CENTRAL BANK PROCEDURES

Roles and Responsibilities

The Treasurer will ensure that staff members responsible for managing the assets and liabilities of the central bank have appropriate expertise and ongoing training.

The Treasurer will periodically consult with an advisory group that includes staff, academic deans, and/or faculty with expertise in asset/liability management, public finance, investment management, and/or quantitative analysis. The advisory team may also include professional consultants or other subject matter experts. The advisory team will:

- review the business plan associated with capital projects over $5 million that are expected to rely upon new or increased revenue sources for debt service and advise the Treasurer as to whether the underlying assumptions in the business plan are reasonable;
- discuss significant or new types of transactions being undertaken within the central bank and provide advice and counsel to the Treasurer regarding the contemplated transaction;
- be familiar with the guidelines of the Treasury Management Policy and may suggest changes to the Treasurer; and
- provide advice on other topics as requested by the Treasurer.

Liquidity Management

The central bank will provide day-to-day liquidity for the university. The central bank may establish mechanisms, subject to Board approval as outlined in policy, to ensure that the university’s obligations are met even in circumstances where there is insufficient cash to cover the obligation. Such overdrafts are considered routine and necessary to maximize the investment earnings of the university’s Cash & Investment Pool.

Treasury Risk Management

Risks related to assets and liabilities will be reviewed by Treasury staff at least annually under various scenarios. The impact of such risks will be quantified and measured against the university's unrestricted net assets and net income. The analysis will include both a single year's analysis to assess the impact of an immediate event as well as a multi-year analysis to assess the impact of sustained economic stress on the university. At a minimum, the following risks will be evaluated:

- Interest Rate Risk: The exposure to changing nominal interest rates and volatility and how such changes impact investment returns and the cost of capital
- Credit Risk: The exposure to default risk and changing credit ratings and credit spreads and how such changes impact investment returns and the cost of capital.
Liquidity Risk: The exposure to uncommitted financings or liquidity market failures and how such changes impact the operations and reputation of the university and the impact on investment returns and cost of capital.

Counterparty Risk: The exposure that arises when counterparties fail to perform and how such changes impact the operations and reputation of the university and the impact on investment returns and cost of capital.

Tax Risk: Understanding how potential changes in tax law or the university's standing as a tax-exempt entity may impact investment returns and the cost of capital.

Central Bank Loans

Loan Application

Upon approval of a funding source for a capital project, the sponsoring department or functional area may obtain a loan from the central bank. The borrower will be asked to provide several documents, including:

1. Evidence that the project’s funding has been appropriately authorized
2. A description of the project
3. The project’s budget
4. A schedule detailing funding requirements by month or quarter
5. An analysis showing the source, timing, and adequacy of the funds available to repay the loan
6. A private business use survey for the structure(s) involved, if necessary
7. Loan agreements require the signature of the responsible Dean or Vice President

Permitted Loan Terms

- The term of the borrowing will be commensurate with the life of the underlying capital asset but will not exceed 30 years
- Loans will generally have level annual payments to amortize the repayment of principal and interest that are paid in semi-annual installments (December 31 and June 30) during the fiscal year
- As of July 1, 2014, the central bank loan rate is 5.25% inclusive of any fees for 100% tax-exempt projects
- The rate may increase depending on the level of taxable debt required

Expectations

1. Borrowers will sign a financing agreement that states the terms of the loan.
2. Accounting for the expenditures of the project will be done in a manner to ensure compliance with IRS requirements for tax-exempt institutions.
3. Borrowers are expected to spend funds as indicated on the loan application but may work with the central bank to see if changes can be accommodated.
4. Borrowers will make payments as scheduled.
5. Borrowers will inform the central bank if any change in use of the financed building is contemplated. Changes in use include leasing or selling any portion of the facility to a third party, permitting unrelated uses in the facility, entering into a management contract, or demolition of any portion of the facility.
6. Prepayments may be negotiated with the central bank and, if possible, will generally be accommodated.
7. Projects involving a loan of more than $5 million that are expected to take more than 12 months to complete may request quarterly loan advances rather than taking all the proceeds at once. If quarterly advances are approved, Treasury Operations will advance funds regularly to cover anticipated construction expenses. Unless there is an unanticipated and critical need, funds will not be advanced more often than quarterly. Treasury Operations will work with Capital Construction to advance funds for upcoming quarters.
8. Projects may request interest-only payments during the construction period. Interest-only payments are considered when the repayment source is temporarily disrupted by the capital project. If fees or replacement revenues are available for repayment, interest-only payments will not be permitted. Interest-only periods do not extend the term of the loan.
9. Any funds that were advanced but unused at project completion will be returned to Treasury Operations. Depending on the amount these funds may be applied as a one-time principal reduction on the loan or applied toward the next payment due, at Treasury Operation’s discretion.

Management of the Central Bank
- The central bank will model the loans and related debt over their respective lifetimes to create an analysis that shows any potential mismatches.
- The Treasurer may change the borrowing rate for loans, if the analysis indicates that such an action is warranted.
Selection of Broker/Dealers, Investment Managers and Depository Banks

Selection of Broker/Dealers
All broker/dealers, Registered Investment Advisors (“RIAs”) and their affiliates who desire to provide investment services to the university shall be provided with current copies of these investment procedures. Before an organization, or its affiliates, can provide investment services to the university, it must confirm in writing that it has received and reviewed these investment procedures and the Treasury Management Policy and is able to comply with both.

Broker/dealers, RIAs and their affiliates, shall supply the university with information sufficient to adequately evaluate their financial capacity and creditworthiness. The following information shall be provided:

- audited financial statements;
- regulatory reports on financial condition;
- proof of Financial Industry Regulatory Authority (“FINRA”);
- certification of state registration;
- explanations of any enforcement/disciplinary actions taken within the last ten years;
- if a broker/dealer, a sworn statement by an authorized representative of the broker/dealer pledging to adhere to “Capital Adequacy Standards” established by the Federal Reserve Bank and acknowledging that the broker/dealer understands the university has relied upon this pledge; and
- additional information as requested by the university to evaluate the creditworthiness of the institution.

Only firms meeting the following requirements shall be eligible to serve as broker/dealers for the university:

- “Primary” dealers and regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule);
- Capital of at least $50,000,000;
- Registered as a dealer under the Securities Exchange Act of 1934;
- Member of FINRA;
- Registered to sell securities in the State of Oregon; and
- Engaged in the business of effecting transactions in U.S. government and agency obligations for at least five consecutive years.

Engagement of Investment Managers
The Treasurer may engage one or more qualified firms to provide investment management services for the university. All investment management firms who desire to provide investment management services to the university shall be provided with current copies of these investment procedures. Before an organization can provide investment management services to the university, it must confirm in writing that it has received and reviewed these
investment procedures and the Treasury Management Policy and is able to comply with both.

Only firms meeting the following requirements will be eligible to serve as investment managers for the university:
   a) Registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
   b) Must have provided to the university an annual updated copy of Form ADV, Part II, if applicable; and
   c) Must be registered to conduct business in the State of Oregon.

Any firm engaged by the university to provide investment services shall:
   a) Select security brokers/dealers who meet the requirements defined under these procedures;
   b) Provide performance reports at least quarterly; and,
   c) Report on performance in comparison to the university’s investment benchmarks.

The Board may authorize other investment managers that do not meet the above requirements.
   • At its regular meeting in June 2014, the Board authorized the use of Oregon State Treasury for investment management.
   • At its regular meeting in September 2014, the Board authorized the University of Oregon Foundation (UOF) to manage portions of the Cash & Investment pool subject to the funds being in a segregated account, managed according to University of Oregon (UO) policy and procedures, and provide routine performance reports to the university.

**Selection of Depository Institutions**
The university may deposit funds with any depository insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund. All depositories will provide sufficient collateral to secure any amount of funds on deposit that exceed the limits of the coverage of the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund.

The university may also deposit funds with other entities upon consideration of the risks posed by using the potential nonbank depository. The Board will approve all nonbank depositories.
   • At its regular meeting in June 2014, the Board authorized the use of Oregon State Treasury as a depository.

