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Latvian Foundation Inc.

Minutes of
Finance Committee Meeting
October 30, 1982
Poughkeepsie, NY, home of the Padegs

Attendees: Stanislavs Dulevskis
Raimonds Matisons
Andris Padegs
Ervins Pilmanis (part time)
Janis Stankevics

The meeting was called to order at 11:00 AM and was adjourned at 5:45 PM. The following were the main items of discussion and the conclusions reached.

Investments in Canada

The Committee's position is that the relative portion of LF funds that are invested in Canada should be reduced. This position is based on the observation that Canadian economy currently is relatively fragile, and the value of the Canadian dollar will not improve in the foreseeable future (currently 81.5 US cents). A secondary reason is the fact that LF currently does not have any expertise or outside counsel on investment opportunities in Canada.

The Committee recommends that LF sell a part of its Canadian investments, the portion being such as to make the capital loss realized in Canada approximately equal to the capital gains realized on investments in the USA. The Committee recommends the following criterion in choosing the securities to be sold. Securities should be sold that have

1. A low quality rating
2. Low yield (or yield to maturity)
3. Small capital loss in relation to the purchase price
(so as to permit a larger amount of capital to be transferred to the USA for a given amount of realized loss)

The attached list contains the securities that are recommended for sale.

Minutes of Finance Committee Meeting, October 30, 1982

Safekeeping of Canadian Securities

The Committee recommends that all securities currently kept at First Marathon be transferred to a custodial account at a bank or trust company. A. Padegs will select the institution.

Retainer Account at Moors & Cabot, Inc.

The Committee discussed at some length the proposal by Richard Morse for a retainer account at Moors & Cabot, Inc., whereby Moors & Cabot would provide, for a fee, a number of additional services, as well as reduced commissions on transaction actions. In the ensuing discussions, all Committee members, who had had any dealings with Moors & Cabot, had only favorable comments about the firm and about Richard Morse in particular.

However, the Committee felt that it was not in a position to recommend acceptance of the offer for the following reasons:

1. The fee appears to be rather high. For a capital of \$400,000, the fee would be \$6,625 per year. Is this a competitive fee in the industry? Raimonds Matisons will check on the fees that would be charged by Kidder.
2. The proposal listed five services that would be offered by a retainer account. It appears, however, that most of these services are offered by brokers without a contractual agreement (and have been offered by Moors & Cabot in the past to LF). Specifically, to what extent would the quality and quantity of these services be different?
3. LF would like to have the fee based to some extent on performance, for example, on the extent to which the LF portfolio performs better than indicated by one of the popular market averages.

The Committee agreed that LF should further explore the offer described by Richard Morse. In order for LF to gain a better understanding of the type of service that would be offered under the contractual agreement and to assess its value to LF, it would be desirable for LF to receive this service (or at least some aspects of it) for a trial period.

Investments in Mutual Funds

For the past years, Janis Stankevics, in conjunction with Richard Morse, has performed the day-to-day supervision of LF investments in the USA and has been largely responsible for reaching investment decisions. Mr. Stankevics has indicated that in the future he would like to take on a less active role.

Minutes of Finance Committee Meeting, October 30, 1982

The Committee discussed two alternatives for availing itself of professional investment management: investment in mutual funds and a contractual relation with a professional investment manager (see also the previous item concerning the retainer account with Moors & Cabot). No decision on long-term direction was reached, but in the meantime Andris Padegs will chose some no-load mutual funds in which LF will open accounts.

USA Holdings

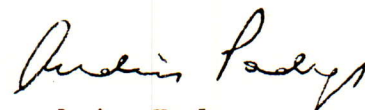
The consensus was that investments in the USA with significant capital gains should be considered for sale. A notable candidate is Westinghouse Electric. Raimonds Matisons will solicit the opinion of his associates at Kidder on the LF holdings that currently have capital gains and will review them with Janis Stankevics.

Arbitrage

Raimonds Matisons agreed to investigate the oportunities and conditions for investment in S. B. Lewis Co, specializing in the opportunities arising out of announced takeover of companies.

General Observations

The general Consensus of the Committee was that, with interest rates already down, bonds in the USA have less potential for price appreciation than stocks. Investment in stocks such as Exxon would lock in a good yield (10%) and additionally offer significant potential for appreciation.



Andris Padegs
Chairman,
Finance Committee

Distribution:

Finance Committee
Board of Trustees
Audit Committee

Securities Recommended for Sale

The bonds in the following list are recommended to be sold primarily on the basis that they are not rated by the Dominion Bond Rating Service, Ltd. of Toronto.

The "current" value is the market value on October 1, 1982. For some bonds the value is estimated, as the value was not listed in the Canadian publication.

<u>Security</u>	<u>Quant.</u>	<u>Cost</u>	(Capital Loss) <u>Current Value</u>	<u>Annual Income</u>	<u>Yield on Current Value</u>
Northwood Pulp 9% 15 May 1991	5,000	5,000.00	3,600 Est. (1,400)	450	12.5%
Agra Ind. Conv. 6.5% 15 Mar 1992	5,000	5,400.00	3,000 Est. (2,400)	325	10.8%
Canadian West. Natl. 9.75% 1 Dec 1990	10,000	10,700.00	7,550 (3,150)	975	12.9%
Oshawa Group 9.25% 15 Jun 1991	15,000	14,520.00	10,650 Est. (3,870)	1,387.50	13.0%
Zellers Ltd. -C 7% 15 Nov 1986	10,000	7,900.00	7,900 Est. (0)	700	8.9%
Zellers Ltd. 10.25% 15 May 1994	10,000	10,000.00	6,925 (3,075)	1,025	14.8%
Anthes Ind. Inc.	1,000	9,357.50		0	0%
Crown Trust	450	11,622.10		1,305?	

A. Padegs
Oct. 31, 1982