



**AMENDMENT AND RESTATEMENT OF THE UNIVERSITY'S LONG-TERM
INVESTMENT POOL ("LTIP") SPENDING POLICY AND THE INVESTMENT POLICIES FOR
LTIP AND NON-ENDOWED FUNDS ("NEF")**

I hereby certify that the following is a true and exact copy of resolutions adopted by the Board of Trustees of The Pennsylvania State University at a meeting on November 13, 2020, at which a quorum was present and acting throughout.

WHEREAS, The Board of Trustees on November 6, 1986, adopted a resolution regarding the University's Endowment Spending and Investment Policies for Endowment and General University Funds and subsequently approved revisions to such policies on March 18, 1995; July 12, 1996; September 8, 2000; November 22, 2002; November 19, 2004; May 18, 2007; September 11, 2009; September 17, 2010; and May 12, 2014; and

WHEREAS, The Officers of the University have recommended amending and restating such policies as presented to the Board of Trustees at this meeting and as hereinafter set forth.

THEREFORE, BE IT RESOLVED, That the University's LTIP Spending Policy and the Investment Policies for LTIP and Non-Endowed Funds are hereby amended and restated in their entirety as follows:

(I) The Penn State Investment Council ("PSIC"), consisting of the Senior Vice President for Finance and Business/Treasurer, as Chairperson of PSIC, the Chief Investment Officer, Office of Investment Management, and five to nine non-University members (at least one of whom shall be a member [either voting or emeriti] of the Board of Trustees), each serving three-year staggered, renewable terms, is hereby authorized to administer the spending and LTIP investment policies hereinafter adopted by the Board of Trustees and to report as requested concerning the same to the President of the University and to the Committee on Finance, Business, and Capital Planning of the Board of Trustees. In such administration, PSIC may delegate appropriate functions to properly designated University Officers and other University personnel.

(II) In order to preserve the purchasing power of LTIP, spending over time should be limited to a percentage of the market value of LTIP, set at a level anticipated to preserve over time LTIP's real (inflation-adjusted) value after consideration of investment returns.

(III) LTIP should be invested to attempt to achieve a real (inflation-adjusted) total return over time sufficient to support a spending rate limited in accordance with (II) above, while providing for growth of the LTIP base sufficient to accommodate an assumed rate of inflation.

(IV) A primary investment attribute to be employed in managing the LTIP shall be prudent diversification achieved through flexible yet disciplined

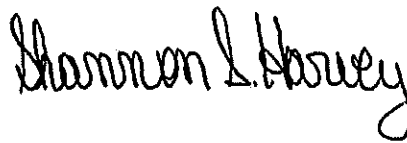
implementation of a mix of investments and strategies. The specific construction of the portfolio with regard to strategies employed and managers utilized will be determined by, and under the overall supervision of PSIC, which shall be guided by its written Investment Policies, Objectives and Guidelines. Investment processes and results shall be carefully monitored by PSIC to ensure compliance with such policies, objectives, and guidelines.

(V) In performing its duties delegated under this resolution, PSIC shall be guided solely by fiduciary principles. PSIC shall consider only financial criteria in formulating investment policies or in proxy voting unless specifically directed to do otherwise in a definitive manner by the Board of Trustees.

(VI) NEF should be invested to provide liquidity for working capital over the annual operating cycle of the University, and to serve the interim and longer-term needs of the University for plant renewals and replacements, debt service and capital additions. NEF will be invested in a manner that emphasizes capital preservation and meets the cash flow requirements of future University liabilities, while achieving modest growth in the principal value to accommodate future inflation. The specific construction of the NEF portfolio(s) with regard to strategies employed and managers utilized will be determined by, and under the overall supervision of, the Office of Investment Management ("OIM"), which shall be guided by written Investment Policies, Objectives and Guidelines approved by the Senior Vice President for Finance and Business/Treasurer and the Corporate Controller's Office (CCO). Investment processes and results shall be carefully monitored by OIM to ensure compliance with such policies, objectives, and guidelines.

(VII) Long-term assets approved for commingling with LTIP by the Board of Trustees will follow LTIP policies overseen by PSIC.

In witness whereof, I have hereunto set my hand and the seal of said corporation this 16th day of November 2020.



Shannon S. Harvey
Director, Office of the Board of Trustees/
Associate Secretary