The following statement was prepared by members of the Executive Committee in consultation with Board Member Les Francis. It is presented here for your review prior to the Board meeting, at which we will discuss and vote upon a response.
TO: San José State University Campus Community

FROM: Edward Oates

SUBJECT: Associated Students Divestment Resolution

DATE: December 15, 2015

Members of the Tower Foundation Board of Directors—many of whom are SJSU alumni and all of whom are dedicated supporters of the university—respect and support the rights of students, faculty and others to vigorously debate issues of the day. The right to engage freely in such conversations is a cornerstone of the American university.

At the same time, we know that issues of significance rarely coalesce around a single point of view. In fact, people of good intentions often disagree with each other—sometimes vociferously—and that is especially true when the topic is as complex and polarizing as generational conflict in the Middle East.

Such is the case with the call for divestment from specific companies identified in the resolution that was debated and ultimately approved last month by SJSU’s Associated Students Senate. Members of the Tower Board have listened carefully to the impassioned and articulate public comments received at meetings of its Finance & Investment and Executive Committees. As volunteers who care deeply about students and the university’s role in helping them realize life-changing opportunities, we should be expected to do no less.

The Tower Foundation has a unique role: raising and investing funds from individuals, businesses, foundations and community organizations for use in supporting students and enhancing educational programs. Growing the Foundation’s endowment through philanthropic support and prudent investment strategies is our singular focus. Investment decisions, therefore, are made with the long-term sustainability of the endowment in mind. It is also important to note that these funds are all from private sources, not student tuition or fees.

We also follow a well-established practice of investing in a variety of investment vehicles, which include mutual funds, commingled limited partnerships, and separate accounts. In the mutual funds and limited partnerships, we own units of a fund. Within our separate accounts, the Foundation holds specific shares of select companies. That being said, the Foundation does not manage the investments directly—we have hired investment managers and advisors for each of these investments. We rely on them to select the funds, track their performance and make appropriate adjustments over time. The Tower Board Finance & Investment Committee monitors the efforts of these investment advisors.

Therefore, after careful deliberation and based on these principles, we cannot agree to this divestment request. In reaching this decision, we want to restate our respect for students, faculty, and community members who have spoken out on this issue from diverse points of view.