

**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, August 9, 2022 at 8:00 a.m., in room 351 Waterman Building via remote conferencing.

MEMBERS PRESENT: Chair Robert Brennan, Vice Chair Don McCree, and Susan Brengle\*

MEMBERS/ADVISORS ABSENT: Steven Grossman

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbra

PERSONS ALSO PARTICIPATING: ISC Advisors Whit Wagner and David Aronoff; Vice President for Finance & Administration Richard Cate; Controller Claire Burlingham\*\*;  
Associate Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Deputy General Counsel John Collins; Special Assistant to the President Jonathan D'Amore; Trustee Coordinator Corinne Thompson; and Richard Morrison and Ian MacPherson of Prime Buchholz (PB)

Chair Robert Brennan called the meeting to order at 8:04 a.m.

\* Joined the meeting at 8:16 a.m.

\*\* Departed the meeting at 9:15 a.m.

### **Meeting minutes**

Chair Robert Brennan presented the minutes of the June 22, 2022 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 overview**

Richard Morrison, of Prime Buchholz (PB), led a discussion surrounding recent market and portfolio performance as of June 30, 2022. He noted the significant comparisons of market returns for the year 2021, which were positive, and 2022 which have fallen into negative territory largely driven by rising interest rates and inflation concerns. Within the equity market, the S&P 500 returns were -20%; while outside of equities, the global hedge funds returned -5.9% and components of the real asset category provided protection with returns of 15.9% to 18.4%. The energy sector has been the only U.S. equity sector to record gains for the year-to-date. Mr. Morrison noted that the cost of capital has been increasing and equities are becoming cheaper on a multiple basis. He further noted that the inflation is showing signs of drifting lower as a result of a more aggressive Federal Reserve and its decisions to raise the interest rate.

Ian MacPherson, of Prime Buchholz, reviewed the University's long term pool portfolio returns as of June 30, 2022 and noted the month-to-date returns were -4.1% which outperformed the indexes in most of the asset categories. The returns since inception were 7.8% and the portfolio

value was \$726,557,457 as of June 30, 2022. The early estimate for July was a return of +4.1% bringing the portfolio value to \$755,995,108.

### **Executive session**

At 8:14 a.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 stated that the session would last approximately 1 hour 45 minutes with action anticipated following. The following persons were invited to remain: Trustees; ISC Advisors Whit Wagner and David Aronoff; Vice President for Finance & Administration Richard Cate; Controller Claire Burlingham; Associate Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Deputy General Counsel John Collins; Special Assistant to the President Jonathan D'Amore; Trustee Coordinator Corinne Thompson; and Richard Morrison and Ian McPherson of Prime Buchholz (PB)

The meeting was re-opened to the public at 9:37 a.m.

### **Resolutions reaffirming the Endowment Budget Policy and approving a revision to the Endowment Administration Fee Policy**

Chair Brennan presented the following resolutions for approval:

#### **Resolution Reaffirming the Endowment Budget Policy**

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

BE IT RESOLVED, that the annual budget for spending from Endowment be set at 4.5 percent of the average market value 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 recommendation to the Budget, Finance and Investment Committee regarding the reaffirmation or revision of the *Endowment Budget Policy* each year no later than December 31.

*Adopted by: Board of Trustees - May 13, 1995*

*Reaffirmed: Board of Trustees - September 8, 2007  
Board of Trustees - September 5, 2008  
Board of Trustees - October 24, 2009  
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 20, 2017*  
*Board of Trustees - October 27, 2018*  
*Board of Trustees - January 31, 2020*  
*Board of Trustees - September 25, 2020*  
*Board of Trustees – October 29, 2021*  
*Board of Trustees –*

**Resolution approving revision to 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 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 July 1, 2022 and continuing through June 30, 2024; 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; 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*  
*Board of Trustees - May 15, 2020*

*Amended: Board of Trustees - September 25, 2020*  
*Board of Trustees – October 29, 2021*  
*Board of Trustees –*

Chair Brennan entertained a motion to approve the resolutions. A motion was made, seconded and the resolutions were unanimously approved for referral to the Budget, Finance & Investment Committee.

**Portfolio rebalancing**

Chair Brennan entertained a motion to approve the following transactions:

Commit \$5 million to Palantine RE Fund IV.

Liquidate the MacKay Shield High Yield Active Core Fund GP LLC, in total, and reinvest the proceeds in the Vanguard Short-Term Bond Fund.

The motion was made, seconded, and unanimously approved.

**Adjournment**

There being no further business, the meeting adjourned at 9:39 a.m.

Respectfully submitted,

Robert Brennan, Chair