BUDGET, FINANCE AND INVESTMENT COMMITTEE
BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

A meeting of the Budget, Finance and Investment Committee of the Board of Trustees of the University of Vermont State and Agricultural College was held on Friday, May 17, 2019 at 10:45 a.m., in the Mansfield Room, 210 Dudley H. Davis Center.

MEMBERS PRESENT: Vice Chair Briar Alpert, President Thomas Sullivan, David Aronoff[1], Robert Brennan, Kevin Christie[2], Sidney Hilker, Bernard Juskiewicz, Ron Lumbra, Ed Pagano, and Tristan Toleno[2]

REPRESENTATIVES PRESENT: Faculty Representative Donald Ross, Alumni Representative Myron Sopher, Student Representative and Lana Al-Namee[2], and Graduate Student Representatives Michelle DiPinto and Joseph Campbell

PERSONS ALSO PARTICIPATING: Board Chair David Daigle, Trustees: Shap Smith, Otto Berkes, Cynthia Barnhart, Johannah Donovan[3], Jodi Goldstein, Carolyn Dwyer, David Gringeri, Carol Ode; Vice President for Finance and Treasurer Richard Cate, University Controller Claire Burlingham, Vice President for Enrollment Management Stacey Kostell, and Interim Provost Patricia Prelock[4]

ABSENT: Chair Don McCree, Foundation Representative Richard Ader, Faculty Representative Terri Donovan, Staff Representatives Josh Tyack and Renee Berteau, and Student Representative Clark Deng

[1] Joined at 11:45 a.m. by conference phone
[2] Participated by conference phone
[3] Participated by conference phone until 11:30 a.m.
[4] Jointed the meeting at 11:30 a.m.

Vice Chair Briar Alpert called the meeting to order at 10:55 a.m. He started the meeting by thanking Graduate Student Representatives Michelle DiPinto and Joseph Campbell for their service and congratulated them on their upcoming graduation this weekend. He welcomed new Board members Kevin Christie, Sidney Hilker and Student Representative Lana Al-Namee.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the February 1, 2019 meeting.

Cost of Attendance and Projected Enrollment

Vice President for Enrollment Management Stacey Kostell presented the Cost of Attendance and Projected Enrollment slides, which included a selection of the comparator and aspirant instructions charts and offered the following highlights:

- The average annual tuition increase at UVM is under 3.0%.

- UVM's tuition is high compared to public comparator institutions and on the low end compared to private institutions.
- UVM's five-year growth rate in tuition and fees is below the median growth rate for both private and public institutions in this comparator and aspirant group.
- UVM's room and board rates are relatively lower than those of the comparator and aspirant group, even with the rate increase.
- After gift aid, out-of-state undergraduate students pay a net price of $35,315 of the $51,942 gross cost of attendance and in-state undergraduate students pay a net price of $17,303 of the $28,878 gross cost of tuition.

Vice President Kostell explained that the average indebtedness at graduation for in-state students with debt is $27,354 and is $33,046 for out-of-state students. The average indebtedness at graduation for all in-state students is $18,129 and 34% of students have no debt; for out-of-state students, the average indebtedness is $16,286 and 51% have no debt.

She noted that enrollment numbers are expected to be slightly higher than last year. Her office is expecting 2,640 new first-year students and 400 transfers with the highest academic profile of classes in the past. The total fall undergraduate enrollment is projected to be 10,700 students, compared to 10,612 last year.

Fiscal Year (FY) 2020 Budget Discussion

Vice President for Finance and Treasurer Richard Cate opened the discussion by recognizing UVM Budget Director Alberto Citarella's past seven years of work at the University. Mr. Citarella's last day was yesterday, as he accepted a position at Middlebury College.

Vice President Cate explained the overall operating budget for the University is $703 million, $382.3 million of which is the general fund. He noted a total projected increase in expenses of 2.4% driven primarily by an increase in salaries and wages. He explained that Support Centers took the equivalent of a 3.0% budget reduction to their budgets. Excluded from these reductions were items that cannot be reduced, such as utilities, debt service, software contracts, etc. He also noted the budgeted recurring revenue in the FY 2020 proposal represents a 3.3%, or $12.1 million increase over the FY 2019 budget.

He noted that this year there is a tuition increase of 2.7% for out-of-state students and 2.8% for those from Vermont. Undergraduate net tuition is projected to increase $5.1 million as compared to the current year's budget. Graduate net tuition is projected to increase $1.8 million over the FY 2019 budget.

Vice President Cate reported that the underlying assumption for the FY 2019 budget was that the projected increase in revenue would not be adequate to cover the increase in expenses, so the Board authorized the use of $3.0 million from the Net Tuition Stabilization Fund. Due to higher than anticipated net tuition revenue and operating investment income, the FY 2019 budget will be balanced without the use of any reserves. Because the revenue increase for FY 2020 is projected to be only $12.1 million, it is necessary to impose budget reductions, including the $2.5 million reduction in support center base budgets. Responsibility centers (academic units) will be affected in different ways, depending primarily on the degree to which their two-year trailing average of student credit hours taught either increased or declined. Some units will have to cover shortfalls in revenue with budget reductions and the use of reserves and others will not have to take either of these actions.

Vice Chair Alpert presented the following resolutions for approval:

Resolution Approving Fiscal Year 2020 Budget Planning Assumptions: General Fund

RESOLVED, that the Board of Trustees hereby approves the budget planning assumptions for Fiscal Year 2020, which lead to a General Fund operating expense budget for the University of $382,291,000, and hereby authorizes the President to proceed with detailed budget preparation in accordance with these assumptions.

Resolution Approving Tuition Charges for Fiscal Year 2020

RESOLVED, that the Board of Trustees hereby approves increases in the following tuition rates effective with the 2019-2020 academic year:

In-state tuition from $15,936 to $16,392 per year, or $683 per credit hour.
Out-of-state tuition from $40,176 to $41,280 per year, or $1,720 per credit hour.
Medical student in-state tuition from $36,340 to $37,070 per year.
Medical student out-of-state tuition from $62,910 to $64,170 per year.

