Indiana University Board of Trustees
Committee and Business Meetings

REVISED AGENDAS

INDIANA UNIVERSITY-PURDUE UNIVERSITY INDIANAPOLIS

BALLROOM
UNIVERSITY TOWER

OCTOBER 5-6, 2017

EXECUTIVE SESSION*

Thursday, October 5, 2017
10:00 a.m. – 12:30 p.m.
Presidents Room
University Tower
Indiana University-Purdue University Indianapolis

* Executive Session - Items authorized by Open Door Law - Sec. 5-14-1.5-6.1(b)(B);5-14-1.5-6.1 (b)(3); 5-14-1.5-6.1(b)(5); 5-14-1.5-6.1(b)(7)

AGENDA

FACILITIES AND AUXILIARIES COMMITTEE

October 5, 2017
1:00 p.m. – 2:30 p.m.
Ballroom
University Tower
Indiana University Purdue University Indianapolis

COMMITTEE: COMMITTEE: Chair Philip N. Eskew Jr., Vice Chair W. Quinn Buckner, Zachary D. Arnold, MaryEllen K. Bishop, Harry L. Gonso, Michael J. Mirro, Patrick A. Shoulders, Melanie S. Walker, James T. Morris, ex-officio

I.	Welcome	Ch. Philip N. Eskew Jr.
II.	Review Current Projects	Thomas A. Morrison James M. Stewart
III.	Project and Design Approvals A. **IUPUI –** Sports District Planning Study (Project Only) B. **IUB –** Golf Course Renovation (Architectural Design Only) C. **IUB –** Metz Carillon Renovation and Relocation (Architectural Design Only) D. **IUPUI –** Campus Gateways and Michigan Street Medians (Architectural Design Only) *Action Item:* Approval is requested for projects and designs per the appendix to the agenda.	Thomas A. Morrison Mia P. Williams Steven R. Smyers John M. Dierdorf Jonathan R. Hess Susan T. Rodriguez Andrew R. Braley
IV.	Consent Items A. **IUB –** 13th Street Easement B. **IUB –** Memorial Stadium Water Line Easement C. **IUPUI –** Campus Facility Services Service Building Easement *Action Item:* Approval is requested for the consent item per the appendix to the agenda.	Jason R. Banach
V.	Informational Items IUPUI Update	Thomas A. Morrison Nasser H. Paydar Mia P. Williams
VI.	Old Business	
VII.	New Business	
VIII.	Adjournment	Ch. Eskew

REVSIED APPENDIX

FACILITIES AND AUXILIARIES COMMITTEE

October 5, 2017
1:00 p.m. – 2:30 p.m.
Ballroom
University Tower
Indiana University Purdue University Indianapolis

III. PROJECT AND DESIGN APPROVALS

IUPUI – SPORTS DISTRICT PLANNING STUDY (PROJECT ONLY)

Action Item: Approval of the Board is requested to proceed with a planning and infrastructure readiness project coordinated by Indiana University with the Indiana Sports Corp and the State of Indiana to build on Indianapolis' successful sports leadership strategy of the last 45 years.

This sports district study is aimed at strengthening Indianapolis' position as a leader in sports industry through collaboration of sports organizations with Indiana University and its IUPUI campus, co-location of sports training and performance facilities, and incubation of innovation in sports technology and data, equipment, training, and human performance.

Located next to the National Collegiate Athletic Association (NCAA) Headquarters, IUPUI is home to the newly-renovated IU Natatorium, National Institute for Fitness and Sport (NIFS), and the Carroll Track and Field Stadium. A connection with IUPUI offers not only physical resources aimed at innovation, but also educational and incubation opportunities with students, faculty, and staff within IUPUI schools such as the IU School of Physical Education and Tourism Management, the IU School of Informatics and Computing, the IU McKinney School of Law, the IU Kelley School of Business, and the IU School of Medicine.

The study will begin with detailed and focused space programming to examine possible office and related space requirements for co-location of several sports-related organizations. This assessment will be paired with detailed considerations for sports facilities including future IUPUI sports-related facility needs as well as other sports organization event and training needs. The assessments will then be considered in the context of the IUPUI Master Plan, thus determining opportunities for possible physical locations of facilities or program spaces as well as related costs and infrastructure requirements. As a result of this assessment and planning process, physical infrastructure needs also will be fully evaluated including water, storm and sanitary sewer, communications, electric, and gas utilities. Recommendations for specific infrastructure projects will be made.

Funding of $3,000,000 via state appropriation for this project was approved by the Indiana General Assembly in April 2017 as part of the 2017-2019 biennial budget. Further appropriate state approvals will be requested.

IUB – GOLF COURSE RENOVATION (ARCHITECTURAL DESIGN ONLY)

Action Item: Approval of the Board is requested for the design of a renovation of the Indiana University Golf Course facility, located northeast of the State Road 45/46 Bypass on the Bloomington campus.

The existing golf course property features many interesting and powerful settings with its flowing topography and a mix of forested and open areas. The site lends itself to the development of a visually stimulating, environmentally and economically sustainable golf course. In the proposed design, nearly 70 acres of currently managed golf course property are proposed to be returned to native planting areas in the landscape. These areas will include native seed mixes appropriate to their various microclimates, as well as a variety of canopy tree species that will fill in and replace some of the unhealthy and dead tree cover that exists today.

The routing and positioning of the holes will provide a journey for the golfer in a sequence that will create a unique and pleasant experience. The Par 71 course will have the flexibility to be played from the forward tees at 4,500 yards to the back tees at 7,700 yards. The design demands creative and stimulating shot making and will have the ability to host the most prestigious golfing events. For the everyday golfer, there are several options for how each hole can be played, as every putting surface will be designed for the approach shots of many skill levels. The golf course redesign also takes into account planned routing for a cross country course, and will accommodate locations for spectators and race officials to conduct Big Ten Conference quality events.

The new clubhouse and cart storage facility will share the entrance off of the Bypass with the Indiana University Foundation. A new landscaped parking lot, aesthetically blending with the existing Foundation parking areas, will greet golfers and visitors as they approach the bag drop, clubhouse entrance, and pavilion.

The clubhouse siting will enable the golfer to experience multiple spectacular views of the golf course, especially holes 1, 9, 10, and 18 and practice facilities, from an elevated porch and deck. Other spaces included are a golf shop, new Alumni Hall entrance, a casual dining space adjacent to the snack bar, and public toilets/locker rooms. The lower level will house support spaces and golf cart storage that will provide golfers quick access for cart staging and cart return. Connecting to the clubhouse via a breezeway will be an outdoor, covered pavilion capable of hosting golf outings, receptions, picnics, and other university functions. The wooded setting is paired with scenic views of the golf course.

The building massing has been scaled to relate to the neighboring Indiana University Foundation building, and to include visual references to the Bloomington campus. Examples include stone accents and details, similar ashlar stone patterns, window treatments, and exterior colors. Classic golf clubhouses often have an iconic clock and in this design the course clock has been placed on the eastern facade facing the golf course, and the detailing relates to the existing Indiana Memorial Union tower clock. The clubhouse interior will be a celebration of Indiana University golf teams, alumni, and the friends of IU Golf. Flanking windows are adjacent to the central stone fireplace which anchors the Alumni Hall space. Wooden display cases will line the walls of this space with the history of the course and IU Golf.

Altogether, this course renovation, and new clubhouse and pavilion will put Indiana University in a premier spot to host championship events and provide a setting for an excellent golf experience.

Visual representations of the project’s design have been included in the meeting presentation to the Board for approval.

IUB – METZ CARILLON RENOVATION AND RELOCATION (ARCHITECTURAL DESIGN ONLY)

Action Item: Approval of the Board is requested for the design of a new Grand Carillon and landscape plaza to celebrate the university's bicentennial. The proposed location, in the Arboretum of the Bloomington campus, holds the potential to redefine that landscape as an outdoor concert hall with the Bicentennial Carillon as its centerpiece. Marking the intersection of music, landscape, history and student life, the design for the new carillon seeks to establish a symbol of the university's future, a new focal point on campus, a place of gathering, and a luminous beacon at night.

The new carillon will replace the existing Metz Carillon, adding four new bells to the original 61 to establish a Grand Carillon. The proposed structure will be designed to accommodate the 65 bells weighing approximately 88,000 pounds. Its new location at the heart of campus will be set within the framed landscape of the Arboretum. The site lies at a crossroads of campus movement – just north of the Eskenazi Museum of Art, on axis with the gates of the original stadium and east of the pond. Established by the confluence of three existing campus pathways, the site will be transformed into a triangular shaped plaza with the carillon as its vertical focal point. The plaza will be defined on all three sides by a frame of benches with the carillon positioned at the center of the space. A radial paving pattern will order the design of the plaza from which the carillon will emerge. Accents of colorful stones from around the world will reinforce the radial pattern and extend the tradition of the university's global outreach.

The overall configuration of the carillon is defined by six vertical limestone piers that will form the primary structure of the tower. A series of smaller vertical stone fins will complete the radial framework of the structure above. Horizontal steel rings will visually and structurally unify the tower and provide lateral bracing. The overall ensemble will support the instrument – bass, treble bells and playing cabinet – suspended aloft. A luminous beacon of light at the top will complete the composition. A circular stair will provide limited access to the instrument's playing chamber.

Conceived of not only as a tower in the Arboretum's landscape, but as a unique new campus gathering space, this new outdoor room will be readily accessible by students going to and from classes. The openness at the base of the tower will allow for movement in and through the structure with seating integrated around the central stair tower. Six limestone panels enclosing the hexagonal form of the stair will provide a canvas for inscriptions marking the bicentennial. Above the stone, the enclosure transitions to glass to illuminate the space at night.

Visual representations of the project's design have been included in the meeting presentation to the Board for approval.

IUPUI – CAMPUS GATEWAYS (ARCHITECTURAL DESIGN ONLY)
Action Item: Approval of the Board is requested to proceed with the design of campus gateways for the IUPUI campus and landscape enhancements for the medians on Michigan Street.

The campus gateways project constitutes a campus threshold extending along the western edge of West Street between Michigan and New York Streets in downtown Indianapolis. It is envisioned as a front door into the IUPUI campus proper, creating a continuous visual identity and portal distinguishing the campus from its surrounding urban context. The overall gateway design is comprised of two markers: one at the corner of Michigan Street and one at the corner of New York Street. These "bookends" are then stitched together by a mounded landscape extending the length of West Street. The corner markers act as visual identifiers for the vehicular and pedestrian corridors into campus, while the landscape enhancement creates a subtle, yet identifiable, edge that delineates the campus from the surrounding city.

The gateway markers at Michigan and New York are envisioned to anchor the entries into campus at two different scales. At the intersection of Michigan Street and West Street, a large vertical element with accompanying signage component will mark the main entry into IUPUI's campus. It is scaled to complement the existing Informatics and Communications Technology Complex. At New York and West Street, a smaller marker which mimics the signage component of the larger gateway will be implemented in front of the McKinney School of Law. The markers pay homage to the architectural character and materiality of the urban campus while building upon the established architectural character and quality that is synonymous with the Indiana University brand. The vertical element and signage components are envisioned to be made of durable, timeless materials including limestone, stainless steel, precast concrete, and glass. Additionally, each of the corner markers will be illuminated in the evening to clearly mark the entries into campus.

Along the western edge of West Street, a series of mounds within the landscape further defines the edge between campus and city. The mounded landscape blends the forms of the existing landscape beds while adding height as a visual identifier for passing vehicles. The landscape mounds will be up to three feet tall, and include a combination of low grasses and shrub plantings, shade trees, and up lighting to further define the campus edge at night.

In addition to the corner markers and landscape mounding, the east-west corridor of Michigan Street, currently being converted to two-way traffic by the City of Indianapolis, will receive landscape enhancements to the medians between West Street and Porto Allegre Street. The existing median on New York Street, south of Lot 63, also will receive landscape upgrades, for a total of more than 26,000 square feet of enhanced medians. Plant materials for the irrigated medians will include a mix of canopy and ornamental trees, evergreen and deciduous shrubs, and ground covers. The Michigan Street median landscaping will complement the New York Street medians installed in 2016 as well as the proposed campus gateway markers and landscape mounds along West Street.

Visual representations of the project's design have been included in the meeting presentation to the Board for approval.

IV. CONSENT ITEMS

IUB – 13TH STREET EASEMENT

Action Item: Approval of the Board is requested to grant four perpetual easements to Duke Energy Indiana, Inc. so that they may bury certain of their existing overhead power lines.

The legal descriptions of the easements are filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the locations of the easements has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

> *WHEREAS, the fee simple title to the real estate described herein, located in Bloomington, Monroe County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and*

WHEREAS, the Trustees wish to grant four perpetual easements (the "Easements") to Duke Energy Indiana, Inc.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easements described herein to Duke Energy Indiana, Inc., and said Easements are hereby granted.

IUB – MEMORIAL STADIUM WATER LINE EASEMENT

Action Item: Approval of the Board is requested to grant a perpetual easement to City of Bloomington Utilities for the relocation of a water line as part of the South End Zone project.

The legal description of the easement is filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the location of the easement has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

WHEREAS, the fee simple title to the real estate described herein, located in Bloomington, Monroe County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and

WHEREAS, the Trustees wish to grant a perpetual easement (the "Easement") to City of Bloomington Utilities.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easement described herein to City of Bloomington Utilities, and said Easement is hereby granted.

IUPUI – CAMPUS FACILITY SERVICES SERVICE BUILDING EASEMENT

Action Item: Approval of the Board is requested to grant a perpetual easement to the City of Indianapolis for drainage maintenance purposes in conjunction with the new parking lot constructed at the Service Building for Campus Facility Services at IUPUI.

The legal description of the easement is filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the location of the easement has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

WHEREAS, the fee simple title to the real estate described herein, located in Indianapolis, Marion County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and

WHEREAS, the Trustees wish to grant a perpetual easement (the "Easement") to the City of Indianapolis, Indiana.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easement described herein to the City of Indianapolis, Indiana, and said Easement is hereby granted.

AGENDA

EXTERNAL RELATIONS COMMITTEE

October 5, 2017
2:45 p.m. – 3:45 p.m.
Ballroom
University Tower
IUPUI

COMMITTEE: Chair Harry L. Gonso, Vice Chair James T. Morris, Zachary D. Arnold, MaryEllen K. Bishop, W. Quinn Buckner, Philip N. Eskew Jr., Patrick A. Shoulders, Melanie S. Walker, Michael J. Mirro, ex-officio

I.	Welcome	Ch. Harry L. Gonso
II.	Indiana University Alumni Association Report	J Thomas Forbes Tricia J. Riveire
III.	Indiana University Bicentennial Update	Kelly A. Kish
IV.	Old Business	
V.	New Business	
VI.	Adjournment	Ch. Gonso

AGENDA

STUDENT RELATIONS COMMITTEE

October 5, 2017
4:00 p.m. – 5:00 p.m.
Ballroom
University Tower
IUPUI

COMMITTEE: Chair W. Quinn Buckner, Vice Chair Zachary D. Arnold, Philip N. Eskew Jr., Harry L. Gonso, James T. Mirro, Patrick A. Shoulders, Melanie S. Walker, Michael J. Mirro, ex-officio

I.	Welcome	Ch. W. Quinn Buckner
II.	Diversity Report	James C. Wimbush
III.	IUPUI Campus Update	Nasser H. Paydar
IV	Student Reports: Report from the Presidents of the IUPUI Student Government Association and Graduate and Professional Student Government	Jonathan Hawkins Matthew Lawson
V.	New Business	
VI.	Adjournment	Ch. Buckner

EXECUTIVE SESSION*

Friday, October 6, 2017
8:30 a.m. – 9:15 a.m.
Presidents Room
University Tower
Indiana University-Purdue University Indianapolis

* Executive Session - Items authorized by Open Door Law - Sec. 5-14-1.5-6.1(b)(B);5-14-1.5-6.1 (b)(3); 5-14-1.5-6.1(b)(5); 5-14-1.5-6.1(b)(7)

REVISED AGENDA

ACADEMIC AFFAIRS AND UNIVERSITY POLICIES COMMITTEE

October 6, 2017
9:30 a.m. – 10:45 a.m.
Ballroom
University Tower
IUPUI

COMMITTEE: Chair MaryEllen K. Bishop, Vice Chair Patrick A. Shoulders, Zachary D. Arnold, W. Quinn Buckner, Philip N. Eskew, Jr., Harry L. Gonso, James T. Morris, Melanie S. Walker, Michael J. Mirro, ex-officio

I.	Welcome	Ch. MaryEllen K. Bishop
II.	School of Medicine and IU Health Report	Jay L. Hess Dennis M. Murphy
III.	Riley Pediatrics Report	Wade Clapp
IV.	Fall Enrollment Report	John S. Applegate Todd Schmitz
V.	Revision to Paid Family Leave For Academic Appointees Policy *Action Item:* Approval is requested for the revised Paid Family Leave for Academic Appointees Policy per the appendix to the agenda.	John S. Applegate Eliza Pavalko
VI.	New Degrees *Action Item:* Approval is requested for the following new degrees: **IUB –** Master of Science in Athletic Training **IUB –** Master of Science in Environmental and Occupational Health **IUB –** Bachelor of Arts in International Law and Institutions **IUB -** Bachelor of Science in Molecular Life Sciences	Lauren Robel
VII.	Personnel	Provost Chancellor

Action Item: Approval is requested for personnel items per the appendix to the agenda.