**Custody/Trust and Administration**
The university will not take physical possession of investment securities. Securities will be held by an independent third-party custodian selected by the university as evidenced by custody/trust receipts in the university’s name. The third-party custodian shall annually provide a copy of its most recent report on internal controls.
General Roles and Responsibilities Related to Investment Management

- The university will have an outside investment advisor review its asset allocation and investment performance at least once every five years
- Investment security selections will be made by outside specialists who are familiar with the university’s treasury management policy and procedures
- Treasury Operations staff will review performance for each of the components of the cash and investment pool and report consolidated information to the Treasurer and trustees

Permitted investments – Tier 1

All Tier 1 investments will be denominated in U.S. dollars.

U.S. Treasury Obligations - Bills, notes, and any other obligation or security issued by or backed by the full faith and credit of the United States Treasury.

Negotiable Certificates of Deposit, Bank Deposit Notes and Non-Negotiable Certificates of Deposit / Time Deposits - Negotiable and non-negotiable certificates of deposit, time deposits and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with a rating of at least A-1 by Standard & Poor’s, Inc., or P-1 by Moody’s Investor Service, Inc., for maturities of one year or less, and a rating of at least AA by Standard & Poor’s, Inc., or Aa by Moody’s Investor Service, Inc., for maturities over one year.

Bankers’ Acceptances - Issued by domestic banks or domestic offices of foreign banks, which are eligible for purchase by the Federal Reserve System with a maturity of 180 days or less. The issuing corporation, or its guarantor, must have a short-term debt rating of no less than A-1 (or its equivalent) by at least two of the Nationally Recognized Statistical Rating Organizations (“NRSROs”).

Commercial Paper - “Prime quality” commercial paper, with a maturity of 270 days or less, issued by domestic corporations (corporations organized and operating under the laws of the United States or any state thereof) provided that the issuing corporation, or its guarantor, has a short-term debt rating of no less than A-1 (or its equivalent) by at least two of the NRSROs.

Repurchase Agreements - Overnight, term, and open repurchase agreements provided that the following conditions are met:

1. the contract is fully secured by deliverable U.S. Treasury and federal agency obligations as described above, having a market value at all times of at least 102 percent of the amount of the contract;
2. a master repurchase agreement or specific written repurchase agreement governs the transaction and which in each case contains terms qualifying each transaction as a securities loan for purposes of Section 512 under the Internal Revenue Code, and provides for master netting of obligations;
3. the securities are free and clear of any lien and held by an independent third-party custodian acting solely as agent for the university, provided such third party is not the seller under the repurchase agreement;
4. a perfected first security interest under the Uniform Commercial Code in accordance with
book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such
securities is created for the benefit of the university; such that the agent holding the
underlying securities (the collateral) must hold the securities in a way that ensures they
remain the property of the university.
5. for repurchase agreements with terms to maturity of greater than one day, the university
will have the collateral securities valued daily and require that if additional collateral is
warranted, then that collateral must be delivered within one business day (if a collateral
deficiency is not corrected within this time frame, the collateral securities will be
liquidated);
6. the counterparty is a:
   a. primary government securities dealer who reports daily to the Federal Reserve Bank
      of New York, or
   b. a bank, savings and loan association, or diversified securities broker-dealer having
      at least $5 billion in assets and $500 million in capital and subject to regulation of
      capital standards by any state or federal regulatory agency; and
   c. counterparty that meets the following criteria:
      d. a long-term credit rating of at least ‘AA’ or the equivalent from an NRSRO; or
      e. a short-term credit rating of at least “A-1” or the equivalent from an NRSRO; and
      f. counterparty that has been in operation for at least five years.
7. collateral under repurchase agreements with a maturity of 1 business day may be held by
   the agreement counterparty. Collateral under repurchase agreements with a maturity of
greater than 1 business day must be held by an independent custodian.

Money Market Mutual Funds (Open-Ended Investment Funds) - Shares in open-ended, no-
load, money market mutual funds (“MMMF’s”), provided such funds are registered under the
Federal Investment Company Act of 1940 and rated at least “AAAm” or the equivalent by an
NRSRO. The mutual fund must comply with the diversification, quality, and maturity
requirements of Rule 2a-7, or any successor rule, under the Investment Company Act of 1940.
The university’s assets must not represent more than 10 percent of a fund’s total assets.

Permitted Investments – Tier 2

Any investment eligible to be held in Tier 1

Federal Agency Obligations - Bonds, notes, and other obligations of the United States, and
securities issued by any federal government agency or instrumentality or government
sponsored enterprise that has a rating no less than the rating on U.S. Government debt.

Asset-Backed Securities – High quality asset-backed securities with a rating of at least Aa2 by
Moody’s Investors Service, Inc., or a rating of at least AA by Standard and Poor’s, Inc. If the
security’s rating is based on insurance, the counter-party must be evaluated before the security
may be purchased. This category includes all asset-backed securities including non-agency
mortgage-backed securities (MBS) and commercial mortgage-backed securities (CMBS).

Corporate debt and municipal securities will generally be of high quality (Aa2 by Moody's
Investor Services, Inc., or AA by Standard and Poor's, Inc.). Lower grade bonds of investment
quality (down to BBB-) may also be held but are limited by the guidelines shown under “Credit
Risk” below. Investment in noninvestment grade bonds (bonds rated lower than BBB-) is prohibited without consent of the Board of Trustees.* Unrated securities are not permitted.

*Applies to the acquisition of securities. May be allowed as a subsequent event as described below.

The portfolio should be liquid and consist of readily saleable securities; 144A investments are permitted.

Permitted Investments – Tier 3

At its regular meeting in September 2014, the Board authorized the UOF to manage portions of the Cash & Investment pool subject to the funds being in a segregated account, managed according to UO policy and procedures, and provide routine performance reports to the university. Permitted investments in Tier 3 shall consist of any investment permitted to be held under the UOF Statement of Investment Policy (Exhibit E).

Portfolio Risk Management

**Interest Rate Risk**

Tier 1: Maximum average duration of 9 months and a maximum stated maturity of 3 years

Tier 2: Excluding the Oregon Short Term Fund, a minimum of 75% of the portfolio will have a maximum average duration of 4 years and a maximum stated maturity of 10 years. A maximum of 25% of the portfolio may be invested with an average duration exceeding 4 years but may not exceed 110% of the duration of the Bloomberg Aggregate Bond Index.

Tier 3: Portfolio is expected to be invested as Funds Functioning as Endowment or Quasi-Endowment and, consequently has no duration nor maturity limits

**Credit Risk**

Tier 1: As provided above under Permitted Investments. In the event of a split rating, the lowest rating should be considered when determining the appropriate rating category.

Tier 2: Excluding the Oregon Short Term Fund, the average dollar-weighted credit rating of any managed portfolios will be AA- or better. In the event of a split rating, the lowest rating should be considered when determining the appropriate rating category. When determining the average rating of an entire portfolio, it is permissible to use a composite approach that takes into account all ratings.

Tier 3: No credit limitations

**Portfolio Benchmarks**

The returns earned by the university’s Cash & Investment Pool will be compared on a quarterly basis to a benchmark with similar risk/return characteristics. The applicable benchmarks for each of the university’s three Portfolio Tiers are listed below:

Tier 1 - A benchmark will be established that reflects the risk tolerances of the portfolio as it develops.
Tier 2 - A benchmark will be established that reflects the risk tolerances of the portfolio as it develops.

Tier 3 - A custom benchmark as defined in the UOF Statement of Investment Policy (Exhibit E). UO and the UOF intend the T3 portfolio investments to outperform the benchmarks identified in the UOF guidelines, net of fees. Currently, the benchmark is defined as follows:

A liquid global market benchmark initially comprised of 70% MSCI All Country World Index ETF (Ticker: ACWI), 25% Barclays U.S. Aggregate Index ETF (Ticker: AGG), and 5% Cash (Ticker: LD12TRUU).

A composite benchmark comprised of individual asset class benchmarks, including illiquid assets, aggregated at actual portfolio weights. The performance benchmarks for the asset classes comprising the portfolio are attached as Exhibit 1 within the UOF Statement of Investment Policy (Exhibit E).

These performance benchmarks are subject to any guideline changes.

