

The Endowment
Short-Term Cash and Long-Term Investment Fund
Investment Charter

DRAFT - Effective Date To Be Determined

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Short-Term Cash and Long-Term Investment Fund

Investment Charter

The Endowment

**123 Any Road
Any Town, USA 90000**

The Endowment has established the Short-Term Cash and Long-Term Investment Fund (the "Fund") and appointed the Investment Committee (the "Committee") and delegated to it authority to structure and oversee the investment of Fund assets (the "Portfolio"). To this end, the Committee sets forth this Investment Charter (the "Charter").

Article 1

Purpose and Governance

1.01 Purpose of the Portfolio(s)

The Portfolio is established to provide for the ongoing expenses of the Endowment and to ensure the Endowment's continued existence and fulfillment of the Endowment's objectives as outlined in the Endowment's by-laws.

1.02 Portfolio Governance

The Endowment has appointed the Committee and granted it authority to engage the services of skilled professionals ("Advisors") to fulfill its fiduciary duties with regard to the Portfolio(s).

(a) Conflicts of Interest

Committee members and Advisors shall inform the Committee of any known conflict of interest.

(b) Compliance

Committee members and Advisors shall perform their duties in accordance with applicable legislation, the Endowment by-laws, and the Investment Charter.

(c) Duty to Inform

Committee members and Advisors shall inform the Committee in writing of any known breach by a Committee member or Advisor of applicable legislation, the Endowment by-laws, or the Investment Charter.

1.03 Investment Guidelines

The Committee establishes the Investment Charter as the current consensus of the Committee's general philosophy regarding the investment of the Portfolio(s). The Investment Charter and the Policy Statement(s), appended hereto, establish a clear and mutual understanding as to the diversification, quality and types of investments acceptable to the Committee so as to minimize the impact of non-diversifiable risk during various stages of a market cycle.

1.04 Policy Statements

A separate Policy Statement will be established for each Portfolio and appended to this Investment Charter. Each Policy Statement will be reviewed and amended from time to time to ensure that it continues to reflect the Committee's philosophies, expectations and objectives with respect to the Portfolio to which it relates.

(a) Asset Mix

The Committee recognizes that the primary mechanism through which to achieve the appropriate balance between safety of principal and growth of the Portfolio(s) is the Strategic Asset Mix. The Policy Statement(s) will set forth the Strategic Asset Mix decided by, and regularly reviewed by, the Committee.

(b) Performance Evaluation

The Policy Statement(s) establish a meaningful basis for the evaluation of the performance of the Advisors in order to meet the goals and objectives as set forth therein, so that the Committee may prudently monitor the investments of the Portfolio(s).

1.05 Amendments

Amendments to the Investment Charter or the Policy Statement(s) shall be in writing, approved by a majority of the Committee and provided to the Advisors.

Article 2

Definition of Terms

Agency Securities: Securities issued by U.S. government agencies and government sponsored enterprises (GSEs). GSEs are congressionally chartered, but privately owned, corporations. Examples of GSEs include the Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") and the Federal National Mortgage Association (FNMA or "Fannie Mae"). Freddie Mac and Fannie Mae, along with the Government National Mortgage Association (GNMA or "Ginnie Mae"), a government agency within the U.S. Department of Housing and Urban Development (HUD), were created to reduce borrowing costs for certain sectors of the economy, such as home buyers.

Asset Backed Security (ABS): A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc. and whose returns are linked to the returns on the underlying collateral. See also, "Collateralized Bond Obligation" and "Collateralized Mortgage Obligation".

Call Option: For the purchaser, the right to buy an asset at a specified exercise price on or before a specified expiration date. See also, "Covered Call Option" and "Options".

Certificates of Deposit: Bank time deposits. The purchaser commits capital to a financial institution for a specific period of time in return for a fixed interest rate of return. The purchaser is assessed penalties for any early withdrawal of capital.

Collateralized Bond Obligation (CBO): A type of Asset Backed Security where the assets are other fixed income obligations of varying credit quality. Principal and coupon returns on a CBO are linked to the overall performance of the underlying credit instruments. See also, "Asset Backed Security," "Collateralized Mortgage Obligation" and "Credit Default Swaps".

Collateralized Debt Obligation (CDO): Identical to a Collateralized Bond Obligation when the asset pool consists of bonds, and identical to a Collateralized Loan Obligation when the asset pool consists of loans. The asset pool securing a CDO can also consist of a combination of both bonds and loans. See "Asset Backed Security," "Collateralized Bond Obligation," "Collateralized Loan Obligation" and "Collateralized Mortgage Obligation".

Collateralized Loan Obligations (CLO): Identical to a CMO except for the assets securing the obligation. CLOs allow banks to reduce regulatory capital requirements by selling large portions of their commercial loan portfolios to capital markets, reducing risks associated with lending. See also, "Asset Backed Security," and "Collateralized Debt Obligation".