VIII. Old Business

IX. New Business

X. Adjournment Ch. Bishop

REVISED APPENDIX

ACADEMIC AFFAIRS AND UNIVERSITY POLICIES COMMITTEE

October 6, 2017
9:30 a.m. – 10:45 a.m.
Ballroom
University Tower
IUPUI

V. REVISED PAID FAMILY LEAVE FOR ACADEMIC APPOINTEES POLICY

1. *Action Item:* Approval is requested for the revised Paid Family Leave for Academic Appointees Policy.

Scope

All full-time academic appointees with, at least, one year of service.

Policy Statement

General Statement

Indiana University supports an environment that offers solutions to the complex issues academic appointees face in balancing their work and family commitments. Family leave provides eligible academic appointees with up to twelve weeks of fully or partially paid leave for either or both of the following events:

- Family formation, which includes the birth or adoption of a child by the academic appointee or the academic appointee's spouse or domestic partner,

- Family care, which includes the primary care of an eligible family member with a serious health condition.

Family leave is not intended to be a supplemental pay plan. The policy allows an academic appointee to take necessary time off from work without undue financial hardship. People may need variable amounts of leave and it is expected that paid leave periods will vary by need and circumstance and may extend across semesters. An appointee should not be expected to perform duties while on leave, to make up time or work, or to be on call in clinical settings. The leave is intended to relieve the appointee of responsibilities so he or she may attend to the family need. Family leave is separate from and in addition to sick leave, including pregnancy-related leave for the academic employee. Leave taken pursuant to this policy shall fulfill all or part of the requirements of the federal Family and Medical Leave Act.

Eligibility

Both 10- and 12-month academic appointees are eligible for family leave after one year of continuous full-time Indiana University service. Visiting, adjunct, part-time, post-doctoral, and intermittent appointees are not eligible for family leave.

This policy applies only to salaries paid by the University; it has no application to salaries or other compensation from other sources, including professional practice plans.

Notwithstanding the foregoing criteria for eligibility, the duties of a clinical faculty member in the School of Medicine shall be governed by the separate family-leave policy adopted by the School of Medicine.

Eligible Family Members

Spouse, domestic partner, parent, dependent child, or dependent child of the appointee's spouse or domestic partner.

Scope of Coverage

- Leaves for the purpose of family formation shall be at full salary for the duration of the leave period covered by this policy.

- Leaves for the purpose of family care shall be covered at the following amounts for the duration of the leave period covered by this policy:

For eligible academic appointees earning salaries up to and including $125,000 annually, the leave shall be at full salary. For eligible academic appointees earning salaries above $125,000 annually, the percentage of paid leave shall be reduced by 1% for each $2,000 in salary above $125,000. However, the percentage of paid leave shall not fall below 50% of the academic appointee's salary.

Leave Frequency

Academic appointees may take family leave up to twice every five years, but the appointee must return to full-time service for at least one fall or spring semester between leaves. Appointees in non-teaching appointments must return for at least five months. Family-formation leave must be concluded within six months of the birth of the child or the date on which the child is placed in the physical custody of the academic appointee. The first week of any family leave begins the period for calculating both the twelve weeks and five-year eligibility period.

Short Term Absences

Short-term absences of three weeks or less should continue to be arranged informally within a department.

Break Periods & Vacation Time

All semester breaks (*i.e.*, Thanksgiving, Winter and Spring breaks) count in the leave period. For persons on twelve-month appointments, any accrued vacation time for which an appointee is eligible does not count in the total twelve-week eligibility period.

Flexibility and Teaching Assignments

1. When a proposed leave under this policy would prevent an appointee from carrying out his or her regular teaching responsibilities in two consecutive semesters, he or she must reach an agreement with the relevant academic unit that meets the needs of both the appointee and the academic unit. Agreements may include a reduced teaching schedule in one or more semesters, partial-semester teaching schedules, additional non-teaching duties, or a combination of paid and unpaid leave. Appointees and academic units are encouraged to be creative and flexible in developing solutions that are fair to both the individual and the University.

2. All agreements must be committed to writing, signed by the appointee and the head of the relevant academic unit, and approved by the Vice Provost for Faculty Affairs or Vice Chancellor of Academic Affairs. It shall be the responsibility of the Vice Provost for Faculty Affairs or Vice Chancellor of Academic Affairs to ensure that all agreements entered into are entirely voluntary and fair to both the appointee and the University.

Relationship to Sick Leave Policy

Sick leave is intended to cover periods of time when the academic appointee is sick or medically unable to perform the duties associated with a position. Pregnancy is treated as any other temporary medical condition for the purposes of granting sick leave. Sick leave, including pregnancy, is separate from family leave.

Tenure Clock

As with sick leaves, the tenure clock stops during a family leave unless the academic appointee requests otherwise. Failure to perform duties during the leave period shall not be considered in the evaluation for reappointment, tenure, promotion, or merit pay.

Implementation

The Vice Provost for the Faculty or Vice Chancellor of Academic Affairs shall provide information, interpretation, documentation, and enforcement of this policy on each campus, and shall annually provide a report on the utilization of this policy to the agenda committee of their respective campus faculty councils and shall be available to answer questions of the council concerning the policy.

Effective Date

The change in eligibility from two years of required service to one year is effective beginning August 1, 2017.

History

Previous versions of this policy were approved by the Indiana University Board of Trustees on June 20, 2008 and December 9, 2011.

VII. PERSONNEL

1. *Action Item:* Approval is requested for the following personnel items:

IUB – Executive Vice President and Provost Lauren Robel

Initial Appointments

School of Informatics, Computing, and Engineering

For Clinton Whaley, Associate Professor of Intelligent Systems Engineering, with tenure, beginning August 1, 2017.

Reappointments and Changes in Status

College of Arts and Sciences

For Timothy Hellwig, Professor of Political Science, and Adjunct Professor of International Studies, School of Global and International Studies, the additional title as Remak Professor, Institute for European Studies, for the period July 1, 2017 to June 30, 2020.

For Justin R. Garcia Associate Professor of Gender Studies, and Associate Director of Research and Education, Kinsey Institute, Office of the Vice Provost for Research, the additional title as Ruth N. Halls Professor of Gender Studies for the period July 1, 2016 to June 30, 2021.

For Adrian Matejka, Associate Professor of English, the additional title as Lilly Professor/Poet-in-Residence, Department of English, for the period July 1, 2017 to June 30, 2018.

Kelley School of Business

For Shibo Li, Professor of Marketing, the additional title as John R. Gibbs Professor of Marketing, for the period August 1, 2017 to July 31, 2022.

IUPUI – Chancellor and Executive Vice President Nasser H. Paydar

Initial Appointments

Fairbanks School of Public Health

Jack E. Turman, Jr., Professor, with tenure, effective August 1, 2017.

School of Medicine

Hao Liu, Professor, with tenure, Department of Biostatistics, Adjunct Professor, Department of Biostatistics, Fairbanks School of Public Health, effective October 1, 2017.

Roberto F. Machado, Dr. Calvin H. English Professor, Professor, with tenure, Department of Medicine, effective September 1, 2017.

Andrew L. Schwaderer, Professor, with tenure, Department of Pediatrics, effective August 21, 2017.

AGENDA

FINANCE, AUDIT AND STRATEGIC PLANNING COMMITTEE

October 6, 2017
11:00 a.m. – 12:00 p.m.
Ballroom
University Hall
IUPUI

COMMITTEE: Chair Melanie S. Walker, Vice Chair W. Quinn Buckner, Zachary D. Arnold, MaryEllen K. Bishop, Philip N. Eskew, Jr., Harry L. Gonso, James T. Morris, Patrick A. Shoulders, Michael J. Mirro, ex-officio

I.	Welcome	Ch. Melanie S. Walker
II.	Human Resources Update	John A. Sejdinaj John Whelan
III.	University Investments *Action Item:* Approval is requested for the Indiana University Investment Policy per the appendix to the agenda.	John A. Sejdinaj Donald S. Lukes
IV.	Old Business	
V.	New Business	
VI.	Adjournment	Ch. Melanie S. Walker

APPENDIX

FINANCE, AUDIT AND STRATEGIC PLANNING COMMITTEE

October 6, 2017
11:00 a.m. – 12:00 p.m.
Ballroom
University Tower
IUPUI

III. IU OPERATING FUNDS INVESTMENT POLICY

1. *Action Item:* Approval is requested for the following Indiana University Investment Policy.

I. Purpose

The Investment Policy ("Policy") provides the guiding principles for Indiana University (the "University") to effectively supervise, monitor and evaluate the investment of its financial assets to optimize returns within appropriate risk parameters. The investment program is defined in the various sections of the policy by:

- Articulating the legal requirements within which the assets may be invested.
- Providing guidelines for each investment portfolio in order to control the level of overall risk assumed by each investment manager.
- Establishing the benchmarks/ criteria from which to monitor, evaluate and compare the performance results achieved by the investment managers.
- Serving as a review document to guide the ongoing oversight of Indiana University's investments.
- Demonstrating that Indiana University is fulfilling its fiduciary responsibilities in the management of these investments.
- Maintaining a prudent investor profile consistent with the statutory requirements of the State of Indiana.

II. Description of the Assets

- **Operating Funds ("IUOF"):** These are the operating reserves of the University, and are budgeted to designated areas of the University. The management of these funds on a consolidated basis permits flexibility in the investment of these funds, and provides a larger base from which to meet liquidity demands. All liquidity needs of the University will be met from these funds. Earnings of these funds will finance the President's initiatives, Offices of the Vice Presidents and the designated areas of the University.
- **Construction Funds ("IUCF"):** The construction funds represent proceeds of bond issues or appropriations for specific purposes which are being temporarily invested until needed to fund construction projects.
- **Endowment Funds ("IUEF"):** These are gifts that have been donated to the university to support academic, research or capital programs. Some may be restricted to a specific purpose whereas others may be entirely unrestricted. These funds generally have a much longer investment horizon.

- **Other Funds (“IUMF”):** Occasionally, the university may hold funds for various periods of time for the benefit of another entity.

These funds are referred to collectively as the “Invested Assets”. The actual investment approach and the return objectives will vary for each of these types of funds. The funds will be invested in a manner commensurate with intended use of the funds by Indiana University, and performance benchmarks will be established accordingly. In all cases, the funds will be invested consistent with prudent investor standards.

III. Taxes

The University is a tax-exempt institution and the portfolios are to be managed accordingly.

IV. Statutory Authority

IC 30-4-3.5 (Indiana Prudent Investor Act) establishes that the Board of Trustees of Indiana University (hereinafter, “Board”) is a fiduciary for the Invested Assets and requires the Board to act “as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust”. It also requires that management decisions be made “in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust”. The Board holds responsibility to assure the assets are prudently invested in a manner consistent with this investment policy. The Board has delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

Other pertinent investment requirements include the following:

- The IUOF, IUCF and IUMF will follow all applicable state and federal laws and regulations in investing and transacting fund balances.
- The Board is to establish and carry out written policies for the investment of funds of the Institution in a manner consistent with applicable Indiana Code, including IC 30-2-12 (Uniform Management of Institutional Funds).

The Board recognizes the above-stated laws govern the decision-making of the funds, however, in an effort to adhere to the highest fiduciary standards, the Board intends to act in accordance with the Uniform Prudent Management of Institutional Funds Act.

V. Definition of an Investment Consultant

An investment consultant (“Investment Consultant”) may be retained by the Treasurer to assist the Board of Trustees, the Vice President and Chief Financial Officer (“VPCFO”), the Treasurer and the staff with the strategic planning, implementation and oversight of the Invested Assets.

VI. Objectives of the IUOF

Indiana University has no statutory authority to borrow for operating purposes. The objective of the Investment Policy is to adequately provide for the liquidity needs of the University while maximizing the opportunity to increase yield on investments. Objectives include, but are not limited to, the following:

- Capital preservation or appreciation consistent with liquidity constraints. It is recognized that market fluctuations will cause the market value of the assets to rise and fall over short periods of time. Therefore market value declines from one quarter to another, within acceptable limits, will not necessarily be considered a violation of the policy.

- Income maximization and total return within reasonable, unambiguous, and prudent levels of risk and sufficient levels of investment diversification.
- Maintenance of an adequate level of reserves for unexpected changes in the market value or to meet unanticipated spending requirements.
- Management of costs to administer and manage the investments.
- Compliance with all statutory requirements of the State of Indiana.

VII. Investment Tier Structure for the IUOF

The investment structure is divided into five liquidity tiers to provide for capital preservation and income maximization/total return while meeting the daily liquidity requirements of the University. In order to supply sufficient day-to-day operating liquidity, Tier I is invested in money market securities and liquidity reserves. Tier II is invested in limited duration securities to provide for a sufficient level of reserves in case of unanticipated liquidity needs; yet provide for a level of incremental return over Tier I. Tiers III, IV and V are invested for income maximization, total return potential and diversification, while taking on appropriate levels of risk. Recommended minimum, maximum and/or target balances for each tier are included in Appendix A.

The minimum balance requirements for Tier I and Tier II, which are viewed as the liquidity tiers, will be reviewed and adjusted periodically, as will the investment management styles used in each tier. Tiers III, IV and V are viewed as the total return tiers. For operational ease with regards to accounting, reporting, rebalancing and compliance, Tier V will house those assets deemed to be derived from private sources and suitable for investment in equity securities. It is expected that Tier V will represent a portion of the overall assets determined to be eligible for equity investment, as the asset allocation decision will also factor in the University's risk tolerance and liquidity needs.

VIII. Rebalancing IUOF Assets

Specific detail covering the rebalancing methodologies, both between tiers and also among underlying tier components, is outlined in Appendix A. In general:

- **Between Tiers:** Tier balances will be reviewed periodically, including a more formal review annually, typically at the end of July when balances are cyclically lowest. Assets will be adjusted between the tiers to meet the minimum/maximum and/or target balance requirements and cover appropriate reserves. Excess balances in Tiers I and II may be transferred into Tiers III, IV and V. The University will periodically reassess the total assets available for equity investment. When Tiers I and II fall below desired levels, assets may be transferred from Tiers III, IV and V.
- **Between Tier Components:**. Rebalancing at the strategy and manager level represents a secondary level of rebalancing and is expected to have less of an impact on the overall characteristics of the IUOF (i.e. risk, return, liquidity). Nonetheless, guidelines are in place to maintain the desired investment structure over time. additionally, if an investment manager is on the formal watchlist, rebalancing may be

delayed if the result would require the manager on the watchlist to receive additional assets.