Resolution Approving Graduate Student Senate Fee for Fiscal Year 2020

RESOLVED, that the Board of Trustees approves a continuation of the Graduate Student Senate fee in the amount of $20 for the academic year.

Resolution Approving Continuous Registration Fee for Graduate Students for Fiscal Year 2020

RESOLVED, that the Board of Trustees approves a continuation of a varying Graduate Continuous Registration fee, effective with the 2019-2020 academic year, as follows:

Less than half-time, $100 per semester
Half to full-time, $200 per semester
Full-time, $300 per semester

An opportunity for discussion was offered. There being none, a motion was made, seconded, and the four resolutions were unanimously approved as presented and amended.

At 12:02 p.m., the meeting recessed.

Vice Chair Alpert reconvened the meeting at 1:33 p.m. in the Mansfield Room, 210 Dudley H. Davis Center.

MEMBERS PRESENT: Vice Chair Briar Alpert, President Thomas Sullivan, David Aronoff[1], Robert Brennan, Kevin Christie[2], Sidney Hilker, Bernard Juskiewicz, Ron Lumbra, Ed Pagano, and Tristan Toleno[2]

REPRESENTATIVES PRESENT: Faculty Representative Donald Ross and Terri Donovan, Alumni Representative Myron Sopher, Student Representative and Lana Al-Namee[2], Staff Representative Joshua Tyack and Graduate Student Representative Joseph Campbell

PERSONS ALSO PARTICIPATING: Board Chair David Daigle[3], Vice President for Finance and Treasurer Richard Cate, University Controller Claire Burlingham, UVM Foundation Chief Financial Officer (CFO) Charles Feeney and Interim Provost Patricia Prelock

ABSENT: Chair Don McCree, Foundation Representative Richard Ader, Graduate Student Representative Michelle DiPinto and Student Representative Clark Deng

[1] Joined by conference phone at 1:50 p.m.
[2] Joined by conference phone
[3] Departed the meeting at 1:55 p.m.

Report of the Investment Subcommittee (ISC)

ISC Chair Robert Brennan referred Committee members to the Cambridge Associates Performance Update handed out at the meeting.

As of March 31, 2019, the endowment balance was $530.6 million and the Foundation has an additional $33 million in non-monetary philanthropic assets generated from donations made for specific use as designated by the donor.

ISC Chair Brennan explained that as recommended by the Investment Subcommittee, the Committee is being asked to consider revisions to the Statement of Investment Policies & Objectives, including revisions to the asset class descriptions and target benchmarks.

In addition, as recommended by the Investment Subcommittee, the Committee is being asked to approve the establishment of the Investment of Endowment Cash Policy to meet the endowment's needs and maximize investment return on the pool of cash on hand for expenditure. This policy authorizes the Vice President for Finance and Treasurer to invest and withdraw endowment cash into and out of a short-term bond fund as necessary.

Chair Brennan then presented the following resolutions for approval:

> **Resolution Approving Establishment of the Investment of Endowment Cash Policy**
>
> WHEREAS, on April 16, 2019, the Investment Subcommittee endorsed the establishment of the *Investment of Endowment Cash Policy* for referral to the Budget, Finance & Investment Committee as follows:
>
> RESOLVED, that the *Investment of Endowment Cash Policy* is established as reads below:

BE IT FURTHER RESOLVED, that the Vice President for Finance and Treasurer be authorized to invest and withdraw Endowment cash in a money market or a short term bond fund to maximize investment return and meet Endowment needs; and

BE IT FURTHER RESOLVED, that the Budget, Finance & Investment Committee hereby recommends that the Board of Trustees adopt the *Investment of Endowment Cash Policy*.

Resolution Approving Revisions to the Statement of Investment Policies & Objectives

WHEREAS, in February 2011, the Board adopted a Statement of Investment Policies and Objectives to govern the investment of UVM's Long-Term Investment Pool, including the Endowment Fund; and

WHEREAS, the Investment Subcommittee is charged with an annual review of the Statement of Investment Policies and Objectives; and

WHEREAS, on April 16, 2019, the Investment Subcommittee endorsed proposed amendments to the Statement of Investment Policies and Objectives for referral to the Budget, Finance & Investment Committee,

THEREFORE, BE IT RESOLVED, that the Budget, Finance & Investment Committee hereby recommends that the Board of Trustees adopt the amended Statement of Investment Policies and Objectives, appearing as Appendix A to this document.

An opportunity for discussion was offered. There being none, a motion was made, seconded, and both resolutions were unanimously approved as presented.

Fundraising Update on Capital Projects

UVM Foundation CFO Charles Feeney updated the Committee on fundraising progress on capital projects, including the On-Campus Multipurpose Center. He began his presentation by explaining the different categories into which funding from the Comprehensive Campaign are allocated.
CFO Feeney explained that as of today, the Foundation had commitments totaling $32.7 million for this project. The Foundation projects they will have cash receipts totaling $15.2 million by December of 2021.

On-Campus Multipurpose Center Project Funding

Vice President Cate explained that the Board determined, at the earlier Committee of the Whole meeting, that $75 million of the cost of the Multipurpose Center project will be funded through the issuance of bonds. A student fee totaling $400 per year will be required to cover the cost of the associated debt service. The fee can be incrementally implemented, with an annual increase of $260 in the Athletics & Recreation Fees effective Fall 2020 and a further increase of $140 per year in Fall 2021.

Vice Chair Alpert then presented the following resolution for approval:

> **<u>Approval of Fee to Fund Debt Service for the Multipurpose Center Project</u>**
>
> RESOLVED, that the Board of Trustees approves a total increase in the Athletics and Recreation Fee of $200 per semester to fund the Multipurpose Center Project to be implemented incrementally as follows:
>
> - $130 per semester increase beginning in Fall 2020
> - An additional $70 per semester increase beginning in Fall 2021

An opportunity for discussion was offered. There being none, a motion was made, seconded, and the resolution was unanimously approved as presented.

