

INVESTMENTS SUBCOMMITTEE  
of the  
COMMITTEE ON FINANCIAL AFFAIRS  
September 27, 2018  
8:00 – 9:00 a.m.

Room 201 - Blow Memorial Hall

Mirza Baig, Chair  
H. Thomas Watkins III, Vice Chair

- I. Opening Remarks - Mr. Baig
- II. Approval of Minutes – April 18, 2018
- III. Investment Portfolio Evaluation Overview – Bryce Lee, Karen Logan, James Johnson, The Optimal Service Group of Wells Fargo Advisors
  - A. Investment Update for Periods Ending June 30, 2018
- IV. Closed Session (if necessary)
- V. Discussion
- VI. Adjourn

**MINUTES**  
**Investments Subcommittee**  
**April 18, 2018**  
**Board Conference Room – Blow Memorial Hall**

Attendees: James A. Hixon, Chair; Mirza Baig, Vice Chair; S. Douglas Bunch and Christopher M. Little. Others in attendance: Samuel E. Jones and Amy S. Sebring.

Joe Montgomery, Bryce Lee, and James Johnson from the Optimal Service Group were also present.

Chair James Hixon convened the Investments Subcommittee meeting at 3:30 p.m. Recognizing that a quorum was present, Mr. Hixon asked for a motion to approve the minutes of the February 7, 2018, meeting. Motion was made by Mr. Little, seconded by Mr. Bunch and approved by voice vote of the Subcommittee.

Mr. Hixon called on the Optimal Service Group (OSG) staff for an update on endowment performance to date. Mr. Lee stated that the March 31, 2018, Board of Visitors endowment value of \$85.1 million was an all-time high. Reflecting on the overall market, Mr. Lee noted that volatility was back with international performance currently faring better than U.S. and the Board endowment benefiting from its early move toward international investments. With less central bank support, the markets are moving more on fundamentals with additional interest rate increases expected throughout the calendar year.

Mr. Lee stated that the current asset allocation was consistent with policy while performance to date was lagging due to some overweight to equities. After some discussion of performance, the Subcommittee then considered the Optimal Service Group recommendation for a \$500,000 investment in the Angelo Gordon Direct Lending III ADP Fund. The Subcommittee also was presented with an alternative fee schedule from Optimal. Current, the BOV pays Optimal 10 basis point (bps) on assets held by unaffiliated custodians (currently 92% of all assets). Optimal proposed a reduction in cost to 10 bps on the first \$50 million, 7 bps on the next \$50 million, and 5 bps on assets above \$100 million held by unaffiliated custodians.

Mr. Hixon moved that the Investments Subcommittee of the Board of Visitors' Committee on Financial Affairs convene in Closed Session for discussion or consideration of investment matters relating to the investment of public funds, as provided for in Section 2.2-3711.A. 6., of the Code of Virginia. Motion was seconded by Mr. Little and approved by voice vote of the Subcommittee. Observers were asked to leave the room and the Subcommittee went into closed session at 4:05 p.m.

The Subcommittee reconvened in open session at 4:18 p.m. Mr. Hixon reviewed the topic discussed in closed session and then asked for a motion to adopt the **Resolution** certifying that the closed session was held in accordance with the Freedom of Information Act. Motion was made by Mr. Baig, seconded by Mr. Little, and approved by roll call vote conducted by Mr. Hixon (Certification **Resolution** will be appended in final minutes).

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The Subcommittee then unanimously approved by voice vote both the \$500,000 investment in the Angelo Gordon Direct Lending III Fund and the fee schedule proposed by the Optimal Service Group. The Subcommittee also requested that Optimal outline other investment opportunities in this space.

Having no further business, the Subcommittee adjourned at 4:20 p.m.

April 18, 2018

CERTIFICATION OF CLOSED SESSION

WHEREAS, the Board of Visitors' Investments Subcommittee of the Committee on Financial Affairs has convened a closed session on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, '2.2-3712.D. of the Code of Virginia requires a certification by this Subcommittee that such closed session was conducted in conformity with Virginia law;

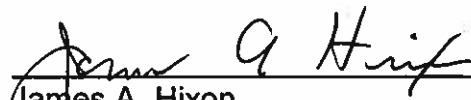
NOW, THEREFORE, BE IT RESOLVED, That the Investments Subcommittee of the Committee on Financial Affairs, reconvening in open session, hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed session to which this certification applies, and (ii) only such public business matters as were identified in the motion convening the closed session were heard, discussed or considered by the Investments Subcommittee.

VOTE

AYES: 4

NAYS: 0

ABSENT DURING CLOSED SESSION:

  
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James A. Hixon  
Chair  
Investments Subcommittee of the  
Committee on Financial Affairs