



**Smithsonian Institution**

*Smithsonian Institution Archives*

## **Proceedings of the Board of Regents Meeting held on January 27, 1986**

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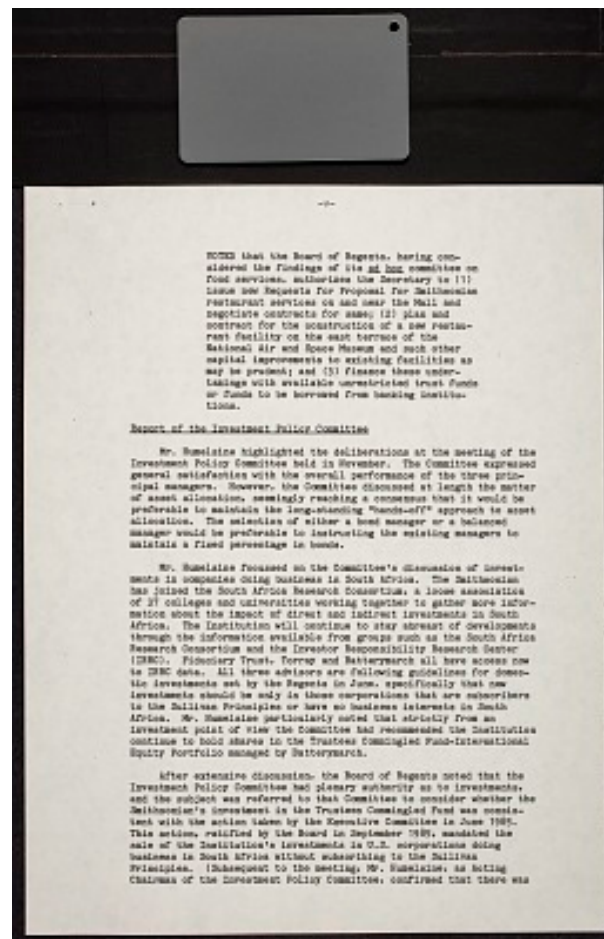
VOTED that the Board of Regents, having considered the findings of its ad hoc committee on food services, authorizes the Secretary to (1) issue new Requests for Proposal for Smithsonian restaurant services on and near the Mall and negotiate contracts for same; (2) plan and contract for the construction of a new restaurant facility on the east terrace of the National Air and Space Museum and such other capital improvements to existing facilities as may be prudent; and (3) finance these undertakings with available unrestricted trust funds or funds to be borrowed from banking institutions.

Report of the Investment Policy Committee

Mr. Humelsine highlighted the deliberations at the meeting of the Investment Policy Committee held in November. The Committee expressed general satisfaction with the overall performance of the three principal managers. However, the Committee discussed at length the matter of asset allocation, seemingly reaching a consensus that it would be preferable to maintain the long-standing "hands-off" approach to asset allocation. The selection of either a bond manager or a balanced manager would be preferable to instructing the existing managers to maintain a fixed percentage in bonds.

Mr. Humelsine focussed on the Committee's discussion of investments in companies doing business in South Africa. The Smithsonian has joined the South Africa Research Consortium, a loose association of 37 colleges and universities working together to gather more information about the impact of direct and indirect investments in South Africa. The Institution will continue to stay abreast of developments through the information available from groups such as the South African Research Consortium and the Investor Responsibility Research Center (IRRC). Fiduciary Trust, Torray and Batterymarch all have access now to IRRC data. All three advisors are following guidelines for domestic investments set by the Regents in June, specifically that new investments should be only in those corporations that are subscribers to the Sullivan Principles or have no business interests in South Africa. Mr. Humelsine particularly noted that strictly from an investment point of view the Committee had recommended the Institution continue to hold shares in the Trustees Commingled Fund-International Equity Portfolio managed by Batterymarch.

After extensive discussion, the Board of Regents noted that the Investment Policy Committee had plenary authority as to investments, and the subject was referred to that Committee to consider whether the Smithsonian's investment in the Trustees Commingled Fund was consistent with the action taken by the Executive Committee in June 1985. This action, ratified by the Board in September 1985, mandated the sale of the Institution's investments in U.S. corporations doing business in South Africa without subscribing to the Sullivan Principles. (Subsequent to the meeting, Mr. Humelsine, as Acting Chairman of the Investment Policy Committee, confirmed that there was



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