A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Thursday, May 25, 2017, at 3:00 p.m., in Room, 351 Waterman Building, Burlington, Vermont.

MEMBERS PRESENT: Chair Robert Brennan*, David Daigle*, and David Aronoff*

MEMBERS ABSENT: Vice Chair Don McCree

PERSONS ALSO PARTICIPATING: Vice President for Finance and Treasurer Richard Cate; Controller Claire Burlingham*; Assistant Controller for Tax and Treasury Services Kathy Snell; Assistant Controller Lindsey Donovan; Sr. Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Endowment Accountant Assistant JD Kelly; Kathryn Stephansky*, Evan Fitzmaurice*, and Haley Brown* of Cambridge Associates (C|A); Whit Wagner, UVM Foundation, Leadership Council

*via conference call.

Chair Robert Brennan called the meeting to order at 3:04 p.m.

Meeting Minutes

Chair Brennan presented the minutes of the March 22, 2017 meeting for approval. A motion was made, seconded, and it was voted to approve the minutes unanimously.

Approval of Proposed List of Approved Managers/Funds As Amended

Ms. Burlingham directed the members to Attachment 2 indicating the proposed list of approved Managers/Fund as amended pursuant to Cash Management and Liquidity Policy was being presented for review. Following review and discussion, Chair Brennan made a motion to approve the following list of managers. The motion was seconded, and unanimously voted to approve the list as amended.

**Proposed List of Approved Managers / Funds pursuant to Cash Management and Liquidity Policy (“Allowable Assets for Asset Groups”)**

*Short-term pool:*

Demand Deposit Account, Repurchase Agreement, Certificate of Deposit, Money Market Deposit Account, Line of Credit: 

Citizens Bank, N.A. People’s United Bank
Intermediate-term pool:

Laddered bond portfolio:

Edward Jones
Morgan Stanley Smith Barney
Merrill Lynch
People’s United Bank
Raymond James Financial Services
State Street Global Advisors
TD Wealth Management
UBS Financial Services
Wells Fargo Advisors

Long-term pool:

Units of the University of Vermont’s Pooled Endowment

Recent Market Returns and Total Portfolio Performance Review

Ms. Stephansky, of C|A, led the discussion on recent Market Returns through April 30, 2017. She directed the members to the exhibits in the C|A materials displaying the recent market performance and trends for various capital market indices. She noted that the Equity sector returns had risen for the month of April, due to outperformance by the Non-US Equities sector. Natural Resource Equities and Commodity returns lagged in April due to concerns about potential over-supply, as shale producers ramped up production quickly in response to rising prices in 2016. Ms. Stephansky further noted that the market has not yet had a negative reaction to the Fed’s decisions to raise interest rates.

Ms. Stephansky next referred the Subcommittee to the exhibits displaying the Long-Term Pooled Endowment performance for the first quarter ending March 31, 2017 and the month of April 30, 2017. The Long-Term Pool was valued at $472.2 million at the end of March with a return of +4.3% for the quarter ending March 31, 2017. The value for the Pool was $478.1 million as of April 30, 2017 and returns of +1% for the month ending April, and +5.3% calendar year-to-date. Ms. Stephansky highlighted the Quarterly Comparative Performance Review exhibit, noting the University’s ranking finished at the C|A’s Endowment Median percentile.

Executive Session

At 3:30 p.m., Chair Brennan entertained a motion to enter Executive Session for the purposes of discussing contracts of which premature general public knowledge would clearly place the University at a substantial disadvantage. The motion was seconded and approved. The following persons were invited to remain: Richard Cate, Claire Burlingham, Kathy Snell, Lindsey Donovan, Patty Dubie, Marie Tiemann, JD Kelly, Kathryn Stephansky, Evan Fitzmaurice, Haley Brown, and Whit Wagner.
The meeting was re-opened to the public at 4:33 p.m.

**Custodial Services**

Chair Brennan entertained a motion to approve the following resolution to authorize Vice President for Finance and Treasurer Richard Cate to enter into a 3-year pricing agreement with US Bank to provide custodial services for Endowment Investments in actively managed funds.

**Resolution to Contract with Custodial Service Bank**

**WHEREAS,** the University has Endowment Investments in actively managed funds serviced by a custodial banking institution.

**WHEREAS,** the existing Custodial Bank is discontinuing the current custodial agreement.

**WHEREAS,** the University issued a Request for Proposals to interested banking institutions and has reviewed the responses.

**NOW, THEREFORE BE IT RESOLVED,** that the Investment Subcommittee approves the engagement of custodial services with US Bank, as the preferred vendor, for Endowment funds invested in actively managed funds.

The motion was made, seconded, and it was voted to approve the resolution unanimously.

**Portfolio Rebalancing**

Chair Brennan entertained a motion to approve a $5 million commitment to Asia Alternative Capital Partners V.

The motion was made, seconded and it was voted to approve the commitment unanimously.

**Other Business**

Chair Brennan reminded the members about the upcoming ISC meeting in July and noted that they will discuss a proposed agenda and investment manager invitees at the June meeting.

**Adjournment**

There being no further business, the meeting was adjourned at 4:35 p.m.

Respectfully submitted,
Robert Brennan, Chair