**Portfolio Diversification**

The Cash & Investment Pool’s investments shall be diversified by security type and institution. Concentrations in individual securities, industries, geographies, and economic sectors should not be so high as to subject the Cash & Investment Pool to undue risk. The maximum percentage of the asset allocation and issuer limit permitted in each eligible security shall be as follows:

<table>
<thead>
<tr>
<th>Sector limit / Issuer Limit</th>
<th>Tier 1 Portfolio*</th>
<th>Tier 2 Portfolio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury Obligations</td>
<td>100% / 100%</td>
<td>100% / 100%</td>
</tr>
<tr>
<td>Oregon State Treasury</td>
<td>100% / 100%</td>
<td>100% / 100%</td>
</tr>
<tr>
<td>Collateralized Bank Deposits</td>
<td>100% / 100%</td>
<td>10% / 10%</td>
</tr>
<tr>
<td>Negotiable Certificates of Deposit and Bank Deposit Notes</td>
<td>100% / 100%</td>
<td>20% / 5%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>100% / 100%</td>
<td>20% / 5%</td>
</tr>
<tr>
<td>Money Market Mutual Funds</td>
<td>100% / 100%</td>
<td>50% / 25%</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>50% / 25%</td>
<td>50% / 25%</td>
</tr>
<tr>
<td>Bankers’ Acceptances</td>
<td>35% / 5%</td>
<td>35% / 5%</td>
</tr>
<tr>
<td>Non-Negotiable Certificates of Deposit / Time Deposits</td>
<td>10% / 3%</td>
<td>20% / 3%</td>
</tr>
<tr>
<td>Federal Agency Obligations</td>
<td>0%</td>
<td>100% / 40%</td>
</tr>
<tr>
<td>Corporate Debt Obligations</td>
<td>0%</td>
<td>65% / 5%</td>
</tr>
</tbody>
</table>
### Treasury Management Procedures

#### Sector limit / Issuer Limit

<table>
<thead>
<tr>
<th></th>
<th>Tier 1 Portfolio*</th>
<th>Tier 2 Portfolio*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset-Backed Securities</td>
<td>0%</td>
<td>25% / 3%</td>
</tr>
<tr>
<td>Municipal Obligations</td>
<td>0%</td>
<td>20% / 5%</td>
</tr>
<tr>
<td>Other Investments</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*These assets may be managed by third party investment management firms and subject to specific guidelines developed at the time the manager is engaged. If the State of Oregon is the manager for any of the portfolios, its policies govern and supersede any limits set forth in these investment procedures.

The sector and issuer limits shall be applied to each Portfolio at the date of acquisition. For all pooled investments, with the exception of pools managed by UOF or the Oregon State Treasury, the university’s holdings must represent no more than 10 percent of the net assets of the pool.

Asset allocation and issuer limits for the Tier 3 portfolio shall be as defined in the UOF Statement of Investment Policy (Exhibit E).

**Subsequent Events** - The limitations established by this Investment Policy will apply at the time a security is purchased (settlement date) and will be based on the then-current book value. Should a subsequent event cause a security or the investment portfolio to no longer meet the specifications of the Investment Procedures, the Treasurer will determine the appropriate course of action and report this activity to the Finance & Facilities Committee. There is no requirement that a security be sold prior to maturity if it no longer meets the criteria set forth in these Investment Procedures. Further, any security held by the university at the time these Investment Procedures was adopted may be held to its maturity.

**Prohibited Investments and Investment Practices**

The university is expressly prohibited from the following investments and investment practices in the Tier 1 and Tier 2 Portfolios:

- a) Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing unless specifically authorized by the Board or its designated Committee;
- b) Speculative trading (repetitive buying and selling of the same or similar securities for the purpose of capital gains);
- c) Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices;
- d) Investment in non-federal agency collateralized mortgage obligations (CMOs);
- e) Investment in collateralized debt or loan obligations (CDOs and CLOs); and
- f) Investing in any security not specifically permitted by this Policy.

**Portfolio Allocation Between Tiers**

Definitions:

- Days Cash on Hand - the investment category balance (e.g. checking account balance) less extraordinary items (e.g. bond proceeds) divided by average daily expenses.
- Average Daily Expenses - UO’s previous fiscal year’s total expenses less depreciation and amortization divided by the number of calendar days in the previous fiscal year.
Targets (quarterly average):

<table>
<thead>
<tr>
<th>Tier</th>
<th>Cash on hand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>6 – 12 days cash on hand</td>
</tr>
<tr>
<td>Tier 2</td>
<td>80 – 120 days cash on hand</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Undefined – excess cash will determine balances</td>
</tr>
</tbody>
</table>

Guideline:

The following procedure is not intended to be a rigid procedural requirement, but instead to provide a guideline for investment asset allocations. The Treasurer and Treasury Operations staff will analyze each unique situation to determine whether to proceed with a transaction based on this guideline.

If the average quarterly balance of Tier 2 is greater than 120 days cash on hand for three consecutive quarters, one of which includes fiscal year quarter one, then the Treasurer and Treasury Operations staff will consider moving the average excess of Tier 2 to the Tier 3 portfolio.

Specific guidelines for moving money out of Tier 3 to other tiers during periods of very low liquidity is not provided in order to maintain flexibility regarding options for each unique situation. The Treasurer and Treasury Operations staff will consider all available options to improve liquidity including redeeming Tier 3 balances and implementing a line of credit.

**Board Statement on Investment Philosophy**

At its meeting in June 2017, the Executive and Audit Committee of the Board adopted a resolution stating its general investment principles specifically regarding ESG investing. The resolution, in its entirety, is incorporated into these procedures (see Exhibit B) and investment managers (excluding the State of Oregon) who manage any portion of the University’s funds are required to read and acknowledge receipt of the Board’s resolution.

**Special Note on Derivative Activity**

Treasury Management policy statement 2.11 states that “The Board must approve the University’s use of investment hedging instruments and other derivatives.”

- At its meeting June 2014, the Board authorized the university to enter into forward foreign currency contracts in an aggregate amount not to exceed $7.5 million (USD) at any time.
- At its meeting September 2021, the Board authorized the UOF and its endowment manager, Jasper Ridge Partners, to enter into derivative contracts for any purpose in the course of managing Tier 3 funds, for assets under management held in the name of the University of Oregon.

**Investment Parameter Examples**

The preceding investment guidelines will be clearly communicated to all outside investment managers; examples of such communications are shown in Exhibits C & D.
Investment Income Distributions

Legally Restricted Interest Income
Funds that have legally restricted interest for any reason will earn interest based on how they are specifically invested. Separately invested funds include:

- Unspent bond proceeds are placed in the Oregon Short Term Fund (OSTF) and earn the corresponding OSTF rate of interest. Capital expenditures are paid from the university’s operating account which is reimbursed monthly with a draw from the OSTF. Interest earned on unspent bond proceeds are to be treated as additional bond proceeds and will be spent in accordance with IRS guidelines. The earnings will be credited back to unallocated proceeds and used for eligible project expenses until the monthly earnings become sufficiently small that it is not feasible to pay for project expenses. At this time any additional earnings will be used to pay debt service on the corresponding bonds.

Other Distributions of Interest Income
The Treasurer may authorize other funds to also receive interest distributions and set the rate of interest that will be paid by the central bank. That rate is applied to the average daily cash balance computed using the Banner accounting system. If the average daily cash balance is negative, the fund will be charged the same rate of interest as the distribution rate. Rate history is:

- Effective 7/1/2014 the rate is 1.35% per annum
- Effective 1/1/2019 the rate is 1.75% per annum

Nonconsolidated Cash Balances
Cash balances not consolidated into the cash and investment pool are not eligible to receive investment income from the pool. Holders of nonconsolidated cash balances must pay any incremental costs related to the nonconsolidated cash balances. All nonconsolidated cash balances must be approved by the Controller and are generally discouraged. Nonconsolidated accounts may include:

- Unlent Perkins Loan funds
- Funds used to make confidential payments to human research subjects
- Funds used to support study abroad programs

Other Operational Matters
As a general rule, any funds received in the form of investment securities will be liquidated upon receipt and the proceeds forwarded to the appropriate unit. If the investment securities are unable to be readily liquidated at a reasonable value the Treasurer, or his/her designee, will review the situation on a case-by-case to determine how best to value the securities.
LIABILITY MANAGEMENT PROCEDURES

General Considerations

Debt, or other capital financing, may be used for any purpose that furthers the mission of the university.

The university is not restricted to traditional municipal debt instruments. Other instruments such as mortgages, long-term leases, and other funding mechanisms that may emerge over time may also be considered.

