A meeting of the Investment Subcommittee (the Subcommittee) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Wednesday, December 17, 2008 at 8:30 a.m. in 351 Waterman via teleconference.

MEMBERS PRESENT: Chair Robert Cioffi*, Vice Chair John Snow*, Sam Bain* and Susan Hudson-Wilson*.

MEMBERS ABSENT: None

PERSONS ALSO PARTICIPATING: Richard Cate, Interim Vice President for Finance and Administration and Treasurer; Kathy Snell, Assistant Controller for Tax and Treasury Services

Chair Cioffi called the meeting to order at 8:35 a.m.

Approval of November 26, 2008 Meeting Minutes

A motion was made, seconded and approved to accept the minutes of the November 26, 2008 meeting.

Flash Report Long Term Investment Pool as of November 30, 2008

The US Equities portfolio is an outlier, driven by Iridian coming back to the market; it has been beating the market but underperformed the market in November. In Small Caps, Eaton Vance outperformed the market. Hedged Equities finally came back in line with the market; Highline is down only 0.9% year-to-date. The Bond portfolio continues to perform well. Members agreed that moving toward passive management of our bond portfolio with SSgA Passive Bond Index Fund a year and a half ago was a good move.

Update on Portfolio Rebalancing

Discussion ensued about portfolio diversification benefiting the long term pool. Trustee Snow commented that we can only make strategic asset allocation moves looking forward, rather than tactical market-timing moves.

Trustee Hudson-Wilson reported that she had been in touch with contact at ING Clarion, who agreed to send her the Clarion Lion Properties redemption list so UVM can consider contacting participants regarding purchasing directly from them on the secondary market; the list has not yet been received.

UVM confirmed having already placed the redemption request for Morgan Stanley Prime Properties Fund, for withdrawal as of March 31, 2009 at the earliest.
Mr. Cate reported that the Gresham and Acadian documents are under review with General Counsel, and we will get the review completed and move forward.

**Other Business**

Discussion ensued about the Bernard Madoff situation, and the fact that UVM has no exposure in these investments. The Trustees referenced a December 15th Letter to Investors from Davidson Kempner regarding Marcus S. Dreier, founder and managing partner of the New York law firm Dreier LLP, which was subpoenaed for documents relating to several hedge funds, including Davidson Kempner. Davidson Kempner states that they have never invested in any of Mr. Dreier’s funds, nor any Madoff fund(s), so does not know why it was specifically mentioned in the subpoena. Trustees discussed the likelihood of new federal regulations in the hedge fund industry.

Mr. Cate reported that the Commonfund STF is continuing to follow the liquidity schedule outlined; currently, over 65% has been made available and transferred to UVM’s depository account with TD Bank. He also reported that the STF had a negative return in November. Law Debentures has been appointed as successor trustee to replace Wachovia Bank. Discussion ensued that Wachovia’s actions to freeze the fund preserved the value of STF for those investors not exiting the fund.

Mr. Cate reported that S&P was on campus earlier in the week, and that they do not count the frozen CF STF assets toward liquidity to cover outstanding Commercial Paper. Rather, they are looking for a segregated/dedicated account balance with a 1:1 ratio to cover CP. He reported subsequently meeting with TD Bank representatives to explore options for investing approximately $25 million in funds in an account with same-day availability, once tuition rolls in, in mid-January. He is favoring a Certificate of Deposit that allows one withdrawal without penalty; UVM is in the process of validating with S&P that the terms and conditions of the CD would be counted as 100% liquid.

Mr. Cate reported that a $5 million withdrawal from CF Absolute Return Fund is scheduled for 12/31/2008, with quarterly redemptions during 2009.

Chair Cioffi reviewed the plans for the next meeting, on January 27th, to be hosted by Cambridge Associates. The focus will be Asset Allocation, with the morning dedicated to meeting with investment managers Iridian and Eaton Vance. It was agreed that having Cambridge Associates provide a summary of current investment managers and their asset specialization would be helpful in starting the Asset Allocation discussion. Chair Cioffi suggested reviewing distressed areas, and Varde performance, in January.

**Adjournment**

There being no further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

Robert Cioffi, Chair