

**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 Tuesday, May 12, 2020 at 3:00 p.m., remotely via Microsoft Teams.

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

**MEMBERS ABSENT:** None

**OTHER TRUSTEES PRESENT:** Board Chair Ron Lumbra

**PERSONS ALSO PARTICIPATING:** Investment Subcommittee Advisor Whit Wagner; Controller Claire Burlingham; Assistant Controller Lindsey Donovan<sup>2</sup>; Senior Staff Accountant Patty Dubie<sup>2</sup>; Endowment Accountant Marie Tiemann<sup>2</sup>; Vice President for Legal Affairs & General Counsel, and Chief of Staff to the President Sharon Reich Paulsen; Special Assistant to the Chief of Staff Erin Dickinson; UVM Foundation Vice President & Chief Financial Officer Charley Feeney<sup>1</sup>; and Alexandra Dorf<sup>2</sup>, Kathryn Stephansky<sup>2</sup>, Samit Chhabra<sup>2</sup>, Kenly Drake<sup>2</sup>, Katherine Swaim<sup>2</sup>, and Jess Kaplan<sup>2</sup> of Cambridge Associates (CA)

<sup>1</sup>Exited the meeting at 3:13 p.m.

<sup>2</sup>Exited the meeting at 4:52 p.m.

Chair Robert Brennan called the meeting to order at 3:02 p.m.

### **Meeting minutes**

Chair Brennan presented the minutes of the April 15, 2020 meeting for approval. A motion was made, seconded and it was voted to approve the minutes as presented.

### **Recent market returns and total portfolio performance review**

Ms. Dorf of CA, led discussion on the recent market performance through March 31, 2020. She commented on asset class performance for the 1<sup>st</sup> quarter (Q) of 2020 as well as the values through May 4, 2020. Equities suffered the worst quarter since Q4 2008 with returns of -21.4% for MSCI All Country World Index (ACWI) for 1Q 2020. In directing the subcommittee members to the exhibits in the meeting materials, Ms. Dorf noted the relative strength of growth versus value, small-cap, and high dividend yield styles and factors as well as sector dispersion, particularly that of health care and technology relative to energy and financials. She mentioned the equity rally thus far in 2Q 2020.

Ms. Dorf commented on the portfolio performance for the long-term pool as of March 31, 2020. She stated that the portfolio assets stood at an estimated \$487 million with a -9.6% return for the

month of March, a -13.7% return for the calendar year-to-date, and a -10.1% return for the fiscal year-to-date.

Ms. Dorf further noted the performance for the portfolio for April 2020 is +6.4%, bringing the estimated calendar year-to-date performance to -8.2%, and the estimated fiscal year performance to -4.4%.

### **Executive session**

At 3:14 p.m., Chair Brennan entertained a motion to enter executive session for the purposes of discussing contracts, premature general public knowledge of which 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 approximately one hour and twenty-five minutes with action anticipated following. The following persons were invited to remain: Investment Subcommittee Advisor Whit Wagner; Controller Claire Burlingham; Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Vice President for Legal Affairs & General Counsel, and Chief of Staff to the President Sharon Reich Paulsen; Special Assistant to the Chief of Staff Erin Dickinson; and Cambridge Associates (CA) Alexandra Dorf, Kathryn Stephansky, Samit Chhabra, Kenly Drake, Katherine Swaim, and Jess Kaplan.

At 4:52 p.m., the following attendees exited the meeting: Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; and Alexandra Dorf, Kathryn Stephansky, Samit Chhabra, Kenly Drake, Katherine Swaim, and Jess Kaplan.

The meeting was re-opened to the public at 4:58 p.m.

Chair Brennan presented the following resolution for approval:

#### **Resolution approving contract extension with Cambridge Associates**

BE IT RESOLVED, that the Vice President for Finance and Treasurer, or their successor or designee, is hereby authorized to execute a renewal contract with Cambridge Associates, LLC for the purpose of providing investment advisory services for a period of one year from July 1, 2020 through June 30, 2021 at a fee of \$675,000 plus expenses.

BE IT FURTHER RESOLVED that the Investment Subcommittee shall annually review the performance of the investment advisory firm.

This resolution supersedes all previous authorizations.

Chair Brennan entertained a motion to approve and refer the resolution to the Budget, Finance and Investment Committee at their May 15, 2020 meeting. The motion was made, seconded, and approved unanimously.

The following resolution was presented for approval:

**Resolution reaffirming the Endowment Administration Fee policy**

WHEREAS, on ~~November 19, 2019~~May 12, 2020, the Investment Subcommittee met, reviewed and discussed the Endowment Administration Fee policy;

RESOLVED, that the *Endowment Administration Fee Policy* is reaffirmed as reads below:

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves an endowment management fee equal to 25 basis points to be applied to the University endowment from July 1, 2020 through December 31, 2020, and which shall flow to the University; and

BE IT FURTHER RESOLVED, that the Board of Trustees hereby approves that an endowment management fee equal to 100 basis points, 80 of which shall flow to the University of Vermont Foundation and 20 of which shall flow to the University, shall be applied to the University endowment beginning as of January 1, 2021.~~a 0.25 percent fee applied to the University endowment for Fiscal Year 2020 to cover reasonable costs associated with endowment administration, management and operation;~~ and

BE IT FURTHER RESOLVED, that calculation of the endowment management fee will be based on the average market value of the University endowment for the previous thirteen quarters ending December 31 of the prior calendar year~~0.25 percent fee will be based on the average market value of the University endowment for the previous thirteen quarters ending December 31 of the prior calendar year;~~ and

BE IT FINALLY RESOLVED, that the Investment Subcommittee will review and make a recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the *Endowment Administration Fee Policy* each year no later than December 31.

*Adopted by: Board of Trustees - September 13, 2003*

*Reaffirmed: Board of Trustees - September 8, 2007*

*Board of Trustees - September 5, 2008*

*Amended: Board of Trustees - October 24, 2009*

*Reaffirmed: Board of Trustees - October 30, 2010*

*Board of Trustees - October 22, 2011*

*Board of Trustees - November 8, 2012*

*Board of Trustees - October 26, 2013*

*Board of Trustees - October 18, 2014*

*Board of Trustees - October 3, 2015*

*Board of Trustees - October 22, 2016*

*Board of Trustees - October 21, 2017*

*Board of Trustees - January 31, 2020*

*Amended: Board of Trustees -*

Investment Subcommittee Minutes  
May 12, 2020

Chair Brennan entertained a motion to approve and refer the resolution to the Budget, Finance and Investment Committee at their May 15, 2020 meeting. The motion was made, seconded, and approved unanimously.

**Portfolio rebalancing**

Chair Brennan entertained a motion to approve the following proposed transaction:

- Commit up to \$10 million to Varde Dislocation Fund, subject to the successful completion of due diligence.

The motion was made, seconded, and passed unanimously.

**Adjournment**

There being no further business, the meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Chair Robert Brennan