When capital financing is being contemplated, the Treasurer will evaluate:

- How the funds raised will achieve the university’s strategic objectives
- Alternative sources of funding and cost of funds
- How the financing affects the university’s ability to meet its existing obligations
- The feasibility and appropriateness of the source of repayment
- How the financed project will affect the future fiscal health of the university

The base case assumption for all debt issuances is for tax-exempt, fully amortizing, fixed-rate, level debt service that matches the life of the underlying capital projects with a 10-year par call. Any structural deviations considered will be compared to this base case.

If variable rate debt is being considered, interest costs will be estimated using a range of two standard deviations based on historical volatility.

The university will use a professional financial advisor to provide advice on all contemplated debt and debt-related transactions.

Refundings of any outstanding debt may be pursued in order to achieve cost savings. Cost savings should target a minimum of 5% present value savings and 50% refunding efficiency ratio. Should it be desirable and beneficial to the university, tax exempt bonds may be refunded as taxable bonds.

Initial Disclosure Documents

Treasury Operations staff will consult with subject matter experts to ensure that all information contained in offering documents is materially complete and accurate. Treasury Operations staff or the university’s financial advisor will schedule one or more meetings of the financing team working group (which includes Treasury Operations staff, the university’s financial advisor, General Counsel, Disclosure Counsel/Bond Counsel, the underwriter (if used) and their counsel, and other parties relevant to the financing), and will circulate and discuss new drafts of the offering documents. During this part of the process, there is substantial contact among Treasury Operations staff and other members of the financing team to discuss issues that may arise to determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.
Disclosure documents will be reviewed by the following staff and officials, who are of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the university and its finances:

- Director of Treasury Operations for a cover-to-cover review and to ensure that each section is assigned to an appropriate subject matter expert for review
- Controller for financial reporting integrity and to obtain any auditor reviews needed
- CFO/Treasurer for a cover-to-cover review and to ensure new developments are disclosed
- Institutional Research for enrollment and staffing information
- General Counsel’s office for cover-to-cover review
- The State of Oregon for information related specifically to the state such as updates related to PERS

Prior to distributing a preliminary offering document to potential investors, there will be one or more formal meetings or calls which includes Treasury Operations staff and the underwriters and their counsel, during which the offering document is reviewed in its entirety, page by page or section by section, to obtain final comments and to allow the underwriters to ask questions of the university’s officials and staff. This is referred to as a “due diligence” meeting or call.

As a matter of practice, comments are routinely sought on all sections of the disclosure documents and the steps above are merely meant to represent the process of review. It is the practice of Treasury Operations to have all numbers and statements confirmed by a source outside of Treasury Operations. The university’s Treasurer, with guidance from General Counsel, will attest to the material accuracy and completeness of the disclosure documents during due diligence and in a closing certificate.

Financial statements, when included, will be audited. Preliminary financial statements, or interim period financial information, also may be included if necessary for material completeness and accuracy of the audited financial information.

The following principles govern the work of the respective staffs that contribute information to the offering document:

- Treasury Operations staff involved in the disclosure process are responsible for being familiar with federal securities laws as they relate to disclosure. Treasury Operations staff should err on the side of raising issues when preparing or reviewing information for disclosure.
- Officials and staff are encouraged to consult with General Counsel and/or Disclosure Counsel if there are questions regarding whether an issue is material.
- Care should be taken not to shortcut or eliminate any steps outlined in these procedures on an ad hoc basis. However, these procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. From time to time, the university will consider revisions to these procedures, as warranted by experience during financings or because of additional Securities and Exchange Commission (“SEC”) pronouncements or other reasons.
• Any concerns regarding the accuracy of an Official Statement should be immediately reported to the General Counsel and Bond Counsel or Disclosure Counsel.

Ongoing Training

The university will provide training for the staff involved in the preparation of offering documents, which will be coordinated with the General Counsel. Training will be provided at least annually. The training sessions shall be provided to assist staff members involved in identifying relevant disclosure information to be included in offering documents. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of offering documents, a description of previous SEC enforcement actions and a discussion of recent developments in the area of state and municipal disclosure.

Continuing Disclosure

University-issued bonds require annual and ad hoc continuing disclosure. The university will update all required schedules and post them on the Electronic Municipal Market Access (“EMMA”) website no later than the date stipulated in the continuing disclosure undertaking for each bond issuance. Details of what must be posted are outlined in the continuing disclosure undertaking included in the official statement of each university-issued bond issuance. In addition, if any of the following “notice events” occurs, the university will also post notice of the event to EMMA within 10 business days:

• Principal and interest payment delinquencies;
• Non-payment related defaults, if material;
• Unscheduled draws on debt service reserves reflecting financial difficulties;
• Unscheduled draws on credit enhancements reflecting financial difficulties;
• Substitution of credit or liquidity providers, or their failure to perform;
• Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-T EB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
• Modifications to rights of security holders, if material;
• Bond calls, if material, and tender offers;
• Defeasances;
• Release, substitution, or sale of property securing repayment of the securities, if material;
• Rating changes;
• Bankruptcy, insolvency, receivership or similar event of the university;
• The consummation of a merger, consolidation, or acquisition involving the university or the sale of all or substantially all of the assets of the university, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
• Appointment of a successor or additional trustee or the change of name of the trustee, if material.
• Incurrence of a financial obligation of the issuer or obligated person not previously posted to EMMA, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
• Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

Treasury Operations staff shall enroll on the EMMA website for email reminders of filing deadlines. Treasury Operations staff shall also attend training on securities law issues relative to ongoing disclosure when available. Further, prior to each new bond issue, bond counsel will search EMMA for its continuing disclosure filings to confirm proper filings have been made.

Post-Issuance Compliance for Tax-Advantaged Bonds
The university is committed to ensuring that bondholders continue to receive the tax benefits of holding tax-advantaged bonds and follows a rigorous compliance program. Whether such bonds were issued by the State of Oregon for the benefit of the university or issued directly by the university, the same post-issuance compliance procedures are followed. For the convenience of the State of Oregon their preferred procedures are shown in Exhibit C of the Debt Payment Service Agreement signed by this university in 2014 and are included in this document. The current draft of the preferred procedures are included in this document as exhibit A.

State-Issued Bonds Reimbursement Requests
For certain projects the State of Oregon issues bonds for the benefit of the university. These bonds operate on a reimbursement basis, meaning the university must first pay the expense and later request reimbursement from the state. These reimbursement requests are assembled by Capital Construction and reviewed by Treasury Operations. Accuracy is a foremost concern and Treasury Operations will review the requests in the following areas:

• Ensure that a scanned copy of each supporting invoice is included.
• Review request to ensure all expenses are permissible.
• Compare total requested to amount in deficit in Banner.
• Ensure no expenses have been previously reimbursed.
• Confirm that invoices which are broken into multiple requests do not exceed the invoice total.
• Verify that invoice dates fall within reimbursement resolution time limits.
• Consolidate all asbestos-related expenses for a time period into a single request to minimize state counsel review costs.
EXHIBIT A
FORM OF POST-ISSUANCE COMPLIANCE POLICIES

Purpose

The University of Oregon (the “University”) has adopted these procedures (the “Procedures”) effective July 2014 in connection with the issuance of one or more series of tax-exempt bonds (the “Bonds”). The University has adopted these Procedures to create internal procedures that will ensure that it complies with promises made in the Bond documents and to ensure that it complies with all applicable requirements of:

(i) federal tax law necessary to preserve the continued tax-exempt status of interest on any Bonds issued on a federally tax-exempt basis (the “Applicable Federal Tax Law”);

(ii) federal securities laws applicable to any Bonds sold pursuant to a public offering, including the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) and the Securities Act of 1933 and the Securities and Exchange Act of 1934 (the “Applicable Securities Law”), and;

(iii) any other applicable regulations (collectively, the “Applicable Regulations”) associated with the Bonds.

These Procedures describe in general terms the requirements of applicable law, but are not comprehensive in nature. The University will consult, as needed, or as directed by the State, with counsel experienced in municipal finance (“Bond Counsel”) to ensure the University’s ongoing understanding of its compliance obligations and continued compliance with applicable requirements.

I. GENERAL POST-ISSUANCE COMPLIANCE REQUIREMENTS

A. Officials Responsible for Compliance

1. Tax Compliance Officer. The University designates its Senior Vice President for Finance & Administration and CFO as its “Tax Compliance Officer” with the primary responsibility to ensure compliance with Applicable Federal Tax Law relating to all Bonds. The Tax Compliance Officer will review these Procedures and the Tax Certificate annually.

