REPORT OF THE FINANCE COMMITTEE ON INVESTMENTS
April 19, 2018

The Finance Committee on Investments met at 10:30 a.m. on April 19, 2018 at the University of New Hampshire in Durham, NH. Present were Committee members: Morgan Rutman (Chair), Ted Dey, Amy Begg, Ken Moulton, and Catherine Provencher; PSU President Don Birx and Rhonda Hensley representing the Governor.

Also in attendance: Jeff Croteau and Ryan O’Quinn from Prime Buchholz; Tammy Schlosberg from Davidson Kempner and additional USNH staff members.

I. APPROVE MINUTES

The Committee voted to approve the minutes of the February 1, 2018 meeting.

II. Items for Committee discussion and possible action

At 10:35 a.m. Chairman Rutman called the meeting to order and noted a change in the agenda order.

At 10:40 a.m. the following motion to enter into nonpublic session was made by Trustee Dey. The motion was duly seconded and approved unanimously by roll call vote. In addition to trustees, system staff, Mr. Croteau and Mr. Ryan attended the non-public session. Tammy Schlosberg from Davidson Kempner joined the non-public session for her presentation on the firm.

MOVED, that the USNH Board of Trustees Finance Committee for Investment go into nonpublic session for the purposes of discussing the proprietary, confidential, commercial, and financial information of a private third party that is exempt from disclosure under RSA 91-A:5, IV.

Return to Public Session

Upon a motion to exit nonpublic session, made by Trustee Dey, duly seconded, and approved, Chairman Rutman reconvened the public meeting at 11:15 a.m. and announced that the Committee received a report from Davidson Kempner and reviewed several potential private equity opportunities with Prime Buchholz. He said that the following actions were taken while in nonpublic session.

VOTED, that the Investment Committee approve investments as recommended by Prime Buchholz to include:

Invest $5 million in Trilantic Capital Partners VI. And $5 million in Angelo Gordon Realty Value Fund X.
{This motion was unanimously approved by the Committee}


Mr. Croteau recapped the actions taken between meetings under the Committee’s direction from the February meeting. He said the rebalance was executed as discussed and noted that the process of rebalancing to target levels is best practice. He noted that the rebalance and slight reduction from public equities worked in USNH’s favor during this past quarter.

Mr. Croteau reviewed performance results from the period ending March 31, 2018. He noted a return of negative .4% for the calendar year and 6.5% for the fiscal year. He discussed performance by sector and highlighted over and under-performing managers. He said the market value of the endowment is just under $518 million.

Mr. Croteau said the value of the short term investment portfolio was approximately $290 million as of March 31st. The return for the portfolio is .5% for the fiscal year to date. He noted that Prime has recommended that USNH liquidate the investment in Dodge and Cox as funds are needed as they feel the value Dodge and Cox has added will not continue.

3. Comparison of USNH and NACUBO endowment survey results

The Committee briefly discussed the target allocation to Private Equity of 5%. Mr. Croteau said that as the USNH endowment grows and performance is compared to larger endowments like in the NACUBO study, the low allocation to Private Equity tends to dampen results. Chairman Morgan asked that a discussion of Private Equity target be put on the agenda for the next meeting.

The Committee asked Prime Buchholz to work with Vice Chancellor Provencher and Chairman Rutman to liquidate approximately $2-$5 million funds from public equities and reallocate to cash, treasuries or fixed income in order to have a ready source of funds for capital calls.

III. OTHER BUSINESS

A. Chairman Rutman asked Prime to make a recommendations for additional investments in Private Equity for the Committee’ s consideration.

B. Next scheduled meeting date is June 21, 2018 at GSC

C. The Committee adjourned at 12:00 p.m.