recalled that the Finance Committee had also discussed the report. Mr. Robinson said he thought the subject was an appropriate one for Board consideration but he pointed out that the item was merely passed through to the Board without benefit of review and comment from the Administrative Council or from other levels in the organizational structure, which is ordinarily the case. He reiterated that the Board should determine who may appear

and on what issues. There was discussion of the Board's policy on appearances which calls for advance notice and a final decision by the Chairman. It was suggested that the matter had in fact been determined by the Board since the investment item was listed on the agenda and the Chairman had provided an opportunity for Trustees to consider the question of a presentation. The Chairman asked the Chancellor to review the procedures for Board appearances and prepare a recommendation for the Board to consider, formally or informally, at a future meeting.

There was extensive discussion of the divestment issues, the substance of which is summarized below:

- Mr. Hakanson said he wholly agreed with the spirit of the report but he was at odds with the Committee recommendations concerning the matter of divestment, which he thought would be an ineffective strategy to bring about change. He pointed out that stockholders at least have a voice in the affairs of the corporations and that stockholder opinion does have a motivating effect on management. Divestment, on the other hand, is tantamount to walking away from the issue.
- Dr. Elkins endorsed the report and the recommendations and indicated he would support divestment, noting that if other institutions follow suit, the cumulative actions would be most effective.
- Mrs. Wasserman said she did not concur with Mr. Robinson's view of the sanctity of investment policy, and noted that the Board should always be able to control its investments. She supported the recommendations and divestment.
- Mr. Raynolds said he supported the Committee's position and recommendations which he thought had been developed in a responsible way. He thought it was proper for any university to look at issues of this kind and to take positions where appropriate. He pointed out that the issue, in this instance, is one of taking a position that there are certain overriding social concerns which justify consideration and action. He suggested that in the process of determining corporations' intentions for continuing operations in South Africa (specified in #2 of the recommendations), it might be more effective to ask specific questions of the corporations about their own policies for effecting change in the way the South African government perceives its responsibilities to its people. Then, if further action is warranted, gradual, rather than immediate divestment, would provide opportunities for more dialogue with the corporations about the problems of apartheid, which would emphasize the importance the University attaches to its position. Given this approach to the divestment process, he supported the Committee's recommendations.
- Mrs. DiMatteo said it would be a mistake to interfere with investment management. She pointed out that investment income supports the University's scholarship program and indicated that the University should focus on educating its students to preclude perpetuation of racism.
- Dr. Evans said that the Trustees of the University have responsibility to oversee the investment of its funds. He noted that the primary objective of the recommendations had been defined by Mr. Raynolds: how to bring about

change most effectively. Dr. Evans said he thought that the Board's current policy of adherence to the Sullivan Principles had not been productive and pointed out that the concept of divestment has been gaining more and more support as other institutions, and even municipalities, have begun to examine these issues. Dr. Evans moved adoption of recommendations numbered one through five in the Council of Colleges report, and the motion was seconded.

During further discussion, Mr. Robinson said he could not support recommendations which indict corporations simply doing business in South Africa, per se, even though these corporations may be supporting the advancement of blacks, may be adhering to the Sullivan Principles, or may be providing jobs for large numbers of people. In response to a question from Mrs. DiMatteo concerning the rationale for investment in other countries with repressive governments, Dr. Allen indicated that while many other governments are repressive, there is always a possibility that these governments could eventually be replaced. The distinguishing characteristic in South Africa is that racism is so deeply embedded in the constitution and in the society's legal and political systems that black South Africans have no legal status at all. Mr. Brown said he thought Mr. Robinson and Mrs. DiMatteo had raised some valid and troubling points and he indicated that he was not completely comfortable with the recommendations himself. He pointed out that the University's investment funds have been derived largely from donations for scholarships and the Trustees have legal responsibilities for the prudent management of those funds to achieve the donor's goals. Given the possibility that a change of investment policy could conceivably prove troublesome he indicated he would, with some reluctance, support the recommendations. Mr. Keene said he sensed great unanimity among the Trustees concerning the apartheid issue, but less than unanimity about the proposed course of action, and inquired whether the motion could be divided so the unanimity on the apartheid issues could be clearly recorded. Dr. Evans said he would consider dividing the motion but he could see no possibility for misinterpretation of the Board's strong opposition to apartheid, even though many Trustees may have some reservations about the efficacy of the proposed divestment. Mr. Hakanson said he did not believe divestment would be the most effective strategy but he would support the recommendations in view of the strong feelings which were expressed during discussion. Mr. Reynolds noted that divestment would be a symbolic act which might be construed as naive, but he did not believe it would be naive to force a dialogue with the corporations in question. He pointed out that business has an impact on government and if the corporations operating in South Africa were seeking to influence that government, divestment would not be necessary. He said he thought the opportunity to influence the corporations to act in a more responsible way was the most important feature in the recommendations. Dr. Evans observed that the danger of talking with corporate groups about what they could do to effect change is that corporate groups talk about improving the economic climate, while blacks are talking about constitutional change.

After further discussion the Chairman re-read the motion and with Mr. Robinson and Mrs. DiMatteo dissenting, it was

- VOTED: 1. The University of Maine should make no new investments in corporations and banks operating in South Africa.

2. The University of Maine should write to all of the corporations in our Principal Portfolio which operate in South Africa, asking them if they have ceased or intend to cease doing business in South Africa.
3. The University of Maine, working closely with financial consultants and University officials with divestment experience, should move in a financially prudent manner to divest all stocks held in corporations continuing to operate in South Africa.
4. The University of Maine Foundation should be requested to divest its stocks and bonds from all corporations and banks in its Total Portfolio continuing to operate in South Africa.
5. The University of Maine should continue these investment policies until the South African government abolishes the system of apartheid.

12. Acquisition of Property - UMO. Mrs. DiMatteo, Chairman of the Physical Plant Committee, presented the recommendation. After discussion and on motion of Mrs. DiMatteo, it was

VOTED: to authorize the acquisition of the property located at 154 College Avenue, Orono, from Albert and Percie Turner for \$87,500, and further to authorize the transfer of this amount from the Orono Incentive Budgeting Account to an appropriate plant fund account to cover the acquisition cost.

13. Assignment of Lease, BCC. On motion of Mrs. DiMatteo, which was seconded, it was

VOTED: to authorize the assignment of the lease of buildings 1, 2 and 3 on the Bangor Community College campus from the Penobscot Consortium to the United States Government for the balance of the originally authorized lease period.

14. Land Purchase, Farmington. On motion of Mrs. DiMatteo, which was seconded, it was

VOTED: to authorize the acquisition of approximately 1.5 acres of natural bog from Alvah Hannaford and further authorize the transfer of \$2,500 from the Campus Incentive Budgeting Reserve to an appropriate plant fund account to cover acquisition costs.