2. Delegation of Duties. Consistently with the procedures of the University, the Tax Compliance Officers may delegate certain duties to others. All references to the duties of the Tax Compliance Officer in these Procedures include actions by such person’s designee.

B. Resources for Designated Tax Compliance Officer. The University will make the necessary resources available to the Tax Compliance Officer to support their understanding of, and ability to comply with, the requirements of applicable law. These resources may include (without limitation) engagement of and consultation with Bond Counsel, hiring an arbitrage rebate consultant, and continuing education relating to tax and disclosure requirements.

The Tax Compliance Officer should have access to documents from all Bond closing transcripts and related documents, including the following:

- Tax Certificate (the “Tax Certificate”); and
- Copies of each Annual Compliance Certificate.

C. Record Keeping Requirements

The Tax Compliance Officer will maintain at least the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

a. Transcript of bond transaction
b. Form 8038, Form 8038-G or Form 8038-GC filed with the IRS
c. Documentation evidencing use of bond financed property by general public and nongovernmental users, including copies of management contracts, leases and sponsored research agreements.

d. Documents evidencing all sources of payments or security of the bonds

e. Documents pertaining to any investments of bond proceeds, including the purchase and sale of securities, SLG subscriptions, yield calculations for each class of investments investment income received from the investment of proceeds, guaranteed investment contracts and rebate calculation reports

f. Documents regarding the allocation of bond proceeds to expenditures (e.g. allocation of bond proceeds to expenditures for construction, renovation, or purchase of facilities)

g. Documents regarding allocation of bond proceeds to bond issuance costs

h. Copies of requisitions, draw schedules, draw requests, invoices, bills and cancelled checks related to bond proceeds spent during the construction period

i. Copies of all contracts entered into for the construction, renovation or purchase of bond-financed facilities

j. Records of expenditure reimbursements incurred prior to issuing bonds for facilities financed with bond proceeds

k. Asset list or schedule of all bond-financed facilities or equipment

l. Records regarding the purchase and sale of bond-financed assets

D. Certifications.

The University will comply with all requests by the State to confirm its compliance with all continuing obligations of the University related to the Bonds.

II. POST-ISSUANCE TAX COMPLIANCE REQUIREMENTS

A. General Matters

The University will consult with the Bond Counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the interest on Bond will continually qualify for tax-exempt treatment. These requirements and procedures will be documented in the Tax Certificate, Loan Agreement and other documents finalized at or before issuance of the Bonds.

B. Expenditures of Bond Proceeds

1. In General. Upon the issuance of any issue of new money Bonds, the University must reasonably expect to spend at least 85% of all of the proceeds of the Bonds ("Bond Proceeds") that are expected to be used to finance capital projects (excluding proceeds in a reserve fund or for any non-project purpose) within three years of issuance. The University must also have incurred or reasonably expect to incur, within six months after issuance of the Bonds, binding obligations to unrelated parties involving an expenditure of not less than 5% of such amount of Bond Proceeds, and must reasonably expect that completion of the capital projects and allocations of Bond Proceeds to costs will proceed with due diligence. If they exist, these three expectations will be documented in the Tax Certificate and will allow the Bond Proceeds to be invested at an unrestricted investment yield for three years from the date of issue, regardless of whether 85% of the Bond Proceeds are actually expended within three years. Other limitations or adjustments may be set out in the Tax Certificate. See Section II.E. of these Procedures for rebate and rebate exceptions.

The Tax Compliance Officer must summarize the expenditures made with the Bond proceeds (the "Final Allocation"), showing the assets or portion thereof financed with Bond Proceeds and the assets or portion thereof financed with other funds. The Final Allocation must be made not later than the later of 18 months after the date of the expenditure, i.e., that date a check is written in anticipation of receipt by the payee within 5 banking days of the date the check is drawn, or 18 months after the date the facility to which the expenditure relates is completed and is operating at
substantially the level for which it was designed, but in all events not later than 60 days after the end of the fifth year after issuance of the Bonds (or 60 days after none of the Bonds are outstanding, if earlier).

2. Establishment of Calendar. On the date of issuance of any Bond, the Tax Compliance Officer will identify for that Bond issue:

- The funds and/or accounts into which Bond Proceeds are deposited.
- The types of expenditures expected to be made with the Bond Proceeds deposited into those funds and/or accounts and any expenditures prohibited from being made from such funds and/or accounts.
- The dates by which Bond Proceeds described in Section II.B. of these Procedures must be spent or become subject to arbitrage yield limitations (“Expenditure Deadlines”) and all interim dates by which funds and/or accounts must be checked to ensure compliance with the applicable Expenditure Deadlines.

3. Expenditure Failures. If the Tax Compliance Officer discovers that an Expenditure Deadline has not been met, he or she will consult with Bond Counsel to determine the appropriate course of action with respect to such unspent Bond Proceeds. The University will take the appropriate action needed with respect to unspent Bond Proceeds, including yield restriction, redemption of Bonds, or other action.

4. Final Allocation. The Tax Compliance Officer will timely make the Final Allocation in a manner consistent with allocations made to determine compliance with arbitrage yield restriction and rebate requirements (See Section II.E of these Procedures).

5. Records of Expenditures. The Tax Compliance Officer will maintain records related to the expenditure of Bond Proceeds, including records:

- Identifying all of the assets or portion of assets financed with Bond Proceeds.
- Relating to requests for Bond Proceeds, construction contracts, purchase orders, invoices, and payment records.
- Relating to costs reimbursed with Bond Proceeds.
- Relating to any action taken as a result of a failure to meet the Expenditure Deadlines.
- The Final Allocation and all supporting documentation.

The Tax Compliance Officer will ensure that these records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions. If the University maintains electronic records, it will have a document migration policy in place.

C. Project Use Requirements

1. In General. No more than the lesser of 10% or $15 million of the net proceeds of the Bonds may be used for a Private Business Use (as hereinafter defined) as further provided in the Tax Certificate. A more strict limit of 5% applies to net proceeds used for a Private Business Use that is disproportionate or unrelated to the governmental uses of the Project.

For this purpose, “net proceeds” means the sale proceeds of the Bonds less amounts deposited in a reasonably required reserve fund, plus investment earnings on sale proceeds (including investment earnings on a reasonably required reserve fund following completion of the project).

For this purpose “Private Business Use” generally means use of the assets financed with Bond Proceeds (“Bond-financed Assets”) in a trade or business by a business entity (e.g., a corporation or partnership whether or not it is a 501(c)(3) entity) or the Federal government (a “Private User”). Private Business Use will arise from the lease or sale of the
Bond-financed Assets to a Private User. Private Business Use will generally arise through a contract whereby a Private User manages, operates or provides services with respect to Bond-financed Assets (a "Management Contract"). Private use may also arise as a result of the University entering an agreement (a "Research Agreement") to engage in research in bond-financed space, if such research is sponsored by a Private User or as a result of an agreement for the sale of naming rights to a bond-financed facility. However, certain exceptions exist to these rules, which exceptions are best interpreted and applied by Bond Counsel.

2. Monitoring of Private Business Use. For each Bond-financed Asset, the Tax Compliance Officer will determine the expected use of such asset and whether such Bond-financed Asset is or will be subject to any contracts that may give rise to Private Business Use.

The Tax Compliance Officer will inform the persons responsible for the management and operation of the Bond-financed Asset ("Asset Managers") of the Private Business Use restrictions relating to the Bond-financed Asset. The Tax Compliance Officer will work with Asset Managers to identify and discuss any existing or planned use of Bond-Financed Assets that may give rise to Private Business Use.

The Tax Compliance Officer will require Asset Managers to submit any Management Contract, Research Agreement or naming rights agreement with respect to any portion of Bond-financed Assets for his or her review prior to entering such agreement. The Tax Compliance Officer will consult with Bond Counsel or other capable advisors to determine whether such Management Contract, Research Agreement, or naming rights agreement constitutes Private Use.

3. Sale, Transfer or Lease. The Tax Compliance Officer will ensure that no Bond-financed Asset (or naming rights with respect to a Bond-Financed Asset) will be sold, leased or transferred without prior approval by Bond Counsel.

4. Identification and Correction of Violations. If the Tax Compliance Officer determines that the use of Bond Proceeds or Bond-financed Assets is different from the covenants and representations set forth in the Tax Certificate, he or she will contact Bond Counsel in a timely manner. The University will cooperate fully with its advisors regarding various remedies available to prevent an adverse effect on the Bonds.

