



Public Meeting of the Investment Committee- June 10, 2021

Agenda

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| 1. Welcome and Opening Remarks | Grefenstette |
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| 2. Resolution of the Investment Committee
Authorizing the Income Percentage from the
Consolidated Investment Pool of the University of
Pittsburgh Endowment Fund for Fiscal Year 2022 | Sastry |
| Background Statement and Resolution - 3 | |
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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 2022

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 16, 2020, the Committee adopted a Spending Policy for Fiscal Year 2021 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 (the “Officer”) is recommending no change in the Spending Policy for the CEF (excluding the University Operating Funds Quasi-Endowment). For Fiscal Year 2022, 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 \$4.9020925 per share. This figure represents a 2.80 percent increase above the income distribution amount of \$4.7685330 per share in effect for Fiscal Year 2021.

University Operating Funds Quasi-Endowment

The Officer is recommending no change to the Spending Policy for the University Operating Funds Quasi-Endowment. For Fiscal Year 2022, 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 \$5.4788093 per share. This figure represents a 2.80 percent increase above the income distribution amount of \$5.3295369 per share in effect for Fiscal Year 2021.

Accordingly, the attached resolution has been prepared to authorize the aforementioned income percentages for the CEF for Fiscal Year 2022.

RESOLUTION OF THE INVESTMENT COMMITTEE
AUTHORIZING INCOME PERCENTAGES
FROM THE CONSOLIDATED INVESTMENT POOL OF THE
UNIVERSITY OF PITTSBURGH ENDOWMENT FUND
FOR FISCAL YEAR 2022

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 (the "Officer") has recommended no change to the income percentage for the CEF (excluding the University Operating Funds Quasi-Endowment) for Fiscal Year 2022 and has 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 Officer has recommended no modifications to the separate Spending Policy for the University Operating Funds Quasi-Endowment and has 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 2022 of \$4.9020925 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 2022 of \$5.4788093 per share, which represents an income percentage of 4.75 percent of the three-year average fair market value of such assets.