

# **Investment Committee Meeting Minutes**

September 16, 2008

Rice Room

Boston, Massachusetts

Members Present: Jim Sherblom, (Chair), Tim Brennan, Dan Brody, Arnold Bradburd, Jo Ann Corkran, Will Saunders (Board Liaison)

Member Absent: Kathryn Dion

Also Present: Cathy Konicki (NEPC), Kevin Kondry (NEPC), Scott Driscoll (NEPC), Sydney Morris (UUA CSRI Co-Chair), Sheldon Bennett (UUA CSRI), Glenn Farley (CSRI), Simon Billeness (CSRI), Nancy Gladyszak-Underhill, (UUA Staff)

## **1. Minutes Approved**

**Motion 1:** Sherblom moved to approve both the May 20, 2008 minutes and the July 17, 2008 Minutes. Brennan seconded. Motion passed.

## **2. UUCEF Performance Review- First Quarter 08**

Kondry and Driscoll reported on fund performance. Returns continued to be negative, although less negative than the previous quarter. NEPC and the Committee discussed the current market turmoil at length.

## **3. Asset Allocation Targets**

NEPC reviewed the Comparative Asset Allocation and Risk Budgets reports that were requested by the Committee. Diversification, risk spreading, lower equity allocations and adding alternatives were also discussed. Three different ways to achieve the target return (now 5% plus inflation) were considered:

1. Lower the target return
2. Invest in hedge funds
3. Invest more heavily into equities which would increase volatility.

**Action Item#1:** Corkran and Sherblom will collaborate on a draft of a memo to the Board regarding the alternative paths forward. This item may also be added to the Finance Committee agenda.

The Committee asked NEPC to provide a list of recommended Fund of Hedge Funds managers for review at the November meeting. The Committee will interview the selected manager(s) in early December.

## **4. Systems and Accounting Review**

Vitale Caturano, the consultants engaged for the endowment fund process review, completed their study and gave a presentation of back office and overall operations to the Committee. They recommended clarifying roles and outsourcing some functions currently handled by staff.

**5. Fee Proposal from NEPC**

NEPC presented the Committee with a proposal to change their consulting fee structure. They proposed a flat fee starting at \$100,000 that would increase to \$150,000 over three years. This is made necessary by the increased due diligence and analysis related to changes in asset allocation.

**Motion #2:** Sherblom moved that the committee accept the new fee proposal from NEPC. Saunders seconded. Motion passed.

**6. Future Meeting Dates**

The meeting dates proposed for 2008 and early 2009 are:

- Thursday November 13, 2008 9:30AM-2:00PM
- Thursday February 12, 2009 9:30- 4:00PM ( training)
- Thursday May 14, 2009 9:30 AM -2:00PM