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 Thursday, July 26, 2012, at 8:30 a.m. at Sotheby’s, 1334 York Avenue, 8th Floor, New York, New York.

MEMBERS PRESENT: Chair Samuel Bain, Vice Chair David Daigle, Robert Brennan

MEMBERS ABSENT: None

OTHER TRUSTEES PRESENT: Board of Trustee Chair Robert Cioffi

PERSONS ALSO PARTICIPATING: Vice President for Finance and Administration and Treasurer Richard Cate, Controller Claire Burlingham* (partial), Assistant Controller for Tax and Treasury Services Kathy Snell* (partial); Bets Kent, LaRoy Brantley, and Christopher Warren of Cambridge Associates

*By means of conference telephone. Attended from 8:33-9:02 a.m.

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

Overview

Chair Bain welcomed the Investment Subcommittee and provided a brief overview of the day’s agenda.

Approval of Minutes

Chair Bain requested a motion to approve the minutes of the previous meeting. A motion was made, seconded and voted to approve the minutes of the June 27, 2012 meeting.

Foundation Reporting

Chair Bain initiated discussion surrounding the sharing of Investment Subcommittee meeting materials with the UVM Foundation. Mr. Bain reminded the members that meeting minutes must remain in the public domain, and prepared meeting materials are subject to open records law, except for pages marked “trade secrets and/or confidential and proprietary information.” The members discussed the frequency of reporting to the UVM Foundation and determined that quarterly reports, containing the performance of the investment managers in the portfolio, median returns for asset classes, median returns for the managers and asset allocations, should suffice at this time. It was noted that Mr. Brennan has a dual role with the Foundation and the Investment Subcommittee, and of course shall act appropriately when the ISC enters Executive Sessions.
Performance and Market Update

Mr. Warren directed the Subcommittee to performance estimates for the month ending June 30, 2012 in the meeting materials provided by Cambridge Associates. He noted that the estimated performance of the Long Term Pool was +2.2% for the month of June, bringing returns for the second quarter of the calendar year 2012 to -3.4%. Calendar year-to-date, the Long Term Pool has returned +4.1% and -3.2% for the 2012 Fiscal Year, based on the preliminary estimate for June. The Subcommittee engaged in a brief discussion surrounding asset allocation. The members agreed to continue the discussion later on in the meeting.

Executive Session

At 9:02 a.m., Chair Bain entertained a motion to enter executive session for the purpose of discussing contract negotiations. The motion was seconded and approved. Trustees Bain, Daigle, Brennan and Cioffi; Mr. Cate; and Ms. Kent, Mr. Brantley, and Mr. Warren remained for executive session. Ms. Burlingham and Ms. Snell exited the meeting.

The meeting was re-opened to the public at 1:56 p.m.

Portfolio Rebalancing

Chair Bain entertained a motion to invest $4 million with MacKay Shields’ High Yield Active Core product, invest an additional $1 million with Owl Creek, fully redeem from RhumbLine’s S&P 500 Index Fund, and redeem $1 million from Vanguard Total Bond Market Index Fund. The motion was seconded and approved.

Executive Session

At 2:04 p.m., Chair Bain entertained a motion to enter executive session for the purpose of discussing contract negotiations. The motion was seconded and approved. Trustees Bain, Daigle, Brennan and Cioffi; Mr. Cate; and Ms. Kent, Mr. Brantley, and Mr. Warren remained for executive session.

The meeting was re-opened to the public at 2:14 p.m.

Portfolio Rebalancing

Chair Bain entertained a motion to transfer the remaining proceeds in the Vanguard Total Bond Market Index Fund to the Vanguard Short-Term Bond Fund. The motion was seconded and approved.

Private Investments Discussion

Ms. Kent referred ISC members to the Private Investment section of the meeting materials. Subcommittee members briefly discussed the Private Investment Program performance through March 31, 2012, but agreed to continue the discussion during the August meeting, when the full report would be available.
Other Business

Subcommittee members discussed meeting scheduling with Cambridge Associates and it was decided that there will be a shift from 12 meetings per year to eight meetings per year. The specifics of the new meeting schedule are still being finalized and Cambridge agreed to circulate a proposed meeting schedule soon.

Adjournment

There being no further business, Chair Bain adjourned the meeting at 2:24 p.m.

Respectfully submitted,

Samuel Bain, Chair