5. Record Keeping Requirements. The Tax Compliance Officer will keep or delegate to each institution the responsibility to keep copies of all Management Contracts, Research Agreements, and other arrangements involving the lease, management, sale, operation, service or other use of all Bond-financed Assets. Such records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.

D. Investment of Proceeds

On the date of issue of any Bond, the Tax Compliance Officer will identify for that obligation:

- All of the funds and/or accounts into which Bond Proceeds are deposited and the applicable yields at or below which such funds and/or accounts must be invested.
- Any funds and/or accounts that are not directly funded with Bond Proceeds which must be invested at or below the yield on the obligations.

The Tax Compliance Officer will ensure that the investment of Proceeds is in compliance with the applicable yield restrictions contained in the Applicable Regulations.

The Tax Compliance Officer will obtain regular, periodic (monthly) statements regarding the investments and transactions involving Bond Proceeds.

The Tax Compliance Officer will keep all records with respect to investments, including:
• United States Treasury Securities-State and Local Government Series subscription information.
• The solicitation and all responses received from the bidding of any government obligations.
• Records of investment activity sufficient to permit calculation of arbitrage rebate or demonstration that no rebate is due.

E. Arbitrage Yield and Rebate

The Tax Compliance Officer will be responsible for the prompt calculation of rebate. The University may engage the services of an arbitrage rebate services provider, and in that event, the Tax Compliance Officer will timely provide to the provider statements regarding investments and transactions involving Bond Proceeds and all other requested documents and information.

The Tax Compliance Officer will assure prompt compliance with required rebate payments, if any, or, if a rebate service provided is engaged, monitor the arbitrage rebate service provider to assure compliance with required rebate payments, if any.

During the construction period of a capital project, the Tax Compliance Officer will monitor the investment and expenditure of Bond Proceeds, and, if applicable, consult with the arbitrage rebate service provider or Bond Counsel to determine whether the University is meeting any spending exception.

In the event that a rebate payment is due, the Tax Compliance Officer will ensure that such rebate payment is accompanied by a Form 8038-T.

The Tax Compliance Officer will retain copies of all arbitrage reports, related return filings with the Internal Revenue Service, and copies of cancelled checks with respect to any rebate payments and information statements. Such records will be retained for the life of the Bonds, plus any refunding bonds, plus three years and may be in the form of documents or electronic copies of documents, appropriately indexed to specific Bond issues and compliance functions.
Exhibit B

Statement of Investment Principles
Board of Trustees of the University of Oregon

The University of Oregon’s investment philosophy is anchored in the following core principle, which is fundamental and constant. Assets controlled by the University1 must be managed in accordance with this principle, regardless of the ebbs and flows likely to arise due to markets, politics, and personalities.

The primary principle guiding the University’s investments is the consideration of financial impact(s) on current and future elements of the university. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the institution’s mission of teaching, research and service. In fulfilling this vision, only advisors and investment managers with appropriate institutional sophistication and an understanding of best practices will be considered. The Board of Trustees maintains ultimate responsibility for monitoring the performance of various pools of university assets and related returns.

Within the context of this primary principle, the University must consider a holistic view of risk that accounts for various factors which could modify a return/risk objective. These include:

- Maintaining appropriate levels of liquidity for the university’s operational needs;
- Mitigating downside financial risks;
- Understanding and appropriately managing reputational risk or legal liability; and,
- Protecting university assets from politically-motivated pressures.

Additionally, academic research supports the practice of incorporating environmental, social, and governance (“ESG”) factors with other conventional financial analytical tools when evaluating investment opportunities as these factors may help identify potential opportunities and risks which conventional tools miss. The UO encourages its advisors and managers to include ESG factors in their analytical processes. However, ESG considerations are only one factor in analyses and should not be used as exclusionary screens to eliminate specific entities or sectors from consideration. Relevant ESG factors will vary by industry and should be applied appropriately to help assess both risk and return.

Adopted by the Executive and Audit Committee on June 1, 2017.

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1 These principles do not apply to University of Oregon funds held by the Oregon State Treasury.
Exhibit C
Basic UO Investment Parameters
Separately Managed Tier 2 Funds

Allowable Types of Investments
- U.S. Treasury Obligations 100%
- Collateralized Bank Deposits 10%
- Certificates of Deposit 20%
- Bankers’ Acceptances 35%
- Commercial Paper 20%
- Repurchase Agreements 50%
- Money Market Mutual Funds 50%
- Federal Agency Obligations 100%
- Corporate Debt 65%
- Asset-Backed Securities 25% (includes mortgage-backed, commercial mortgage-backed, and collateralized mortgage obligations)
- Municipal Obligations 20%

Prohibited Investments and Investment Practices
The University is expressly prohibited from the following investments and investment practices:
- a) Borrowing funds for the sole purpose of reinvesting the proceeds of such borrowing unless specifically authorized by the Board or its designated Committee;
- b) Speculative trading (repetitive buying and selling of the same or similar securities for the purpose of capital gains);
- c) Investment in complex derivatives such as range notes, dual index notes, inverse floating rate notes and deleveraged notes, or notes linked to lagging indices or to long-term indices;
- d) Investment in collateralized debt or loan obligations (CDOs and CLOs); and
- e) Investing in any security not specifically permitted by this Policy.

Credit Risk – Tier 2
- Asset-Backed securities - Must be rated AA or better by at least one Nationally Recognized Statistical Rating Organization (NRSRO). When a security is rated by more than one agency the lower rating will prevail.
- Securities rated below BBB are not permitted.
- Unrated securities are not permitted.
- Average credit rating of the managed portfolio will be AA- or better. It is permissible to use a composite approach that takes into account all ratings by NRSROs when assessing average credit rating of a portfolio.

Concentration Risk
- Investment managers will consider geographic concentrations when selecting investments and provide geographic dispersion of risk.
- No single non-U.S. government issuer can be more than 5% of the portfolio.

Interest Rate Risk – Tier 2
- Excluding the Oregon Short Term Fund, a minimum of 75% of the portfolio will have a maximum average duration of 4 years and a maximum stated maturity of 10 years. A maximum of 25% of the portfolio may be invested with an average duration exceeding 4 years but may not exceed 110% of the duration of the Bloomberg Barclay Aggregate Bond Index.

Other
- 144A investments are permitted
- The portfolio should be liquid and consist of readily saleable securities

Subsequent Event
Investment parameters apply at the time of purchase (settlement). If a subsequent event causes a compliance issue the issue will be promptly brought to the UO Treasurer’s (or their designee) attention to determine what, if any, action should be taken. The compliance issue and any subsequent action taken will be reported to the Finance and Facilities Committee of the Board of Trustees. There is no requirement that a security be sold prior to maturity if it no longer meets the criteria but noncompliance is required to be reported to the University.
Exhibit D
Basic UO Investment Parameters
Quasi-Endowment Tier 3 Funds

T3 GUIDING PRINCIPLES AND OBJECTIVES

- T3 contains monies that are not permanently restricted and represent deep core assets of the University. T3 is expected to operate in perpetuity as a quasi-endowment for the general benefit of the university, but, as noted in the contract, the university reserves the right to liquidate its position in T3 by giving proper notice to UOF and in such a situation, would work with UOF to ensure orderly liquidation of T3, which would be expected to take time.

- In making investment strategy decisions for T3, the focus shall be on the long-term investment horizon and encompass complete business cycles which are often five- to seven-year cycles. Due to the long-term nature of the investment pool it is understood that a large portion of the pool may be illiquid. It is further understood that the pool will be subject to short-term market volatility and risk of loss.

- The primary investment objective of T3 is to generate the maximum rate of return given a prudent level of risk with an emphasis on capital appreciation over long periods of time since the T3 will operate in perpetuity. Achievement of this objective shall be done in a manner that provides investment returns that, over a long-term planning horizon, will meet the spending rate established in this document and maintains the purchasing power of the principal.

- The long-term objective, measured over rolling five-year periods is to generate at least 4% real net return in order to protect the purchasing power of the distribution policy. Real net return is defined as the sum of dividends, interest and capital appreciation (loss), less all manager fees and investment expenses, less inflation as measured by CPI-U plus 1%.

- The UO Board has fiduciary responsibility over these funds and has delegated to the university’s Treasurer all authority necessary to oversee the management of the university's funds. The UO Board may adopt future policies that will be applied to these funds.