Bond Issuance

Vice President Cate explained that, consistent with the Board's approval of the On-Campus Multipurpose Center project, the administration is proposing to issue bonds to help fund this project as well as deferred maintenance projects (2018, 2019, and 2020). The administration is also proposing to refund a portion of its outstanding Series 2009 Bonds because interest rates are lower now than they were when the bonds were issued. The resolution, prepared by bond counsel, authorizes the issuance of bonds to fund the On-Campus Multipurpose Center, deferred maintenance, capitalized interest, and the refunding of the Series 2009 Bonds.

The extensive legal requirements associated with bond issues, specifically in Vermont, requires that the Board authorize the issue by way of a very complex resolution, which includes a large amount of boilerplate language. He noted the key elements of the resolution are:

- Authorizes issuance of up to $75 million of refunding bonds
- Limits cost of issuance at 1.25% of the par amount of the bonds
- Sets the maximum true interest cost at 5.0%
- Sets the minimum present value savings of the refunding at 3.0% of the refunded bonds
- Requires that the final maturity date be no later than the final maturity date of the refunded bonds
- Requires that the weighted average maturity of the Series 2019 bonds be no more than two years longer than said maturity of the refunded bonds
- Authorizes issuance of up to $90 million of refunding bonds, including $75 million for the Multipurpose Center, $12 million for deferred maintenance, and $3.0 million for capitalized interest
- Sets the maximum aggregate underwriters' discount or fee at 0.3% plus out of pocket expenses

Vice Chair Alpert then presented the resolution authorizing bond issuance for approval.
(See appendix B at the end of the minutes).

A motion was made, seconded, and the resolution was unanimously approved as presented.

Vice President's Report

University Controller Claire Burlingham provided a brief update on the capital project pre-funding account, noting that after the approved transfer to Ifshin Hall, the balance of the account as of March 31, 2019 is $0.00.

She also provided an update on the net tuition stabilization fund, noting that as of March 31, 2019, the balance of the account $4.5 million.

Vice President Cate noted the University is at 94% of its revenue and has spent 75% of its expense budget. It is expected the University will end the year with a positive fund balance.

Regarding FY 2020 General Fund Revenue, Vice President Cate reported:

- Net Undergraduate Tuition will end the year roughly $1.2 million better than budget
- Net Graduate Tuition will end the year slightly better than budget
- Non-Degree Net Tuition will end the year slightly better than budget
- Net Summer Tuition is projected to come in at or slightly above budget
- Operating Investment Income is expected to come in roughly $1.8 million better than budget

Regarding General Fund Expense, Vice President Cate noted that most departments have spent roughly 75% of their expenditure budgets, with a few exceptions. Of note:

- The College of Arts and Sciences is currently at 82% of their budget and it is expected to end the year with a deficit between $1.0 million and $1.5 million
- Athletics is at 99% of its budget and is projected to come in over budget by $500,000. Part of this general fund deficit will be offset by the use of overages in other funds in the Department

Review of Work Plan

Vice President Cate referred to attachment 5 in the meeting materials and reminded Committee members that once a year, the Committee reviews the work plan. He added that annual reports, policy reviews, new projects, etc. are reflected in the work plan with the goal of transparency and accountability.

Adjournment

There being no further business, the meeting adjourned at 2:31 p.m.

Respectfully Submitted,

Briar Alpert, Vice Chair

Appendix A

UNIVERSITY OF VERMONT

STATEMENT OF INVESTMENT POLICIES AND OBJECTIVES

I. INTRODUCTION

This statement is issued by the Investment Subcommittee (the "ISC") of the Board of Trustees of the University of Vermont (the "Board"). The ISC was established by the Board and the Budget, Finance and Investment Committee in late 2006 and charged with oversight of investment strategy and investment managers for the Long-Term Investment Pool, including the Endowment Fund, collectively called the "Fund", of the University. The policy statement will be reviewed annually and modified by the ISC as conditions warrant.

II. FIDUCIARY STANDARDS

The Board, the ISC, the Treasurer and finance staff, and any third-parties (e.g., investment managers) retained to advise the Board, the ISC, the Treasurer and/or finance staff as to investment strategy and management (any and all of whom may be referred to as "Responsible Parties") shall exercise their responsibilities with respect to the Fund's assets in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), enacted in the state of Vermont in 2009. In accordance with UPMIFA, key facets of the Responsible Parties' roles include:

- Acting in good faith, with the care an ordinarily prudent person would exercise;
- Incurring only reasonable costs in investing and managing charitable funds;
- Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;
- Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;
- Disposing of unsuitable assets; and
- In general, developing an investment strategy appropriate for the Fund and the University.

III. RESPONSIBILITIES of INVESTMENT SUBCOMMITTEE

Responsibilities and goals of the ISC include:

- Ensuring that current and future spending requirements are supported while also preserving the real purchasing power of the Fund;
- Achieving an optimum level of return within appropriate risk tolerances;
- Developing a sound and consistent investment policy including asset allocation, diversification and rebalancing guidelines;
- Selecting and maintaining qualified investment managers and advisors;
- Monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met; and
- Taking action under appropriate circumstances to discharge an investment manager or advisor for failing to perform in terms of stated expectations.

The ISC is authorized to delegate certain responsibilities to staff to assist in properly meeting the overall responsibilities as outlined above.

IV. CONFLICT OF INTEREST POLICY

In addition to the responsibilities set forth in the Board of Trustees' Conflicts of Interest policy, it is the responsibility of the ISC members to disclose to the ISC Chair any situation in which there may be reasonably construed to be a perceived or actual conflict of interest. The ISC Chair will work with the members to determine an appropriate response.

