

University Resources Committee
Information Session
Thursday, February 23
Robertson Hall, Bowl 2, 7 p.m.

Meeting summary

The information session for the University Resources Committee was advertised in the *Daily Princetonian* on Wednesday, February 22 and Thursday, February 23 in both the print and on-line publications.

The following members of the Resources Committee attended: Deborah Prentice, Markus Brunnermeier, Salvador Rosario, Daniel Condronimpuno, and Karen Jeziorny. The meeting was attended by six members of the University community and three members of the Princo staff.

The meeting featured University Vice President for Finance and Treasurer Carolyn Ainslie who provided a general overview of the University's operating budget and the role of the University endowment. (A copy of Ms. Ainslie's presentation is attached.) The presentation included questions from the audience regarding both the endowment and the operating budget.

Professor Deborah Prentice, chair of the University Resources Committee gave a presentation about the Resources Committee and its unique role within the University community.

Andrew Golden, President of Princo, joined the conversation in response to specific questions from the audience regarding particular University investments in HEI, a hotel management company. Mr. Golden described the application of the Resources Committee guidelines to initiatives to overlay social and political considerations on investment decisions. He noted that the guidelines require that there be considerable, thoughtful and sustained campus interest in an issue; a central University value must clearly be at stake; a consensus on how to respond must be achievable; and a University course of action must be available in order for the Resources Committee to recommend a particular action to the Trustees. In the course of the conversation, Mr. Golden noted that while some students have urged the University to curtail its investments in HEI, the issues underlying the students' recommendation have not met the standards outlined in the guidelines. However, Mr. Golden noted that based on a collection of business considerations, Princo had decided not to invest in additional HEI offerings.

Additional audience comments included questions about transparency of investments of the University endowment. Members of the community were advised that the Treasurer's office website, and in particular, the Annual Report of the Treasurer, contain a significant amount of financial information. <http://finance.princeton.edu/princeton-financial-overview/> that address the questions of transparency.



OFFICE OF
FINANCE & TREASURY

Endowment 101

Carolyn Ainslie
Vice President for Finance and Treasurer
February 23, 2012

Agenda

- What is the endowment?
- How is the endowment managed?
- How does the endowment support the University?
- Questions?

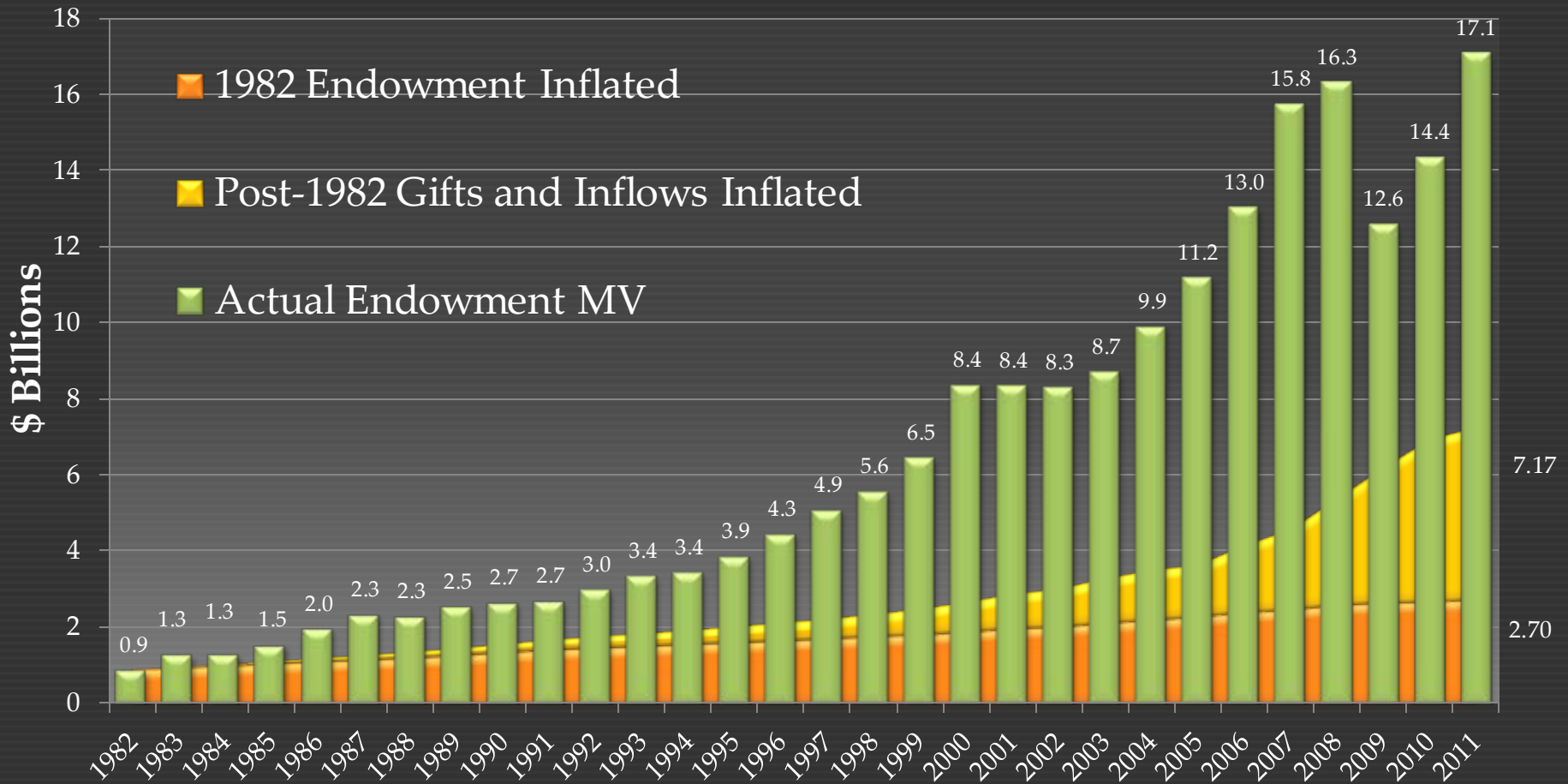
What is an Endowment?