Collateralized Mortgage Obligation (CMO): A type of Collateralized Bond Obligation where the underlying assets are Mortgage Backed Securities. CMOs can eliminate prepayment risk associated with Mortgage Backed Securities by dividing (or "tranching") the asset pool into maturity classes that are paid off in order. As a result, CMOs typically yield less than Mortgage Backed Securities. See also, "Asset Backed Security".

Commercial Paper: Short-term unsecured debt issued by large corporations.

Commodity: Any bulk good traded on an exchange or in the cash (spot) market, such as metals, grains, or meats.

Common Stock: Ownership shares in a corporation. Shareholders have voting rights and may receive dividends based on their proportionate ownership.

Convertible Bond: A bond with an embedded option allowing the bondholder to exchange the bond for a specified number of shares of Common Stock in the issuer at a specific price.

Corporate Bond: Long-term debt issued by corporations typically paying semiannual coupons and returning the face value of the bond at maturity.

Covered Call Option: A Call Option where the Option seller (or "writer") owns the underlying stock.

Credit Default Swap: A specific kind of Swap that allows for the transfer of third party credit risk from one counterparty to the other in exchange for regular periodic payments. If there is a default on any of the underlying credits in an amount over a stated threshold, the counterparty receiving the periodic payments will be obligated to purchase from the other party the defaulted asset.

Credit Quality: The likelihood of the lender receiving full and timely interest payments and punctual repayment of principal from the borrower.

Current Yield: A measure of fixed income returns calculated by dividing the total annual coupon income by the current market price of the bond.

Derivatives: See "Call Option," "Covered Call Option," "Credit Default Swap" "Exotic Derivatives," "Foreign Currency Futures Contract," "Foreign Currency Spot Contract," "Futures Contract," "Naked Call Options," "Options," "Options-on-Futures," "Put Option," and "Swap".

Direct Participation Program (DPP): An investment program that provides for flow-through tax consequences, regardless of the structure of the distributing legal entity or investment vehicle. These programs include but are not limited to oil and gas, real estate and agricultural investments.

Distressed Securities: Obligations of companies or countries which are, or are perceived to be, having financial difficulties. See also, "Corporate Bond," "Common Stock," "Emerging Market Debt," "Foreign Securities," "High Yield Securities" and "Sovereign Debt".

Dividend Yield: A measure of income-producing equity returns calculated by dividing the total annual dividend income by the current market price per share.

Duration: A measure of the volatility in the price of a bond relative to a change in the general level of interest rates. It is a dollar-weighted average of the timing of a bond's cash flows, based on the current value of money. Generally, longer (higher) durations have more price risk, and shorter (lower) durations have less price risk.

Emerging Market Debt: Fixed income instruments issued by governments or companies in countries with emerging market economies, including Argentina, Brazil, Chile, Greece, Indonesia, Jordan, Korea, Malaysia, Mexico, Philippines, Portugal, Thailand, and Turkey.

Exotic Derivatives: Options and Swaps traded on the over-the-counter market between private parties, the terms of which are not standardized and the return of which is not guaranteed by a registered commodities or futures exchange. Exotic Derivatives are complex instruments that often combine facets of multiple derivative products in order to achieve the investment strategies of their holders (or "counterparties").

Fallen Angels: Bonds which met the credit quality guidelines of the Investment Charter when purchased, but which are currently below the minimum credit quality guidelines of the Investment Charter.

Fiduciary: A person who:

(A) exercises any discretionary authority or discretionary control respecting management or disposition of assets on behalf of another,

(B) renders investment advice for a fee or other compensation, direct or indirect, with respect to the assets of another, or has any authority or responsibility to do so, or

(C) has any discretionary authority or discretionary responsibility in the administration of the assets of another.

Foreign Currency Futures Contract: An instrument guaranteeing the purchase or sale of foreign currency at the prevailing exchange rate, with payment and delivery at a specified time in the future. See also, "Futures Contract".

Foreign Currency Spot Contract: A Foreign Currency Futures Contract that is set to expire in the month of the trade.

Foreign Securities: Securities issued by companies that are not domiciled in the United States. Foreign Securities may or may not be traded on U.S. exchanges.

Forward Contract: An agreement calling for future delivery of an asset at an agreed-upon price.

Futures Contract: An instrument obligating the holder to purchase or sell an asset at an agreed-upon price on a specified future date. The long position is held by the investor who commits to purchase the asset. The short position is held by the investor who commits to sell the asset. Futures Contracts differ from Forward Contracts in their standardization, exchange trading, margin requirements, daily settling (marking to market), and clearing corporation guarantees.

Global Industry Classification Standard (GICS): A uniform classification system for companies around the world developed by Standard & Poor's and Morgan Stanley Capital International which is aimed at facilitating the investment research and management process for financial professionals worldwide. The Global Industry Classification Standard consists of 10 economic sectors aggregated from 23 industry groups, 59 industries, and 123 sub-industries covering over 10,000 companies worldwide.

