

THE INSTITUTE FOR ADVANCED STUDY

MINUTES

Meeting of the Finance Committee

April 28, 1978

Princeton, New Jersey

**Present:** Messrs. Houghton, Hansmann, Dilworth, Petersen; Other Trustees: Messrs. Doob, Forrestal, Linder, Taplin, Straus, Mrs. Whitehead; Dr. Woolf; Messrs. Jenkins, Simpson; Miss Modzelewski, Mr. Morgan.

**Absent:** Mr. Simon

**Presiding Officer:** Mr. Houghton, the Chairman, opened the meeting at 3:00 p.m.

**Minutes:** The minutes of the Finance Committee meeting held in Princeton on January 14, 1978 were approved as circulated with one deletion: page 2, paragraph 1, delete the last clause "presuming the Orion stock provides a yield in another year."

**Review of Purchases and Sales between meetings:** Mr. Jenkins reviewed the purchases and sales between meetings (a revised list to include the last few transactions before the meeting is attached. A number of purchases of equities were additions to existing holdings. A few of the purchases (Dickinson, Newmont, Mallory) were new holdings.

**Review of the Portfolio:** Mr. Hansmann said that the current market value of the portfolio was about \$57 million with approximately 66% in equities. There followed a general discussion of the "guidelines" and it was the sense of the meeting that the current 50-70% be reaffirmed, but that this could be changed by telephonic consultation if necessary.

**Bonds:** Mr. Simpson reported that it was his feeling that the top of the bond market might occur in the last quarter of 1978 and that it was his further recommendation that some of the investments be in longer-term bonds. Mr. Hansmann expressed the confidence of the Finance Committee in the handling of the bond portfolio by the Fidelity Bank and said that he expected this to continue.

**Equity Funding:** Mr. Hansmann reported there was no real change in the Equity Funding situation.

**Pooled Income Account:** The Director reported that he had discussed the possibilities of the creation of a "pooled income account" where potential donors might wish to make a capital gift to the Institute and continue to receive the income during their lifetime, with an eventual bequest of the capital to the Institute. A formal opinion as to how such an account would be created and managed

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had been sought from the firm of Debevoise, Plimpton. Lyons and Gates and copies of the opinion had been sent to members of the Finance Committee (it was agreed that the opinion would be sent to all members of the Board with these minutes).

It was the sense of the meeting that the Director be authorized to proceed to investigate the wisdom of such an account with potential donors. The committee agreed to establish such an account and indicated that approximately \$1/2 million of seed money would be necessary to begin the account.

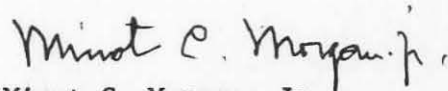
**Future meetings:**

Mr. Houghton suggested that the Finance Committee meet in the future in conjunction with the spring and fall meetings of the Board and that one mid-winter meeting be also held, either in conjunction with a mid-winter meeting of the Board if one is held, or separately in New York City.

**Adjournment:**

There being no further business, the meeting was adjourned at 4:00 p.m.

Respectfully submitted,



Minot C. Morgan, Jr.  
Secretary