- An endowment is a collection of assets used to generate income for current and future operations
- Most endowments include a variety of funds
 - True endowments are assets that were specified by the donor to be held in perpetuity to support particular activities or programs
 - Funds functioning as endowments are assets that are treated as if they were endowments, but may be spent freely as needed
- A balancing act: spend as much as possible while
 - Preserving the purchasing power for future generations
 - Maintaining a relatively stable spending stream

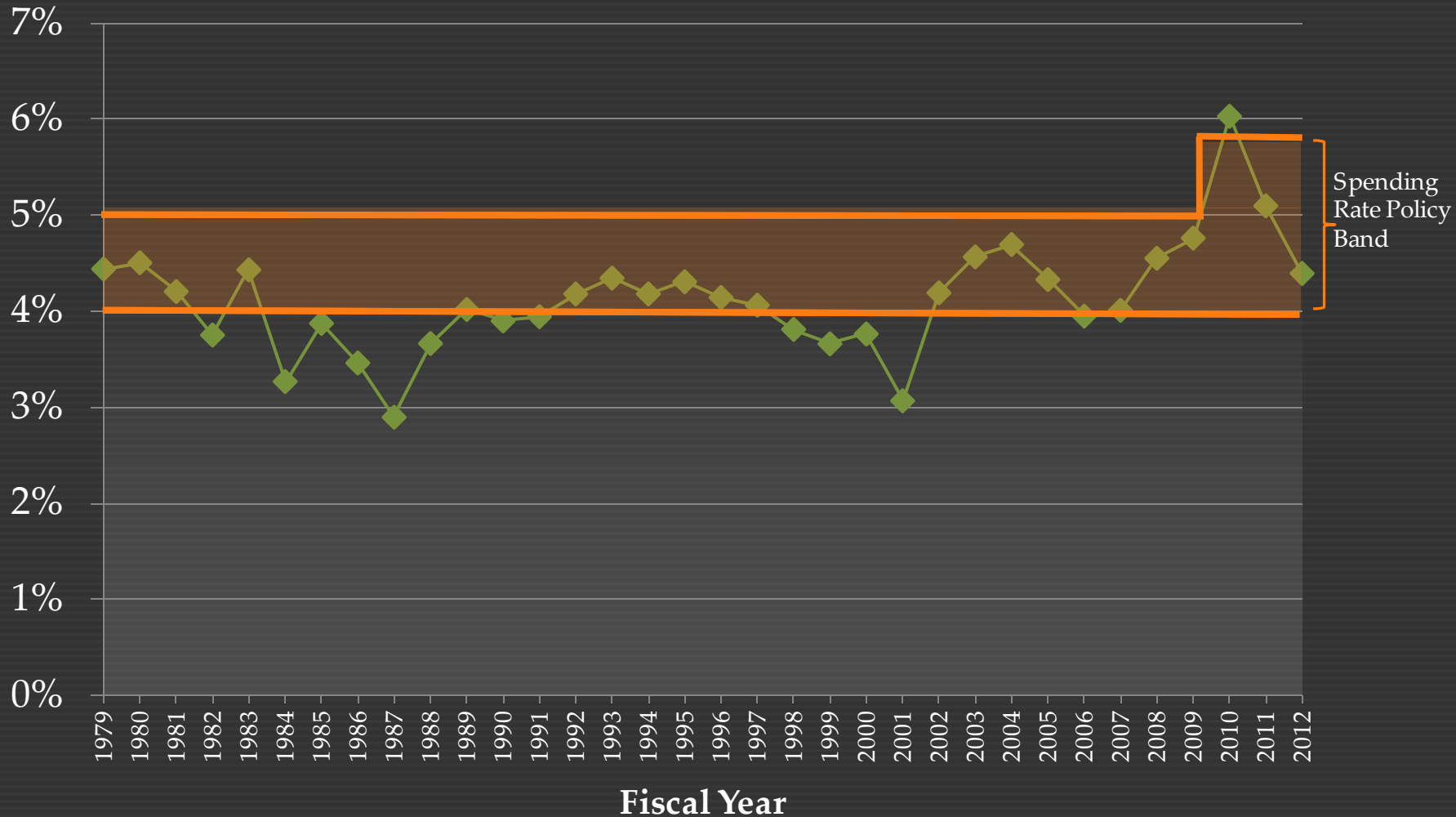
Princeton University's Endowment

- Valued at \$17.1 billion as of June 30, 2011
 - 4th largest endowment in the United States
 - Largest endowment per student
- Composed of 3,953 discrete funds, of which:
 - About 300 are unrestricted from an external perspective.
- Each fund owns units and each unit receives spending distributions quarterly per trustee policy