High Grade Corporate Debt: Corporate Bonds in companies carrying at least an Aa rating from Moody's or an AA rating from Standard & Poor's.

High Yield Securities: Distressed Securities or financial instruments participating as working layer financing where the relative risk of principal erosion or defeasement on the instrument is higher.

Lettered Stock: Unregistered shares which the purchaser represents are held for investment purposes only. Because the shares are unregistered, they cannot be traded on the public market.

Leveraged Investments: Securities purchased on Margin or any investment whereby the purchase price is initially funded in whole or in part through means other than the capital of the beneficial owner.

Margin: Money borrowed from a broker to purchase securities. Allows the beneficial owner to purchase securities on a leveraged basis.

Money Market Funds: Open-ended mutual funds that invest in Commercial Paper, Treasury Bills, Certificates of Deposit and other short-term, highly liquid investments.

Mortgage Backed Securities: A type of Asset Backed Security where the underlying asset is a pool of mortgages. Income payments are fixed against the principal and interest repayment schedules on the underlying loans. Investors also receive any accelerated or unscheduled principal and interest payments. See also, "Collateralized Mortgage Obligation".

Municipal Bonds: Generally tax-exempt bonds issued by state and local governments to finance capital improvement projects. General obligation bonds are backed by the taxing power of the issuer. Revenue bonds are backed by the proceeds from the project or agency they are issued to finance.

Mutual Fund: A registered investment company whose shares are traded on the public market. The assets in which each Mutual Fund is allowed to invest is set forth in the Prospectus for the fund that is on file with the Securities and Exchange Commission.

Naked Call Option: A Call Option that is sold without the Option writer owning the underlying asset. If the purchaser chooses to exercise the Option, the Option writer is obligated to purchase the asset on the open market at prevailing market prices, which are often higher than the exercise price.

Offering Memorandum: See "Private Placement Memorandum" and "Prospectus".

Options: Financial instruments giving the holder the right, but not the obligation, to purchase (call) or sell (put) an asset at a specified price over the duration of the contract (an American Option) or on the expiration date (a European Option).

Options-on-Futures: Options where the underlying asset is a Futures Contract. Sellers of Options-on-Futures relinquish the underlying Futures Contract on exercise to the Option purchaser and the Option purchaser is then "long" the Futures Contract until resale or expiration.

Pooled Fund: Any investment vehicle in which multiple investors contribute assets for the purchase of investments and hold them as a group. See "Mutual Fund," and "Private Placement".

Preferred Stock: A non-voting class of stock that is given preferential treatment to the issuer's Common Stock with respect to both the payment of dividends and liquidation rights.

Private Placement: The sale of a non-registered security pursuant to one or more exemptions from registration to high net worth or institutional investors.

Private Placement Memorandum: Similar to a Prospectus, but used with Private Placements and other unregistered securities. Because the securities are not registered, a Private Placement Memorandum is not filed with the Securities and Exchange Commission. Also referred to as an Offering Memorandum.

Prospectus: A document filed with the Securities and Exchange Commission by corporations and investment companies whose shares are registered with the Commission and traded on the public market detailing the opportunities and risks associated with the investment.

Put Option: For the purchaser, the right to sell an asset at a specified exercise price on or before a specified expiration date. See also, "Options".

Real Estate Investment Trust (REIT): An investment instrument similar to a Mutual Fund but whose investment focus is limited to real estate or loans secured by real estate. Like Mutual Funds, investors hold shares in REITs which are generally tradable on public exchanges.

Restricted Security: An registered or unregistered security acquired other than in a public transaction.

Sharpe Ratio: A measure that compares the return of a risky portfolio to the return of a risk free asset.

Short Sale: The sale of shares borrowed by the investor and later repurchased to repay the loan. The investor profits when the sale of the borrowed shares is at a higher price than the repurchase price.

Sovereign Debt: Fixed income securities that are issued by countries that are tradable in both the U.S. Dollar and Euro markets. Can qualify as either High Grade Corporate Debt or High Yield Securities.

Standard Deviation: A traditional measure of volatility equal to the square root of the variance of returns for a particular asset or group of assets. Under the assumption that returns are normally distributed, annual Standard Deviation defines the expected range of return over a given year.

Structured Finance: Non-standard financing or risk transfer arrangements customized to meet specific clients' objectives. See "Asset Backed Security," "Collateralized Bond Obligation," "Collateralized Debt Obligation," "Collateralized Loan Obligation," "Collateralized Mortgage Obligation," and "Credit Default Swap".

Swap: A privately negotiated financial instrument traded over-the-counter and not listed on a registered commodities or futures exchange whereby cash flows are exchanged between investors (or "counterparties") who have different investment objectives. A common ("plain vanilla") form of Swap is an interest rate swap whereby one counterparty with a floating rate exposure (i.e., the issuer of a floating rate note) agrees to pay a fixed interest rate to the other counterparty in exchange for the floating rate. This effectively "hedges" the issuer's exposure to volatility on the floating rate by passing that volatility to another party in exchange for a fixed obligation.