The ISC will generally not consider investments in funds directly managed by a member of the ISC. In addition, a member of the ISC employed by an investment or other firm that provides services to the Fund will recuse him/herself from all discussions and votes on existing or potential investments or other services managed or provided by that firm. The ISC recognizes, however, that certain exceptions to this policy may be appropriate. Such exceptions will be made only upon a majority vote of the disinterested members of the ISC.

In the event that the ISC is considering an investment in an access-constrained investment opportunity, any ISC member wishing to invest for his/her own benefit in such an opportunity shall notify the ISC Chair in writing.

V. MORAL, SOCIAL AND ETHICAL CONSIDERATIONS IN INVESTMENT STRATEGY

The University Statement of Investment Policies and Objectives requires the Board, the Investment Subcommittee (ISC) of the Board Budget, Finance and Investment Committee, the Treasurer, and third parties such as investment managers, to exercise their responsibilities with respect to the Long-Term Investment Pool, including Endowment Fund assets, in compliance with the requirements of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

In accordance with UPMIFA, key facets of the Responsible Parties' roles, as paraphrased below, include:

- **Acting in good faith, with the care an ordinarily prudent person would exercise;**
- **Incurring only reasonable costs in investing and managing charitable funds;**
- **Making decisions about each asset in the context of the portfolio of investments, as part of an overall investment strategy;**
- **Diversifying investments, unless due to special circumstances, the purposes of the Fund are better served without diversification;**
- **Disposing of unsuitable assets.**

Achieving the Financial and Investment Objectives of the Fund is essential to provide resources to fulfill the institutional mission of the University. The core responsibility of the ISC is to achieve the Financial and Investment Objectives of the fund in a manner consistent with the requirements of UPMIFA and prudent fiduciary practices.

The primary objective of achieving the Financial and Investment Objectives of the Fund does not preclude consideration of moral, ethical and social criteria in selecting investments or participating in shareholder resolutions that address moral, ethical or social issues. However, the core responsibility of the Board is to steward University assets in a manner consistent with prudent fiduciary practices.

VI. FINANCIAL & INVESTMENT OBJECTIVES

The overall financial objective of the Fund is to provide a stable and consistent level of ongoing support for the University's programs through a reasoned spending policy consistent with preserving and enhancing the real (i.e., inflation-adjusted) purchasing power of the Fund over time.

The primary long-term investment objective of the Fund is to attain a real total return[1] (net of investment management fees) that exceeds the amount being distributed for spending and administration, currently set at 4.75%. This will be measured over the long term, capturing a full market cycle, as it is unlikely that the Fund's return will meet or exceed the spending rate in each individual year. Other important investment objectives are to achieve annualized returns in excess of the strategic policy portfolio blended benchmark (defined herein), measured over a full market cycle; and to outperform the median return of a pool of endowment funds of similar size with broadly similar investment objectives and policies.

VII. ASSET ALLOCATION

The policy portfolio for the Fund is a target or "normal" set of investments, based on long-term return, risk and correlation assumptions that balance the organization's need for liquidity, preservation of purchasing power, and risk tolerance. Certain investments are made for capital appreciation and return enhancement: global equities, long/short hedge funds, venture capital and private equity; some are made to protect against unanticipated inflation: real estate, energy, timber, commodities, TIPS; and some are made to protect against deflationary periods and to reduce volatility: primarily, high quality intermediate bonds for the former and absolute return hedge funds for the latter. The ISC, with input and assistance from staff and external advisors, shall periodically examine the policy portfolio targets and consider adjustments to the asset allocation as may be appropriate (for example, due to a material change in the capital market assumptions). Changes to the policy portfolio targets will be reviewed and approved by the ISC and presented to the Budget, Finance and Investment Committee and the Board, as necessary.

In addition to being diversified across asset classes, the Fund will be diversified within each asset class. This will provide reasonable assurance that the performance of any single security, issuer or class of securities, or active manager will not have a disproportionate impact on the total Fund performance.

The most current asset allocation / strategic policy portfolio for the Fund is attached as **Appendix A.**

VIII. REBALANCING

The Fund's actual asset allocation will be monitored monthly and reviewed by the ISC at its regular meetings relative to established policy portfolio targets and allowable ranges. Adjustments may be constrained by practical limits with respect to liquidity and transaction costs, but rebalancing efforts will be made as practicable. Cash flow in or out of the Fund may create an opportunity to shift the allocation closer toward policy targets. The ISC may at times authorize investments in new or developing asset classes that are not part of the strategic policy portfolio at the time of their adoption, with the intention of revising the policy portfolio shortly thereafter.

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[1] Real total return is the sum of realized and unrealized capital appreciation (or loss) and current income in the form of dividends and interest, adjusted for inflation as measured by the Consumer Price Index.

IX. PERFORMANCE EVALUATION, BENCHMARKS, and ASSET CLASS CHARACTERISTICS

The performance objectives for the total Fund, each asset class and each manager are outlined below, with the purpose of establishing specific parameters for regular and ongoing review. While performance is measured over both short- and long-term periods, the focus and emphasis of performance evaluation is on longer time periods as represented by a full market cycle.

Overall Fund

There are a number of different benchmarks for assessing performance at the overall Fund level:

Undiversified Benchmark – this simple market benchmark helps the ISC evaluate the value added from a sophisticated investment program versus a portfolio that could be easily replicated through investment in ~~U.S.~~ index funds.

Target Benchmark – this custom benchmark compares the total return of the Fund to a blended benchmark based on applying the target policy weights of each underlying asset class to the performance of the asset class benchmarks. The individual asset class benchmarks are discussed in the next section.

Current Allocation Benchmark – this benchmark is composed of the current allocations for each of the underlying composite asset classes weighted against the corresponding returns of their respective benchmarks.

Cambridge Associates' Universe of Endowment Pool Returns – a universe of over 300 institutions, a broad peer universe against which the ISC compares the Fund's return. In addition to this broad comparison, the ISC may also compare the Fund's results to various subsets of this broad universe, which include institutions of similar size and with similar characteristics.