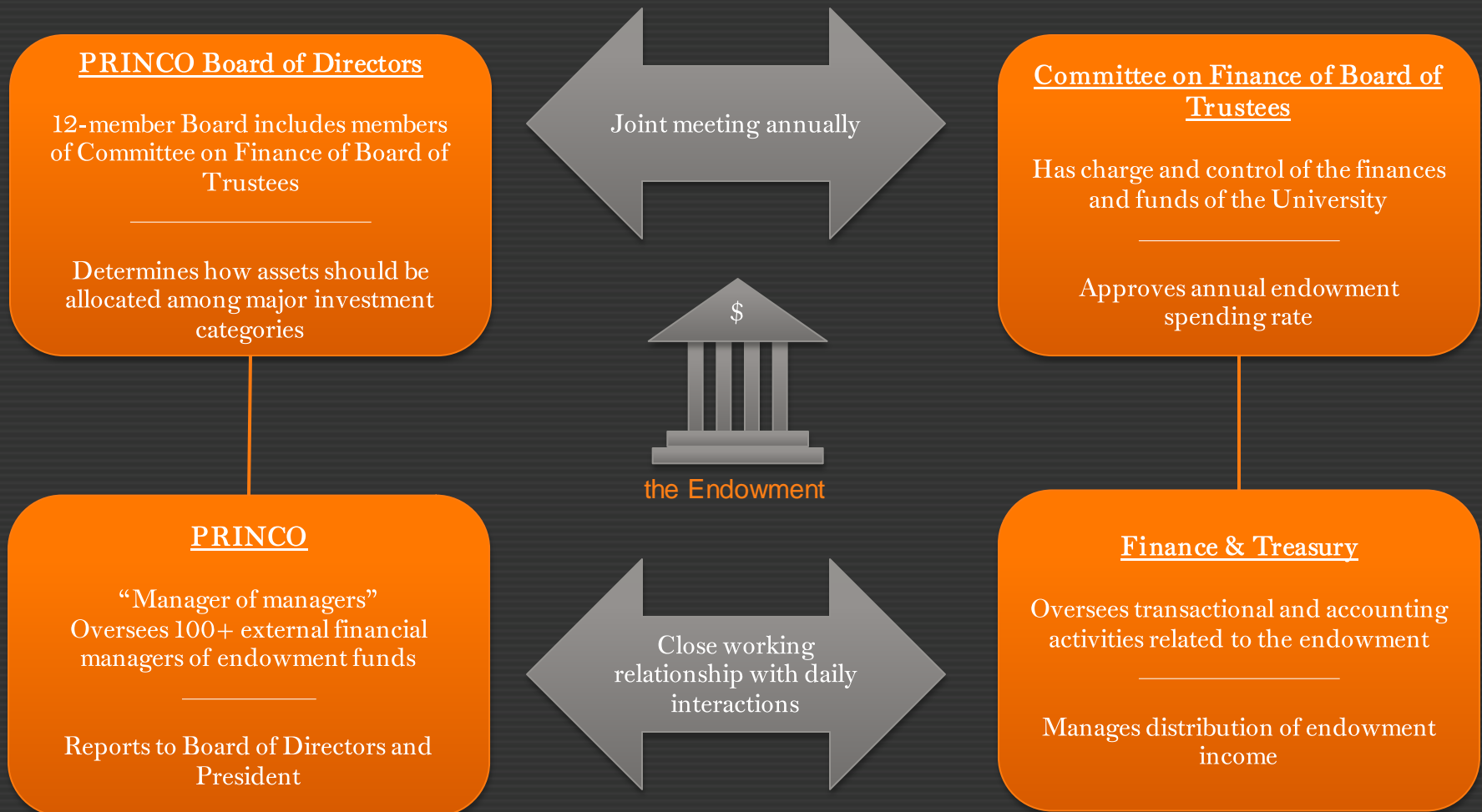
Endowment Market Value



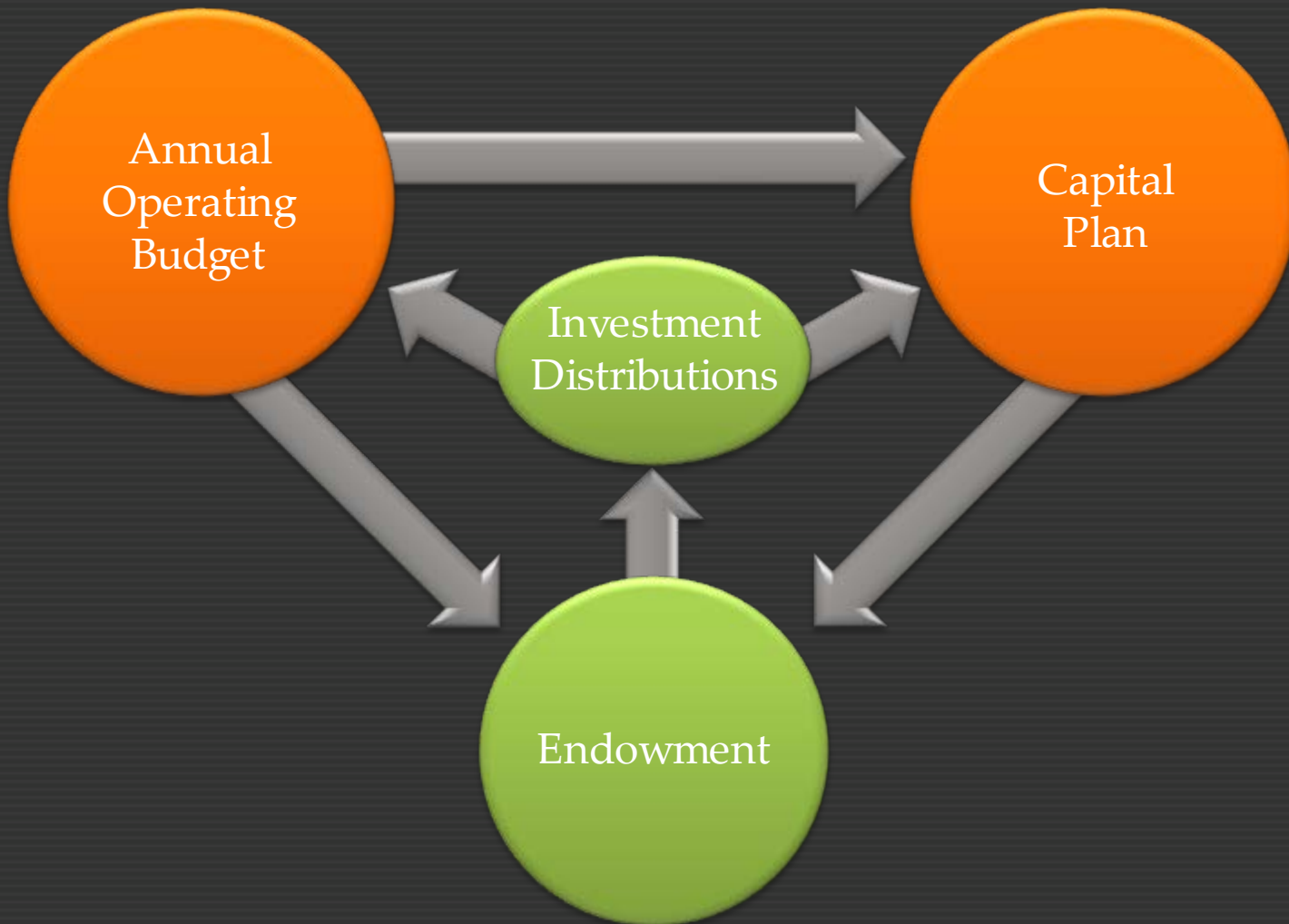
