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 and State Agricultural College was held on Wednesday, April 25, 2012, at 8:30 a.m. in the President’s Conference Room, 351 Waterman Building, Burlington, Vermont.

MEMBERS PRESENT: Chair Samuel Bain*, Robert Brennan* and David Daigle*

MEMBERS ABSENT: None

OTHER TRUSTEES PRESENT: Board of Trustee Chair Robert Cioffi*

PERSONS ALSO PARTICIPATING: Controller, Claire Burlingham*; Bets Kent*, LaRoy Brantley*, Christopher Warren* and Justin Atwood* of Cambridge Associates.

*By means of conference telephone.

Chair Samuel Bain called the meeting to order at 8:33 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the March 28, 2012 meeting.

Approval of Socially Responsible Investing Work Group Reaffirmation of Divestiture from Sudan

The Subcommittee conducted the annual review of the following Reaffirmation of Divestment Resolutions, put forth by the Socially Responsible Investing Work Group (SRIWG). Amendments are being recommended to the resolution as shown with track changes below.

Reaffirm Divestiture from Sudan

WHEREAS, the Board of Trustees approved a resolution for Divestment from Sudan on May 20, 2006;

WHEREAS, the resolution was amended by the Executive Committee on June 12, 2006, to include annual review and reaffirmation;

WHEREAS, the Committee on Socially Responsible Investing was dissolved as part of a new committee structure approved by the Board in September 2006 and implemented in November 2006; and

WHEREAS, the Board established a Socially Responsible Investing (SRI) Work Group in September 2008;
NOW, THEREFORE BE IT RESOLVED, that the Board of Trustees reaffirms its Resolution for Divestment from Sudan, as adopted by the Board on May 18, 2006, and amended by the Executive Committee on June 12, 2006 (as stated below);

BE IT FURTHER RESOLVED, that the Budget, Finance and Investment Committee, will review this resolution on an annual basis.

Resolution for Divestment from Sudan

WHEREAS, the University’s Policy Statement on Moral, Social and Ethical Considerations in Investment and Shareholder Resolutions holds that the primary objective of investment by the University is to provide a satisfactory return on investment for the support of University operations based upon the Prudent Investor Rule; and

WHEREAS, the Policy Statement also holds, however, that the policy of fiscal prudence shall not preclude the University from considering moral, ethical, and social criteria in determining companies in which to invest; and

WHEREAS, a balanced group of the University community has been convened as the Committee on Socially Responsible Investing and has studied the issue of genocide in the Darfur region of Sudan and has made recommendations to the Investment Committee of the Board of Trustees;

THEREFORE, BE IT RESOLVED, that the University adopt and implement a policy of targeted divestment from companies doing business with or otherwise aiding the governing regime of Sudan based on the model developed by the Sudan Divestment Task Force;

BE IT FURTHER RESOLVED, that the University implement its divestment policy to the fullest extent consistent with its fiduciary responsibilities; and

BE IT FURTHER RESOLVED, that the Committee on Socially Responsible Investing will review and reaffirm this resolution on an annual basis.

A motion was made, seconded and unanimously voted to approve the resolution as amended.

Chair Bain then requested that Claire Burlingham present an updated status on the conditions in Sudan to the Budget, Finance, and Investment Committee in May.

Market Update and Performance

Chair Bain directed the Subcommittee members to the meeting materials provided by Cambridge Associates. Mr. Bain noted that due to the interest of time and the full agenda, he requested that each member review the materials on the recent market trends and updates. Ms. Kent highlighted a graph on the Shiller Price/Earnings Ratio which provides analyses on subsequent S&P 500 10-year returns.
Pro Forma and Asset Allocation

Mr. Warren directed the Subcommittee to the exhibit on Pro Forma and Asset Allocation in the meeting materials provided by Cambridge Associates. He noted that the estimated performance of the Long Term Pool return was a +.5% as of March 31, 2012, bringing returns for the 1st Quarter of the calendar year 2012 to +7.9%, outperforming the C|A preliminary endowment median of 6.9%. Mr. Warren highlighted the recent transaction activity of redemptions and investments to rebalance the portfolio to the target policy allocations. The Subcommittee engaged in a brief discussion surrounding the recommendations for further rebalancing. The members agreed to continue the discussion at a future meeting after receiving additional information about capital calls from existing funds.

Executive Session

At 8:44 a.m., Chair Bain entertained a motion to enter executive session for the purpose of discussing contract negotiations. The motion was seconded and approved. All in attendance remained for executive session.

The meeting was re-opened to the public at 9:55 a.m.

July Meeting Planning

Chair Bain led the discussion surrounding the planning for the July meeting. The Subcommittee reviewed the draft agenda and chose the selection of investment managers for C|A to extend invitations for presentations. The members unanimously agreed to reschedule the meeting date from July 25th to July 26th.

Adjournment

There being no further business, the meeting was adjourned at 9:58 a.m.

Respectfully submitted,

Samuel Bain, Chair