

THE INSTITUTE FOR ADVANCED STUDY

M I N U T E S

Meeting of the Finance Committee

Tuesday, February 3, 1987

New York, New York

- Present: Messrs. Hansmann (Chairman), Straus, Vaillaud, Wolfensohn, Woolf. Also Mrs. Labalme and Mr. Rowe. Present by invitation were Messrs. Donald Jenkins, Assistant Treasurer, J. Murray Logan of Rockefeller & Co., and Gary Schreyer of Rosenberg Capital Management.
- Absent: Messrs. Akers and Brown.
- Minutes: Mr. Hansmann opened the meeting of the Finance Committee at 12:40. The minutes of the meeting of October 24, 1986, were approved as circulated.
- Guarantee for loaned securities: Mr. Hansmann read excerpts of a letter from Mr. Forrestal indicating that he would be looking into the possibility of strengthening the guarantee provided by the Bank of New York for our loaned securities.
- Repayment of loan: Mr. Hansmann reported that the U.S. Department of Education is providing us with an opportunity to purchase our 1956 bonds at a discount. The current principal outstanding is \$461,000 and the prepayment payoff will be based on yields on "BBB" market rates. The estimated payout is about \$360,000. Mr. Hansmann recommended that we take advantage of this opportunity and the Committee approved.
- Arizona property: Mr. Hansmann reported that a deal with a developer of the Douglas Land Corporation property had fallen through. A survey is being planned to ascertain the availability of water on this property. If sufficient water is found, the property's value would be enhanced.
- Discrepancies in Bank of New York's reporting: Some discrepancies still exist in the figures presented by the Bank of New York compared with those of the two financial managers. The Bank will be urged to straighten these out.

Endowment: The endowment was at \$164,472,000 at the end of 1986, of which 36% was in fixed income and 64% in equities. Mr. Logan reported that the funds under Rockefeller & Co.'s management were currently up about \$9 million, bringing the current total to about \$173 million.

Hamilton, Johnson & Co. report: The Committee reviewed the report (as of December 31, 1986) provided by Hamilton, Johnson & Co, Inc. In the last six months of 1986, both Rockefeller and Rosenberg Capital had done better than the comparable yardsticks.

Rockefeller & Co.: Mr. Logan reported for Rockefeller & Co., reviewing the performance of the core equities and the 5500 Fund. Among the core equities, IBM had underperformed, and the 5500 Fund had not done well. Rockefeller planned to continue to reduce the equity position, moving towards a 15% cash reserve.

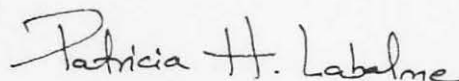
Rosenberg Capital Management: Mr. Schreyer reported for Rosenberg Capital Management. He discussed the two swing factors of trade deficit and consumer spending, the first improving at a slow rate and the second gradually slowing down, so that the economy remains sluggish. Bond market volatility was decreasing, and government bonds were expected to underperform corporate bonds. Rosenberg would be buying high quality corporate bonds. The business newsheet, Grassroots Research, was distributed. Members of the Committee asked to receive this regularly.

Portfolio distribution: The distribution of the total portfolio would be moving toward an equity percentage of about 58% with 42% in fixed income.

Further discussion concerned inflation rates and the need, in such an uncertain market situation, for the discretionary power of the investment managers.

There being no further business, the meeting was adjourned at 2:00 p.m.

Respectfully submitted,



Patricia H. Labalme
Secretary of the Corporation