Treasury Bills: U.S. Government Securities issued with maturities of less than one year.

Treasury Bonds: U.S. Government Securities issued with maturities of greater than 10 years.

Treasury Notes: U.S. Government Securities issued with maturities of 1 to 10 years.

U.S. Government Securities: Debt instruments issued and guaranteed by the U.S. Treasury consisting of "Treasury Bills," "Treasury Notes" and "Treasury Bonds"

Warrants: Options issued by a corporation to purchase shares of that corporation's stock.

Yield: An investment's income as a percentage of its current market price. For fixed income investments, see "Current Yield". For equity investments, see "Dividend Yield".

Article 3

General Investment Guidelines

These investment guidelines stipulate constraints on the purchasing and management of individual securities within each Portfolio. While it is the intent of the Committee that these constraints generally apply to all Portfolio investments, it is recognized that where the Committee utilizes Pooled Fund investments to implement Policy(ies), the governing documents of the Pooled Fund have been deemed acceptable by the Committee and shall supersede the relevant paragraphs contained in this Article.

3.01 General Principles

(a) Standard of Care

It is the intention of the Committee that Fiduciaries of the Portfolio(s) should exercise their duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

(b) Safety of Principal

It is believed that the criterion of safety of principal need not be imposed on each investment; however, each Portfolio taken as a whole must be structured primarily to protect it against the long-term erosion of capital.

(c) Liquidity Requirements

Advisors shall ensure that an adequate reserve in the form of cash equivalents is available to meet the anticipated disbursements from each Portfolio.

(d) Turnover

It is the responsibility of the Advisors to select the turnover needed to achieve the performance objectives. If performance results meet the Portfolio's investment rate of return objective, the rate of turnover will not be a consideration.

(e) Brokerage

The Committee reserves the right to direct the brokerage transactions of each Portfolio to brokerage firms who provide beneficial services to the Portfolio such as evaluation services. Such directed brokerage should only be done to the extent that trades are on a best execution basis and the cost of such services would otherwise have been paid in hard dollars from the Portfolio.

(f) Investment Style

The Committee recognizes that broad classification of active investment approaches commonly referred to as "styles" tend to rotate in and out of favor in the market. The Committee wishes to diversify the Portfolio(s) to prevent an excessive emphasis on any particular investment style; however, each active investment style or approach considered is expected to outperform its asset class appropriate broad market index over a market cycle and no active investment style should be engaged solely for the purposes of short-term diversification.

(g) Proxy Voting

The voting of shares held by each Portfolio must be done in the best economic interest of the Portfolio beneficiaries by those Fiduciaries best able to make such judgments; normally, this would be the Advisor who purchased the investment for the Portfolio.

3.02 Investment Guidelines on Managing Risk

The Committee recognizes that risk (i.e., the uncertainty of future events) and the possibility of loss of purchasing power (e.g., from inflation) are present to varying degrees with all types of investment vehicles. The Committee's intent is to select Advisors who will seek to minimize these risks with respect to the returns achieved. The assumption of relative risk is, however, warranted and encouraged in order to allow each Advisor the opportunity to achieve satisfactory long-term results consistent with Portfolio objectives.

Risk is often defined in terms of the annual Standard Deviation of returns. The Committee will use the Sharpe Ratio to quantify this risk relative to the achieved returns. The Sharpe Ratio measures the return of a portfolio against the return of a risk free investment (i.e., 90- Day U.S. Treasury Bills). This ratio is determined through the following calculation:

Sharpe Ratio = (Return of Fund - Return of Risk Free Investment) / Standard Deviation of Fund Returns

A high ratio denotes an incrementally higher return vs. the risk associated with obtaining the return; a low ratio indicates excessive risk given the realized returns.

3.03 Acceptable Investments

(a) Approved Investments

All assets selected for a given Portfolio must have a readily ascertainable market value and must be readily marketable. The following types of assets are among those approved for investment:

- (1) Agency Securities
- (2) Asset Backed Securities
- (3) Banker's Acceptances with maturities of less than or equal to 270 days
- (4) Certificates of Deposit
- (5) Commercial Paper with A-1 or P-1 Rating
- (6) Common Stock
- (7) Convertible Bonds
- (8) Corporate Bonds
- (9) Covered Call Options - Selling/writing only
- (10) Federal Funds with maturities of less than or equal to 270 days
- (11) Foreign Currency Forward Contracts
- (12) Foreign Currency Spot Contracts
- (13) Foreign Securities
- (14) Futures and Options-on-Futures
- (15) Money Market Funds
- (16) Municipal Bonds - Both taxable and tax-exempt
- (17) Preferred Stocks
- (18) Real Estate Investment Trusts
- (19) Repurchase agreements with maturities of less than or equal to 30 days
- (20) Savings Accounts

- (21) U.S. Government Securities
- (22) Warrants - Received as or in lieu of cash dividend payments only

