



University of Pittsburgh Board of Trustees

**Investment Committee
Public Meeting
June 10, 2022
11:30 a.m. – 12:00 p.m.**

Agenda

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| I. | Welcome and Opening Remarks | Grefenstette |
| II. | <u>Approval of the Minutes of the June 10, 2021 Public Meeting of the Investment Committee</u> | Grefenstette |
| III. | <u>Resolution of the Investment Committee Authorizing the Income Percentage from the Consolidated Investment Pool of the University of Pittsburgh Endowment Fund for Fiscal Year 2023</u> | Sastry |
| IV. | New Business/Adjournment | Grefenstette |

Approval of the Minutes of the June 10, 2021 Public Meeting of the Investment Committee

**MINUTES OF THE PUBLIC MEETING
OF THE INVESTMENT COMMITTEE
OF THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF PITTSBURGH**

June 10, 2021

Committee Members Present

Edward J. Grefenstette, Committee Chairperson
Michael A. Bryson
Mary Ellen Callahan, Vice Chairperson of the Board of Trustees
Louis R. Cestello, Vice Chairperson of the Board of Trustees
Patrick Gallagher, Chancellor and Chief Executive Officer
Ira J. Gumberg
Marlee S. Myers
Thomas E. Richards, Chairperson of the Board of Trustees
Herbert S. Shear
Adam C. Walker
Michael Wells
Marna Cupp Whittington

Committee Representatives Present

Annalise Abraham, Student
Tricia Connell, Staff
Richard Herron, Student
Ilia Murtazashvili, Faculty
Frank Wilson, Faculty

University Staff Present

Ann E. Cudd, Provost
Kathy W. Humphrey, Senior Vice Chancellor for Engagement and Secretary of the Board of Trustees
Rosalyn E. Jones, Associate Vice Chancellor and Deputy Secretary
Paul Lawrence, Committee Liaison, Treasurer and Interim Chief Investment Officer
Narahari Sastry, Senior Vice Chancellor and Chief Financial Officer
Amy E. Service, Senior Associate Secretary of the Board of Trustees
Geovette Washington, Senior Vice Chancellor and Chief Legal Officer

A public meeting of the Investment Committee of the Board of Trustees was held on Thursday, June 10, 2021, at 9:15 a.m. Due to governmental restrictions in place due to the COVID-19 pandemic, the meeting was held remotely.

Committee Chairperson Edward J. Grefenstette convened the meeting of the Investment Committee and stated 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. Due to governmental restrictions in place due to the Covid-19 pandemic, the meeting was held remotely and was streamed to the University's YouTube channel. A quorum of Investment Committee members was present for the transaction of business.

Resolution of the Investment Committee Authorizing Income Percentages from the Consolidated Investment Pool of the University of Pittsburgh Endowment Fund for Fiscal Year 2022. Narahari Sastry, Senior Vice Chancellor and Chief Financial Officer, presented the Background Statement and Resolution authorizing income to be distributed from the consolidated investment pool of the University's endowment fund for Fiscal Year 2022, which are included as pages 3 through 5 of these minutes. Mr. Sastry stated that the spending distribution rates for the Consolidated Endowment Funds (CEF) will remain unchanged from Fiscal Year 2021: (i) the income percentage for Fiscal Year 2022 University's Operating Funds Quasi-Endowment, which is used to support student financial aid, will be 4.75% of the three-year average market value; and (ii) the distribution rate for the other funds in the CEF will be 4.25% of the three-year average market value.

Upon a motion duly made and seconded, the Investment Committee approved the Resolution Authorizing Income Percentages from the Consolidated Investment Pool of the University of Pittsburgh Endowment Fund for Fiscal Year 2022.

New Business/Adjournment. There being no new business to come before the Committee, Committee Chairperson Grefenstette thanked those in attendance and adjourned the meeting.

Paul Lawrence, CFA
Chief Investment Officer (Interim)

These minutes were reviewed and approved by the Investment Committee at the meeting held on June 10, 2022.

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

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.

**Resolution of the Investment Committee Authorizing the
Income Percentage from the Consolidated Investment
Pool of the University of Pittsburgh Endowment Fund
for Fiscal Year 2023**

**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 2023**

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 10, 2021, the Committee adopted a Spending Policy for Fiscal Year 2022 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 2023, 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 \$5.4927460 per share. This figure represents a 12.1 percent increase above the income distribution amount of \$4.9020925 per share in effect for Fiscal Year 2022.

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 2023, 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 \$6.1389514 per share. This figure represents a 12.1 percent increase above the income distribution amount of \$5.4788093 per share in effect for Fiscal Year 2022.

Accordingly, the attached resolution has been prepared to authorize the aforementioned income percentages for the CEF for Fiscal Year 2023.

**RESOLUTION OF THE INVESTMENT COMMITTEE
AUTHORIZING INCOME PERCENTAGES
FROM THE CONSOLIDATED INVESTMENT POOL OF THE
UNIVERSITY OF PITTSBURGH ENDOWMENT FUND
FOR FISCAL YEAR 2023**

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 2023 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 2023 of \$5.4927460 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 2023 of \$6.1389514 per share, which represents an income percentage of 4.75 percent of the three-year average fair market value of such assets.