Asset Classes & Managers

Each manager will be expected to outperform (net of fees) a benchmark that is appropriate based on the asset class and style of the manager, over a full market cycle. Performance results will be reviewed with the ISC at its regular meetings and in an interim period when there is a major event (personnel change, for example) at the firm. The manager will be evaluated on long-term performance so that shorter-term failure to meet the benchmark target returns is not an automatic basis for manager termination.

Due to the broad nature of the asset classes and the unique style of managers, it is important to note that the specific benchmark of the individual manager may not necessarily be the same as the benchmark for the particular asset class composite as defined below. For example, the Total U.S. Equity benchmark is the S&P 500 but small cap managers, for example, will be compared to the appropriate small cap benchmarks.

+Asset Class	Market Index Used in Target Benchmark[2]	Underlying Investments
~~U.S. Equities~~	~~S&P 500, which represents a relatively broad investable universe of U.S. stocks~~	~~Portfolios are expected to focus on investments in the U.S. equity market.~~
~~International Developed Equity~~	~~MSCI EAFE Index~~	~~Portfolios are expected to focus on the world's developed markets, excluding the U.S.~~
~~Emerging Markets Equity~~	~~MSCI Emerging Markets Index~~	~~Portfolios are expected to focus on the world's developing equity markets.~~
Public Global Equity	MSCI ACWI	Portfolios are expected to focus on public global, US, international developed, and/or emerging markets.
Marketable Alternatives	Hedge Fund Research Inc. (HFRI) Fund of Funds Composite Index	Investment mandates may include: multi-strategy arbitrage, event arbitrage, distressed securities, credit/capital structure arbitrage and long/short equity investments in global markets.
Private Investments ~~(Private Equity and Venture Capital)~~	~~2/3 C|A Private Equity FOF (Fund of Funds) / 1/3 C|A Venture Capital FOF~~ ~~MSCI ACWI (lagged)~~ Weighted Benchmark composed of C|A medians as follows: Private Equity 40% Venture Capital 30% Real Estate 20% Natural Resources 10%	This asset class includes private investment strategies ~~non-publicly traded securities~~ of all types, including but not limited to ~~such as~~ buyouts ~~funds~~, venture capital, secondaries, ~~and~~ distressed ~~debt~~, real estate, private energy, and similar strategies. Market values and return information is lagged by one quarter, as the underlying investments are not readily valued at the close of the latest quarter.
Public Real Assets	Dynamic benchmark that reflects each underlying investment's individual benchmark and their respective weight within the Real Assets allocation. *(The Dynamic benchmark will evolve as asset types are added or removed from the portfolio and as the allocation ~~between public and private investments~~ changes over time.)*	Holdings may ~~consist of both public and private investments which may~~ include ~~energy~~ natural resource related equity securities, MLPs, diversified commodities, US issued TIPS and other, similar public investment strategies. ~~, private oil, private gas, and private real estate funds.~~
Fixed Income	Bloomberg Barclays Aggregate Bond Index	Holdings may consist of U.S. Treasury bonds, mortgages, and corporate credit investments.

Individual manager accounts will be monitored for consistency of each manager's investment philosophy and process, return relative to objectives, investment risk as measured by asset concentrations, exposure to

[2] Indices used in Target Benchmark are effective as of ~~December 19, 2016.~~

extreme economic conditions, and market volatility. In the broadest sense, the monitoring process is intended to confirm that the reasons the manager was initially retained still hold true.

X. MANAGER GUIDELINES

Investment managers will be hired for a specific skill set, and the resulting investments will be made either through separately managed accounts or pooled vehicles. Each manager of a separate account will adhere to the firm's stated philosophy and investment strategy. Where investments are in commingled funds, mutual funds, off-shore funds or limited partnerships, the permissible investments are governed by the appropriate fund prospectus or offering memorandum. Some of these products permit the use of derivatives for certain investment strategies and in instances where a manager has demonstrated skill in effectively utilizing these instruments. For example, they may be used in reducing risk or replacing positions to gain flexibility and efficiency.

XI. MANAGER REPORTING

Each investment manager of marketable assets will provide monthly portfolio valuations and total return net of all commissions and fees. On a quarterly basis, managers will report current holdings at market value, and purchases and sales for the quarter. Traditional marketable managers with whom UVM is invested through a separate account may be required to reconcile records of holdings, transactions, and dividend/interest income with the Fund's custodian on a periodic basis. Specialty managers (who manage hedge funds and non-marketable partnerships) will report on portfolio details with as much transparency as possible. Each of these managers will provide annually their most recent audited financial statements, which include the basis of accounting and the auditor's opinion. In addition, each specialty manager will disclose its respective valuation policies and procedures on an annual basis.

Regular communication from all managers concerning investment strategy and outlook is expected. The ISC will regularly review a Watch List that is maintained to highlight managers' relative performance when it is outside the normal range or expected returns, new organizational issues, and/or any significant changes in strategy that raise concerns. Additionally, managers are required to inform the University of Vermont of any significant change in firm ownership, organizational structure, professional personnel, or fundamental investment philosophy. Managers will also send a copy of their form ADV to the University at least annually.

XII. PROXY VOTING GUIDELINES

University of Vermont's Endowment Accountant votes the shareholder proxies.

XIII. GUIDELINES FOR TRANSACTIONS

As a general guideline that should apply to all assets managed, transactions should be entered into on the basis of best execution, which is interpreted normally to mean best realized price.