(b) Prohibited Investments

The following types of assets or transactions are expressly prohibited without prior written approval from the Committee:

- (1) Banker's Acceptances with maturities of greater than 270 days
- (2) Commodities – Unless fully hedged
- (3) Exotic Derivatives
- (4) Federal Funds with maturities of greater than 270 days
- (5) Lettered Stock
- (6) Leveraged Investments - Including the purchase of equity securities on Margin
- (7) Mortgage Backed Securities
- (8) Oil and Gas Direct Participation Programs
- (9) Options - Except selling/writing Covered Call Options
- (10) Private Placements
- (11) Real Estate Direct Participation Programs
- (12) Repurchase agreements with maturities of greater than 30 days
- (13) Restricted Securities
- (14) Short Sales - Unless fully hedged
- (15) Sovereign Debt (Non-US)
- (16) Warrants - Unless received as or in lieu of cash dividend payments

3.04 Advisor Responsibilities

(a) Adherence to Statement of Investment Objectives and Policy Guidelines

Each Advisor is bound by the specific limitations, guidelines, and philosophies stated herein or as expressed in any written amendments or instructions provided by the Committee.

Each Advisor's appointment to serve in such capacity and acceptance thereof will constitute an acknowledgment that the guidelines and objectives contained herein are reasonable.

(b) Discretionary Authority

Each Advisor will be responsible for making all investment decisions on a discretionary basis regarding all assets placed under its control and will be held accountable for achieving the investment objectives indicated herein. Such "discretion" includes decisions to buy, hold and sell securities (including cash equivalents) in amounts and proportions that are reflective of the Advisor's current investment strategy and compatible with the investment guidelines stated herein. Unless otherwise provided in writing, the Advisor shall be exclusively responsible for deciding whether and how to exercise any right relating to an investment managed or purchased at its direction, including without limitation any conversion, preemption, tender, anti-dilution, voting or dissenter right.

- (1) Each Advisor will keep the Committee informed on a timely basis of major changes in its investment outlook, investment strategy, asset allocation, and other matters affecting its investment policies or philosophy.

- (2) The Committee will be promptly informed of any proposed or actual significant changes in the ownership, organizational structure, financial condition, or senior personnel staffing of Advisors.
- (3) Whenever the Advisor determines that any particular guideline should be altered or deleted, it will initiate written communications with the Committee expressing its views and recommendations.

(c) Reporting

- (1) Advisors shall keep records of its exercise of rights relating to each Portfolio, including any actions taken and the reason for taking the action. The records shall be available to the Committee upon request. The Committee may rely upon a third party for evaluation of the Advisor's compliance.
- (2) The Committee will receive timely notices of transaction activity as well as quarterly performance reports from the Advisors.
- (3) In addition, any information needed to assist the Committee in conducting its own evaluation, which the Advisor has agreed to furnish, will be furnished on a timely basis.

(d) Compliance with Appropriate Legislation

Advisors will be registered under the Investment Advisors Act of 1940 or similar regulatory acts established in countries outside of the United States.

(e) Integration with Advisor's Services/Fee Agreement

This Charter shall be deemed an integral part of each Advisor's investment management services/fee agreement.

3.05 Standards of Performance Measurement

Evaluation of performance and management of each Portfolio shall include measurement based on the quantitative and qualitative standards, which follow:

(a) Quantitative Standards

- (1) The extent to which the compounded annual rate of return of the Advisor's investment portfolio over the past five-year period equals or exceeds applicable performance objectives.
- (2) Performance will be measured on a time-weighted basis which: a) recognizes the changes in market value, as well as income received; b) takes into account any appreciation or depreciation that occurs during the period examined, whether realized through the sale of investments or left unrealized by holding the investments; and c) eliminates the influence of cash flow or asset transfers that are essentially beyond the control of an Advisor.

(b) Qualitative Standards

- (1) Advisors' adherence to the investment policies and guidelines of this Charter.
- (2) Advisors' consistency in the application of its own investment philosophy.
- (3) Advisors' risk control management vs. risk management guidelines.

(c) Frequency

Evaluation of performance and management will be conducted quarterly. Advisors will provide the Committee with appropriate data for making this evaluation.

(d) Right to Terminate

While the Committee intends to evaluate performance over a five-year period, it reserves the right to terminate the services of Advisors for any reason and at any time. By definition, those services shall be terminated not later than thirty (30)

days after an Advisor receives written notice of termination.

(e) Committee Meetings

Each Advisor shall meet with the Committee upon request to review specific investments.