IX. General Guidelines of the IUOF, IUCF and IUMF

All investment managers will discharge their duties solely in the interests of the University and with the care, skill, prudence, and diligence that an expert would use on his/her own behalf. In addition, the investment managers shall observe the following rules, unless specific prior approval has been obtained in writing:

- **Specific Limitation on Individual Holdings:** The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, corporate fixed income or equity security shall be limited to an initial cost of 2.5% of the market value of an investment manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-backed securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the market value of the total holdings of such investment manager's portfolio. The individual issuer limit does not apply to securities within a broadly-diversified passively managed index fund designed to represent a broad market (e.g. S&P 500 Index Fund).

- **Securities Trading:** Each investment manager is to send copies of each transaction record to the University's custodian(s), as requested. The investment manager is further required to reconcile the account(s) under its management on a timely basis each month with the custodian(s). Each investment manager is responsible for complying fully with the University's policies for securities trading and selecting brokerage firms.

- **Acknowledgments in Writing:** Each investment manager retained by the University must be a person, firm, or corporation registered as an investment adviser under the Investment Advisors Act of 1940; a bank as defined in such Act; or an insurance company qualified to do business in more than one state, and must acknowledge its fiduciary responsibility in writing. SEC registered firms will be expected to provide a copy of the SEC ADV Form Section II on an annual basis. All investment managers shall acknowledge in writing their receipt of the Investment Policy and their agreement to abide by its contents. All investment managers shall have an affirmative duty to bring suggestions for modification or change to Indiana University.

- **Fiduciary Liability Insurance:** Each investment manager will obtain fiduciary insurance coverage in such amount as required by the University. Each investment manager shall annually provide written evidence of such coverage.

- **Fidelity Bond:** Each investment manager will obtain fidelity bonds, in such amount as required by the University. Each investment manager shall annually be required to provide written evidence of such coverage.

- **Conflicts of Interest:** An investment manager through its actions on behalf of the

- University shall not invest any part of the operating funds with itself or with any person or entity with which or in which it has any economic interest, unless such investment manager receives prior written approval from the University. This limitation shall be construed so as to avoid any possibility of self-dealing or conflict of interest. In addition, no investment manager, through its actions on behalf of the University, shall act or receive compensation as a broker, dealer, underwriter, or principal whether directly or through a related or an affiliated entity, unless such investment manager receives prior written approval from the University.

- **Prohibited Securities and Transaction:** *Article XI Section 12 of the Indiana Constitution prohibits the investment in equity securities of any type for funds that have been deemed to be state-appropriated (Tier V may utilize equity securities, defined as an ownership share or stock in a corporation or entity, given the private derivation of those funds).* Additionally, unless the University gives its prior written approval, the following prohibited transactions and restrictions are in effect for investment managers:

  - Convertible fixed income securities (within Tiers I, II, III and IV)
  - Purchases of unregistered securities except securities issued under Rule 144
  - Purchases of futures and options except futures contracts on U.S. Treasury notes and bonds ("U.S. Treasury Futures"), U.S. deposit rates ("Eurodollar futures"), non- US dollar denominated government instruments ("Non-Dollar Futures"), non-US dollar denominated deposit rates ("Euribor Futures"). Exchange traded put and call options on such futures contracts may be purchased, sold, written or entered into on behalf of the IUOF. Such futures and options may only be used for risk management purposes, including adjustment of portfolio duration and yield curve exposure and to create synthetic securities positions. The use of interest rate futures and options for speculation is strictly prohibited
  - Any transaction that would be a "prohibited transaction" under the Internal Revenue Code
  - Purchases of precious metals
  - Purchases of commodities
  - Margin purchases or sales, or any other form of leverage
  - Purchases of derivative securities except for Collateralized Mortgage Obligations (CMO's), Credit Default, Interest Rate, Index Swaps and Swaptions.

- **Correction of Violations.** In the event a violation of the guidelines occurs, unless otherwise approved by the University in writing, based upon a determination of the best interests of the University, the violation:

  - Shall be corrected immediately by sale no later than the day following detection and notification; and
  - Shall result in the reimbursement to the University by the investment manager for any losses which may have been incurred due to the violation; and
  - Shall result in the University retaining any gains which are realized from the violation; and
  - May be grounds for termination by Indiana University.
  - In the event of a violation of these general guidelines or specific guidelines listed in Section X., the investment manager is to notify the University Treasurer immediately, in writing. The University Treasurer will promptly notify

the VPCFO who will communicate the violation to the Finance & Audit Committee Chair.

X. Securities Guidelines of the IUOF

Investment managers must adhere to the following guidelines as well as any applicable Indiana statutory requirements. Subject to the guidelines below, each separate account investment manager shall have full discretionary investment authority over the assets under his or her management. Each manager shall be retained to implement a specific investment style and strategy for the University. In addition, if the University chooses to invest a portion of the assigned assets in mutual funds or other commingled investment vehicles, the products selected shall adhere to the guidelines set forth in the prospectus or trust document.

The guidelines for the fixed income and equity styles listed below are written with the intent to provide investment managers sufficient flexibility to carry out their investment process. Investment Managers, however, may be subject to more specific guidelines in their respective contracts or as noted within written exhibits or addendums. These adjustments to the above guidelines may be made on a case-by-case basis with an investment manager by Indiana University. Investment managers are expected to notify, in writing, the University Treasurer and the Investment Consultant of significant sector movement, as defined by a deviation in sector allocation of 10% or more of the total portfolio value from the previous quarter.

Fixed Income Styles (Tiers I, II, III and IV)

- **Money Market (Tier I)**

  – Money Market Mutual Funds must meet guidelines set forth within Rule 2a-7 of the Investment Company Act of 1940.

- **Liquidity Reserves (Tier I)**

  – The maximum average duration of the portfolio shall be 1.5 years.
  – The minimum average portfolio quality shall be AA- (S&P), Aa3 (Moody's), or AA- (Fitch).
  – In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential and commercial)	30%*
Asset-backed	40%*
Corporate Investment Grade	50%*
Taxable Municipal Bonds	15%
Money Market Instruments and Funds	100%

*Combined exposure to Mortgage-backed, Asset-backed and Corporates not to exceed 60%.

- **Defensive Duration Fixed Income Managers (Tier II)**

  – The average duration of a defensive fixed income investment manager may not vary more than 20% of the average duration of that manager's benchmark index. The benchmark index is listed in Appendix A.

- The average credit quality of the defensive duration fixed income manager's portfolio shall not be lower than "AA-" using a generally accepted process for measuring the market value weighted average quality deemed appropriate by the investment manager. The manager shall rely upon the rating agencies Moody's, Standard & Poor's, and/or Fitch's for rating the holdings in the portfolio to determine the average credit quality.

- 90% of all fixed income securities at the time of purchase shall have a Moody's, Standard & Poor's and/or Fitch's credit quality rating of no less than "BBB-". U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio. For split-rated securities, the lower rating will govern.

- At least 85% of all securities in the portfolio shall be rated "A-" or higher by Moody's, Standard & Poor's, and/or Fitch's at the time of purchase.

- Issuers of General Account GICs must be rated the equivalent of AA- or higher by at least one of the Rating Services at the time of purchase.

- Money market instruments must be rated the equivalent of A-1 or higher at the time of purchase.

- Sec. 144A private placements are limited to 20% of the market value of the portfolio.

- In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential and commercial)	50%
Asset-backed	50%
Corporate Investment Grade	50%
Taxable Municipal Bonds	20%
Non-benefit responsive GIC's	10%
Money Market Instruments and Funds	100%

- **Core Plus Fixed Income Managers (Tier III)**

  - At least 65% of the fixed income securities held in the portfolio shall have a Moody's, Standard & Poor's, and/or Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. Government Agencies, which are unrated securities, are qualified for inclusion in the portfolio.

  - Investments in high-yield and non-U.S. dollar denominated securities are permitted. Exposure should be limited to 25% high-yield and 25% non-U.S. dollar denominated securities with a combined exposure to those sectors not to exceed 40%.

- The average credit quality of each manager's portfolio shall not be lower than single A.

- The exposure of each manager's portfolio to the securities of any one issuer should be limited to not more than 5% of the manager's portion of the IUOF portfolio measured at market value. Securities backed by the full faith and credit of the United States Government, any of its instrumentalities, or OECD Foreign Government Obligations shall not be subject to exposure limitations.

- Sec. 144A private placements are limited to 20% of the market value of the portfolio.

- Each investment manager shall be responsible for the daily monitoring of portfolio activity to minimize the uninvested cash balances.

- The average duration of a core plus fixed income investment manager may not vary by more than 20% from the average duration of that manager's benchmark index. The benchmark is listed in Appendix A.

- The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager.

- Up to 25% of the portfolio may be invested in non-USD via a foreign currency transaction and unhedged foreign currency denominated bonds.

- In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential agency)	65%
Mortgage-backed (residential non-agency)	15%
Mortgage-backed (commercial)	15%
Asset-backed	50%
Taxable Municipal Bonds	20%
Non-benefit responsive GIC's	10%
Money Market Instruments and Funds	100%
Corporate Investment Grade	50%
Corporate High Yield	25%
Non-US Dollar Denominated Debt	25%
Combined Plus Exposure	40%

- **Unconstrained Fixed Income Managers (Tier IV)**

  - Unconstrained/Absolute Return fixed income managers are free to seek global opportunities and to allocate risk where they have the most conviction, within the fixed income universe. Further, they can employ a wide variety of investment strategies, across the fixed income quality spectrum, curve structure, countries and currency to improve risk-adjusted results.

  - By their nature, unconstrained managers have more flexible investment guidelines. Given the potential for vastly different strategies between unconstrained managers, each unconstrained investment manager chosen for the IUOF shall abide by their specific investment guidelines, as negotiated and agreed upon by the University and Investment Consultant and included as Appendix B of this Policy.

- **Equity Styles (Tier V)**

  - The role of equity investments is to provide capital appreciation, income and diversification to the IUOF.
  - Equity investments may be domestic and/or international, including both developed and emerging countries. More detail on the specific strategies utilized may be found in Appendix A.
  - Equity securities may take the form of domestic and international common stocks, American Depository Receipts (ADRs), preferred stocks, and convertibles stocks traded on major world stock exchanges, such as the NASDAQ.
  - Equity investment strategies may either be actively or passively managed:
    - In the case of actively managed strategies, decisions as to individual security selection and number of holdings is at the discretion of the manager, subject to standards of fiduciary prudence.
    - No single major industry shall represent more than 20% of the Fund's total market value and individual security limits are set forth previously in this document.
    - Investment managers may be subject to more or less flexible guidelines in their individual contracts and exhibits.
  - Passive strategies (commingled funds, exchange-traded funds or separately-managed accounts) are expected to reflect the underlying index being replicated, such as the S&P 500, Russell 3000, CRSP US Total Market Index, MSCI ACWI Ex-US or FTSE Global All Cap ex US Index. More specific details on passive styles utilized is denoted in Appendix A.

XI. Reporting and Communication Requirements of the IUOF

Each investment manager is required to provide the University and the Investment Consultant with monthly investment reports. Such reports, at a minimum, shall contain the following information: time-weighted rates of return for the current month, asset listings that contain descriptions of all securities held in the portfolio, and a reconciliation report detailing that the account reconciles with the market value furnished by the custodian(s). The investment return should be reported both gross and net of fees. Each investment manager is expected to provide the monthly investment reports within 20 days of the end of the month.

Each investment manager shall prepare a quarterly report to be delivered to the University and Investment Consultant including: time-weighted rates of return for the current month, last three months, year-to-date, three years, five years, and since inception. Additionally, the report may incorporate additional items as requested by the University and/or the Investment Consultant, in the format requested by the University and/or the Investment Consultant. These reports should cover any changes to the firm's structure, professional team or product offerings, an analysis of the major changes which have occurred in the capital markets and the portfolio since the previously issued report, a summary of the key portfolio characteristics and other matters as requested. The University and/or the Investment

Consultant will provide the investment managers with a format for these reports while accepting recommendations from the investment manager.

The investment manager shall immediately report all instances of material events that would affect the investment performance of the portfolio (e.g. default, missed interest payment, business restructuring, etc.) to the University and the Investment Consultant, and provide recommendations regarding options for addressing the issues in writing

Each investment manager also is required to provide the University and the Investment Consultant with information relating to any changes in the investment manager's investment philosophy, ownership structure, financial condition, professional staff, loss of significant client relationship, or any other event which could be judged to or deemed to adversely impact the investment manager’s performance. The University and the Investment Consultant expect to be notified in writing within 30 days of any such changes or events in writing

The University will hold a due diligence meeting with each investment manager annually. Covered topics will include, but will not be limited to, the following:

- The investment manager's compliance with the Investment Policy.
- The portfolio's investment performance and risk levels.
- The investment manager's current and proposed investment strategies.
- The investment manager's views concerning the economy and the securities markets, with focus on the likely impact on the investment manager's strategies and the portfolio's performance.
- The effects of any changes to the investment manager's organization, investment philosophy, financial condition, or professional staff.
- Proposed modifications to this Investment Policy.
- Disaster recovery systems and process.

  Copies of all required documents per the Investment Policy, including the SEC ADV Form Secion II, proof of fiduciary liability insurance and fidelity bonds will be requested.

XII. Selection of Investment Managers for the IUOF, IUCF and IUMF

The University will follow a process that embodies the principles of procedural due diligence in the selection of investment managers. The University may retain a "prudent expert" (a bank, insurance company, or investment advisor as defined by the Registered Investment Advisors Act of 1940) to facilitate this process. Also, if the assets are invested in a mutual fund or other commingled product, the investment vehicle must be organized as a business trust and the underlying securities in the portfolio must be permissible investments under Indiana Statute. In addition, when selecting investment managers, the University will:

- Develop an investment manager candidate profile outlining the specific characteristics sought in the investment manager. Such criteria may include, but is not limited to:
  - Investment manager strategy and approach
  - Organizational structure
  - Minimum and maximum assets under management

- Client servicing capabilities
- Performance criteria relative to an appropriate index and peer group

- Analyze the investment manager candidates in terms of:

  - **Qualitative Characteristics,** such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
  - **Quantitative Characteristics,** such as CFA Institute-compliant composite return data, investment performance over multiple time periods, performance volatility, risk-adjusted rates of return (e.g., Information Ratio), and certain portfolio characteristics.
  - **Organizational Factors,** such as assets under management, ownership structure, client servicing capabilities, and fees.

The selection process shall conform to the requirements of the University. The University may utilize investment consultants or other professionals not responsible for the specific selection to assist in the development of the requirements, screening criteria, and analysis of the investment manager responses during the investment manager selection process. This process will support the University's minority- and women-owned (MWO) and "Buy Indiana" initiatives.

XIII. Monitoring of the IUOF Investment Managers

Indiana University is aware that the ongoing review and analysis of money managers is just as important as the due diligence implemented during the manager selection process. Monitoring these managers will include, but may not be limited to, the process outlined below:

- **Step 1 – On-Going Monitoring**

The University and the Investment Consultant will perform a constant and on-going analysis of all engaged investment managers. In addition to reviewing quarterly investment performance, the University and the Investment Consultant will continually evaluate:

- Investment manager's adherence to the Investment Policy guidelines
- Material changes in the investment manager's organization, investment philosophy and/or personnel
- The volatility of the investment rates of return of the manager compared to the volatility of an appropriate market index and peer group (as listed in Appendix A)
- Comparisons of the investment manager's results to appropriate indices and peer groups (as listed in Appendix A).
- Where appropriate market indexes and/or peer groups are not available, the University and the Investment Consultant will evaluate factors such as the manager's adherence to stated risk and return objectives and the investment manager's portfolio exposures in relation to the market environment and stated philosophy and process.

