

**MINUTES OF THE JOINT PUBLIC MEETING
OF THE BUDGET AND EXECUTIVE COMMITTEES
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF PITTSBURGH
July 13, 2021**

Trustees

Committee Members Present

Thomas E. Richards, Chairperson of the Board of Trustees
Patrick Gallagher, Chancellor and Chief Executive Officer
SaLisa Berrien (Budget Committee)
Mary Ellen Callahan, (Executive Committee), Vice Chairperson of the Board of Trustees
David C. Chavern (Executive Committee and Budget Committee)
Vaughn S. Clagette (Executive Committee)
James P. Covert (Executive Committee)
D. Michael Fisher (Budget Committee)
Deborah J. Gillotti (Executive Committee)
Edward J. Grefenstette (Executive Committee)
Patricia D. Horoho (Executive Committee)
S. Jeffrey Kondis (Executive Committee)
Roberta Luxbacher (Executive Committee)
John H. Pelusi Jr. (Budget Committee)
Herbert S. Shear, (Acting Chairperson, Budget Committee)
Stephen R. Tritch (Budget Committee)
Peter C. Varischetti (Executive Committee)
John J. Verbanac (Budget Committee)

University Staff Present

Cassandra Brenner, Project Director, Office of the SVC and CFO
Ann E. Cudd, Provost and Senior Vice Chancellor
Kris Davitt, Senior Vice Chancellor for Philanthropic and Alumni Engagement
David N. DeJong, Senior Vice Chancellor for Business and Operations
D'rese Despert, Executive Assistant, Office of the SVC and CFO
Valerie Doyle, Manager, Office of the Controller
Emily Gavin, Manager, Treasury
Vanessa Guenther, Manager, Office of the Controller
Rosalyn E. Jones, Vice Chancellor and Secretary of the Board of Trustees
Paul Lawrence, Treasurer and Interim Chief Investment Officer
William J. Madden, Vice Chancellor for Finance and Administration, Health Sciences
Cyndee Pelt, Chief of Staff, Office of the SVC and CFO
Rob A. Rutenbar, Senior Vice Chancellor for Research
Narahari Sastry, Senior Vice Chancellor and Chief Financial Officer
Amy E. Service, Senior Associate Secretary of the Board of Trustees
Ananthan Shekhar, Senior Vice Chancellor for Health Sciences and John and Gertrude Petersen
Dean of the School of Medicine
Christine Solie, Communications Director, Office of the SVC and CFO

Paul A. Supowitz, Vice Chancellor for Community and Governmental Relations
Kathy Tosh, Assistant Controller, Budget and Financial Reporting
Geovette Washington, Senior Vice Chancellor and Legal Officer
Kevin Washo, Chief of Staff
Thurman D. Wingrove, Controller

Public meetings of the Budget Committee and the Executive Committee of the Board of Trustees were held on Tuesday, July 13, 2021, at 10:50 a.m. Due to governmental restrictions in place due to the COVID-19 pandemic, the meetings were held remotely, one after another with both committees present.

Budget Committee Public Meeting.

Acting Budget Committee Chairperson Herbert Shear first convened the public meeting of the Budget Committee. He announced that the meeting had been duly advertised as a public meeting in accordance with the Sunshine Act and was, therefore, open to the public as observers. A quorum of Budget Committee members was present for the transaction of business.

Resolution Recommending that the Executive Committee of the Board of Trustees Approve the University's Fiscal Year 2022 Proposed Operating Budget and Proposed Capital Budget.

Acting Committee Chairperson Shear called on Narahari Sastry, Senior Vice Chancellor and Chief Financial Officer, to provide an overview of the Proposed Operating Budget and Proposed Capital Budgets for Fiscal Year 2022.

Mr. Sastry reported that the proposed budget for Fiscal Year 2022 has gone through a deliberative process within the University. He stated that the proposed operating budget for Fiscal Year 2022 is \$2.6 billion, a 7.2% increase from the prior year's \$2.4 billion budget. He said the proposed capital budget for Fiscal Year 2022 was \$351 million, which will fund essential preservation projects.

For the 2021-2022 academic year, Mr. Sastry proposed a tuition increase of 2.5% for in-state students, with an additional tuition increase 2% for out-of-state undergraduates, excluding those in engineering, with the 2% out of state premia to support the Pitt Success Program. There will also be a 2% tuition increase for the School of Computing and Information. Regional campus tuition will increase by a proposed 1.5% for both in-state and out-of-state students.

Mr. Sastry said the proposed salary increases for faculty and staff for Fiscal Year 2022 was 1.25%. He also proposed a 1% permanent budget reduction to balance the budget. He concluded by extending his appreciation to the University community.

