

1316 Allerton, SE
Grand Rapids, MI 49506

Finance Committee, Grand Rapids School Board
143 Bostwick NE
Grand Rapids, MI 49503

August 29, 1985

Dear Mr. Nienhuis, Mr. Shearer, and members of the Finance
Committee:

Enclosed please find the following materials:

A copy of the legal opinion by the Attorney General of
Maryland that the state's divestiture bill is not in
violation of the Constitution.

An article by Robert Schwartz, PhD., economist and
investment advisor, addressing the fiscal considerations
involved with divestiture.

The final page of my comments to the County Commission's
Finance Committee. I particularly call your attention to
the Comments of Allan Boesak.

The statement from the Maryland Attorney General is only one of
several such opinions. I will shortly be receiving a copy of the
opinion of the Lawyers Committee for Civil Rights Under the Law.
I will forward that to you. Though divestiture is nation-wide, I
am not aware of a single legal opinion that casts doubt on its
legality.

The question was raised at your August 27 Finance Committee
meeting about the best source of information regarding South
Africa involved corporations. No one I spoke with at the African
Studies Center in East Lansing, the American Committee on Africa,
or the IRRRC knew what the term "exposure" meant regarding
corporations and South Africa. Dr. Schwartz, who specializes in
socially responsible investments with particular expertise in
South Africa uses the listing from the American Committee On
Africa. (He would be glad to answer any questions you might
have.) Mr. Nienhuis will be receiving information directly from
David Popper of the Investors Responsibility Research Center
(IRRC). The IRRC is a highly reputable independent research
center funded by institutions that need reliable information
regarding investments. Their South African service provides an
up-to-date listing of all U.S. corporations in South Africa, and
to what degree, as well as providing a monthly update. There is
a fee for this service, but perhaps it could be shared with other
governmental entities. In the area.

A question was also raised regarding Desmond Tutu's position on
divestiture. He originally said to wait for 18 months to two

Finance Committee
August 29, 1985
Page 2

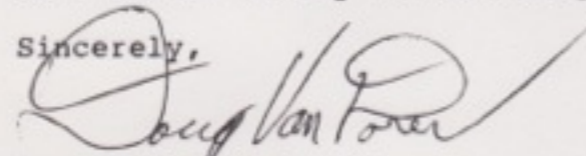
years to divest in order to give one final chance. However, at the end of June the South African Council of Churches of which he is President decided to publicly advocate immediate divestment. A few weeks ago Prime Minister Botha gave a speech widely seen by black South Africans to hint at no real change. In reaction to that Tutu made a statement reported by radio and TV to be calling for immediate divestiture. That was really an interpretation of his comment, albeit an accurate interpretation I think. His actual statement as reported by the Detroit News August 17, 1985 appears to change his previous position, without coming right out and saying it in a manner that makes him liable for treason charges. This is a common way of handling these problems, but it is open to debate. Tutu responded with these words when asked when sanctions should be imposed: "If it is going to happen...then I think I should say immediately. Man, I'm not playing marbles. Our children are dying."

I would recommend waiting until the current investments you have in corporations in South Africa mature. And in fact you might want to put some kind of timetable like 6 months or a year in you resolution. This is common practise and seems only prudent.

Finally, let me say that I am very impressed with the seriousness and sense of responsibility Mr. Nienhuis and the Committee has brought to this task. My hope, of course, is that you will recommend to the School Board a resolution for full divestiture. I think it is both the morally and fiscally responsible thing to do. I respect the fact that you are looking at it thoroughly and seriously. That respect will be reflected in whatever comments I make about your recommendation, whatever you decide to do.

If I can be of any further help please call upon me.

Sincerely,



Doug Van Doren

S. African Investment Practices Examined By Board

By Lynn Afendoullis

Local citizens and civic leaders urged the Grand Rapids Board of Education Monday to withdraw any district funds from companies that do business in South Africa.

