

**INVESTMENT SUBCOMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**

A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Wednesday, March 28, 2018, at 3:00 p.m., in Room, 351 Waterman Building, Burlington, Vermont.

MEMBERS PRESENT: Chair Robert Brennan*, Vice Chair Don McCree*, David Daigle* and David Aronoff*

MEMBERS ABSENT: None

PERSONS ALSO PARTICIPATING: Vice President for Finance and Treasurer Richard Cate; Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Vice President for Legal Affairs & General Counsel and Senior Advisor to the President Sharon Reich Paulsen; Cambridge Associates (CA) Alexandra Dorf, Kathryn Stephansky, Evan Fitzmaurice, David Loughborough and Alex Kramer

* via conference call

Chair Robert Brennan called the meeting to order at 3:05 p.m.

Meeting Minutes

Chair Brennan presented the minutes of the February 14, 2018 meeting for approval. A motion was made, seconded, and it was voted to approve the minutes as presented.

Approval of Proposed List of Approved Managers and Funds (Cash Management and Liquidity Policy)

Chair Brennan presented for annual review the following proposed list of approved managers and funds pursuant to the Cash Management and Liquidity Policy:

Proposed List of Approved Managers / Funds pursuant to Cash Management and Liquidity Policy (“Allowable Assets for Asset Groups”)

Short-term pool:

Demand Deposit Account
Repurchase Agreement
Certificate of Deposit
Money Market Deposit Account
Line of Credit:

Citizens Bank, N.A.
People’s United Bank
TD Bank, N.A.

Intermediate-term pool:

Laddered bond portfolio:

Edward Jones
Morgan Stanley Smith Barney
Merrill Lynch
People's United Bank
Raymond James Financial Services
State Street Global Advisors
TD Wealth Management
UBS Financial Services
Wells Fargo Advisors

Long-term pool:

Units of the University of Vermont's Pooled Endowment

Following review and discussion, Chair Brennan requested Vice President for Finance and Treasurer Richard Cate to provide a grid showing how each manager fit within the Cash Management and Liquidity Policy asset groups for the next ISC meeting.

Chair Brennan entertained a motion to approve the list of managers and funds. The motion was made, seconded, and it was voted to approve the list unanimously. Vice Chair Don McCree recused himself from the vote.

Resolution Approving the Establishment of the Investment Policy and Objectives for the Planned Giving Program

Chair Brennan directed the members to Attachment 3, Appendix A of the meeting materials to review a proposal to establish an Investment Policy and Objectives for the Planned Giving Program.

The Subcommittee asked Vice President Cate to contact the investment manager and ask them to provide context as to how the targets were established. Vice President Cate was also asked to revise the Policy to reflect that the targets would be set by the investment manager and reviewed and approved by the Subcommittee.

Following review and discussion, the Subcommittee deferred taking action on the proposed policy.

Recent Market Returns and Total Portfolio Performance Review

Ms. Stephansky led a discussion on recent Market Returns through February 28, 2018. She directed the members to exhibits in the meeting materials displaying global market performance by asset class, particularly noting that the equity market was flat and that hedge funds, though

they had a wide range of returns, did provide some protection. It was also noted that bonds provided a negative return.

Ms. Stephansky then referred the Subcommittee to the Calendar Year 2018 performance report by asset class, noting UVM's Long-Term Pool was valued at \$531.7 million at the end of February 28, 2018, with a return of -2.5% for the month ending February 28, 2017 and 10.8% for the trailing year. Calendar year to date returns were driven by Emerging Markets Equity (+3.0%), U.S. Equity (+2.4%), International Developed Equity (+1.2%), and Hedged Equity (+1.5%). Public Real Assets had a negative return of (-6.5%) during the same period as they were hit hard by negative sentiment.

Executive Session

At 3:36 p.m., Chair Brennan entertained a motion to enter Executive Session for the purposes of discussing contracts, of which premature general public knowledge would clearly place the University at a substantial disadvantage, and records exempt from disclosure under provisions of the Public Records Act. He noted that the session would last 60 minutes, with no action anticipated following. The motion was made, seconded and approved. The following persons were invited to remain: Vice President for Finance and Treasurer Richard Cate; Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Vice President for Legal Affairs & General Counsel and Senior Advisor to the President Sharon Reich Paulsen; and Alexandra Dorf, Kathryn Stephansky, Evan Fitzmaurice, David Loughborough and Alex Kramer of C|A.

The meeting was re-opened to the public at 4:40 p.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Chair Robert Brennan