Acting Budget Committee Chairperson Shear introduced the Resolution recommending that the Executive Committee of the Board of Trustees approve the University's (i) Fiscal Year 2022 Proposed Operating Budget, and the (ii) Fiscal Year 2022 Proposed Capital Budget.

Upon motion duly made and seconded, the Budget Committee approved the Resolution recommending the Executive Committee's approval of the University's proposed operating and capital budgets for fiscal year 2022.

New Business/Adjournment. There being no new business or further discussion, Acting Committee Chairperson Shear adjourned the Budget Committee portion of the meeting.

Executive Committee Public Meeting

Board Chairperson Tom Richards next convened the public meeting of the Executive Committee. He announced that the meeting had been duly advertised as a public meeting in accordance with the Sunshine Act and was, therefore, open to the public as observers. A quorum of Executive Committee members was present for the transaction of business.

Resolutions Approving Charitable Gift Annuity Registrations in New York and New Jersey

Chairperson Richards noted that today's meeting included consideration of charitable gift annuity registrations for New York and New Jersey and called on Kris Davitt, Senior Vice Chancellor for Philanthropic and Alumni Engagement, to review these resolutions. Ms. Davitt explained that the registrations will allow the University to fundraise in those states for charitable annuities. She advised the Committee that the Board approved original versions of these registrations in 2018. Both registrations have now been updated to articulate more accurately the requirements in New York and New Jersey on how the University needs to manage the funds.

Upon motion duly made and seconded, the Executive Committee approved both resolutions approving charitable gift annuity registrations in New York and New Jersey.

Resolution Approving the University's Fiscal Year 2022 Proposed Operating Budget and Proposed Capital Budget.

Chairperson Richards next asked Acting Budget Committee Chairperson Shear to present the resolution for the proposed Fiscal Year 2022 budgets, the information for which had just been discussed in the Budget Committee public meeting portion of the proceedings.

Upon motion duly made and seconded, the Executive Committee approved the Resolution Approving the University's Fiscal Year 2022 Proposed Operating Budget and Proposed Capital Budget.

New Business/Adjournment. There being no new business or further discussion, Board Chairperson Richards adjourned the meeting for both committees.

Attachments. Copies of the following documents are filed with the official minutes of this meeting.

- Background Statement and Resolution Recommending that the Executive Committee of the Board of Trustees Approve the University's Fiscal Year 2022 Proposed Operating Budget and Proposed Capital Budget.
- Background Statement and Resolutions Approving Charitable Gift Annuity Registrations in New York and New Jersey.
- Background Statement and Resolution Approving the University's Fiscal Year 2022 Proposed Operating Budget and Proposed Capital Budget.

Narahari Sastry, Senior Vice Chancellor and Chief Financial Officer

The foregoing minutes were approved by the Executive and Budget Committees on July 14, 2022.

Rosalyn E. Jones
Vice Chancellor and Secretary to the Board of Trustees

**RESOLUTION OF THE BUDGET COMMITTEE
RECOMMENDING THAT THE EXECUTIVE COMMITTEE
OF THE BOARD OF TRUSTEES APPROVE
THE UNIVERSITY'S FISCAL YEAR 2022
PROPOSED OPERATING BUDGET AND
PROPOSED CAPITAL BUDGET**

WHEREAS, the Budget Committee has reviewed the Fiscal Year 2022 Proposed Operating Budget, which includes the Proposed Tuition Rate Schedule; and

WHEREAS, the Budget Committee has reviewed the Fiscal Year 2022 Proposed Capital Budget;

NOW THEREFORE BE IT RESOLVED, that the Budget Committee hereby recommends that the Executive Committee of the Board of Trustees approve the University's Fiscal Year 2022 Proposed Operating Budget, which includes the Proposed Tuition Rate Schedule, as set forth in Exhibit A attached to this Resolution;

AND BE IT FURTHER RESOLVED, that the Budget Committee hereby recommends that the Executive Committee of the Board of Trustees approve the University's Fiscal Year 2022 Proposed Capital Budget, as set forth in Exhibit B attached to this Resolution.

**BACKGROUND STATEMENT TO THE
RESOLUTIONS RELATING TO
APPLICATION FOR A SPECIAL PERMIT
TO ISSUE CHARITABLE GIFT ANNUITIES
IN THE STATES OF NEW JERSEY AND NEW YORK**

The University of Pittsburgh actively cultivates donor prospects in New Jersey and New York and during that process, has encountered significant donor interest in the University issuing charitable gift annuities. Charitable gift annuities are an agreement through which donors make a contribution to a charity, fixed payments are received by annuitants that are named by the donor for life, and upon death or surrender, the remainder value of the annuity is then retained by the charity.