- **Step 2 – Formal Watchlist**

If the University and the Investment Consultant determine that any of the above factors, or any other development regarding the manager's performance or organization, warrants a more thorough examination, the University may place the manager on a formal "watchlist". Factors examined during the watchlist period may include, but will not limited to, the following:

– **Extraordinary Events (Organizational Issues)**

Extraordinary events that may lead to an investment manager termination include such things as:

- Change in ownership (e.g., key people "cash out")
- Change in professionals
- Changes to a manager's philosophy or the process it uses to implement the agreed upon strategy
- Material litigation or fraud involving the investment manager
- Client-servicing problems
- Significant account losses or significant account growth
- Change in cost
- A data or security breech
- Determination of an inadequate business continuity plan
- Extreme performance volatility

– **Long-Term Performance in Relation to Appropriate Market Index**

Long-term performance standards measure an active investment manager's performance over rolling five-year returns or since inception in relation to the appropriate market index. The expectation is for the active manager's performance to exceed the appropriate market index. Passive managers are expected to replicate the target index (minimize tracking error).

– **Shorter-Term Performance in Relation to Appropriate "Style Group"**

Shorter-term performance standards incorporate a time period of at least three years. Each active investment manager is expected to perform consistently in the top 50th percentile versus an appropriate peer group of investment managers with similar investment styles. Additionally, each active investment manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. Risk-adjusted performance measures will vary, but may include: Information Ratio and Excess Return Ratio. Passive managers are expected to replicate the target index (minimize tracking error).

- **Step 3 – Replace or Retain**

The watchlist period will generally be four to six quarters, but the time period can be shorter or longer depending on the factors causing the watchlist.

As a result of the watchlisting examination of the investment manager, a recommendation to either **replace** or **retain** the manager will be made.

It is at the discretion of the University to take corrective action by replacing a manager/mutual fund, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing manager. The aforementioned events, or any other events of concern identified by the University, may prompt the immediate removal of a manager without its first having been watchlisted.

XIV. Securities Lending

To enhance investment income, securities may be made available to securities lending programs. Such programs will require that securities be collateralized at a minimum of 102%, and that the collateral will be valued daily. The managers of such lending programs will maintain current credit analyses of the brokers to whom they lend, and a list of the participating brokers will be submitted for approval to Indiana University. Participation in a lending program will not restrict the portfolio manager from trading securities as he or she deems appropriate.

XV. Investment Policy Review Requirements

By acknowledging in writing the receipt of this Investment Policy, each investment manager agrees to its terms and conditions. In the event an investment manager believes at any time that changes, additions, or deletions to this Investment Policy are advisable, the investment manager will communicate such recommendations to Indiana University and the Investment Consultant in writing. It is clearly understood that Indiana University, and not the investment manager, is responsible for the establishment of this Investment Policy. The spirit of this paragraph is to encourage investment managers to bring important matters to the attention of Indiana University so that the Indiana University can conduct its reviews of its policies and objectives in an informed manner. Indiana University shall formally review this Investment Policy Statement periodically. Any modifications shall be reviewed and discussed with the investment managers prior to implementation.

XVI. Roles and Responsibilities

- **Board of Trustees**

The fiduciary responsibilities of the Board of Trustees include, but are not limited to, the following:

- Approve the investment objectives and guidelines of the IUOF.
- Approve an appropriate asset allocation strategy and manager structure of the IUOF.
- Approve written investment policies consistent with investment objectives of the IUOF.
- Approve the selection of qualified investment professionals to assist in the implementation of, management of, and advisement on the investment policies of the IUOF.
- Monitor the investment performance of the IUOF investment managers to determine achievement of investment objectives and compliance with policy guidelines.
- Meet with each investment manager of the IUOF as appropriate.
- Periodically review compliance with applicable state and federal laws.

- Study issues affecting the investment of the IUOF so as to make educated and prudent decisions in establishing investment policies.

- **University Investment Committee (the "UIC")**

The purpose of the UIC is to provide tactical oversight of the investment management program and to assure that the policies established by the Board are implemented and adhered to. The UIC will be chaired by the University Treasurer and will include the Chief Investment Officer of the IU Foundation and a faculty member from the Kelley School of Business. The UIC will also include, but will not be limited to senior members of the following organizations:

- Office of the Treasurer
- University Budget Office
- University Counsel

The VPCFO is an ex-Officio member of the UIC. The VPCFO may also appoint membership to qualified external candidates, as appropriate. The Office of the Treasurer will provide staff support for the UIC.

- **University Treasurer**

The day-to-day management and oversight of the invested assets are the responsibility of the University Treasurer and the staff of the Office of the Treasurer. These responsibilities include:

- Ongoing communication with the Board, UIC, investment managers, custodian, Investment Consultant, and all other parties within and outside the University that have a portion of the responsibility for managing, safekeeping and accounting for the invested assets.

- Delivering a quarterly review of the performance of all funds for the UIC and the Finance & Audit Committee.

- For the IUOF, IUCF and IUMF, gathering all data through a Request for Information (RFI) process and make recommendations to the UIC and / or the Board with respect to the selection of new investment managers, custodial banks, passive investment funds and consultants.

- Meeting with investment managers of the IUOF annually. Meetings may be conducted at an Indiana University location or at the offices of the investment managers. The purpose of each visit is to evaluate that manager's depth of staff, organization, security, compliance with investment guidelines, performance, outlook and any and all matters which the Office of the Treasurer deems to be consistent with exercise of due diligence with respect to prudent management of the invested assets.

- Maintaining a level of expertise within the Office of the Treasurer subject to available resources that allows the staff to carry out the responsibilities listed herein.

- Any and all other responsibilities as may be deemed necessary by the UIC or the Board with respect to the prudent oversight of the Invested Funds.

- **Investment Manager**

  - Manage assets under its care, custody, and/or control in accordance with the guidelines and objectives contained in this IPS.

  - Exercise investment discretion in regard to buying, managing, and selling assets held in the portfolio, subject to any limitations contained in this IPS.

  - Communicate with Indiana University and the Investment Consultant in writing regarding all significant and/or material changes pertaining to the portfolio it manages or the firm itself. Changes in ownership, organizational structure, financial condition, professional staff, recommendation for changes to guidelines, or commencement of material litigation are examples of changes to the firm in which Indiana University is interested.

  - Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities with like aims in accordance and compliance with all applicable laws, rules, and regulations, including the State of Indiana.

  - Acknowledge and agree in writing as to fiduciary responsibility for full compliance with the entire IPS set forth herein, and as modified in the future.

  - Report to Indiana University and the Investment Consultant monthly regarding the status of the portfolio and its performance for various time periods. Meet with Indiana University and the Investment Consultant periodically to report on their performance and compliance with goals and objectives.

  - Register and retain that registration under the Investment Advisors Act of 1940 and Securities Exchange Commission Acts, unless exempted from registration by the SEC.

- **Investment Consultants**

  - Provide independent and unbiased information.

  - Assist in the development of appropriate asset allocation and manager structure strategies.

  - Assist in the development of IPS.

  - Assist in the monitoring and compliance with IPS.

  - Conduct investment manager searches when needed for policy implementation.

  - Assist in development of performance measurement standards.

  - Monitor and evaluate manager performance on an ongoing basis and conduct due diligence when a manager fails to meet a standard.

  - Make recommendations with respect to manager retention or termination.

- Assist in the control of investment expenses, including helping to negotiate investment manager and custodian fees.

- **Custodian**

A custodian may be authorized to:

- Hold securities and other investments in the name of the Invested Assets, in the name of a nominee of the custodian, or in bearer form.

- Collect and receive income and other receipts from the securities and other investments and deposit or reinvest them subject to the direction of Indiana University or one of its authorized representatives.

- Maintain accounting records and prepare reports which are required by Board, UIC, Treasurer, investment managers, and Investment Consultant as are customary.

- Provide for prompt investment of any cash into the chosen sweep vehicle to avoid uninvested amounts.

- Report to Indiana University and the Investment Consultant situations where security pricing is either not possible or subject to considerable uncertainty.

- As requested by Indiana University, provide performance measurement information consistent with the CFA Institute standards. At a minimum, the performance measurement information shall contain time-weighted returns for the current month, last three months, year-to-date, last three years, last five years, and performance since inception data. The performance information should be reported both gross and net fees.

- At the direction of Indiana University, transfer into and out of specified accounts.

- Perform other services for Indiana University as are customary and appropriate for custodian.

- When directed by Indiana University, and pursuant to a separate, written agreement for securities lending service, implement, in a fair and equitable manner, a securities lending program for the Invested Assets, and report fully on all aspects of its operation and returns.

INVESTMENT POLICY APPROVED BY:

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Representative of Indiana University

APPENDIX A

Asset Allocation and Investment Structure

Given the fluctuating balances inherent in an operating fund structure, the use of target percentages for Tiers I and II is less effective. Instead, recommended minimum, target and maximum balances for Tiers I and II, in dollar amounts, are listed below, designed to ensure liquidity needs are met while balancing the opportunity cost of over-allocating to these tiers:

Objective	Tier	Investment Style	Minimum Balance	Target Balance	Maximum Balance
	I	Cash, Active Cash	$350 million	$500 million	$750 million
	II	Defensive Fixed Income	$150 million	$250 million	$350 million

For the total return tiers (Tiers III, IV and V), minimum and maximum dollar amounts are listed, where applicable, as well as target percentages. These tiers are less likely to be used for short-term cash flow needs, thus balance fluctuations are more likely to be caused by market movement. Accordingly, Tiers III, IV and V will follow more established rebalancing procedures (per the target percentages); while operating within minimum and maximum dollar amount bounds to provide the flexibility necessary within an operating funds structure:

Objective	Tier	Investment Style	Minimum Balance	Maximum Balance	Target % of Tiers III/IV/V	Rebalancing Range (%)
	III*	Core Plus Fixed Income	$250 million	N/A	37.5%	+/- 3%
	IV*	Unconstrained Fixed Income	$250 million	N/A	37.5%	+/- 3%
	V**	Passive Equity	$0 million	$500 million	25.0%	+/- 3%

* The minimum for Tiers III and IV ensures acceptable mandate sizes are maintained, providing for implementation across a diversified group of fixed income styles and managers. Additionally, the University has decided that a minimum level of fixed income within Tiers III and IV must be in place in order to accommodate an allocation to equity. Since growth in the overall IUOF naturally results higher balances in the total return tiers, there is no maximum level for the fixed income component of these tiers.

** The University has deemed the available assets for equity investment to be in excess of $1 billion; however, the University is imposing a maximum balance far below this in the spirit of conservatism. The minimum balance is $0, providing additional flexibility. The maximum allowable allocation to equity is $500 million, which was determined in September of 2017 and will be revisited annually given balances, liquidity needs, risk tolerance and unique University preferences. Given the asset values as of September 2017, this results in the target percentages listed above. The University will maintain flexibility with regards to the timing of the initial implementation of equity.

Further Detail on Rebalancing Methodologies:

- **Primary Rebalancing Methodology: Rebalancing Between Tiers:** The goal of rebalancing is to adjust the balances on a periodic basis to ensure the designated Tier structure (as denoted above) is reflected.
    - Where possible, cash flows to or from the IUOF should be used to rebalance back to the target dollar amounts as much as possible, since this avoids unnecessary transactions. Consideration will also be given to anticipated upcoming cash flows.
    - Tier balances will be reviewed during the normal quarter-end reporting cycle, with a more formal review occurring periodically, typically annually, taking into account University cash flow forecasts. Rebalancing will be enacted by the University, with the assistance of the Consultant. The shorter-term liquidity tiers (Tiers I and II) will be evaluated to ensure assets fall within the minimum and maximum balance ranges. Excess assets in Tiers I and II should be rebalanced into Tiers III, IV and V. The University will periodically reassess the total assets available for equity investment. Likewise, Tiers III, IV and V should be used to replenish Tiers I and II should Tier I and/or Tier II asset levels fall below the minimum balances in those Tiers. Since most assets are invested in separately-managed accounts, operational considerations should be taken into account when enacting rebalancing.
    - At times, however, rebalancing may be deemed harmful to the portfolio, given prevailing and unusual market conditions, market illiquidity or anticipated cash needs of the University. In these circumstances, the University should strive to rebalance the portfolio to at least meet the minimum required balances in Tiers I and II. Nonetheless, the Committee may choose to delay rebalancing and maintains flexibility to allow the allocations to rise above or dip below designated maximums and minimums if the University determines rebalancing will unduly hinder the IUOF. During these periods, it is expected that more frequent reviews of the allocations and market conditions will be evaluated to assess the appropriateness of rebalancing.

- **Secondary Rebalancing Methodology: Rebalancing Between Tier Components:** From time to time, the underlying components of each tier may deviate from targets due to market conditions and/or cash flows.
    - A target and range has been established for each component, where appropriate, to control risk and maximize the effectiveness of the IUOF's overall investment strategy, while avoiding unnecessary turnover at the strategy and manager level. When an underlying strategy and/or manager is outside of its allowable range, the University will evaluate

the feasibility of rebalancing back to the target allocation and may initiate portfolio rebalancing.

– Under extreme market conditions, which may include excessive volatility or illiquidity in an asset class, or where rebalancing may unduly hinder the IUOF, the University may choose to delay rebalancing in order to better reflect the overall goals and objectives of the IUOF. During that period, it is expected that more frequent reviews of the construction and market conditions will be evaluated to assess the appropriateness of rebalancing. Targets and ranges for the Tier components are included below and will be updated periodically, as needed:

Objective	Tier	Tier Component	Investment Manager	Investment Manager Rebalancing	Rebalancing Range	Benchmark	Peer Group
		Internal Cash	Various	N/A	N/A	90-Day T-Bill	N/A
			Logan Circle			6-Mos T-Bill	Active Cash
			Payden & Rygel			ML 1-Yr T-Note	Active Cash
			Smith Graham			90-Day T-Bill	Cash
			Merganser	60%	+/- 5%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			Old National	5%	+/- 3%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			PIMCO	35%	+/- 5%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			Loomis Sayles	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Reams Asset	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Western Asset	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Loomis Sayles	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
			Reams Asset	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
			Western Asset	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
		Passive Domestic Equity	TBD	70%	+/- 5%	TBD	Total Domestic Equity
		Passive International Equity	TBD	30%	+/- 5%	TBD	Non-US Equity

Descriptions of Selected Styles:

Money Market
Money Market Funds are regulated by the SEC and required to comply with Rule 2a-7 of the Investment Company Act of 1940 Act, including restrictions around credit quality, maturity and liquidity. Money market funds invest in very short-dated, high quality debt securities such as Treasury bills and commercial paper. These funds provide liquidity and income. The two primary fund types are Government and Prime money market funds. Government money market funds invest at least 99.5% of assets in cash, government securities, and collateralized repurchase agreements. Prime money market funds invest in government securities as well but can also invest in commercial paper of corporations.

Liquidity Reserves:
Liquidity Reserves may be invested using commingled vehicles and/or separate account vehicles. Liquidity Reserves refers to investments which emphasize preservation of capital, liquidity and total return. These investments exhibit portfolio characteristics between that of money market strategies and defensive strategies with regards to quality and duration.

Defensive Bond: Defensive Bond managers construct portfolios that approximate the results of the Barclays1-3 Year Government/Credit Index. The objective is to minimize interest rate risk by investing in predominantly short to intermediate term securities. The average portfolio duration is similar to the duration of the Lehman Brothers 1-3 Year Government/Credit Index.