ASSET ALLOCATION GUIDELINES

- Management of UO’s T3 portfolio, including asset allocation, rebalancing guidelines, and risk management, will follow the policies and guidelines established by UOF for endowment management. See Exhibit E. To rebalance the portfolio, it is expected that UOF may need to liquidate or transfer assets among managers. Prior to liquidating assets, UOF may, at its discretion, ask if UO has capacity to add cash to the pool.

- In addition, UO will consult with UOF to ensure that UO’s guidelines for cash and investment management described in the University’s Treasury Management Policy are considered when managing UO assets. Furthermore, UO will provide UOF with interpretive guidance regarding the implementation of investment management practices compliant with the Statement of Investment Principles adopted by the Executive and Audit Committee of the University of Oregon Board of Trustees at its June 2017 meeting, which states in part that “The primary principle guiding the University's investments is the consideration of financial impact(s) on current and future elements of the university. This manifests itself through investment practices that generate the greatest possible return, subject to an appropriate amount of risk, to support the institution’s mission of teaching, research and service.”

PERFORMANCE BENCHMARKS

- A custom benchmark as defined in the UOF Statement of Investment Policy (Exhibit E). UO and the UOF intend the T3 portfolio investments to outperform the benchmarks identified in the UOF guidelines, net of fees.

- Currently, the benchmark is defined as follows:
  - A liquid global market benchmark initially comprised of 70% MSCI All Country World Index ETF (Ticker: ACWI), 25% Barclays U.S. Aggregate Index ETF (Ticker: AGG), and 5% Cash (Ticker: LDxTRUU).
  - A composite benchmark comprised of individual asset class benchmarks, including illiquid assets, aggregated at actual portfolio weights. The performance benchmarks for the asset classes comprising the portfolio are attached as Exhibit 1 within the UOF Statement of Investment Policy (Exhibit E).

- These performance benchmarks are subject to any guideline changes.
Exhibit E
STATEMENT OF INVESTMENT POLICY UNIVERSITY OF OREGON
INVESTMENT OBJECTIVES AND POLICIES FOR THE ENDOWMENT FUND

Introduction

I. The University of Oregon Foundation (the “Foundation”) was organized in 1922 and is governed by a Board of Trustees (the “Board”) comprised of approximately 26 civic and business leaders. The Foundation is a 501(c)(3) whose mission is to receive, record, invest and distribute funds resulting from gifts for the benefit of the University of Oregon. The Board has fiduciary responsibility for investment of the Foundation’s assets, including the allocation of funds to various asset classes and the engagement of professional investment managers. The Board has appointed an Investment Committee to administer these assets.

II. The purpose of this statement is to provide the Board, the Investment Committee, and the discretionary investment manager of each Foundation Fund (as defined below) with a clear understanding of the Foundation’s investment objectives, policies, and guidelines that govern each of its investment pools (collectively, the “Foundation Funds”). These funds include Endowment Fund, the General Investment Program and the Intermediate Term Pool. The Board may change these guidelines at any time.

III. The Investment Committee shall review the investment status and performance of the Endowment Fund quarterly based on materials produced by the manager of the Endowment Fund and shall meet with the Manager at least thrice annually. A quorum of the Investment Committee shall be achieved when one-half of its voting members are in attendance. The Investment Committee may take action by affirmative vote of a majority of the quorum. Minutes of each Investment Committee meeting shall be provided promptly to the Board by the secretary of the meeting.

IV. At least once each year, the Foundation’s staff and the Chair of the Investment Committee shall submit a report to the Board summarizing the Foundation Funds’ asset allocation and investment performance.

V. The Investment Committee shall review these Investment Objectives and Policies periodically to ensure their continued appropriateness, and recommend changes to the Board, as needed.

A. Endowment Fund

I. General.
   A. The Endowment Fund shall be held within UOF Investments, L. P., a Delaware partnership. The manager of the Endowment Fund shall be Jasper Ridge Partners, L. P., a registered investment adviser regulated by the United States Securities and Exchange Commission (the “Endowment Fund Manager”).

II. Investment Objectives:
   A. The Investment Committee’s long-term financial objectives for the Endowment Fund are to produce a relatively predictable and stable payout stream (measured on a per unit basis) that increases over time at least as fast as the general rate of inflation, while achieving growth of corpus (also measured on a per unit basis) that increases over time at least as fast as the general rate of inflation. Thus, the Endowment Fund aims to support the Foundation’s current programs, and also increase support for future programs as its corpus grows.

   B. The Investment Committee intends the Endowment Fund to outperform the following benchmarks (net of fees):

      i. A liquid global market benchmark initially comprised of 70% MSCI All Country World Index ETF (Ticker: ACWI), 25% Barclays U.S. Aggregate Index ETF (Ticker: AGG), and 5% Cash (Ticker: LDzTRUU).

      ii. A composite benchmark comprised of individual asset class benchmarks, including illiquid assets, aggregated at actual portfolio weights. The performance benchmarks for the asset classes comprising the Fund are attached as Exhibit 1.
C. The Investment Committee intends that the Endowment Fund shall seek to achieve the long-term investment objective of an annual 5% real return, net of investment-related expenses. For the purposes of adjusting nominal returns to real returns, a broad measure of U.S. consumer inflation (e.g., the Consumer Price Index – All Urban Consumers (“CPI-U”)) shall be used.

D. The Investment Committee shall evaluate progress towards this investment objective over the long term and recognizes that the Endowment Fund must exceed targeted returns substantially during some periods in order to compensate for shortfalls during other periods. Its use of multiple benchmarks will enable the measurement of overall fund performance, as well as the attribution of performance across investment decisions. These decisions shall include, but shall not be limited to, long-term target asset allocation, tactical deviations from the target and manager selection.

III. Spending Policy
A. The Board intends to authorize annual distributions on Endowment Fund assets equal to the sum of:
   i. 60% (prior year distribution) x (1 + CPI-U); plus
   ii. 40% (3-year average of December 31st market values) x (stated payout rate)
   iii. The stated payout rate is currently set at 4% (plus recurring operational costs incurred by the Foundation of approximately 75 bps)

B. As a matter of course, the Endowment Fund shall first use new gifts and then current cash holdings to satisfy annual distribution obligations, prior to using any funds from its investment portfolio for this purpose.

C. The Endowment Fund’s actual payout rate may vary modestly from the target rate, depending upon program needs and changes in the Fund’s average market value, but rarely by more than 100 basis points.

D. Further, the Board expects distributions on quasi-endowment assets invested in the Endowment Fund to be no greater than 7-10% annually.

IV. Asset Allocation Targets and Risk Management
A. The Investment Committee shall establish long-term policy target allocations and ranges for the Endowment Fund. In particular, the Endowment Fund Manager shall manage its portfolio with the following exposures to Global Equities (as measured by MSCI All Country World Equities), Interest Rate Duration (as measured by Barclays US Treasury Bonds), and Credit Spreads (as measured by Barclays US High Yield excess returns).

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<th>Long Term Range</th>
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<tr>
<td>Interest Rate Duration</td>
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<td>Credit Spread</td>
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</tbody>
</table>

B. The Investment Committee shall require the Endowment Fund Manager maintain sufficient liquidity within the Endowment Fund such that it can satisfy its liabilities (including distributions referenced in the Spending Policy), by establishing long-term asset allocation targets that limit its exposure to semi-liquid and illiquid investments. In particular, the Endowment Fund shall be managed with the following asset allocation targets (measured on a manager look-through basis):

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Target</th>
<th>Long Term Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid Assets</td>
<td>35% - 40%</td>
<td>25% - 55%</td>
</tr>
<tr>
<td>Semi-Liquid Assets</td>
<td>15% - 20%</td>
<td>15% - 25%</td>
</tr>
<tr>
<td>Illiquid Assets</td>
<td>40% - 50%</td>
<td>35% - 50%</td>
</tr>
</tbody>
</table>
C. The Investment Committee may request a discussion with the Endowment Fund Manager at any
time and, at its discretion, change the risk targets and asset allocation targets upon a qualifying
vote of the Investment Committee. Additionally, the Investment Committee shall review the
Endowment Fund’s risk and asset allocation targets at least annually, in order to evaluate
diversification and progress toward long-term objectives.