Adopted by the Board of Trustees on February 5, 2011, to replace the former "Statement of Investment Objectives and Policies," as revised most recently on November 11, 2006.
Approved as revised by the Board of Trustees: February 9, 2013
Approved as revised by the Board of Trustees: February 8, 2014

Approved as revised by the Board of Trustees: February 6, 2016
Approved as revised by the Board of Trustees: February 3, 2017
Approved as revised by the Board of Trustees: May 19, 2018
Approved as revised by the Board of Trustees: October 27, 2018
Approved as revised by the Board of Trustees:

APPENDIX A

ASSET ALLOCATION POLICY TARGETS

Revised, as of April 2019

Asset Class	Target (%)	Allowable Range (%)
Public Global Equity*	*43%*	30-65
Marketable Alternatives	*13.0*	10-20
Private Investments*	*25.0*	15-35
Public Real Assets*	*5.0*	0-10
Fixed Income	*14.0*	5-25
Cash & Cash Equivalents	*0.0*	0-5

Appendix A Targets last revised by Investment Subcommittee: April 16, 2019

**These asset class names differ than the names listed on page 5 of this policy, based on recommendations made at the March 29, 2019 and April 16, 2019 Investment Subcommittee meetings. The revised names will be presented to the Board of Trustees for final approval at their May 18, 2019 meeting.*

<u>Resolution Authorizing Bond Issuance</u>

The University of Vermont and State Agricultural College
Board of Trustees

GENERAL OBLIGATION BONDS,
SERIES 2019

WHEREAS, the University of Vermont and State Agricultural College (the "University") previously issued its General Obligation Bonds, Series 1990 (the "Series 1990 Bonds"), Series 1998 (the "Series 1998 Bonds"), Series 2002 (the "Series 2002 Bonds"), Series 2005 (the "Series 2005 Bonds"), Series 2007 (the "Series 2007 Bonds"), Series 2009 (the "Series 2009 Bonds"), Series 2010A and Series 2010B (collectively, the "Series 2010 Bonds"), Series 2012A (the "Series 2012A Bonds"), Series 2014 (the "Series 2014 Bonds"), Series 2015 (the "Series 2015 Bonds"), Series 2016 (the "Series 2016 Bonds") and Series 2017 (the "Series 2017 Bonds") pursuant to the terms of an Indenture dated as of February 1, 1990 (the "Trust Indenture") between the University and The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Trust Company, N.A. and TD Banknorth, N.A.), as trustee (the "Trustee"), as amended and supplemented by the Series 1998 and First Supplemental Indenture dated as of September 1, 1998, the Series 2002 and Second Supplemental Indenture dated as of June 13, 2002, the Series 2005 and Third Supplemental Indenture dated as of September 27, 2005, the Series 2007 and Fourth Supplemental Indenture dated as of July 11, 2007, the Series 2009 and Fifth Supplemental Indenture dated as of April 16, 2009, the Series 2010A and Sixth Supplemental Indenture dated as of February 18, 2010, the Series 2010B and Seventh Supplemental Indenture dated as of February 18, 2010, the Series 2012A and Eighth Supplemental Indenture dated as of August 15, 2012, the Series 2014 and Ninth Supplemental Indenture dated as of October 30, 2014, the Series 2015 and Tenth Supplemental Indenture dated as of July 15, 2015, the Series 2016 and Eleventh Supplemental Indenture dated as of July 28, 2016 and the Series 2017 and Twelfth Supplemental Indenture dated as of July 10, 2017 (the Trust Indenture, as amended, is hereafter referred to as the "Indenture"); and

WHEREAS, a working group of Trustees appointed by the Chair of the University's Board of Trustees (the "Bond Work Group") was consulted, and, due to favorable market conditions, recommends to the University's Board of Trustees (the "Board") that the University refund all or a portion of the outstanding Series 2009 Bonds (the "Refunded Bonds"); and

WHEREAS, in addition, the Bond Work Group was consulted, and, due to favorable market conditions, recommends to the Board that the University finance the cost of a Multipurpose Center project and deferred maintenance of the University which either have been authorized by the Board prior to the date hereof (including authorized reimbursements for prior University expenditures on such Multipurpose Center project and/or deferred maintenance expenditures) as more particularly described on Exhibit A attached hereto, or are not required to be authorized by the Board (the "Project"); and

WHEREAS, the Board has determined that it is desirable to authorize the Vice President for Finance and Treasurer, or his successor or designee, to proceed toward the refunding of the

Refunded Bonds and/or financing of the Project, in consultation with the Bond Work Group, and to execute any and all contracts and documents necessary for the issuance by the University of the Series 2019 Bonds (as defined below); and

WHEREAS, the Board has determined that in order to refund the Refunded Bonds and pay associated administrative costs, it is necessary and desirable to authorize (i) the issuance by the University of its General Obligation Bonds, Series 2019 in an amount not to exceed $75 million aggregate principal amount (the "Refunding Series 2019 Bonds"), in one or more series, at one or more times, with anticipated net present value savings resulting from the issuance of the Refunding Series 2019 Bonds of not less than 3% of the total par amount of the Refunded Bonds and costs of issuance not to exceed 1.25% of the par amount of the Refunding Series 2019 Bonds and (ii) the execution of a supplemental indenture between the University and the Trustee, establishing the amount of the Refunding Series 2019 Bonds and the details thereof and describing the Refunded Bonds; and

WHEREAS, the Board has determined that in order to finance the Project and pay capitalized interest on the Series 2019 Bonds allocable to the Multipurpose Center portion of the Project through October 1, 2020 and associated administrative costs, it is necessary and desirable to authorize (i) the issuance by the University of its General Obligation Bonds, Series 2019 in an amount not to exceed $94 million (comprised of an amount not to exceed $75 million aggregate principal amount allocable to the Multipurpose Center portion of the Project; an amount not to exceed $12 million aggregate principal amount allocable to the deferred maintenance portion of the Project, provided that such amount of Series 2019 Bonds issued shall be limited to the amount of deferred maintenance expenditures authorized by the Board; an amount not to exceed $3 million aggregate principal amount allocable to capitalized interest on the Series 2019 Bonds allocable to the Multipurpose Center portion of the Project; and the remainder for costs of issuance of the Series 2019 Bonds or other costs related to the Series 2019 Bonds or the Project) (the "Project Series 2019 Bonds" and together with the Refunding Series 2019 Bonds, the "Series 2019 Bonds"), in one or more series, at one or more times, with one or more series designations which may reflect the year of issuance, with costs of issuance not to exceed 1.25% of the par amount of the Project Series 2019 Bonds and (ii) the execution of a supplemental indenture between the University and the Trustee, establishing the amount of the Project Series 2019 Bonds and the details thereof and describing the Project; and