Core Plus Bond: Core Plus Bond managers construct portfolios that deviate significantly from the Barclays Aggregate Bond Index. The objective is to add value by tactically allocating significant portions of the portfolio among non-benchmark sectors while maintaining majority exposure similar to the broad market.

Unconstrained Bond: Unconstrained/Absolute Return fixed income products cover a wide range of approaches designed to produce positive absolute total returns across a variety of market environments. They tactically invest in a diverse set of risk factors, sectors and strategies within fixed income with an aim to maximize risk-adjusted total returns within a specific risk budget.

Passive Domestic Equity: Passive Domestic Equity managers hold portfolios with characteristics similar to those of the broader market as represented by the CRSP US Total Market Index or other similar broad domestic equity index (such as the Russell 3000 Index).

Passive International Equity: Passive International Equity Index managers hold portfolios with characteristics similar to those of the broader market as represented by the FTSE Global All Cap ex-US Index or other similar broad international equity index (such as the MSCI ACWI Ex-US Index).

IUEF Distribution Policy

IUEF held for the benefit of IU

Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University ("trustees") and the IU Foundation, which delegates investment management responsibilities to the IU Foundation, and the Amended and Restated Limited Liability Company Agreement for Indiana Future Fund I, LLC, which delegates investment management responsibilities to the fund manager, Alpinvest US Holdings, LLC. Indiana Code 30-2-12, Uniform Management of Institutional Funds, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets.

IUEF held for the benefit of Riley Children's Hospital

Endowment funds are managed pursuant to the Resolution To Transfer investment Management Of Certain Endowed Funds To The Riley Memorial Association (RMA). Indiana Code 30-2-12, Uniform Management of Institutional Funds, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets.

AGENDA
INDIANA UNIVERSITY BOARD OF TRUSTEES
BUSINESS MEETING

BALLROOM
UNIVERSITY TOWER
INDIANA UNIVERISTY-PURDUE UNIVERSITY INDIANAPOLIS

FRIDAY, OCTOBER 6, 2017
12:15 p.m. – 1:00 p.m.

TABLE OF CONTENTS

I. GENERAL BUSINESS

1. *Action Item:* Approval is requested for the minutes of the installation meeting of August 10 , 2017

2. *Action Item:* Approval is requested for the minutes of the meeting of August 11, 2017.

II. CHAIR'S REPORT

1. Remarks from the Chair

III. PRESIDENT'S REPORT

1. Remarks from Michael A. McRobbie

IV. FACULTY REPORT

Remarks from Rachel Applegate and Joseph Wert, Faculty Co-Chairs, University Faculty Council, and Moira Marsh, President-Elect of the Bloomington Faculty Council.

V. REPORTS AND PRESENTATIONS

VI. COMMITTEE ACTION ITEMS

1. *Action Item:* Approval is requested for all action items recommended by the standing committees per the appendix to the agenda.

VII. APPROVAL OF CONFLICT-OF-INTEREST STATEMENTS

1. *Action Item:* Approval is requested for conflict-of-interest statements.

VIII. AWARD OF DEGREES

1. *Action Item:* Approval is requested for the awarding of degrees as of August 30 and September 31, 2017.

2. *Action Item:* Approval is requested for the awarding of honorary degrees that will be announced at a later date.

IX. OLD BUSINESS

X. NEW BUSINESS

1. *Action Item:* Approval is requested for the naming of the new IU Bloomington volleyball/wrestling arena Wilkinson Hall.

XII. NEXT MEETING

December 1, 2017
Indiana University Southeast
New Albany, Indiana

XIII. ADJOURNMENT

XIII. REVISED APPENDIX A – ACTION ITEMS

Indiana University Board of Trustees
Business Meeting

Ballroom
University Tower
Indiana University-Purdue University Indianapolis

Friday, October 6, 2017
12:15 p.m. – 1:00 p.m.

I. FACILITIES AND AUXILIARIES COMMITTEE

PROJECT AND DESIGN APPROVALS

IUPUI – SPORTS DISTRICT PLANNING STUDY (PROJECT ONLY)

Action Item: Approval of the Board is requested to proceed with a planning and infrastructure readiness project coordinated by Indiana University with the Indiana Sports Corp and the State of Indiana to build on Indianapolis' successful sports leadership strategy of the last 45 years.

This sports district study is aimed at strengthening Indianapolis' position as a leader in sports industry through collaboration of sports organizations with Indiana University and its IUPUI campus, co-location of sports training and performance facilities, and incubation of innovation in sports technology and data, equipment, training, and human performance.

Located next to the National Collegiate Athletic Association (NCAA) Headquarters, IUPUI is home to the newly-renovated IU Natatorium, National Institute for Fitness and Sport (NIFS), and the Carroll Track and Field Stadium. A connection with IUPUI offers not only physical resources aimed at innovation, but also educational and incubation opportunities with students, faculty, and staff within IUPUI schools such as the IU School of Physical Education and Tourism Management, the IU School of Informatics and Computing, the IU McKinney School of Law, the IU Kelley School of Business, and the IU School of Medicine.

The study will begin with detailed and focused space programming to examine possible office and related space requirements for co-location of several sports-related organizations. This assessment will be paired with detailed considerations for sports facilities including future IUPUI sports-related facility needs as well as other sports organization event and training needs. The assessments will then be considered in the context of the IUPUI Master Plan, thus determining opportunities for possible physical locations of facilities or program spaces as well as related costs and infrastructure requirements. As a result of this assessment and planning process, physical infrastructure needs also will be fully evaluated including water, storm and sanitary sewer, communications, electric, and gas utilities. Recommendations for specific infrastructure projects will be made.

Funding of $3,000,000 via state appropriation for this project was approved by the Indiana General Assembly in April 2017 as part of the 2017-2019 biennial budget. Further appropriate state approvals will be requested.

IUB – GOLF COURSE RENOVATION (ARCHITECTURAL DESIGN ONLY)

Action Item: Approval of the Board is requested for the design of a renovation of the Indiana University Golf Course facility, located northeast of the State Road 45/46 Bypass on the Bloomington campus.

The existing golf course property features many interesting and powerful settings with its flowing topography and a mix of forested and open areas. The site lends itself to the development of a visually stimulating, environmentally and economically sustainable golf course. In the proposed design, nearly 70 acres of currently managed golf course property are proposed to be returned to native planting areas in the landscape. These areas will include native seed mixes appropriate to their various microclimates, as well as a variety of canopy tree species that will fill in and replace some of the unhealthy and dead tree cover that exists today.

The routing and positioning of the holes will provide a journey for the golfer in a sequence that will create a unique and pleasant experience. The Par 71 course will have the flexibility to be played from the forward tees at 4,500 yards to the back tees at 7,700 yards. The design demands creative and stimulating shot making and will have the ability to host the most prestigious golfing events. For the everyday golfer, there are several options for how each hole can be played, as every putting surface will be designed for the approach shots of many skill levels. The golf course redesign also takes into account planned routing for a cross country course, and will accommodate locations for spectators and race officials to conduct Big Ten Conference quality events.

The new clubhouse and cart storage facility will share the entrance off of the Bypass with the Indiana University Foundation. A new landscaped parking lot, aesthetically blending with the existing Foundation parking areas, will greet golfers and visitors as they approach the bag drop, clubhouse entrance, and pavilion.

The clubhouse siting will enable the golfer to experience multiple spectacular views of the golf course, especially holes 1, 9, 10, and 18 and practice facilities, from an elevated porch and deck. Other spaces included are a golf shop, new Alumni Hall entrance, a casual dining space adjacent to the snack bar, and public toilets/locker rooms. The lower level will house support spaces and golf cart storage that will provide golfers quick access for cart staging and cart return. Connecting to the clubhouse via a breezeway will be an outdoor, covered pavilion capable of hosting golf outings, receptions, picnics, and other university functions. The wooded setting is paired with scenic views of the golf course.

The building massing has been scaled to relate to the neighboring Indiana University Foundation building, and to include visual references to the Bloomington campus. Examples include stone accents and details, similar ashlar stone patterns, window treatments, and exterior colors. Classic golf clubhouses often have an iconic clock and in this design the course clock has been placed on the eastern facade facing the golf course, and the detailing relates to the existing Frances Morgan Swain Student Building tower clock. The clubhouse interior will be a celebration of Indiana University golf teams, alumni, and the friends of IU Golf. Flanking windows are adjacent to the central stone fireplace which anchors the Alumni Hall space. Wooden display cases will line the walls of this space with the history of the course and IU Golf.

Altogether, this course renovation, and new clubhouse and pavilion will put Indiana University in a premier spot to host championship events and provide a setting for an excellent golf experience.

Visual representations of the project's design have been included in the meeting presentation to the Board for approval.

IUB – METZ CARILLON RENOVATION AND RELOCATION (ARCHITECTURAL DESIGN ONLY)

Action Item: Approval of the Board is requested for the design of a new Grand Carillon and landscape plaza to celebrate the university's bicentennial. The proposed location, in the Arboretum of the Bloomington campus, holds the potential to redefine that landscape as an outdoor concert hall with the Bicentennial Carillon as its centerpiece. Marking the intersection of music, landscape, history and student life, the design for the new carillon seeks to establish a symbol of the university's future, a new focal point on campus, a place of gathering, and a luminous beacon at night.

The new carillon will replace the existing Metz Carillon, adding four new bells to the original 61 to establish a Grand Carillon. The proposed structure will be designed to accommodate the 65 bells weighing approximately 88,000 pounds. Its new location at the heart of campus will be set within the framed landscape of the Arboretum. The site lies at a crossroads of campus movement – just north of the Eskenazi Museum of Art, on axis with the gates of the original stadium and east of the pond. Established by the confluence of three existing campus pathways, the site will be transformed into a triangular shaped plaza with the carillon as its vertical focal point. The plaza will be defined on all three sides by a frame of benches with the carillon positioned at the center of the space. A radial paving pattern will order the design of the plaza from which the carillon will emerge. Accents of colorful stones from around the world will reinforce the radial pattern and extend the tradition of the university's global outreach.

The overall configuration of the carillon is defined by six vertical limestone piers that will form the primary structure of the tower. A series of smaller vertical stone fins will complete the radial framework of the structure above. Horizontal steel rings will visually and structurally unify the tower and provide lateral bracing. The overall ensemble will support the instrument – bass, treble bells and playing cabinet – suspended aloft. A luminous beacon of light at the top will complete the composition. A circular stair will provide limited access to the instrument's playing chamber.

Conceived of not only as a tower in the Arboretum's landscape, but as a unique new campus gathering space, this new outdoor room will be readily accessible by students going to and from classes. The openness at the base of the tower will allow for movement in and through the structure with seating integrated around the central stair tower. Six limestone panels enclosing the hexagonal form of the stair will provide a canvas for inscriptions marking the bicentennial. Above the stone, the enclosure transitions to glass to illuminate the space at night.

Visual representations of the project's design have been included in the meeting presentation to the Board for approval.

IUPUI – CAMPUS GATEWAYS (ARCHITECTURAL DESIGN ONLY)

Action Item: Approval of the Board is requested to proceed with the design of campus gateways for the IUPUI campus and landscape enhancements for the medians on Michigan Street.

The campus gateways project constitutes a campus threshold extending along the western edge of West Street between Michigan and New York Streets in downtown Indianapolis. It is envisioned as a front door into the IUPUI campus proper, creating a continuous visual identity and portal distinguishing the campus from its surrounding urban context. The overall gateway design is comprised of two markers: one at the corner of Michigan Street and one at the corner of New York Street. These “bookends” are then stitched together by a mounded landscape extending the length of West Street. The corner markers act as visual identifiers for the vehicular and pedestrian corridors into campus, while the landscape enhancement creates a subtle, yet identifiable, edge that delineates the campus from the surrounding city.

The gateway markers at Michigan and New York are envisioned to anchor the entries into campus at two different scales. At the intersection of Michigan Street and West Street, a large vertical element with accompanying signage component will mark the main entry into IUPUI’s campus. It is scaled to complement the existing Informatics and Communications Technology Complex. At New York and West Street, a smaller marker which mimics the signage component of the larger gateway will be implemented in front of the McKinney School of Law. The markers pay homage to the architectural character and materiality of the urban campus while building upon the established architectural character and quality that is synonymous with the Indiana University brand. The vertical element and signage components are envisioned to be made of durable, timeless materials including limestone, stainless steel, precast concrete, and glass. Additionally, each of the corner markers will be illuminated in the evening to clearly mark the entries into campus.

Along the western edge of West Street, a series of mounds within the landscape further defines the edge between campus and city. The mounded landscape blends the forms of the existing landscape beds while adding height as a visual identifier for passing vehicles. The landscape mounds will be up to three feet tall, and include a combination of low grasses and shrub plantings, shade trees, and up lighting to further define the campus edge at night.

In addition to the corner markers and landscape mounding, the east-west corridor of Michigan Street, currently being converted to two-way traffic by the City of Indianapolis, will receive landscape enhancements to the medians between West Street and Porto Allegre Street. The existing median on New York Street, south of Lot 63, also will receive landscape upgrades, for a total of more than 26,000 square feet of enhanced medians. Plant materials for the irrigated medians will include a mix of canopy and ornamental trees, evergreen and deciduous shrubs, and ground covers. The Michigan Street median landscaping will complement the New York Street medians installed in 2016 as well as the proposed campus gateway markers and landscape mounds along West Street.

Visual representations of the project’s design have been included in the meeting presentation to the Board for approval.

CONSENT ITEMS

IUB – 13TH STREET EASEMENT
Action Item: Approval of the Board is requested to grant four perpetual easements to Duke Energy Indiana, Inc. so that they may bury certain of their existing overhead power lines.

The legal descriptions of the easements are filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the locations of the easements has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

WHEREAS, the fee simple title to the real estate described herein, located in Bloomington, Monroe County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and

WHEREAS, the Trustees wish to grant four perpetual easements (the "Easements") to Duke Energy Indiana, Inc.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easements described herein to Duke Energy Indiana, Inc., and said Easements are hereby granted.

IUB – MEMORIAL STADIUM WATER LINE EASEMENT

Action Item: Approval of the Board is requested to grant a perpetual easement to City of Bloomington Utilities for the relocation of a water line as part of the South End Zone project.

The legal description of the easement is filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the location of the easement has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

WHEREAS, the fee simple title to the real estate described herein, located in Bloomington, Monroe County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and

WHEREAS, the Trustees wish to grant a perpetual easement (the "Easement") to City of Bloomington Utilities.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easement described herein to City of Bloomington Utilities, and said Easement is hereby granted.

IUPUI – CAMPUS FACILITY SERVICES SERVICE BUILDING EASEMENT

Action Item: Approval of the Board is requested to grant a perpetual easement to the City of Indianapolis for drainage maintenance purposes in conjunction with the new parking lot constructed at the Service Building for Campus Facility Services at IUPUI.

The legal description of the easement is filed in the office of the Secretary of The Trustees of Indiana University. A visual representation of the location of the easement has been included in the meeting presentation to the Board for approval.

It is requested that the Trustees adopt the following resolution to authorize a grant of a perpetual easement for this purpose.

RESOLUTION OF THE TRUSTEES OF INDIANA UNIVERSITY

WHEREAS, the fee simple title to the real estate described herein, located in Indianapolis, Marion County, State of Indiana, is now vested in The Trustees of Indiana University (the "Trustees"); and

WHEREAS, the Trustees wish to grant a perpetual easement (the "Easement") to the City of Indianapolis, Indiana.

NOW, THEREFORE, BE IT RESOLVED, that it will serve the best interests of Indiana University to grant the Easement described herein to the City of Indianapolis, Indiana, and said Easement is hereby granted.