In order to issue such annuities in New York and New Jersey, the University is in the process of registering and receiving authorization from the respective regulatory authorities. As part of the registration process, the University's Board of Trustees is required to pass resolutions in the exact forms that are provided by those states, which authorize the use and funding of a segregated reserve account for charitable gift annuities.

The Budget Committee of the University of Pittsburgh's Board of Trustees previously passed resolutions on December 6, 2018, to comply with these resolution requirements. However, those resolutions required that the University create two separate reserve accounts for the charitable gift annuities issued to New York and New Jersey donors. Such separate reserve accounts are now understood to not be required by those states and if created, would result in unnecessary costs for the University in lieu of having a combined reserve account for all University issued charitable gift annuities regardless of state of issuance.

Accordingly, the attached resolutions have been prepared to authorize the segregation of assets for charitable gift annuities in New York and New Jersey, respectively, in furtherance of the state law requirements. They are in the form as required by those states, reference the University's combined annuity reserve account and replace the previous resolutions on the topic passed by the Budget Committee.

**SECRETARY CERTIFICATE FOR
UNIVERSITY OF PITTSBURGH - OF THE
COMMONWEALTH SYSTEM OF HIGHER EDUCATION**

I, Rosalyn E. Jones, do hereby certify that:

1. I am the duly elected Vice Chancellor and Secretary, Board of Trustees of the University of Pittsburgh – of the Commonwealth System of Higher Education, (the “University”) a non-profit corporation organized and existing in good standing under the laws of the Commonwealth of Pennsylvania.

2. Attached hereto as Exhibit A is a true and correct copy of a resolution of the Executive Committee of the Board of Trustees of the University adopted on July __, 2021, which resolution remains in full force and effect.

WITNESS, my signature and seal this _____ day of July, 2021.

Rosalyn E. Jones, Vice Chancellor and
Secretary of the Board of Trustees

**RESOLUTION RELATING TO
APPLICATION FOR A SPECIAL PERMIT TO ISSUE
CHARITABLE GIFT ANNUITIES
IN THE STATE OF NEW JERSEY**

WHEREAS, Chapter 144 of the Laws of 1971 established Subtitle 3. Life and Health Insurance Code known as Title 17B, Insurance, of the New Jersey Statutes, and Section 17B:17-13.1, effective January 1, 1972, (the “Section”), provides, among other things in respect to the exemption from certain provisions of the Insurance Law of the State of New Jersey, that a qualified nonprofit domestic or foreign corporation or association organized without capital stock or not for profit, engaged solely in bona fide charitable, religious, missionary, educational or philanthropic activities and which shall have been in active operation for at least ten years prior to the application for a permit hereinafter mentioned, and which enters into annuity agreements with donors, shall segregate from its assets as separate and distinct funds, independent from all other funds of such corporation or association, an amount at least equal to the sum of the reserves on outstanding annuity agreements plus a minimum surplus, as required therein on all gift annuity agreements and shall not apply said segregated assets for the payment of the debts and obligations of the corporation or association or for any purpose other than the annuity benefits therein specified; and

WHEREAS, such Section on Charitable Annuities provides for the issuance of a special permit by the Commissioner of Banking and Insurance of the State of New Jersey for the purposes therein mentioned;

NOW THEREFORE BE IT RESOLVED, that the University of Pittsburgh – of the Commonwealth System of Higher Education (hereinafter the “University of Pittsburgh”), in order to meet the aforesaid requirements of the law and for the purpose of obtaining a special permit from the Commissioner of Banking and Insurance of the State of New Jersey to issue gift annuity agreements in New Jersey:

- Shall set aside and maintain assets of the University of Pittsburgh as separate and distinct funds, in the form of a segregated account, independent of all other funds of the corporation or association;
- The segregated account shall be funded in an amount that is at least equal to the sum of reserves and of surplus as required by the Section and which shall be invested as provided in the Section;
- Such segregated funds shall not be liable for the debts or obligations of the corporation or association other than those incurred pursuant to the issuance of charitable gift annuities; and
- Such segregated account shall be known as the University of Pittsburgh Charitable Gift Annuity Reserve Pool; and

BE IT FURTHER RESOLVED, that any assets heretofore segregated and held as separate funds on account of annuity benefits shall be merged with the aforesaid segregated assets to the extent required in order to comply with the provisions of Section 17B:17-13.1 of the New Jersey Statutes; and

BE IT FURTHER RESOLVED, that this resolution shall not be modified, revoked or rescinded without prior approval by the Commissioner of the New Jersey Department of Banking and Insurance.