Article 4

Asset Categories

4.01 Definition of Asset Categories

Category	Class	Passive Policy Benchmark
	Region	Passive Policy Benchmark
	Sub-Class	Passive Policy Benchmark
	Alternatives	
	Hedge Funds	S&P 500 + 5% Annually
	Private Equity	S&P 500 + 5% Annually
	Venture Capital	S&P 500 + 5% Annually
	Cash or Equivalents	
	Money Market	90 Day U.S. Treasury Bills
	Equity	
Domestic (US)		
Large Capitalization	95% S&P 500 + 5% 90-Day T-Bills	
Mid Capitalization	95% S&P 400 + 5% 90-Day T-Bills	
Small Capitalization	95% S&P 600 + 5% 90-Day T-Bills	
Global		
Developed Markets	95% MSCI World + 5% 90-Day T-Bills	
International (Non-US)		
Developed Markets	95% EAFE + 5% 90-Day T-Bills	
Emerging Markets	95% EM Free + 5% 90-Day T-Bills	
Fixed Income		
Domestic (US)		
Intermediate Duration Bonds	Lehman Aggregate Bond Index	
Low Duration Bonds	ML 1-3 Year Treasury Index	
Market Neutral	90% Lehman GC + 10% 90-Day T-Bills	
Global		
Developed Markets	Citigroup World Govt. Bond Hedged	
International (Non-US)		
Developed Markets	Citigroup Non-US World Govt. Bond Hedged	
Emerging Market Debt	Emerging Market Bond Index Global	

Guide to Index Abbreviations

EAFE	Europe, Australasia, Far East	LB	Lehman Brothers
SSB	Salomon Smith Barney	NAREIT	National Assoc. of Real Estate Investment Trusts
WGB	World Government Bond	NCREIF	National Council of Real Estate Investment Fiduciaries
EM	Emerging Markets	S&P	Standard & Poors
MSCI	Morgan Stanley Capital International	ML	Merrill Lynch
T-Bills	U.S. Treasury Bills	x	Excluding

(a) Expectations for Active Managers

The Committee believes that passive investment management, when available, provides the least expensive access to capital market returns of specific asset categories. For asset categories where active management is employed, the Committee recognizes the implicit belief that such active management is expected to add value net of all costs in excess of passive alternatives over a full market cycle.

(b) Asset Category Defined by Benchmark

The identification of distinct asset categories under the Investment Charter is formulated to facilitate the positioning of the Portfolio(s) to achieve stated goals and objectives. Due to the fluid nature of the capital markets the Committee intentionally refrains from establishing detailed definitions of each asset category specified herein. With the exception of the Alternatives asset category, the Passive Policy Benchmark associated with each asset category shall serve as a general guideline as to the investments the Committee intends each asset category to represent.

4.02 Rebalancing

(a) Tactical Asset Allocation

The Committee recognizes that the actual mix among asset categories will deviate from time to time from the strategic mix established in the Policy Statement(s). The Committee makes the following observations relative to Portfolio asset mix:

- (1) Neither the Committee nor its Advisors possess the ability to add significant long-term value through active tactical shifts favoring certain asset categories over others.
- (2) The strategic asset mix set forth in the Policy Statement(s) represents the most prudent positioning of the Portfolio(s) to achieve stated goals and objectives.
- (3) A disciplined, systematic approach to correcting significant deviations of actual from strategic asset mix minimizes the violation of these principles.

(b) Rebalancing Guidelines

Therefore, the Committee establishes the following guidelines for systematically rebalancing the Portfolio(s) back to Policy(ies):

- (1) Actual asset mix shall be rebalanced to Strategic Target Asset Mix according to the criteria established in each Policy Statement.
- (2) Actual asset mix shall be evaluated at least monthly or more frequently if market conditions warrant.
- (3) Rebalancing will be accomplished primarily through the use of cash flow via contributions or investment income, secondly via funds from Portfolio attrition and lastly from direct sale of investment assets, as so directed by the Committee.

(c) Policy Specific Rebalancing

It is the intention of the Committee that, unless specifically addressed under the Policy Statement(s), the approach outlined in paragraph (b) be used to rebalance to strategic targets established by the Policy Statement(s) under the Investment Charter for allocations to Asset Class, Region, Sub-class, and Account.

4.03 Diversification and Quality Guidelines

These diversification and quality guidelines stipulate constraints on the purchasing and management of individual securities within each Portfolio. While it is the intent of the Committee that these guidelines generally apply to all Portfolio investments, it is recognized that where the Committee utilizes Pooled Fund investments to implement Policy(ies), the governing documents of the Pooled Fund have been deemed acceptable by the Committee and shall supersede the relevant paragraphs contained in this section.

(a) Diversification Guidelines by Asset Category

The Asset Category diversification guidelines established here apply separately to each Advisor account within each Portfolio.