WHEREAS, the Board proposes to issue the Series 2019 Bonds on a parity with the outstanding Series 2009 Bonds, Series 2010 Bonds, Series 2012A Bonds, Series 2014 Bonds, Series 2015 Bonds, Series 2016 Bonds and Series 2017 Bonds (the Series 1990 Bonds, the Series 1998 Bonds, the Series 2002 Bonds, the Series 2005 Bonds and the Series 2007 Bonds being no longer outstanding) pursuant to the terms of the Indenture and one or more Supplemental Indentures thereto relating to the Series 2019 Bonds (collectively, the "Supplemental Indentures"), between the University and the Trustee; and

WHEREAS, the Board desires to authorize the execution and delivery of one or more Bond Purchase Agreements (collectively, the "Bond Purchase Agreements") among the University, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriters"), pursuant to which the University will sell the Series 2019 Bonds to the Underwriters in accordance with the terms and conditions set forth therein; and

WHEREAS, the Board desires to authorize the execution and delivery of one or more Escrow Agreements (collectively, the "Escrow Agreements") between the University and the Trustee, in its capacity as Trustee for the Refunded Bonds, pursuant to which the University will direct the Trustee to purchase certain Eligible Securities (as defined in the Indenture) and deposit funds necessary to pay the principal and interest on the Refunded Bonds when due and/or the redemption price for the Refunded Bonds on the applicable redemption date; and

WHEREAS, in connection with the issuance and sale of the Series 2019 Bonds, one or more Preliminary Official Statements (collectively, the "Preliminary Official Statements") and final Official Statements (collectively, the "Official Statements") will be prepared by the University, which will present information about the University, the terms of the Series 2019 Bonds and the security for the Series 2019 Bonds, among other things; and

WHEREAS, the Board desires to authorize the execution and delivery of one or more Continuing Disclosure Agreements (collectively, the "Continuing Disclosure Agreements") between the University and the Trustee, pursuant to which the University will be obligated to update certain information in the applicable Official Statement and provide certain other notices to the specified repository in accordance with the terms and conditions set forth therein; and

WHEREAS, copies of the forms of the following documents relating to the transactions described above have been filed with the University:

1. the Supplemental Indentures;
2. the Bond Purchase Agreements;
3. the Escrow Agreements;
4. the Preliminary Official Statements (including Appendix A thereto); and
5. the Continuing Disclosure Agreements;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. Issuance of Series 2019 Bonds.

(a) The Board hereby approves and confirms the issuance by the University of the Refunding Series 2019 Bonds, in one or more series, at one or more times, to provide funds to refund all or a portion of the outstanding Refunded Bonds of the University (including the costs of issuance and any other related expenses, including the Underwriters' discount and their expenses, provided such costs shall not exceed 1.25% of the par amount of the Refunding Series 2019 Bonds). The Refunding Series 2019 Bonds shall bear a true interest cost not exceeding 5.00% per annum with net present value savings of not less than 3% of the par amount of the Refunded Bonds. The Refunding Series 2019 Bonds shall be in the initial principal amount of not more than $75 million, shall mature not later than the final maturity date of the

Refunded Bonds and shall have a weighted average maturity not exceeding the weighted average maturity of the Refunded Bonds by more than two years.

(b) The Board hereby approves and confirms the issuance by the University of the Project Series 2019 Bonds, in one or more series, at one or more times, with one or more series designations which may reflect the year of issuance, to provide funds to finance the cost of the Project (including capitalized interest on the Series 2019 Bonds allocable to the Multipurpose Center portion of the Project through October 1, 2020, the costs of issuance and any other related expenses, including the Underwriters' discount and their expenses, provided such costs shall not exceed 1.25% of the par amount of the Project Series 2019 Bonds). The Project Series 2019 Bonds shall bear a true interest cost not exceeding 5.00% per annum. The Project Series 2019 Bonds shall be in the initial principal amount of not more than $94 million (comprised of an amount not to exceed $75 million aggregate principal amount allocable to the Multipurpose Center portion of the Project; an amount not to exceed $12 million aggregate principal amount allocable to the deferred maintenance portion of the Project, provided that such amount of Series 2019 Bonds issued shall be limited to the amount of deferred maintenance expenditures authorized by the Board; an amount not to exceed $3 million aggregate principal amount allocable to capitalized interest on the Series 2019 Bonds allocable to the Multipurpose Center portion of the Project; and the remainder for costs of issuance of the Series 2019 Bonds or other costs related to the Series 2019 Bonds or the Project) and shall mature no later than 35 years from their dated date.

(c) If the Series 2019 Bonds are issued at more than one time, each issuance of the Series 2019 Bonds shall comply with the limitations contained in this Resolution; provided that the aggregate principal amounts of Refunding Series 2019 Bonds and Project Series 2019 Bonds shall not exceed the limitations on principal amount set forth herein. The Board hereby finds and determines that these purposes are necessary and desirable and hereby authorizes the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine (i) whether the Series 2019 Bonds should be issued as two or more sub-series of bonds, issued together or at different times (based on whether the issuance of the Series 2019 Bonds in two or more sub-series, issued together or at different times, will facilitate debt management or marketing of the Series 2019 Bonds or compliance with federal tax law restrictions or is expected to maximize present value savings or otherwise reduce interest rate or other costs) and (ii) the terms of the Series 2019 Bonds and the terms of the sale of the Series 2019 Bonds (including the maturity dates and amounts, the interest rates, the original issue premium or discount, the redemption provisions of the Series 2019 Bonds based on financial or structural benefits to the University and marketing considerations and the underwriters' compensation) subject to the limitations set forth in this resolution and the applicable Supplemental Indenture. The form and content of the Series 2019 Bonds as set forth in the applicable Supplemental Indenture are hereby approved and confirmed. The Vice President for Finance and Treasurer, and the Secretary or the Assistant Secretary of the Board are authorized and directed to execute and deliver the Series 2019 Bonds for and on behalf of the University, in substantially the form and content set forth in the applicable Supplemental Indenture, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions.

