

THE INSTITUTE FOR ADVANCED STUDY

M I N U T E S

Meetings of the Finance and Executive Committees

February 28, 1984

New York, New York

Present: Messrs. Hansmann (Chairman), Brown, Dilworth, Wolfensohn, Woolf; Mrs. Delmas. Also Messrs. Jenkins, Logan, Rowe, and Mrs. Labalme.

Portfolio performance: Mr. Hansmann opened the meeting at 12:30 p.m. Mr. Logan began by describing the equity portfolio performance, including the performance of the 5500 Fund. \$84.2 million is under Rockefeller and Co. management including \$10 million in the 5500 Fund. Mr. Hansmann suggested that a list of the 5500 Fund holdings be sent to all members of the Finance Committee. Among the recent transactions, Mr. Logan pointed out the move into insurance and natural gas stocks. Additions to the existing holdings were discussed as were eliminations and reductions of those stocks which had done well and were overweighted in the portfolio.

Economic outlook: The Committee discussed the investment outlook, the foreign debt situation and high-tech leadership.

Mr. Logan indicated that Rockefeller and Co. remains cautious on stocks and thinks that bonds will outperform stocks on a total return basis in the immediate future.

Land development: Dr. Woolf was asked to report on recent discussions with the Friends of Princeton Open Space. He said that a letter from them dated February 24, 1984, indicated their offer to purchase development rights to all or a portion of the farmland for \$3.3 million. His recommendation to the Committee was that the Institute should withdraw all its plans for the time being, retaining its freedom to act at a later time should it desire to do so. Mr. Dilworth agreed with this but wanted the Committee to know that Mr. Taplin thought the community would always oppose the development of this area.

Dr. Woolf also reported that the Friends of Princeton Open Space are looking into a New Jersey Greenway in which the Institute's parcel would play a central role, and he anticipated considerable pressure toward an agreement of this sort. He said we could explore an agricultural or genetic research use which would be acceptable to the community since it would retain the landscape in fundamentally the same condition.

To the question of whether community pressure had brought about our withdrawal, Mr. Dilworth explained that we probably could not have proceeded, that further road blocks would in all likelihood have been placed in our way.

Custodial
services:

Mr. Rowe was asked to explain the plans for changing the Institute's custodial services. He described the problems of getting reports promptly from Fidelity Bank. He and Dr. Woolf had visited three other banks (U. S. Trust, Bank of New York, and the Provident National Bank in Philadelphia). The Bank of New York had impressed them as the best for the Institute's purposes.

The Finance Committee voted to recommend to the Executive Committee that the custodial account be transferred from Fidelity to the Bank of New York. It was further suggested that Mr. Hansmann request Mr. Bacot of the Bank of New York to prepare a recommendation on securities-lending to present to the Finance Committee at the April Board meetings.

Bond Portfolio:

In addition, the Committee had judged the performance of the bond portfolio not particularly distinguished. Rosenberg Management Corporation had been recommended by Mr. Dilworth and Mr. Wolfensohn as a possible bond manager. Dr. Woolf had met with representatives of that firm and had invited them to make a presentation to the Finance and Executive Committees.

Executive
Committee:

Messrs. Forrestal and Straus joined the meeting at 2 p.m. and a meeting of the Executive Committee was constituted.

Gary Schreyer and E. Rust Muirhead of Rosenberg Capital Management presented their business and investment philosophy, discussed their methods of evaluation and operation, and their fee schedule (0.5% for the first \$10 million, 0.3% thereafter.)

After they left, a discussion ensued about the advisability of multiple managers for the Institute's portfolio and whether the Committee should substitute Rosenberg Capital Management for its current bond manager.

Change of
custodial account
and bond
portfolio
management:

It was subsequently voted by the Executive Committee that we should inform Fidelity that we are moving the custodial account from Fidelity Bank to the Bank of New York and that we engage Rosenberg Capital Management to handle the bond portfolio of the Institute, including the \$9 million which must remain in New Jersey as collateral for the New Jersey Educational Facilities Authority loan.

The Bank of New York and Rosenberg Capital Management will be informed and a letter should go out to the rest of the Board advising them of these decisions.

The meeting was adjourned at 3 p.m.