Asset Category	Maximum Investment...						Minimum # Of Issues
	In Cash	In Emerging Markets	In One...				
			Issuer ²	Industry ¹	Sector ¹	Country	
Large Capitalization Domestic (US) Equity	100%		10%	20%			20
Mid Capitalization Domestic (US) Equity	100%		10%	20%			50
Small Capitalization Domestic (US) Equity	100%		3%	20%			50
Developed Markets International (Non-US) Equity	100%	10%	5%	25%		30%	
Emerging Markets International (Non-US) Equity	100%		3%			15%	
Fixed Income			10%				
Market Neutral Domestic (US) Fixed Income	100%		5%		20%		100
Intermediate Duration Bonds Domestic (US) Fixed Income	100%						
Developed Markets International (Non-US) Fixed Income	10%	10%	5%	25%		30%	
Emerging Market Debt International (Non-US) Fixed Income	10%		3%			20%	
Global Fixed Income			5%				

¹ As defined by the Global Industry Classification System (GICS)

² Except for securities of the U.S. Government and its agencies

(b) Quality Guidelines by Asset Category

The Asset Category quality guidelines established here apply separately to each Advisor account within each Portfolio.

Restrictions for Developed Markets International (Non-US) Equity

- Holdings in at least 3 countries.

Restrictions for Intermediate Duration Bonds Domestic (US) Fixed Income

- Average Standard & Poor's Long Credit Quality Rating higher than or equal to AA.
- Average duration within 1.5 years of that of the Passive Policy Benchmark.
- Minimum Standard & Poor's Short Credit Quality Rating equal to A-2.
- Minimum Moody's Long Credit Quality Rating equal to Baa.
- Minimum Standard & Poor's Long Credit Quality Rating equal to BBB.

Restrictions for Low Duration Bonds Domestic (US) Fixed Income

- Minimum Standard & Poor's Short Credit Quality Rating equal to A-2.
- Minimum Moody's Short Credit Quality Rating equal to P-2.
- Minimum Moody's Long Credit Quality Rating equal to Baa.
- Minimum Standard & Poor's Long Credit Quality Rating equal to BBB.
- Average Standard & Poor's Long Credit Quality Rating higher than or equal to AA.

Restrictions for Market Neutral Domestic (US) Fixed Income

- Holdings in at least 10 Sectors.

In witness whereof, the Investment Committee hereby adopts this Investment Charter and the Policy Statement(s) appended hereto for each Portfolio which is the subject hereof.

Upon execution hereof, no amendments to this Investment Charter, or any Policy Statement appended hereto, shall be effective unless and until a majority of the Investment Committee has evidenced adoption of any such amendments by written signature below of the Investment Committee Chairperson and the Chief Financial Officer.

INVESTMENT COMMITTEE CHAIRPERSON

_____ Date: _____

CHIEF FINANCIAL OFFICER

_____ Date: _____

Appendix A

Short Term Cash Fund Policy

A-1 Goals & Objectives

The Portfolio exists solely as a short-term investment vehicle for cash expected to be needed for current obligations.

(a) Goals

The long-term goal of the Policy is to provide a highly liquid, low risk investment for Endowment contributions that are anticipated to be spent in the near-term.

(b) Definition of Objectives

The short-term objectives of the Policy is to achieve a compound annualized rate of return net of all costs on a trailing five (5) year basis equal to the greater of the following:

- (1) An absolute return
- (2) A return in excess of the return on 90-Day U.S. Treasury Bills
- (3) A return in excess of the Passive Policy Benchmarks of Section 4.01 of the Investment Charter blended in proportion to the Policy Strategic Asset Mix set forth in Section A-2 of this Policy Statement

(c) Policy Objectives

The following table indicates past and current objectives according to the definitions of sub-section (b):

Overall Portfolio Performance Objectives	Section (b) Objectives		
	(1)	(2)	(3)
Effective as of	4.75%	0.75%	0.75%

A-2 Policy Strategic Asset Mix

The Committee recognizes that the Strategic Asset Mix established under this Policy will in large measure determine achievement of Policy goals. The Strategic Asset Mix under this Policy will be expressed in terms of the following asset categories as defined in Section 4.01 of the Investment Charter. The following table indicates past and current Policy Strategic Asset Mix Targets:

Asset Category	Relative Strategic Asset Mix Targets			
	Category Portfolio	Sub-Class Region	Region Class	Class Portfolio
Allocations Effective:				
Money Market Cash or Equivalents	30.00%		100.00%	30.00%
Low Duration Bonds Domestic (US) Fixed Income	70.00%	100.00%	100.00%	70.00%

A-3 Asset Category Objectives

The following table indicates past and current objectives according to the definitions of sub-section A-1(b):

Asset Category	Section 1(b) Objectives		
	(1)	(2)	(3)
Objectives Effective:			
Money Market Cash or Equivalents	4.00%	0.00%	0.00%
Low Duration Bonds Domestic (US) Fixed Income	5.00%	1.00%	1.00%

A-4 Rebalancing

An Asset Category under this Policy Statement will be rebalanced back to its Target Allocation when its Actual Allocation differs from its Target Allocation by more than its Rebalancing Range.

(a) Actual Allocation

On a valuation date an Asset Category's Actual Allocation is calculated by dividing its market value by the market value of the Asset Category in which it is contained.

(b) Target Allocation

The Asset Category's Strategic Asset Mix Target expressed as a percentage of the Asset Category in which it is contained.