Section 2. Authorization to Determine Refunded Bond Redemptions. The Board hereby authorizes and directs the Vice President for Finance and Treasurer, in consultation with the Bond Work Group, to determine which maturities (or portions of maturities) of the Refunded Bonds shall be refunded with the proceeds of the Refunding Series 2019 Bonds and the dates of redemption of such Refunded Bonds; provided that such refunding results in net present value savings of not less than 3% of the par amount of the Refunded Bonds (from each issuance of Refunding Series 2019 Bonds if issued at more than one time).

Section 3. Authorization of Supplemental Indentures. The Board hereby approves and confirms the form and content of one or more Supplemental Indentures. The Vice President for Finance and Treasurer, and the Secretary or Assistant Secretary of the Board are hereby authorized and directed to execute and deliver one or more Supplemental Indentures for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to them seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all such changes, additions or deletions. From and after the execution and delivery of the Supplemental Indentures, the Vice President for Finance and Treasurer, and the Secretary or Assistant Secretary of the Board and all other officers of the Board and the University are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Supplemental Indentures as executed.

Section 4. Authorization of Bond Purchase Agreements. The Series 2019 Bonds shall be awarded and sold to the Underwriters pursuant to the terms of one or more Bond Purchase Agreements at an aggregate underwriters' discount or fee to be determined by the Vice President for Finance and Treasurer in consultation with the Bond Work Group, of not more than 0.30% ($3.00 per $1,000 bond) plus an additional amount to cover out-of-pocket expenses of the Underwriters. The Series 2019 Bonds shall be authenticated and delivered to or upon the order of the Underwriters upon payment of the purchase price set forth in the Bond Purchase Agreement. The form and content of the Bond Purchase Agreements are hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver the Bond Purchase Agreements for and on behalf of the University, in substantially the form and content made available to the University, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, additions or deletions therein. From and after the execution and delivery of the Bond Purchase Agreements, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Bond Purchase Agreements as executed.

Section 5. Authorization of Escrow Agreements. The form and content of one or more Escrow Agreements are hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver one or more Escrow Agreements for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, modifications, additions or deletions. From and after the execution and delivery of the Escrow Agreements, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Escrow Agreements as executed.

Section 6. Authorization of Continuing Disclosure Agreements. The form and content of one or more Continuing Disclosure Agreements are hereby approved. The Vice President for Finance and Treasurer is hereby authorized and directed to execute and deliver one or more Continuing Disclosure Agreements for and on behalf of the University, in substantially the form and content made available to the Board, but with such changes, additions or deletions as shall to him seem necessary, desirable or appropriate, his execution thereof to constitute conclusive evidence of his approval of any and all such changes, modifications, additions or deletions. From and after the execution and delivery of the Continuing Disclosure Agreements, the Vice President for Finance and Treasurer and all other officers of the Board and the University are hereby authorized and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Agreements as executed.

Section 7. Approval of Preliminary Official Statements and Official Statements. The form, terms and content of the Preliminary Official Statements and the Official Statements in substantially the form of the Preliminary Official Statements (but including the terms of the Series 2019 Bonds) are authorized, approved and confirmed, with such changes, additions or deletions therein as shall seem necessary, desirable or appropriate to the Vice President for Finance and Treasurer. The use of the Preliminary Official Statements and of the Official Statements by the Underwriters in connection with the sale of the Series 2019 Bonds is hereby authorized, approved and confirmed. The Vice President for Finance and Treasurer is authorized to execute the Official Statements on behalf of the University.

Section 8. Tax Certificates. The Vice President for Finance and Treasurer of the University is hereby authorized to execute certificates in order to evidence the University's compliance with the Internal Revenue Code of 1986 and the applicable Income Tax Regulations thereunder.

Section 9. No Personal Liability. No stipulation, obligation or agreement herein contained or contained in the Series 2019 Bonds, the Indenture, the Supplemental Indentures, the Bond Purchase Agreements, the Escrow Agreements, the Continuing Disclosure Agreements or any other instrument related to the issuance of the Series 2019 Bonds shall be deemed a stipulation, obligation or agreement of any officer, agent or employee of the University in his or her individual capacity, and no such officer, agent or employee shall be personally liable on the Series 2019 Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 10. Actions of Officers. The officers of the Board and of the University are hereby authorized and directed to do any and all other acts and to execute any and all other documents, which they, in their discretion, deem necessary and appropriate in order to consummate the transactions contemplated by (i) this Resolution, (ii) the Indenture and the Supplemental Indentures and (iii) the documents presented to this meeting or made available for review: except that none of the above shall be authorized or empowered to do anything or execute any document which is in contravention, in any way of (a) the specific provisions of this

Resolution, (b) the specific provisions of the Indenture or the Supplemental Indentures, (c) any agreement to which the University is bound, (d) any rule or regulation of the University or (e) any applicable law, statute, ordinance, rule or regulation of the United States of America or the State of Vermont.

Section 11. Severability of Invalid Provisions. If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Series 2019 Bonds authorized hereunder.

Section 12. Conflicting Provisions. All prior resolutions or parts thereof of the University in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 13. Effective Date. This Resolution shall take effect upon its adoption.

Approved by Board of Trustees:

Exhibit A

The Project shall consist of an on-campus Multipurpose Center and deferred maintenance projects for fiscal years 2018, 2019 and 2020.