Trustee Johnson, Chair, opened the Investment Committee at 9:07 am.

Global Asset Management
With approval of the Investment Committee, UMS staff and New England Pension Consultants (NEPC) recently interviewed three global asset managers, Windward Diversified Growth, Wellington Opportunistic Investment Fund, and Mellon Global Alpha I. UMS staff and NEPC recommended that Wellington Opportunistic Investment Fund make a presentation at this Investment Committee meeting.

Wellington Opportunistic Investment Fund is slightly more aggressive than the other two funds. This fund seeks to make timely investments in niche asset classes that are attractively valued; is designed to complement a portfolio of US large cap and US investment grade bonds; and would nicely offset exposures in the PIMCO and GMO global asset allocation funds.

The Investment Committee, based upon UMS staff and New England Pension Consultants recommendation, has added Wellington Opportunistic Investment Fund to both the Endowment Fund and Pension Plan.

Pension Plan
- The Pension Plan totaled $62.4 million as of 5/31/2008.
- The Pension Plan was up 1.2% for the month of May and up 0.2% for the trailing year.
- For the quarter ending March 31, 2008 the Plan declined 5.1% and was up 0.2% for the trailing year, ranking in the 49th and 53rd percentiles of the Total Fund Universe, respectively.
- Active management added 10 basis points of value over the past quarter as the Pension Plan outperformed the allocation index (-5.1% vs. -5.2%)

Endowment Fund
- The Endowment Fund totaled $123.0 million as of 5/31/2008. The Fund was up 1.5% for the month of May and up 1.8% for the trailing year.
- Due to the underperformance of TCW (a large cap equity manager) compared to the benchmark, the Investment Committee will interview the manager at a future Committee meeting.
• The Endowment declined -5.9% over the quarter, ranking in the 63rd percentile of the Endowment Fund universe. The trailing one year return was 2.6% ranking in the 21st percentile.
• Active management detracted 30 basis points of value over the past quarter (-5.9% vs. -5.6%).

Operating Cash
• As of 5/31/2008, Operating Funds were $176.0 million, gaining .39% for the month and 2.34% for the trailing twelve months.
• UMS staff has added Windward Diversified Conservative Portfolio as a complement to the PIMCO All Asset strategy. Adding this manager will further diversify the long-term portion of the cash pool both by geography and assets.
• UMS staff will be updating the Operating Funds Investment Policy. This update will improve the asset allocation strategy and include a new approach to budgeting for operating investment income.

State Cash Pool
• State of Maine Treasurer, David Lemoine, attended the meeting to discuss major changes of the State Cash Pool Investment Policy, the hire of PFM Asset Management, and an update on Mainsail II.
• Mainsail is in receivership and the State of Maine is pursuing further actions to recover all losses.
• The State Cash Pool has currently stopped investing in almost all commercial paper and repurchase agreements with the intention of avoiding as much volatility in the current market as possible.

Assets Held for Others
UMS staff drafted a new Custodial and Investment Agreement, which sets forth the terms and conditions under which entities may invest in UMS Pooled Endowment Funds.

In addition, internal funds management and accounting practices were reviewed to ensure controls and procedures are in place to accommodate investment by appropriate non-affiliated entities.

Adjournment,

Submitted by
Peter Small for
J. Kelley Wiltbank, Clerk