And they were told by Board President Mary Ann Challa that school officials are "working on guidelines in this area" for discussion at the next meeting of the board's Finance Committee.

Harry Olmstead, a community organizer and unsuccessful candidate for the school board in June, said that of \$23 million the district has invested in commercial paper, at least \$4 million is with corporations doing business in South Africa or with the South African government.

Olmstead said "as a taxpayer and a pacifist" he was concerned about the message the investments send to students and the community. He called for "immediate divestiture" and no future investments until apartheid is abandoned by the South African government.

His sentiments were echoed by George Heartwell Jr., chairman of the Grand Rapids Urban League Board, and the Rev. Douglas VanDoren of the Institute for Global Education.

The league's position is that "the very basis of apartheid is economics." As companies and governmental entities divest funds from South Africa, apartheid will crumble, said Heartwell.

Heartwell, who recently was arrested in Washington for participating in a protest of the South African government, said he had to explain his arrest to his three children, who are Grand Rapids Public Schools students.

He said he also would like to be able to explain to them that district officials see the injustices of the apartheid system and refuse to support it — something he could do if the district took its money away from firms with South African business ties.

VanDoren said divestiture is more important now than ever and quoted Bishop Desmond Tutu as calling it the last possible way to "stem the violence of apartheid."

Noting the many universities and municipalities that already have divested funds, VanDoren said "divestiture has become very widespread. In fact, it has become easy."

He quoted economists who said that South African corporations don't represent "prudent" investment potentials because of the unrest in that country.

GRAND RAPIDS PUBLIC SCHOOLS

RESOLUTION OPPOSING APARTHEID

WHEREAS, The Board of Education of the Grand Rapids Public Schools is required by law to support, obey and defend the Constitution of the United States and the Constitution of the State of Michigan; and,

WHEREAS, Both of these constitutions provide, among other things, for equal opportunity and equal treatment for all persons covered by those constitutions; and,

WHEREAS, The Board of Education does not condone, encourage or support racism or discrimination based upon race; and

WHEREAS, The philosophy of apartheid, legislated and practiced by the government of South Africa, is an affront to the sense of justice of all persons of every race and nation in that it discriminates against persons on the basis of race; and,

WHEREAS, The Board of Education of the Grand Rapids Public Schools condemns both the philosophy and the practices of apartheid and desires to adopt a resolution that will demonstrate its opposition to this legislated racial practice.

NOW, THEREFORE, BE IT RESOLVED, That the Board of Education of the Grand Rapids Public Schools directs its appropriate officers to implement the following procedure as it pertains to both the Republics of South Africa and Nambia and their respective instrumentalities:

Effective with the date of adoption of this Resolution, no new investments shall be made in securities or other obligations of either the Republic of South Africa or Nambia. Neither shall any school district funds be invested in any obligations of corporations defined as having exposure in the aforementioned governments, according to the records of the Michigan Department of Treasury, or financial institutions with investments in the government of South Africa as long as apartheid is the legislated philosophy and practice in South Africa.

It is recognized that the responsibility for the investment of public school funds is delegated to, and rests with, the Assistant Superintendent of Business Affairs, who shall, in good faith, make such investments in a reasonable and prudent manner.

GRAND RAPIDS PUBLIC SCHOOLS

RESOLUTION OFFERING REWARD

This Resolution was offered by Member Tom Shearer

and supported by Member Deirdre Toeller-Novak.

YEAS: Members Tom Shearer, Don Souter, Deirdre Toeller-

Novak, Mary Krawczyk, Janet Perkins, David
Rodriguez, President Mary Ann Challa

NAYS: Members Judith Rose, Lucille Thomas

ABSENT: Members _____

ABSTAIN: Members _____

RESOLUTION DECLARED ADOPTED AT REGULAR BOARD OF EDUCATION

MEETING OF SEPTEMBER 16, 1985.

Deirdre Toeller-Novak

Deirdre Toeller-Novak, Secretary
Board of Education
Grand Rapids Public Schools