

CORRECTION to the Minutes of the Joint Meeting of the
Budget and Finance Committees, October 27, 1978

At the January 9, 1979, Meeting of the Finance Committee, paragraph 2
on page 3 of the October 27 Minutes was amended as follows:

Mr. Hansmann reported that Lee Minton had replaced
Robert Simpson to deal with Fixed Income Investments,
and that Herbert Trucksess and Gordon Bowyer would
be kept informed of changes in the Equities portfolio.

THE INSTITUTE FOR ADVANCED STUDY

Minutes

Joint Meeting of the Budget and Finance Committees

October 27, 1978

Present: Messrs. Dilworth, Hansmann, Petersen, Segal, Taplin, Woolf;
Other Trustees: Messrs. Byrom, Opel, Straus
Also Messrs. Hunt, Rowe, Hausman, Jenkins, Minton, Wilson;
Ms. Modzelewski, Griffin, Whittlesey.

Absent: Messrs. Houghton, Simon, Trucksess

Presiding Officer: Mr. Taplin, the Chairman, opened the meeting at 1:30 p.m.
(Budget Committee)

Review and Approval:

Of Post-Closing Budget,
1978-79

Various questions were raised with respect to specific items in the budget. The general view was expressed that a new budget presentation was necessary in order to show clearly operating income, operating expenses, the resulting deficit, and how to deal with it. Mr. Hansmann pointed out that in such a new presentation, budgeted expenditures would probably decrease since in the present budget reserves were being carried over not as reserve funds but as budgeted operational expenses. Mr. Segal asked for a projection of actual cafeteria operating costs and revenues so that the extent of the subsidy could be determined. There was general agreement on the need to have a more carefully refined set of support costs for Members, so that the true cost of a stipend in each individual case could be determined. Mr. Hansmann said that he needed to be told as quickly as possible what the current year's deficit was projected to be.

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The budget was then approved, subject to clarification at the next meeting of the Finance Committee of the \$600,000 difference in expense between the 1977-78 budget and the budget for 1978-79.

There being no further business before the Budget Committee, the chairmanship of the joint meeting was turned over to Mr. Hansmann, acting as chairman of the Finance Committee in place of Mr. Houghton.

Minutes:

The minutes of the meeting of the Finance Committee which was held in Princeton on April 29, 1978, were approved.

1977-78 Audit:

Mr. Hansmann pointed out that the combined Budget and Finance Committee was acting as an Audit Committee. He then addressed a series of questions to the representatives of Deloitte, Haskins and Sells, relating to the cooperation of staff, the condition of the financial records, and controls. Mr. Segal asked about procedures for verification of expenditures, and the breakdown of the bill as presented to the Institute. Following the auditors' replies, it was agreed that the Chairman would report to the Board of Trustees that the Committee had met with the auditors, had questioned them on a number of points and found their replies satisfactory, and recommended continuing our present relationship with Deloitte, Haskins and Sells.

Performance of the Portfolio:

Mr. Hansmann then called Ms. Whittlesey, representing Hamilton, Johnson and Company, Inc., to review the performance of the portfolio. Ms. Whittlesey stated that the performance of the Institute's portfolio was the best of all the institutions monitored by her firm; and pointed out that over the eleven year period ended June 30, 1978, dividend and interest income and net realized gains combined for a total gain on Institute investments of 8.8% per year.

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It was moved and seconded that the Committee should record in the minutes its deep appreciation to Ralph Hansmann for his brilliant performance.

Mr. Hansmann reported that Lee Minton had replaced Robert Simpson to deal with Fixed Income Investments, and that Herbert Trucksess would henceforth be dealing with the Equities portfolio.

The Chairman asked that a letter be sent to Bob Simpson with thanks for his services.

After a review by Mr. Minton of the Fixed Income Investments, the Chairman reviewed the General Equity portfolio, and noted the loss in the market value of the endowment as a result of the recent downturn in the market.

There being no further business before the Finance Committee, the meeting was adjourned at 3:00 p.m.



John Hunt
Secretary