

## Status Report – Third Quarter, Ending September 30, 2008

### Commonfund

The third quarter of 2008 made the historic first half – a bad period – seem like light summer showers. After ending the second quarter at essentially even since deploying a well diversified portfolio in May 2007, the wheels seemed to come off the roller coaster. We ended the quarter well below water at \$175M in the corpus with another \$4.7M in the operating/program fund account.

### Palmetto Bank

Our operating funds at The Palmetto Bank were as follows -- \$334,000 at the beginning of the quarter and \$276,000 at the end. Short-term interest is now near non-existent at \$200.

### Operating Expenses

There was only one significant area where we exceeded budget. To meet concerns of regulators and auditors regarding alternative investments, we have added the position of “part-time” or “fractional Chief Financial Officer.” We filled the position on a 2-3 day/month basis by engaging consultant John Heaps of Fuse LLC. Costs to “get up to speed” for the quarter led to total unbudgeted expenditures of \$11,300 -- partly related to time spent with our auditors.

### Contributions

We received \$25,000 in new contributions related to our work on the status of biomass. This is one-half of a pledge from one of four committed funding partners.

### Programmatic Investments

We initiated four programmatic investments during the quarter. Costs for one of the projects ('005) will span more than a single quarter.

- **RFP 2008-002 (Phase II) – Engaging the Forest Products Industry in Consideration of a Commodity Check-off**  
-- Project led by Phoenix Strategies; total allocation to Phase II \$50,000 (contractor, planned conference, materials, etc.)
  - **RFP 2008-004 -- Determining Interest in and Parameters for a Single Nation-wide System to Track Conservation Easement Information**  
-- Project led by Danyelle O’Hara, Independent Consultant, Norman, OK; total contract \$9,749
  - **RFP 2008-005 – The State of Wood-based Bio-energy/Technologies and Industries in North America**  
-- Project team led by University of Tennessee Office of Bioenergy Programs; total contract \$199,638
  - **RFP 2008-006 -- Understanding Community Resilience**  
-- Project granted to Yellow Wood Associates; total contract \$28,000.
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