II. ACADEMIC AFFAIRS

REVISED PAID FAMILY LEAVE FOR ACADEMIC APPOINTEES POLICY

1. *Action Item:* Approval is requested for the revised Paid Family Leave for Academic Appointees Policy.

Scope

All full-time academic appointees with, at least, one year of service.

Policy Statement

General Statement

Indiana University supports an environment that offers solutions to the complex issues academic appointees face in balancing their work and family commitments. Family leave provides eligible academic appointees with up to twelve weeks of fully or partially paid leave for either or both of the following events:

- Family formation, which includes the birth or adoption of a child by the academic appointee or the academic appointee's spouse or domestic partner,

- Family care, which includes the primary care of an eligible family member with a serious health condition.

Family leave is not intended to be a supplemental pay plan. The policy allows an academic appointee to take necessary time off from work without undue financial hardship. People may need variable amounts of leave and it is expected that paid leave periods will vary by need and circumstance and may extend across semesters. An appointee should not be expected to perform duties while on leave, to make up time or work, or to be on call in clinical settings. The leave is intended to relieve the appointee of responsibilities so he or she may attend to the family need. Family leave is separate from and in addition to sick leave, including pregnancy-related leave for the academic employee. Leave taken pursuant to this policy shall fulfill all or part of the requirements of the federal Family and Medical Leave Act.

Eligibility

Both 10- and 12-month academic appointees are eligible for family leave after one year of continuous full-time Indiana University service. Visiting, adjunct, part-time, post-doctoral, and intermittent appointees are not eligible for family leave.

This policy applies only to salaries paid by the University; it has no application to salaries or other compensation from other sources, including professional practice plans.

Notwithstanding the foregoing criteria for eligibility, the duties of a clinical faculty member in the School of Medicine shall be governed by the separate family-leave policy adopted by the School of Medicine.

Eligible Family Members

Spouse, domestic partner, parent, dependent child, or dependent child of the appointee's spouse or domestic partner.

Scope of Coverage

- Leaves for the purpose of family formation shall be at full salary for the duration of the leave period covered by this policy.

- Leaves for the purpose of family care shall be covered at the following amounts for the duration of the leave period covered by this policy:

For eligible academic appointees earning salaries up to and including $125,000 annually, the leave shall be at full salary. For eligible academic appointees earning salaries above $125,000 annually, the percentage of paid leave shall be reduced by 1% for each $2,000 in salary above $125,000. However, the percentage of paid leave shall not fall below 50% of the academic appointee's salary.

Leave Frequency

Academic appointees may take family leave up to twice every five years, but the appointee must return to full-time service for at least one fall or spring semester between leaves. Appointees in non-teaching appointments must return for at least five months. Family-formation leave must be concluded within six months of the birth of the child or the date on which the child is placed in the physical custody of the academic appointee. The first week of any family leave begins the period for calculating both the twelve weeks and five-year eligibility period.

Short Term Absences

Short-term absences of three weeks or less should continue to be arranged informally within a department.

Break Periods & Vacation Time

All semester breaks (*i.e.*, Thanksgiving, Winter and Spring breaks) count in the leave period. For persons on twelve-month appointments, any accrued vacation time for which an appointee is eligible does not count in the total twelve-week eligibility period.

Flexibility and Teaching Assignments

1. When a proposed leave under this policy would prevent an appointee from carrying out his or her regular teaching responsibilities in two consecutive semesters, he or she must reach an agreement with the relevant academic unit that meets the needs of both the appointee and the academic unit. Agreements may include a reduced teaching schedule in one or more semesters, partial-semester teaching schedules, additional non-teaching duties, or a combination of paid and unpaid leave. Appointees and academic units are encouraged to be creative and flexible in developing solutions that are fair to both the individual and the University.

2. All agreements must be committed to writing, signed by the appointee and the head of the relevant academic unit, and approved by the Vice Provost for Faculty Affairs or Vice Chancellor of Academic Affairs. It shall be the responsibility of the Vice Provost for Faculty Affairs or Vice Chancellor of Academic Affairs to ensure that all agreements entered into are entirely voluntary and fair to both the appointee and the University.

Relationship to Sick Leave Policy

Sick leave is intended to cover periods of time when the academic appointee is sick or medically unable to perform the duties associated with a position. Pregnancy is treated as any other temporary medical condition for the purposes of granting sick leave. Sick leave, including pregnancy, is separate from family leave.

Tenure Clock

As with sick leaves, the tenure clock stops during a family leave unless the academic appointee requests otherwise. Failure to perform duties during the leave period shall not be considered in the evaluation for reappointment, tenure, promotion, or merit pay.

Implementation

The Vice Provost for the Faculty or Vice Chancellor of Academic Affairs shall provide information, interpretation, documentation, and enforcement of this policy on each campus, and shall annually provide a report on the utilization of this policy to the agenda committee of their respective campus faculty councils and shall be available to answer questions of the council concerning the policy.

Effective Date

The change in eligibility from two years of required service to one year is effective beginning August 1, 2017.

History

Previous versions of this policy were approved by the Indiana University Board of Trustees on June 20, 2008 and December 9, 2011.

PERSONNEL

2. *Action Item:* Approval is requested for the following personnel items:

IUB – Executive Vice President and Provost Lauren Robel

Initial Appointments

School of Informatics, Computing, and Engineering

For Clinton Whaley, Associate Professor of Intelligent Systems Engineering, with tenure, beginning August 1, 2017.

Reappointments and Changes in Status

College of Arts and Sciences

For Timothy Hellwig, Professor of Political Science, and Adjunct Professor of International Studies, School of Global and International Studies, the additional title as Remak Professor, Institute for European Studies, for the period July 1, 2017 to June 30, 2020.

For Justin R. Garcia Associate Professor of Gender Studies, and Associate Director of Research and Education, Kinsey Institute, Office of the Vice Provost for Research, the additional title as Ruth N. Halls Professor of Gender Studies for the period July 1, 2016 to June 30, 2021.

For Adrian Matejka, Associate Professor of English, the additional title as Lilly Professor/Poet-in-Residence, Department of English, for the period July 1, 2017 to June 30, 2018.

Kelley School of Business

For Shibo Li, Professor of Marketing, the additional title as John R. Gibbs Professor of Marketing, for the period August 1, 2017 to July 31, 2022.

IUPUI – Chancellor and Executive Vice President Nasser H. Paydar

Initial Appointments

Fairbanks School of Public Health

Jack E. Turman, Jr., Professor, with tenure, effective August 1, 2017.

School of Medicine

Hao Liu, Professor, with tenure, Department of Biostatistics, Adjunct Professor, Department of Biostatistics, Fairbanks School of Public Health, effective October 1, 2017.

Roberto F. Machado, Dr. Calvin H. English Professor, Professor, with tenure, Department of Medicine, effective September 1, 2017.

Andrew L. Schwaderer, Professor, with tenure, Department of Pediatrics, effective August 21, 2017.

III. FINANCE, AUDIT AND STRATEGIC PLANNING

INDIANA UNIVERSITY INVESTMENT POLICY

1. *Action Item:* Approval is requested for the Indiana University Investment Policy:

II. Purpose

The Investment Policy ("Policy") provides the guiding principles for Indiana University (the "University") to effectively supervise, monitor and evaluate the investment of its financial assets to optimize returns within appropriate risk parameters. The investment program is defined in the various sections of the policy by:

- Articulating the legal requirements within which the assets may be invested.
- Providing guidelines for each investment portfolio in order to control the level of overall risk assumed by each investment manager.
- Establishing the benchmarks/ criteria from which to monitor, evaluate and compare the performance results achieved by the investment managers.
- Serving as a review document to guide the ongoing oversight of Indiana University's investments.
- Demonstrating that Indiana University is fulfilling its fiduciary responsibilities in the management of these investments.
- Maintaining a prudent investor profile consistent with the statutory requirements of the State of Indiana.

XI. Description of the Assets

- **Operating Funds ("IUOF"):** These are the operating reserves of the University, and are budgeted to designated areas of the University. The management of these funds on a consolidated basis permits flexibility in the investment of these funds, and provides a larger base from which to meet liquidity demands. All liquidity needs of the University will be met from these funds. Earnings of these funds will finance the President's initiatives, Offices of the Vice Presidents and the designated areas of the University.
- **Construction Funds ("IUCF"):** The construction funds represent proceeds of bond issues or appropriations for specific purposes which are being temporarily invested until needed to fund construction projects.
- **Endowment Funds ("IUEF"):** These are gifts that have been donated to the university to support academic, research or capital programs. Some may be restricted to a specific purpose whereas others may be entirely unrestricted. These funds generally have a much longer investment horizon.
- **Other Funds ("IUMF"):** Occasionally, the university may hold funds for various periods of time for the benefit of another entity.

These funds are referred to collectively as the "Invested Assets". The actual investment approach and the return objectives will vary for each of these types of funds. The funds will be invested in a manner commensurate with intended use of the funds by Indiana University, and performance benchmarks will be established accordingly. In all cases, the funds will be invested consistent with prudent investor standards.

XII. Taxes

The University is a tax-exempt institution and the portfolios are to be managed accordingly.

XIII. Statutory Authority

IC 30-4-3.5 (Indiana Prudent Investor Act) establishes that the Board of Trustees of Indiana University (hereinafter, "Board") is a fiduciary for the Invested Assets and requires the Board to act "as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust". It also requires that management decisions be made "in the context of the trust portfolio as a whole and as a part of the overall investment strategy having risk and return objectives reasonably suited to the trust". The Board holds responsibility to assure the assets are prudently invested in a manner consistent with this investment policy. The Board has delegated the day-to-day responsibilities for overseeing the investment program to the Office of the Treasurer.

Other pertinent investment requirements include the following:

- The IUOF, IUCF and IUMF will follow all applicable state and federal laws and regulations in investing and transacting fund balances.
- The Board is to establish and carry out written policies for the investment of funds of the Institution in a manner consistent with applicable Indiana Code, including IC 30-2-12 (Uniform Management of Institutional Funds).

The Board recognizes the above-stated laws govern the decision-making of the funds, however, in an effort to adhere to the highest fiduciary standards, the Board intends to act in accordance with the Uniform Prudent Management of Institutional Funds Act.

XIV. Definition of an Investment Consultant

An investment consultant ("Investment Consultant") may be retained by the Treasurer to assist the Board of Trustees, the Vice President and Chief Financial Officer ("VPCFO"), the Treasurer and the staff with the strategic planning, implementation and oversight of the Invested Assets.

XV. Objectives of the IUOF

Indiana University has no statutory authority to borrow for operating purposes. The objective of the Investment Policy is to adequately provide for the liquidity needs of the University while maximizing the opportunity to increase yield on investments. Objectives include, but are not limited to, the following:

- Capital preservation or appreciation consistent with liquidity constraints. It is recognized that market fluctuations will cause the market value of the assets to rise and fall over short periods of time. Therefore market value declines from one quarter to another, within acceptable limits, will not necessarily be considered a violation of the policy.
- Income maximization and total return within reasonable, unambiguous, and prudent levels of risk and sufficient levels of investment diversification.
- Maintenance of an adequate level of reserves for unexpected changes in the market value or to meet unanticipated spending requirements.
- Management of costs to administer and manage the investments.
- Compliance with all statutory requirements of the State of Indiana.

XVI. Investment Tier Structure for the IUOF

The investment structure is divided into five liquidity tiers to provide for capital preservation and income maximization/total return while meeting the daily liquidity requirements of the University. In order to supply sufficient day-to-day operating liquidity, Tier I is invested in money market securities and liquidity reserves. Tier II is invested in limited duration securities to provide for a sufficient level of reserves in case of unanticipated liquidity needs; yet provide for a level of incremental return over Tier I. Tiers III, IV and V are invested for income maximization, total return potential and diversification, while taking on appropriate levels of risk. Recommended minimum, maximum and/or target balances for each tier are included in Appendix A.

The minimum balance requirements for Tier I and Tier II, which are viewed as the liquidity tiers, will be reviewed and adjusted periodically, as will the investment management styles used in each tier. Tiers III, IV and V are viewed as the total return tiers. For operational ease with regards to accounting, reporting, rebalancing and compliance, Tier V will house those assets deemed to be derived from private sources and suitable for investment in equity securities. It is expected that Tier V will represent a portion of the overall assets determined to be eligible for equity investment, as the asset allocation decision will also factor in the University's risk tolerance and liquidity needs.

XVII. Rebalancing IUOF Assets

Specific detail covering the rebalancing methodologies, both between tiers and also among underlying tier components, is outlined in Appendix A. In general:

- **Between Tiers:** Tier balances will be reviewed periodically, including a more formal review annually, typically at the end of July when balances are cyclically lowest. Assets will be adjusted between the tiers to meet the minimum/maximum and/or target balance requirements and cover appropriate reserves. Excess balances in Tiers I and II may be transferred into Tiers III, IV and V. The University will periodically reassess the total assets available for equity investment. When Tiers I and II fall below desired levels, assets may be transferred from Tiers III, IV and V.
- **Between Tier Components:**. Rebalancing at the strategy and manager level represents a secondary level of rebalancing and is expected to have less of an impact on the overall characteristics of the IUOF (i.e. risk, return, liquidity). Nonetheless, guidelines are in place to maintain the desired investment structure over time. additionally, if an investment manager is on the formal watchlist, rebalancing may be delayed if the result would require the manager on the watchlist to receive additional assets.

XVIII.General Guidelines of the IUOF, IUCF and IUMF

All investment managers will discharge their duties solely in the interests of the University and with the care, skill, prudence, and diligence that an expert would use on his/her own behalf. In addition, the investment managers shall observe the following rules, unless specific prior approval has been obtained in writing:

- **Specific Limitation on Individual Holdings:** The purchase of securities in the maximum amount invested in any single issuer of a non-agency mortgage-backed, asset-backed, corporate fixed income or equity security shall be limited to an initial cost of 2.5% of the market value of an investment manager's portfolio. This limit shall not apply to U.S. Government securities, or mortgage-backed securities that are issued by an agency of the U.S. Government. Through capital appreciation, no such holding should exceed 3.5% of the market value of the total holdings of such investment manager's portfolio. The individual issuer limit does not apply to securities within a broadly-diversified passively managed index fund designed to represent a broad market (e.g. S&P 500 Index Fund).

- **Securities Trading:** Each investment manager is to send copies of each transaction record to the University's custodian(s), as requested. The investment manager is further required to reconcile the account(s) under its management on a timely basis each month with the custodian(s). Each investment manager is responsible for complying fully with the University's policies for securities trading and selecting brokerage firms.

- **Acknowledgments in Writing:** Each investment manager retained by the University must be a person, firm, or corporation registered as an investment adviser under the Investment Advisors Act of 1940; a bank as defined in such Act; or an insurance company qualified to do business in more than one state, and must acknowledge its fiduciary responsibility in writing. SEC registered firms will be expected to provide a copy of the SEC ADV Form Section II on an annual basis. All investment managers shall acknowledge in writing their receipt of the Investment Policy and their agreement to abide by its contents. All investment managers shall have an affirmative duty to bring suggestions for modification or change to Indiana University.

- **Fiduciary Liability Insurance:** Each investment manager will obtain fiduciary insurance coverage in such amount as required by the University. Each investment manager shall annually provide written evidence of such coverage.

- **Fidelity Bond:** Each investment manager will obtain fidelity bonds, in such amount as required by the University. Each investment manager shall annually be required to provide written evidence of such coverage.

- **Conflicts of Interest:** An investment manager through its actions on behalf of the

- University shall not invest any part of the operating funds with itself or with any person or entity with which or in which it has any economic interest, unless such investment manager receives prior written approval from the University. This limitation shall be construed so as to avoid any possibility of self-dealing or conflict of interest. In addition, no investment manager, through its actions on behalf of the University, shall act or receive compensation as a broker, dealer, underwriter, or principal whether directly or through a related or an affiliated entity, unless such investment manager receives prior written approval from the University.

