

# THE INSTITUTE FOR ADVANCED STUDY

## M I N U T E S

Meeting of the Finance Committee

February 8, 1988

New York, New York

- Present:** Messrs. Goldberger, Vaillaud, and Wolfensohn (acting Chairman of the Finance Committee). Also Mr. Jenkins, Mrs. Labalme, Mr. Rowe. Present by invitation were Messrs. J. Murray Logan and William Asmundson.
- Absent:** Messrs. Brown, Hansmann, Straus, Mrs. Kaplan.
- Minutes:** Mr. Wolfensohn opened the meeting at 1:10 p.m. The minutes of the meeting of October 23, 1987, were approved as circulated.
- Douglas Land Property:** Mr. Jenkins reported, on behalf of Mr. Hansmann, that although sufficient water for development has been found on the Douglas Land Property, the Arizona Department of Water Resources seems to be changing some of its regulations which can be expected to cause delays. Further delays may also result from the turmoil over Governor Mecham.
- Bank of New York Loan Program:** The Committee thought it advisable, given the instability of the market, to postpone reinstating the Bank of New York Loan Program.
- New Jersey Educational Facilities Bond:** The pre-refunding of the Institute's Educational Facilities Bond debt is still awaiting a favorable opportunity.

Rockefeller & Co.: Mr. Logan reported for Rockefeller & Co. Their performance figures were very close to those reported by Hamilton & Co. The total portfolio under their management was up 7.9% over the twelve month period January 1 to December 31, 1987. In this same period, equities increased 1.7% compared to the S&P 500 gain of 5.2% and the Dow Jones Index of 5.5%. The fixed income portion of the portfolio increased 23.3% compared to the Shearson Lehman Index of 2.3%. The 5500 Fund increased 5.5% and the Pioneer II Fund 13.7% as compared with the NASDAQ Composite of -5.3%.

Economic outlook: Mr. Asmundson presented Rockefeller & Co.'s economic outlook. It is their opinion that a recession will occur, due to the high debt load and the continuing trade and government deficits. There is a 50/50 chance it will occur in 1988; if not, then in the first part of 1989. Rockefeller foresees an absolute decline in consumer spending and a moderate rise in inflation. The government, in this election year, is doing little to address the deficits, and little is likely to be done in the next months. Rockefeller was maintaining a cautious approach and looking for small capitalization stocks which should outperform the market in the next few years. Some of these had already been acquired in the 5500 Fund.

In response to a question from Mr. Wolfensohn, Mr. Logan said that 16% of the Institute's portfolio was in special Rockefeller & Co. funds: the 5500 Fund (10%) and Pioneer II (6%).

After some further discussion of the current unwillingness of Washington's leading politicians to face the deficit problem, the meeting was adjourned at 2:05 p.m.

Respectfully submitted,



Patricia H. Labalme  
Secretary of the Corporation