012-I

Antioch University
Investment Committee Minutes
June 1, 2001

The Investment Sub-Committee of the Antioch University Board of Trustees met on Friday, June 1, 2001. Present were Sub-Committee members Bruce Bedford and Niels Lyster, Antioch University CFO Glenn Watts and Controller Rosalie Sturtevant, Trustees Arthur Zucker, Jeffrey Kasch and Judy Palmer, and Jennifer Kossow of Smith Barney.

Ms Kossow gave an update of the status of Antioch's endowment portfolio investments, including a review of the market climate. This review revealed that all recent indices were down over the past year, except for bonds. The worst of the decline may be over and the past two months looked promising. All in all, Antioch's portfolio has held up pretty well during these trying times, principally due to our strategy of diversification and sticking to the agreed upon allocation of investments. While the market value of our portfolio has declined over the past year, our performance has been better than that for the overall market.

For the current quarter, Antioch's accounts were down 6.59%, compared to the minus 11.86% for the S&P 500 Index and the minus 12.16% for the Russell 3000 Index. Since inception (May, 1999) of the current investment policy, Antioch's portfolio is up 1.08% while the S&P is down 4.97% and the Russell 3000 is down 4.05%. As of the end of May, 2001, the invested endowment stood at $14.5 million; adding the $4.8 million of YSI stock and $0.15 million of Morris Bean stock gives a total of about $19.5 million - which represents quite an improvement from the amount we started with 2 years ago. The increased value of the YSI stock holdings represents the result of a new stock appraisal and evaluation, from $63/64 per share to $85/86 per share. It is important to keep in mind that this increase is literally a "paper" appreciation since there is little or no public market for the stock of this privately held company, and Antioch is still unable to divest itself of this holding for more liquid assets.

There was some discussion of possible changes in fund managers - possibly adding an international growth manager - but it was decided to hold off on any decisions for changes until the inflow of possible gifts from the capital campaign started to materialize. In line with this, the Sub-Committee will also hold off on rebalancing the portfolio for the moment and will distribute new gifts among the current fund managers using the agreed upon guidelines.

Glenn Watts reported on the current situation at Vernay (Antioch has some minor stock holdings in this privately held company). After the prolonged, ongoing battles in court over alleged pollution of ground water, they are facing financial difficulties and will either halve or suspend any dividend this year.

Antioch exercised its option to sell back to Morris Bean our 7226 share holding during a recent tender offer window. The proceeds from this sale will be invested in accordance with the Sub-Committee's guidelines.

Bruce Bedford (who is currently a member of the board at YSI) gave an update on YSI. YSI is having their best year ever (sales in excess of $50 million) and have reported a substantial increase in their share valuation (see above). However, in view of certain changes which seem to be on the offing with their management (retirements), the possible re-organization of their business plan - looking to more growth (an office in the PRC), and a cutback in environmental spending, YSI foresees an increased demand for cash. All of this means that essentially, Antioch will not be able to convert, in the near term, any large portions of our YSI holdings into cash.

There also was discussion regarding the draft policy for gift acceptances; a new, updated version is in process and should be available this fall.