- **Prohibited Securities and Transaction:** *Article XI Section 12 of the Indiana Constitution prohibits the investment in equity securities of any type for funds that have been deemed to be state-appropriated (Tier V may utilize equity securities, defined as an ownership share or stock in a corporation or entity, given the private derivation of those funds).* Additionally, unless the University gives its prior written approval, the following prohibited transactions and restrictions are in effect for investment managers:

- Convertible fixed income securities (within Tiers I, II, III and IV)
- Purchases of unregistered securities except securities issued under Rule 144
- Purchases of futures and options except futures contracts on U.S. Treasury notes and bonds ("U.S. Treasury Futures"), U.S. deposit rates ("Eurodollar futures"), non- US dollar denominated government instruments ("Non-Dollar Futures"), non-US dollar denominated deposit rates ("Euribor Futures"). Exchange traded put and call options on such futures contracts may be purchased, sold, written or entered into on behalf of the IUOF. Such futures and options may only be used for risk management purposes, including adjustment of portfolio duration and yield curve exposure and to create synthetic securities positions. The use of interest rate futures and options for speculation is strictly prohibited
- Any transaction that would be a "prohibited transaction" under the Internal Revenue Code
- Purchases of precious metals
- Purchases of commodities
- Margin purchases or sales, or any other form of leverage
- Purchases of derivative securities except for Collateralized Mortgage Obligations (CMO's), Credit Default, Interest Rate, Index Swaps and Swaptions.

• **Correction of Violations.** In the event a violation of the guidelines occurs, unless otherwise approved by the University in writing, based upon a determination of the best interests of the University, the violation:

- Shall be corrected immediately by sale no later than the day following detection and notification; and
- Shall result in the reimbursement to the University by the investment manager for any losses which may have been incurred due to the violation; and
- Shall result in the University retaining any gains which are realized from the violation; and
- May be grounds for termination by Indiana University.
- In the event of a violation of these general guidelines or specific guidelines listed in Section X., the investment manager is to notify the University Treasurer immediately, in writing. The University Treasurer will promptly notify the VPCFO who will communicate the violation to the Finance & Audit Committee Chair.

XIX. Securities Guidelines of the IUOF

Investment managers must adhere to the following guidelines as well as any applicable Indiana statutory requirements. Subject to the guidelines below, each separate account investment manager shall have full discretionary investment authority over the assets under his or her management. Each manager shall be retained to implement a specific investment style and strategy for the University. In addition, if the University chooses to invest a portion of the assigned assets in mutual funds or other commingled investment vehicles, the products selected shall adhere to the guidelines set forth in the prospectus or trust document.

The guidelines for the fixed income and equity styles listed below are written with the intent to provide investment managers sufficient flexibility to carry out their investment process. Investment Managers, however, may be subject to more specific guidelines in their respective contracts or as noted within written exhibits or addendums. These adjustments to the above guidelines may be made on a case-by-case basis with an investment manager by Indiana University. Investment managers are expected to notify, in writing, the University Treasurer and the Investment Consultant of significant sector movement, as defined by a deviation in sector allocation of 10% or more of the total portfolio value from the previous quarter.

Fixed Income Styles (Tiers I, II, III and IV)

- **Money Market (Tier I)**
  - Money Market Mutual Funds must meet guidelines set forth within Rule 2a-7 of the Investment Company Act of 1940.

- **Liquidity Reserves (Tier I)**
  - The maximum average duration of the portfolio shall be 1.5 years.
  - The minimum average portfolio quality shall be AA- (S&P), Aa3 (Moody's), or AA- (Fitch).
  - In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential and commercial)	30%*
Asset-backed	40%*
Corporate Investment Grade	50%*
Taxable Municipal Bonds	15%
Money Market Instruments and Funds	100%

*Combined exposure to Mortgage-backed, Asset-backed and Corporates not to exceed 60%.

- **Defensive Duration Fixed Income Managers (Tier II)**
  - The average duration of a defensive fixed income investment manager may not vary more than 20% of the average duration of that manager's benchmark index. The benchmark index is listed in Appendix A.
  - The average credit quality of the defensive duration fixed income manager's portfolio shall not be lower than "AA-" using a generally accepted process for measuring the market value weighted average quality deemed appropriate by the investment manager. The manager shall rely upon the rating agencies Moody's, Standard & Poor's, and/or Fitch's for rating the holdings in the portfolio to determine the average credit quality.
  - 90% of all fixed income securities at the time of purchase shall have a Moody's, Standard & Poor's and/or Fitch's credit quality rating of no less than "BBB-". U.S. Treasury and U.S. Government agencies, which are unrated securities, are qualified for inclusion in the portfolio. For split-rated securities, the lower rating will govern.
  - At least 85% of all securities in the portfolio shall be rated "A-" or higher by Moody's, Standard & Poor's, and/or Fitch's at the time of purchase.

- Issuers of General Account GICs must be rated the equivalent of AA- or higher by at least one of the Rating Services at the time of purchase.

- Money market instruments must be rated the equivalent of A-1 or higher at the time of purchase.

- Sec. 144A private placements are limited to 20% of the market value of the portfolio.

- In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential and commercial)	50%
Asset-backed	50%
Corporate Investment Grade	50%
Taxable Municipal Bonds	20%
Non-benefit responsive GIC's	10%
Money Market Instruments and Funds	100%

- **Core Plus Fixed Income Managers (Tier III)**

  - At least 65% of the fixed income securities held in the portfolio shall have a Moody's, Standard & Poor's, and/or Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. Government Agencies, which are unrated securities, are qualified for inclusion in the portfolio.

  - Investments in high-yield and non-U.S. dollar denominated securities are permitted. Exposure should be limited to 25% high-yield and 25% non-U.S. dollar denominated securities with a combined exposure to those sectors not to exceed 40%.

  - The average credit quality of each manager's portfolio shall not be lower than single A.

  - The exposure of each manager's portfolio to the securities of any one issuer should be limited to not more than 5% of the manager's portion of the IUOF portfolio measured at market value. Securities backed by the full faith and credit of the United States Government, any of its instrumentalities, or OECD Foreign Government Obligations shall not be subject to exposure limitations.

  - Sec. 144A private placements are limited to 20% of the market value of the portfolio.

  - Each investment manager shall be responsible for the daily monitoring of portfolio activity to minimize the uninvested cash balances.

- The average duration of a core plus fixed income investment manager may not vary by more than 20% from the average duration of that manager's benchmark index. The benchmark is listed in Appendix A.

- The diversification of securities by maturity, quality, sector, coupon and geography is the responsibility of the manager.

- Up to 25% of the portfolio may be invested in non-USD via a foreign currency transaction and unhedged foreign currency denominated bonds.

- In aggregate, the portfolio shall have a maximum allocation to securities in each sector as a percentage of the portfolio's total value as follows:

U.S. Treasury	100%
U.S. Government Agency or Instrumentality	100%
Mortgage-backed (residential agency)	65%
Mortgage-backed (residential non-agency)	15%
Mortgage-backed (commercial)	15%
Asset-backed	50%
Taxable Municipal Bonds	20%
Non-benefit responsive GIC's	10%
Money Market Instruments and Funds	100%
Corporate Investment Grade	50%
Corporate High Yield	25%
Non-US Dollar Denominated Debt	25%
Combined Plus Exposure	40%

- **Unconstrained Fixed Income Managers (Tier IV)**

  - Unconstrained/Absolute Return fixed income managers are free to seek global opportunities and to allocate risk where they have the most conviction, within the fixed income universe. Further, they can employ a wide variety of investment strategies, across the fixed income quality spectrum, curve structure, countries and currency to improve risk-adjusted results.

  - By their nature, unconstrained managers have more flexible investment guidelines. Given the potential for vastly different strategies between unconstrained managers, each unconstrained investment manager chosen for the IUOF shall abide by their specific investment guidelines, as negotiated and agreed upon by the University and Investment Consultant and included as Appendix B of this Policy.

- **Equity Styles (Tier V)**

  - The role of equity investments is to provide capital appreciation, income and diversification to the IUOF.
  - Equity investments may be domestic and/or international, including both developed and emerging countries. More detail on the specific strategies utilized may be found in Appendix A.
  - Equity securities may take the form of domestic and international common stocks, American Depository Receipts (ADRs), preferred stocks, and

convertibles stocks traded on major world stock exchanges, such as the NASDAQ.

- Equity investment strategies may either be actively or passively managed:
  - In the case of actively managed strategies, decisions as to individual security selection and number of holdings is at the discretion of the manager, subject to standards of fiduciary prudence.
  - No single major industry shall represent more than 20% of the Fund's total market value and individual security limits are set forth previously in this document.
  - Investment managers may be subject to more or less flexible guidelines in their individual contracts and exhibits.
- Passive strategies (commingled funds, exchange-traded funds or separately-managed accounts) are expected to reflect the underlying index being replicated, such as the S&P 500, Russell 3000, CRSP US Total Market Index, MSCI ACWI Ex-US or FTSE Global All Cap ex US Index. More specific details on passive styles utilized is denoted in Appendix A.

XI. Reporting and Communication Requirements of the IUOF

Each investment manager is required to provide the University and the Investment Consultant with monthly investment reports. Such reports, at a minimum, shall contain the following information: time-weighted rates of return for the current month, asset listings that contain descriptions of all securities held in the portfolio, and a reconciliation report detailing that the account reconciles with the market value furnished by the custodian(s). The investment return should be reported both gross and net of fees. Each investment manager is expected to provide the monthly investment reports within 20 days of the end of the month.

Each investment manager shall prepare a quarterly report to be delivered to the University and Investment Consultant including: time-weighted rates of return for the current month, last three months, year-to-date, three years, five years, and since inception. Additionally, the report may incorporate additional items as requested by the University and/or the Investment Consultant, in the format requested by the University and/or the Investment Consultant. These reports should cover any changes to the firm's structure, professional team or product offerings, an analysis of the major changes which have occurred in the capital markets and the portfolio since the previously issued report, a summary of the key portfolio characteristics and other matters as requested. The University and/or the Investment Consultant will provide the investment managers with a format for these reports while accepting recommendations from the investment manager.

The investment manager shall immediately report all instances of material events that would affect the investment performance of the portfolio (e.g. default, missed interest payment, business restructuring, etc.) to the University and the Investment Consultant, and provide recommendations regarding options for addressing the issues in writing

Each investment manager also is required to provide the University and the Investment Consultant with information relating to any changes in the investment manager's investment philosophy, ownership structure, financial condition, professional staff, loss of significant client relationship, or any other event which could be judged to or deemed to adversely impact the investment manager's performance. The University and the Investment Consultant expect to be notified in writing within 30 days of any such changes or events in writing

The University will hold a due diligence meeting with each investment manager annually. Covered topics will include, but will not be limited to, the following:

- The investment manager's compliance with the Investment Policy.
- The portfolio's investment performance and risk levels.
- The investment manager's current and proposed investment strategies.
- The investment manager's views concerning the economy and the securities markets, with focus on the likely impact on the investment manager's strategies and the portfolio's performance.
- The effects of any changes to the investment manager's organization, investment philosophy, financial condition, or professional staff.
- Proposed modifications to this Investment Policy.
- Disaster recovery systems and process.

  Copies of all required documents per the Investment Policy, including the SEC ADV Form Secion II, proof of fiduciary liability insurance and fidelity bonds will be requested.

XII. Selection of Investment Managers for the IUOF, IUCF and IUMF

The University will follow a process that embodies the principles of procedural due diligence in the selection of investment managers. The University may retain a "prudent expert" (a bank, insurance company, or investment advisor as defined by the Registered Investment Advisors Act of 1940) to facilitate this process. Also, if the assets are invested in a mutual fund or other commingled product, the investment vehicle must be organized as a business trust and the underlying securities in the portfolio must be permissible investments under Indiana Statute. In addition, when selecting investment managers, the University will:

- Develop an investment manager candidate profile outlining the specific characteristics sought in the investment manager. Such criteria may include, but is not limited to:
  - Investment manager strategy and approach
  - Organizational structure
  - Minimum and maximum assets under management
  - Client servicing capabilities
  - Performance criteria relative to an appropriate index and peer group

- Analyze the investment manager candidates in terms of:
  - **Qualitative Characteristics,** such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
  - **Quantitative Characteristics,** such as CFA Institute-compliant composite return data, investment performance over multiple time periods, performance volatility, risk-adjusted rates of return (e.g., Information Ratio), and certain portfolio characteristics.
  - **Organizational Factors,** such as assets under management, ownership structure, client servicing capabilities, and fees.

The selection process shall conform to the requirements of the University. The University may utilize investment consultants or other professionals not responsible for the specific selection to assist in the development of the requirements, screening criteria, and analysis of the investment manager responses during the investment manager selection process. This process will support the University's minority- and women-owned (MWO) and "Buy Indiana" initiatives.

XIII. Monitoring of the IUOF Investment Managers

Indiana University is aware that the ongoing review and analysis of money managers is just as important as the due diligence implemented during the manager selection process. Monitoring these managers will include, but may not be limited to, the process outlined below:

- **Step 1 – On-Going Monitoring**

The University and the Investment Consultant will perform a constant and on-going analysis of all engaged investment managers. In addition to reviewing quarterly investment performance, the University and the Investment Consultant will continually evaluate:

- Investment manager's adherence to the Investment Policy guidelines
- Material changes in the investment manager's organization, investment philosophy and/or personnel
- The volatility of the investment rates of return of the manager compared to the volatility of an appropriate market index and peer group (as listed in Appendix A)
- Comparisons of the investment manager's results to appropriate indices and peer groups (as listed in Appendix A).
- Where appropriate market indexes and/or peer groups are not available, the University and the Investment Consultant will evaluate factors such as the manager's adherence to stated risk and return objectives and the investment manager's portfolio exposures in relation to the market environment and stated philosophy and process.

- **Step 2 – Formal Watchlist**

If the University and the Investment Consultant determine that any of the above factors, or any other development regarding the manager's performance or organization, warrants a more thorough examination, the University may place the manager on a formal "watchlist". Factors examined during the watchlist period may include, but will not limited to, the following:

- **Extraordinary Events (Organizational Issues)**

  Extraordinary events that may lead to an investment manager termination include such things as:

  - Change in ownership (e.g., key people "cash out")

- Change in professionals
- Changes to a manager's philosophy or the process it uses to implement the agreed upon strategy
- Material litigation or fraud involving the investment manager
- Client-servicing problems
- Significant account losses or significant account growth
- Change in cost
- A data or security breech
- Determination of an inadequate business continuity plan
- Extreme performance volatility

– **Long-Term Performance in Relation to Appropriate Market Index**

Long-term performance standards measure an active investment manager's performance over rolling five-year returns or since inception in relation to the appropriate market index. The expectation is for the active manager's performance to exceed the appropriate market index. Passive managers are expected to replicate the target index (minimize tracking error).

– **Shorter-Term Performance in Relation to Appropriate "Style Group"**

Shorter-term performance standards incorporate a time period of at least three years. Each active investment manager is expected to perform consistently in the top 50th percentile versus an appropriate peer group of investment managers with similar investment styles. Additionally, each active investment manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. Risk-adjusted performance measures will vary, but may include: Information Ratio and Excess Return Ratio. Passive managers are expected to replicate the target index (minimize tracking error).

- **Step 3 – Replace or Retain**

The watchlist period will generally be four to six quarters, but the time period can be shorter or longer depending on the factors causing the watchlist.

As a result of the watchlisting examination of the investment manager, a recommendation to either **replace** or **retain** the manager will be made.

It is at the discretion of the University to take corrective action by replacing a manager/mutual fund, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing manager. The aforementioned events, or any other events of concern identified by the University, may prompt the immediate removal of a manager without its first having been watchlisted.