**SECRETARY CERTIFICATE FOR
UNIVERSITY OF PITTSBURGH - OF THE
COMMONWEALTH SYSTEM OF HIGHER EDUCATION**

I, Rosalyn E. Jones, do hereby certify that:

1. I am the duly elected Vice Chancellor and Secretary, Board of Trustees of the University of Pittsburgh - Of the Commonwealth System of Higher Education, (the "University") a non-profit corporation organized and existing in good standing under the laws of the Commonwealth of Pennsylvania.

2. Attached hereto as Exhibit A is a true and correct copy of a resolution of the Executive Committee of the Board of Trustees of the University adopted on July __, 2021, which resolution remains in full force and effect.

WITNESS, my signature and seal this _____ day of July, 2021.

Rosalyn E. Jones, Vice Chancellor and
Secretary of the Board of Trustees

Exhibit A

**RESOLUTION RELATING TO
APPLICATION FOR A SPECIAL PERMIT
TO ISSUE CHARITABLE GIFT ANNUITIES
AND THE SEGREGATION OF ANNUITY RESERVE FUNDS
IN THE STATE OF NEW YORK**

WHEREAS, Article 11, Section 1110 of the Insurance Law of New York State passed July, 1984, and known as Chapter 367 of the Laws of 1984 (the “Act”) provides, among other things in respect to the exemption of Charity Annuity Societies from certain provisions of the Insurance Law of the State of New York, that every duly organized domestic or foreign non-stock corporation conducted without profit and engaged solely in bona fide charitable, religious, missionary, educational or philanthropic activities and which has been in active operation for at least ten years prior to the application for a permit hereinafter mentioned, and which issues gift annuity agreements, shall segregate from its assets as separate and distinct funds, independent from all other funds of such corporation, an amount at least equal to the reserves and surplus as required therein on all gift annuity agreements, and shall not apply said assets for the payment of the debts and obligations of the corporation or for any purpose other than the annuity benefits therein specified; and

WHEREAS, Section 1110 of the Act provides for the issuance of a special permit by the Superintendent of Financial Services of the State of New York for the purposes therein mentioned;

NOW THEREFORE BE IT RESOLVED, that the University of Pittsburgh- of the Commonwealth System of Higher Education, (hereinafter the “University of Pittsburgh”), in order to meet the aforesaid requirements of the law and for the purposes of obtaining a special permit from the Superintendent of Financial Services of the State of New York to issue gift annuity agreements in New York, shall set aside and maintain assets of the University of Pittsburgh as a separate and distinct fund independent of all other funds of the University of Pittsburgh in an amount at least equal to the reserves and surplus of ten percent (or as otherwise required by the Act) of such reserves on all the University of Pittsburgh’s outstanding gift annuity agreements required by subsection (b) of Section 1110 of the Act and which shall be invested in accordance with the provisions of subsections (b) and (c) of Section 1110 of the Act. Such segregated assets shall be known as the University of Pittsburgh Charitable Gift Annuity Reserve Pool, and shall not be applied for the payment of the debts and obligations of the University of Pittsburgh or for any purpose other than the annuity benefits herein referred to. Any assets heretofore segregated and held as separate funds on account of annuity benefits shall be merged with the aforesaid segregated assets to the extent required in order to comply with the provisions of Section 1110 of the Act.

**RESOLUTION BY THE EXECUTIVE COMMITTEE
OF THE BOARD OF TRUSTEES
APPROVING THE UNIVERSITY'S
FISCAL YEAR 2022 PROPOSED
OPERATING BUDGET AND PROPOSED CAPITAL BUDGET**

WHEREAS, the Budget Committee has reviewed the Fiscal Year 2022 Proposed Operating Budget, which includes the Proposed Tuition Rate Schedule, and the Fiscal Year 2022 Proposed Capital Budget; and

WHEREAS, at its public meeting of July 13, 2021, the Budget Committee recommended that the Executive Committee of the Board of Trustees approve: (i) the University's Fiscal Year 2022 Proposed Operating Budget, which includes the Proposed Tuition Rate Schedule, and (ii) the University's Fiscal Year 2022 Proposed Capital Budget;

NOW THEREFORE BE IT RESOLVED, that the Executive Committee hereby approves the University's Fiscal Year 2022 Proposed Operating Budget, which includes the Proposed Tuition Rate Schedule, as set forth in Exhibit A attached to this Resolution;

AND BE IT FURTHER RESOLVED, that the Executive Committee hereby approves the University's Fiscal Year 2022 Proposed Capital Budget as set forth in Exhibit B attached to this Resolution.