



Public Meeting of the Investment Committee - June 16, 2020

Agenda

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| 1. Welcome and Opening Remarks | Grefenstette |
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| 2. Resolution of the Investment Committee Authorizing
Income Percentages from the Consolidated Investment
Pool of the University of Pittsburgh Endowment Fund
for Fiscal Year 2021 | Sastry |
| A. Background Statement and Resolution | |
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| 3. New Business/Adjournment | Grefenstette |

BACKGROUND STATEMENT FOR THE
RESOLUTION OF THE INVESTMENT COMMITTEE
AUTHORIZING INCOME PERCENTAGES
FROM THE CONSOLIDATED INVESTMENT POOL OF THE
UNIVERSITY OF PITTSBURGH ENDOWMENT FUND
FOR FISCAL YEAR 2021

The consolidated investment pool of the University of Pittsburgh Endowment Fund (“Consolidated Endowment Fund” or “CEF”) is comprised of a number of individual funds having a variety of designated purposes and restrictions. While each fund is distinct, they are consolidated for investment purposes and managed on a unitized basis similar to a mutual fund. In addition to donor-restricted endowed funds, University management-restricted funds – including the University Operating Funds Quasi-Endowment – are also invested through the CEF.

Spending Policy

As set forth in the Statement of Governance, Investment Objectives and Policies for the Consolidated Endowment Fund (the “Statement of Governance”), the Committee has adopted the following Spending Policy for the CEF (excluding the University Operating Funds Quasi-Endowment):

“The income distributed from the consolidated investment pool of the University’s endowment fund for any fiscal year shall be an amount equal to the greater of: (i) 4.25 percent of the three-year average fair market value of the assets, determined on a per share basis, or (ii) the prior fiscal year’s income distribution per share for the CEF; provided, however, that in no event shall any such income distribution be less than 2 percent nor more than 7 percent of the three-year average fair market value of the assets, determined on a per share basis.”

As permitted by the Statement of Governance, the “Committee may adopt a separate Spending Policy for the University Operating Funds Quasi-Endowment.” At a duly advertised public meeting held on June 24, 2019, the Committee adopted a Spending Policy for Fiscal Year 2020 for the University Operating Funds Quasi-Endowment of 4.75 percent of the three-year average fair market value of such assets.

CEF (excluding the University Operating Funds Quasi-Endowment)

The Senior Vice Chancellor and Chief Financial Officer and the Chief Investment Officer (the “Officers”) are recommending no change in the Spending Policy for the CEF (excluding the University Operating Funds Quasi-Endowment). For Fiscal Year 2021, the proposed amount of income to be distributed from the CEF (excluding the University Operating Funds Quasi-Endowment), based on 4.25 percent of the three-year average fair market value of the assets, is \$4.7685330 per share. This figure represents a 4.89 percent increase above the income distribution amount of \$4.5463752 per share in effect for Fiscal Year 2020.

University Operating Funds Quasi-Endowment

The Officers are recommending no change to the Spending Policy for the University Operating Funds Quasi-Endowment. For Fiscal Year 2021, the proposed amount of income to be distributed from the University Operating Funds Quasi-Endowment, based on 4.75 percent of the three-year average fair market value of the assets, is \$5.3295369 per share. This figure represents a 4.89 percent increase above the income distribution amount of \$5.0812429 per share in effect for Fiscal Year 2020.

Accordingly, the attached resolution has been prepared to authorize the aforementioned income percentages for the CEF for Fiscal Year 2021.

RESOLUTION OF THE INVESTMENT COMMITTEE
AUTHORIZING INCOME PERCENTAGES
FROM THE CONSOLIDATED INVESTMENT POOL OF THE
UNIVERSITY OF PITTSBURGH ENDOWMENT FUND
FOR FISCAL YEAR 2021

WHEREAS, pursuant to Article 5.7 of the University's Bylaws, the Investment Committee has been delegated the authority to approve the Spending Policy for the consolidated investment pool of the University of Pittsburgh Endowment Fund ("Consolidated Endowment Fund" or "CEF"); and

WHEREAS, the Senior Vice Chancellor and Chief Financial Officer and the Chief Investment Officer (the "Officers") have recommended no change to the income percentage for the CEF (excluding the University Operating Funds Quasi-Endowment) for Fiscal Year 2021 and have advised that the proposed income percentage as set forth in the existing Spending Policy is consistent with the long-term objective of preserving the real value of the donor-restricted endowment assets held in trust and invested through the CEF; and

WHEREAS, the Officers have recommended no modifications to the separate Spending Policy for the University Operating Funds Quasi-Endowment and have advised that the income percentage remains consistent with the long-term objective of having a higher rate of income distributed from such University management-restricted fund than from the remaining funds in the CEF; now, therefore, be it

RESOLVED, that, in accordance with Pennsylvania Act 141 (15 Pa. C.S.A. §5548(c)), the Investment Committee hereby (i) approves the recommended income distribution amount from the CEF (excluding the Operating Funds Quasi-Endowment) for Fiscal Year 2021 of \$4.7685330 per share, which represents an income percentage of 4.25 percent of the three-year average fair market value of the assets, and (ii) determines that such percentage is consistent with the long-term preservation of the real value of assets held in trust by the University; and be it further

RESOLVED, that the Investment Committee hereby approves the recommended income distribution amount from the University Operating Funds Quasi-Endowment for Fiscal Year 2021 of \$5.3295369 per share, which represents an income percentage of 4.75 percent of the three-year average fair market value of such assets.