XIV. Securities Lending

To enhance investment income, securities may be made available to securities lending programs. Such programs will require that securities be collateralized at a minimum of 102%, and that the collateral will be valued daily. The managers of such lending programs will maintain current credit analyses of the brokers to whom they lend, and a list of the participating brokers will be submitted for approval to Indiana University. Participation in a lending program will not restrict the portfolio manager from trading securities as he or she deems appropriate.

XV. Investment Policy Review Requirements

By acknowledging in writing the receipt of this Investment Policy, each investment manager agrees to its terms and conditions. In the event an investment manager believes at any time that changes, additions, or deletions to this Investment Policy are advisable, the investment manager will communicate such recommendations to Indiana University and the Investment Consultant in writing. It is clearly understood that Indiana University, and not the investment manager, is responsible for the establishment of this Investment Policy. The spirit of this paragraph is to encourage investment managers to bring important matters to the attention of Indiana University so that the Indiana University can conduct its reviews of its policies and objectives in an informed manner. Indiana University shall formally review this Investment Policy Statement periodically. Any modifications shall be reviewed and discussed with the investment managers prior to implementation.

XVI. Roles and Responsibilities

- **Board of Trustees**

The fiduciary responsibilities of the Board of Trustees include, but are not limited to, the following:

- Approve the investment objectives and guidelines of the IUOF.
- Approve an appropriate asset allocation strategy and manager structure of the IUOF.
- Approve written investment policies consistent with investment objectives of the IUOF.
- Approve the selection of qualified investment professionals to assist in the implementation of, management of, and advisement on the investment policies of the IUOF.
- Monitor the investment performance of the IUOF investment managers to determine achievement of investment objectives and compliance with policy guidelines.
- Meet with each investment manager of the IUOF as appropriate.
- Periodically review compliance with applicable state and federal laws.
- Study issues affecting the investment of the IUOF so as to make educated and prudent decisions in establishing investment policies.

- **University Investment Committee (the "UIC")**

The purpose of the UIC is to provide tactical oversight of the investment management program and to assure that the policies established by the Board are implemented and adhered to. The UIC will be chaired by the University Treasurer and will include the Chief Investment Officer of the IU Foundation and a faculty member from the Kelley School of Business. The UIC will also include, but will not be limited to senior members of the following organizations:

- Office of the Treasurer
- University Budget Office
- University Counsel

The VPCFO is an ex-Officio member of the UIC. The VPCFO may also appoint membership to qualified external candidates, as appropriate. The Office of the Treasurer will provide staff support for the UIC.

- **University Treasurer**

The day-to-day management and oversight of the invested assets are the responsibility of the University Treasurer and the staff of the Office of the Treasurer. These responsibilities include:

- Ongoing communication with the Board, UIC, investment managers, custodian, Investment Consultant, and all other parties within and outside the University that have a portion of the responsibility for managing, safekeeping and accounting for the invested assets.

- Delivering a quarterly review of the performance of all funds for the UIC and the Finance & Audit Committee.

- For the IUOF, IUCF and IUMF, gathering all data through a Request for Information (RFI) process and make recommendations to the UIC and / or the Board with respect to the selection of new investment managers, custodial banks, passive investment funds and consultants.

- Meeting with investment managers of the IUOF annually. Meetings may be conducted at an Indiana University location or at the offices of the investment managers. The purpose of each visit is to evaluate that manager's depth of staff, organization, security, compliance with investment guidelines, performance, outlook and any and all matters which the Office of the Treasurer deems to be consistent with exercise of due diligence with respect to prudent management of the invested assets.

- Maintaining a level of expertise within the Office of the Treasurer subject to available resources that allows the staff to carry out the responsibilities listed herein.

- Any and all other responsibilities as may be deemed necessary by the UIC or the Board with respect to the prudent oversight of the Invested Funds.

- **Investment Manager**

- Manage assets under its care, custody, and/or control in accordance with the guidelines and objectives contained in this IPS.

- Exercise investment discretion in regard to buying, managing, and selling assets held in the portfolio, subject to any limitations contained in this IPS.

- Communicate with Indiana University and the Investment Consultant in writing regarding all significant and/or material changes pertaining to the portfolio it manages or the firm itself. Changes in ownership, organizational structure, financial condition, professional staff, recommendation for changes to guidelines, or commencement of material litigation are examples of changes to the firm in which Indiana University is interested.

- Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities with like aims in accordance and compliance with all applicable laws, rules, and regulations, including the State of Indiana.

- Acknowledge and agree in writing as to fiduciary responsibility for full compliance with the entire IPS set forth herein, and as modified in the future.

- Report to Indiana University and the Investment Consultant monthly regarding the status of the portfolio and its performance for various time periods. Meet with Indiana University and the Investment Consultant periodically to report on their performance and compliance with goals and objectives.

- Register and retain that registration under the Investment Advisors Act of 1940 and Securities Exchange Commission Acts, unless exempted from registration by the SEC.

- **Investment Consultants**

  - Provide independent and unbiased information.

  - Assist in the development of appropriate asset allocation and manager structure strategies.

  - Assist in the development of IPS.

  - Assist in the monitoring and compliance with IPS.

  - Conduct investment manager searches when needed for policy implementation.

  - Assist in development of performance measurement standards.

  - Monitor and evaluate manager performance on an ongoing basis and conduct due diligence when a manager fails to meet a standard.

  - Make recommendations with respect to manager retention or termination.

  - Assist in the control of investment expenses, including helping to negotiate investment manager and custodian fees.

- **Custodian**

A custodian may be authorized to:

- Hold securities and other investments in the name of the Invested Assets, in the name of a nominee of the custodian, or in bearer form.

- Collect and receive income and other receipts from the securities and other investments and deposit or reinvest them subject to the direction of Indiana University or one of its authorized representatives.

- Maintain accounting records and prepare reports which are required by Board, UIC, Treasurer, investment managers, and Investment Consultant as are customary.

- Provide for prompt investment of any cash into the chosen sweep vehicle to avoid uninvested amounts.

- Report to Indiana University and the Investment Consultant situations where security pricing is either not possible or subject to considerable uncertainty.

- As requested by Indiana University, provide performance measurement information consistent with the CFA Institute standards. At a minimum, the performance measurement information shall contain time-weighted returns for the current month, last three months, year-to-date, last three years, last five years, and performance since inception data. The performance information should be reported both gross and net fees.

- At the direction of Indiana University, transfer into and out of specified accounts.

- Perform other services for Indiana University as are customary and appropriate for custodian.

- When directed by Indiana University, and pursuant to a separate, written agreement for securities lending service, implement, in a fair and equitable manner, a securities lending program for the Invested Assets, and report fully on all aspects of its operation and returns.

INVESTMENT POLICY APPROVED BY:

____
Representative of Indiana University

APPENDIX A

Asset Allocation and Investment Structure
Given the fluctuating balances inherent in an operating fund structure, the use of target percentages for Tiers I and II is less effective. Instead, recommended minimum, target and maximum balances for Tiers I and II, in dollar amounts, are listed below, designed to ensure liquidity needs are met while balancing the opportunity cost of over-allocating to these tiers:

Objective	Tier	Investment Style	Minimum Balance	Target Balance	Maximum Balance
	I	Cash, Active Cash	$350 million	$500 million	$750 million
	II	Defensive Fixed Income	$150 million	$250 million	$350 million

For the total return tiers (Tiers III, IV and V), minimum and maximum dollar amounts are listed, where applicable, as well as target percentages. These tiers are less likely to be used for short-term cash flow needs, thus balance fluctuations are more likely to be caused by market movement. Accordingly, Tiers III, IV and V will follow more established rebalancing procedures (per the target percentages); while operating within minimum and maximum dollar amount bounds to provide the flexibility necessary within an operating funds structure:

Objective	Tier	Investment Style	Minimum Balance	Maximum Balance	Target % of Tiers III/IV/V	Rebalancing Range (%)
	III*	Core Plus Fixed Income	$250 million	N/A	37.5%	+/- 3%
	IV*	Unconstrained Fixed Income	$250 million	N/A	37.5%	+/- 3%
	V**	Passive Equity	$0 million	$500 million	25.0%	+/- 3%

* The minimum for Tiers III and IV ensures acceptable mandate sizes are maintained, providing for implementation across a diversified group of fixed income styles and managers. Additionally, the University has decided that a minimum level of fixed income within Tiers III and IV must be in place in order to accommodate an allocation to equity. Since growth in the overall IUOF naturally results higher balances in the total return tiers, there is no maximum level for the fixed income component of these tiers.

** The University has deemed the available assets for equity investment to be in excess of $1 billion; however, the University is imposing a maximum balance far below this in the spirit of conservatism. The minimum balance is $0, providing additional flexibility. The maximum allowable allocation to equity is $500 million, which was determined in September of 2017 and will be revisited annually given balances, liquidity needs, risk tolerance and unique University preferences. Given the asset values as of September 2017, this results in the target percentages listed above. The University will maintain flexibility with regards to the timing of the initial implementation of equity.

Further Detail on Rebalancing Methodologies:

- **Primary Rebalancing Methodology: Rebalancing Between Tiers:** The goal of rebalancing is to adjust the balances on a periodic basis to ensure the designated Tier structure (as denoted above) is reflected.
    - Where possible, cash flows to or from the IUOF should be used to rebalance back to the target dollar amounts as much as possible, since this avoids unnecessary transactions. Consideration will also be given to anticipated upcoming cash flows.
    - Tier balances will be reviewed during the normal quarter-end reporting cycle, with a more formal review occurring periodically, typically annually, taking into account University cash flow forecasts. Rebalancing will be enacted by the University, with the assistance of the Consultant. The shorter-term liquidity tiers (Tiers I and II) will be evaluated to ensure assets fall within the minimum and maximum balance ranges. Excess assets in Tiers I and II should be rebalanced into Tiers III, IV and V. The University will periodically reassess the total assets available for equity investment. Likewise, Tiers III, IV and V should be used to replenish Tiers I and II should Tier I and/or Tier II asset levels fall below the minimum balances in those Tiers. Since most assets are invested in separately-managed accounts, operational considerations should be taken into account when enacting rebalancing.
    - At times, however, rebalancing may be deemed harmful to the portfolio, given prevailing and unusual market conditions, market illiquidity or anticipated cash needs of the University. In these circumstances, the University should strive to rebalance the portfolio to at least meet the minimum required balances in Tiers I and II. Nonetheless, the Committee may choose to delay rebalancing and maintains flexibility to allow the allocations to rise above or dip below designated maximums and minimums if the University determines rebalancing will unduly hinder the IUOF. During these periods, it is expected that more frequent reviews of the allocations and market conditions will be evaluated to assess the appropriateness of rebalancing.

- **Secondary Rebalancing Methodology: Rebalancing Between Tier Components:** From time to time, the underlying components of each tier may deviate from targets due to market conditions and/or cash flows.
    - A target and range has been established for each component, where appropriate, to control risk and maximize the effectiveness of the IUOF's overall investment strategy, while avoiding unnecessary turnover at the strategy and manager level. When an underlying strategy and/or manager is outside of its allowable range, the University will evaluate

the feasibility of rebalancing back to the target allocation and may initiate portfolio rebalancing.

– Under extreme market conditions, which may include excessive volatility or illiquidity in an asset class, or where rebalancing may unduly hinder the IUOF, the University may choose to delay rebalancing in order to better reflect the overall goals and objectives of the IUOF. During that period, it is expected that more frequent reviews of the construction and market conditions will be evaluated to assess the appropriateness of rebalancing. Targets and ranges for the Tier components are included below and will be updated periodically, as needed:

Objective	Tier	Tier Component	Investment Manager	Investment Manager Rebalancing	Rebalancing Range	Benchmark	Peer Group
		Internal Cash	Various	N/A	N/A	90-Day T-Bill	N/A
			Logan Circle			6-Mos T-Bill	Active Cash
			Payden & Rygel			ML 1-Yr T-Note	Active Cash
			Smith Graham			90-Day T-Bill	Cash
			Merganser	60%	+/- 5%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			Old National	5%	+/- 3%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			PIMCO	35%	+/- 5%	BB 1-3-Yr Gov/Cred Index	Defensive Fixed
			Loomis Sayles	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Reams Asset	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Western Asset	33.3%	+/- 5%	BB Aggregate Index	Core Plus Fixed
			Loomis Sayles	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
			Reams Asset	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
			Western Asset	33.3%	+/- 5%	LIBOR + 2% and BB Aggregate Index	Unconstrained Fixed
		Passive Domestic Equity	TBD	70%	+/- 5%	TBD	Total Domestic Equity
		Passive International Equity	TBD	30%	+/- 5%	TBD	Non-US Equity

Descriptions of Selected Styles:

Money Market

Money Market Funds are regulated by the SEC and required to comply with Rule 2a-7 of the Investment Company Act of 1940 Act, including restrictions around credit quality, maturity and liquidity. Money market funds invest in very short-dated, high quality debt securities such as Treasury bills and commercial paper. These funds provide liquidity and income. The two primary fund types are Government and Prime money market funds. Government money market funds invest at least 99.5% of assets in cash, government securities, and collateralized repurchase agreements. Prime money market funds invest in government securities as well but can also invest in commercial paper of corporations.

Liquidity Reserves:

Liquidity Reserves may be invested using commingled vehicles and/or separate account vehicles. Liquidity Reserves refers to investments which emphasize preservation of capital, liquidity and total return. These investments exhibit portfolio characteristics between that of money market strategies and defensive strategies with regards to quality and duration.

Defensive Bond: Defensive Bond managers construct portfolios that approximate the results of the Barclays1-3 Year Government/Credit Index. The objective is to minimize interest rate risk by investing in predominantly short to intermediate term securities. The average portfolio duration is similar to the duration of the Lehman Brothers 1-3 Year Government/Credit Index.

Core Plus Bond: Core Plus Bond managers construct portfolios that deviate significantly from the Barclays Aggregate Bond Index. The objective is to add value by tactically allocating significant portions of the portfolio among non-benchmark sectors while maintaining majority exposure similar to the broad market.

Unconstrained Bond: Unconstrained/Absolute Return fixed income products cover a wide range of approaches designed to produce positive absolute total returns across a variety of market environments. They tactically invest in a diverse set of risk factors, sectors and strategies within fixed income with an aim to maximize risk-adjusted total returns within a specific risk budget.

Passive Domestic Equity: Passive Domestic Equity managers hold portfolios with characteristics similar to those of the broader market as represented by the CRSP US Total Market Index or other similar broad domestic equity index (such as the Russell 3000 Index).

Passive International Equity: Passive International Equity Index managers hold portfolios with characteristics similar to those of the broader market as represented by the FTSE Global All Cap ex-US Index or other similar broad international equity index (such as the MSCI ACWI Ex-US Index).

IUEF Distribution Policy

IUEF held for the benefit of IU

Endowment funds are managed pursuant to an Investment Agency Agreement between the Trustees of Indiana University ("trustees") and the IU Foundation, which delegates investment management responsibilities to the IU Foundation, and the Amended and Restated Limited Liability Company Agreement for Indiana Future Fund I, LLC, which delegates investment management responsibilities to the fund manager, Alpinvest US Holdings, LLC. Indiana Code 30-2-12, Uniform Management of Institutional Funds, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets.

IUEF held for the benefit of Riley Children's Hospital

Endowment funds are managed pursuant to the Resolution To Transfer investment Management Of Certain Endowed Funds To The Riley Memorial Association (RMA). Indiana Code 30-2-12, Uniform Management of Institutional Funds, sets forth the provisions governing the investment of endowment assets and the expenditure of endowment fund appreciation. The code requires that the trustees and their agents act in good faith and with the care a prudent person acting in a like position would use under similar circumstances, with respect to the investment of endowment assets.