V. Guidelines for the Endowment Fund

A. The Investment Committee shall ensure that the Endowment Fund’s investment exposures are
generally diversified (i) among U.S. and non-U.S. public equities, private assets (including private
equity, venture capital, real estate, natural resources, and distressed investment opportunities),
various hedge fund strategies (including event-driven, equity long-short, relative value and macro
strategies), U.S. and non-U.S. fixed income, and cash; and (ii) across underlying managers
(concentration risk), sectors, risk factors and liquidity characteristics. The purpose of such
diversification is to minimize risk for any given level of expected return and earn incremental
expected return by committing prudently to illiquid assets.

B. The Investment Committee shall ensure that performance for all liquid investments is measured
relative to liquid benchmarks of corresponding levels of market risk. Hedge funds and private
assets shall also be evaluated relative to relevant hedge fund and private asset benchmarks,
respectively.

C. The Investment Committee shall monitor performance of the Endowment Fund portfolio
quarterly, and evaluate underlying managers over rolling three-to-five-year periods. The
Investment Committee acknowledges that that active managers may underperform their
benchmarks for prolonged periods during market or style cycles, although it expects them to
outperform over a complete market cycle.

D. The Investment Committee acknowledges that the pursuit of long-term outperformance may
increase the volatility of returns. This posture reflects the trade-off between emphasizing
managers and strategies expected to outperform their respective benchmarks and sacrificing an
element of diversification as a result.

VI. Guidelines for Donated Securities

A. As a general matter of policy, the Foundation shall sell donated securities and other assets
promptly after receipt. The cash proceeds of any such sale shall first be used to satisfy any
current payout requirement. Any net remainder amount shall be invested in the Endowment
Portfolio in accordance with applicable policy guidelines.

B. Upon decision of the President of the University of Oregon Foundation and in consultation with the
Investment Committee, the Foundation may choose in certain circumstances to accept  large
donations of a single security that are subject to investment restrictions. In this case, the securities
shall be held separately from the asset allocation guidelines listed for the Endowment Fund.

VII. Use of Derivatives

A. The Investment Committee recognizes that the Endowment Fund Manager may use various
derivative instruments and that the prudent use of such instruments can be helpful in controlling
portfolio risk exposures (hedging), accessing greater market liquidity, and reducing transaction and
other costs as compared to cash market transactions. Accordingly, the Investment Committee
shall permit the use of derivative securities in the Endowment Fund portfolio, provided they are
utilized in a manner consistent with the overall Investment Objectives and Policies described
herein. For purposes of this section, the term “Derivatives” refers to both exchange-traded
derivatives and over-the-counter derivatives that are bilateral, negotiated transactions with a
derivative counterparty.

B. Derivatives may be used by the Endowment Fund Manager and its selected investment managers
to hedge existing portfolio exposures (e.g., to hedge the currency risk of a foreign stock or bond
position), to manage portfolio risks to their targeted levels (e.g., by adding to or subtracting from
risks that arise elsewhere in the portfolio), or to create exposures with lower transaction costs than
would otherwise be made in the cash market (e.g., purchasing and selling Treasury bond futures
contracts typically incurs lower transactions costs than does purchasing and selling individual
bonds). The risk of derivative positions shall be evaluated in conjunction with other investments in the portfolio.

C. The Endowment Fund Manager shall evaluate the experience and skill in the use of derivatives of any external manager to whom it may allocate capital. Without prejudice to the foregoing, the Investment Committee acknowledges and agrees that any given external manager's proprietary derivatives policies will govern its investment activities and, further, that such policies may not comply (fully or in part) with the provisions set forth herein.

VIII. Social Responsibility

A. The Endowment Fund Manager shall take into account relevant environmental, social and governance considerations in the portfolio investment and construction activities that are the subject of these Investment Objectives and Policies.

IX. Monitoring and other issues

A. The Investment Committee shall review the Endowment Fund’s risk targets, asset allocation targets, and performance periodically and no less frequently than annually, in order to evaluate diversification and progress toward long-term objectives.

B. While the Investment Committee will monitor short-term results, it acknowledges and agrees that the objectives for the Endowment Fund are long-term in nature and that progress toward these goals should be evaluated from a long-term perspective.

C. The Investment Committee may terminate the Endowment Fund Manager in accordance with the Amended and Restated Limited Partnership Agreement of UOF Investments, LP dated ________

D. The Endowment Fund Manager shall inform the Investment Committee promptly of any material change in investment philosophy, change of control thereof, any material change in organizational structure or professional personnel, or any material change in status of the Endowment Fund Manager’s regulatory licenses.

B. General Investment Program

I. Investment Objectives:

A. The General Investment Program ("GIP") consists of funds that (i) are donor-designated non-endowment gifts intended to be used within a relatively short period of time; or (ii) reflect gift agreements that allow for unrestricted use of all earnings.

B. The manager of the GIP shall be the Foundation ("GIP Manager").

C. The Investment Committee shall require that the GIP Manager invest the GIP funds with the goal of (i) generating a prudent amount of income from a diversified portfolio of securities, while (ii) maintaining stability of principal and sufficient liquidity to meet the needs of the University of Oregon.

II. Asset Allocation Guidelines

A. The Investment Committee shall require the GIP Manager to diversify the GIP pool to realize two objectives: (i) sufficient liquidity, which objective shall be achieved through investments in marketable securities with a maximum maturity of three (3) years; and (ii) high current income, which objective shall be achieved through inclusion in the GIP portfolio of investment exposures that (x) deliver superior returns relative to applicable benchmarks and (y) which carry an extremely low associated risk of permanent impairment of invested capital.

B. In its sole and absolute discretion and subject to its prior approval, the Investment Committee may direct the GIP Manager to invest up to 40% of GIP funds in the Endowment Fund.

III. Performance Objectives

A. The Investment Committee shall evaluate the total performance of this pool, relative to a benchmark consisting of 6-month US Treasury Bill returns, plus 25 bps.

IV. Risk Guidelines
A. Liquidity:
   i. A minimum of 40% of GIP assets must be maintained in liquid assets.
   ii. Up to 60% of GIP assets may be committed to return-enhancing investments,
   iii. UP to 25% of GIP assets may be committed for intermediate term advances to the
       University of Oregon.

B. Investment Criteria:
   i. The risk profile of GIP portfolio investments must have a high degree of certainty of
      returning pro forma income, with very constrained mark-to-market volatility.
   ii. Potential for permanent loss of capital shall be de minimis.
   iii. The GIP Manager shall use commercially reasonable best efforts to pay distributions only in
       cash (not in kind).
   iv. The GIP Manager shall ensure that that the GIP portfolio incurs minimal risk of generating
       unrelated business taxable income (UBTI), unless the incremental expected return on the
       investment that yields UBTI fully compensates for the expected tax cost of the UBTI
       generated.

C. Intermediate-Term Pool
   I. Investment Objective
      A. The Intermediate-Term Pool (ITP) consists of assets to be invested in a manner that aims to
         protect the safety of principal and also generate current income. Funds designated for
         expenditure within a five-year timeframe and whose interest earnings must accrue to the
         restricted equity shall be considered prime candidates for inclusion in the ITP.
      B. The manager of the ITP shall be the Foundation ("ITP Manager").
      C. Because preservation of capital is of utmost importance to the effective management of this pool,
         investments therein shall be limited to marketable fixed income securities with a maximum
         maturity equal to or less than three-years. A minimum of 80% of assets in this pool shall be
         invested in investment grade fixed income securities.
      D. Up to 20% of assets in this pool may be committed by the ITP Manager to marketable fund managers
         whose liquidity provisions are no more restrictive than semi-annually.

**COMPOSITE BENCHMARKS**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Asset Class Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Public Equity</td>
<td>MSCI All Country World Equity ETF (Ticker: ACWI)</td>
</tr>
<tr>
<td>Traditional Fixed Income</td>
<td>Barclays US Aggregate Bond ETF (Ticker: AGG)</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>HFRI Fund Weighted Composite (Bberg ID: HFRIFWI)</td>
</tr>
<tr>
<td>Private Equity</td>
<td>PrivateIQ Pooled Buyout</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>PrivateIQ Pooled Venture Capital</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Private IQ Pooled Value Add and Opportunistic Real Estate</td>
</tr>
<tr>
<td>Natural Resource</td>
<td>PrivateIQ Pooled Natural Resources</td>
</tr>
<tr>
<td>Cash</td>
<td>Barclays U.S. 1-3mo Treasury Bills (Bberg ID: LD12TRUU)</td>
</tr>
</tbody>
</table>