(c) Rebalancing Range

Each Asset Category's Rebalancing Range is equal to eleven (11) percent multiplied by its Target Allocation.

Appendix B

Long Term Reserve Fund Policy

B-1 Goals & Objectives

The Portfolio is to be managed on a going-concern basis intended to exist in perpetuity.

(a) Goals

The long-term goal of the Policy is to provide for Endowment expenses by distributing an annual amount as established by B-5 in perpetuity.

(b) Definition of Objectives

The short-term objectives of the Policy is to achieve a compound annualized rate of return net of all costs on a trailing five (5) year basis equal to the greater of the following:

- (1) An absolute return
- (2) A return in excess of the return on 90-Day U.S. Treasury Bills
- (3) A return in excess of the Passive Policy Benchmarks of Section 4.01 of the Investment Charter blended in proportion to the Policy Strategic Asset Mix set forth in Section B-2 of this Policy Statement

(c) Policy Objectives

The following table indicates past and current objectives according to the definitions of sub-section (b):

Overall Portfolio Performance Objectives	Section (b) Objectives		
	(1)	(2)	(3)
Effective as of	9.00%	5.00%	1.75%

B-2 Policy Strategic Asset Mix

The Committee recognizes that the Strategic Asset Mix established under this Policy will in large measure determine achievement of Policy goals. The Strategic Asset Mix under this Policy will be expressed in terms of the following asset categories as defined in Section 4.01 of the Investment Charter. The following table indicates past and current Policy Strategic Asset Mix Targets:

Asset Category	Relative Strategic Asset Mix Targets			
	Category Portfolio	Sub-Class Region	Region Class	Class Portfolio
Allocations Effective:				
Large Capitalization Domestic (US) Equity	20.00%	50.00%	50.00%	80.00%
Mid Capitalization Domestic (US) Equity	12.00%	30.00%		
Small Capitalization Domestic (US) Equity	8.00%	20.00%		
Developed Markets International (Non-US) Equity	40.00%	100.00%	50.00%	20.00%
Intermediate Duration Bonds Domestic (US) Fixed Income	10.00%	100.00%	50.00%	
Developed Markets International (Non-US) Fixed Income	10.00%	100.00%	50.00%	

B-3 Asset Category Objectives

The following table indicates past and current objectives according to the definitions of sub-section B-1(b):

Asset Category	Section 1(b) Objectives		
	(1)	(2)	(3)
Objectives Effective:			
Large Capitalization Domestic (US) Equity	9.00%	5.00%	1.50%
Mid Capitalization Domestic (US) Equity	10.00%	6.00%	2.00%
Small Capitalization Domestic (US) Equity	10.00%	6.00%	2.00%
Developed Markets International (Non-US) Equity	10.00%	6.00%	2.00%
Intermediate Duration Bonds Domestic (US) Fixed Income	6.00%	2.00%	0.50%
Developed Markets International (Non-US) Fixed Income	7.00%	3.00%	1.00%

B-4 Rebalancing

An Asset Category under this Policy Statement will be rebalanced back to its Target Allocation when its Actual Allocation differs from its Target Allocation by more than its Rebalancing Range.

(a) Actual Allocation

On a valuation date an Asset Category's Actual Allocation is calculated by dividing its market value by the market value of the Asset Category in which it is contained.

(b) Target Allocation

The Asset Category's Strategic Asset Mix Target expressed as a percentage of the Asset Category in which it is contained.

(c) Rebalancing Range

Each Asset Category's Rebalancing Range is equal to eleven (11) percent multiplied by its Target Allocation.

B-5 Annual Payout

The Fund will distribute to the Endowment on a periodic basis an amount each Fiscal Year as calculated in (e) below.

(a) Long Term Payout Rate

The Committee establishes a Long Term Payout Rate (LTPR) equal to 5.00% of the Portfolio's Current Market Value.

(b) Current Market Value

The Current Market Value is defined as the market value of the Portfolio at the end of the 3rd quarter of the Fiscal Year immediately preceding the Fiscal Year for which the payout is being calculated.

(c) Inflation Rate

The Inflation Rate is defined as the percentage change in All Urban Consumer Price Index as published by the Bureau of Labor Statistics for the 12 month period ending at the close of the 3rd quarter of the Fiscal Year immediately preceding the Fiscal Year for which the payout is being calculated.

(d) Prior Year Payout

The Prior Year Payout is the Annual Payout calculated under this Policy for the Fiscal Year immediately preceding the current Fiscal Year for which the Annual Payout is being calculated. In the case of the initial Annual Payout to be calculated for

the 2004 Fiscal Year, the Prior Year Payout shall be taken to be \$ 3.5 million.

(e) Amount

The amount of the Fiscal Year payout will be equal to the sum of the following:

- (1) 70% of the Prior Year Payout increased by the Inflation Rate
- (2) 30% of the LTPR multiplied by the Current Market Value