Endowment Spending Rate



Management of the Endowment

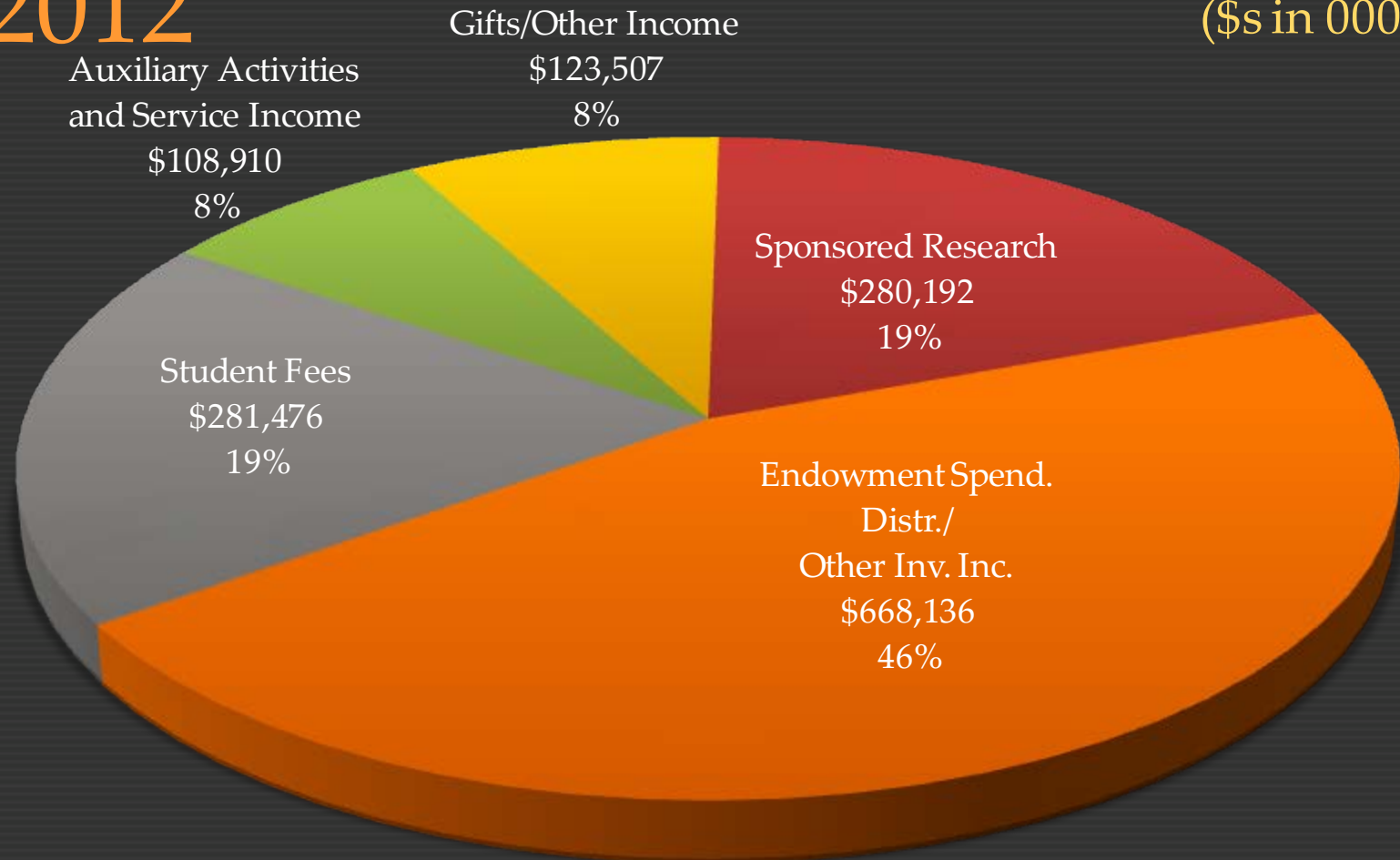


Two Major Budget Plans



Operating Budget Revenues FY2012

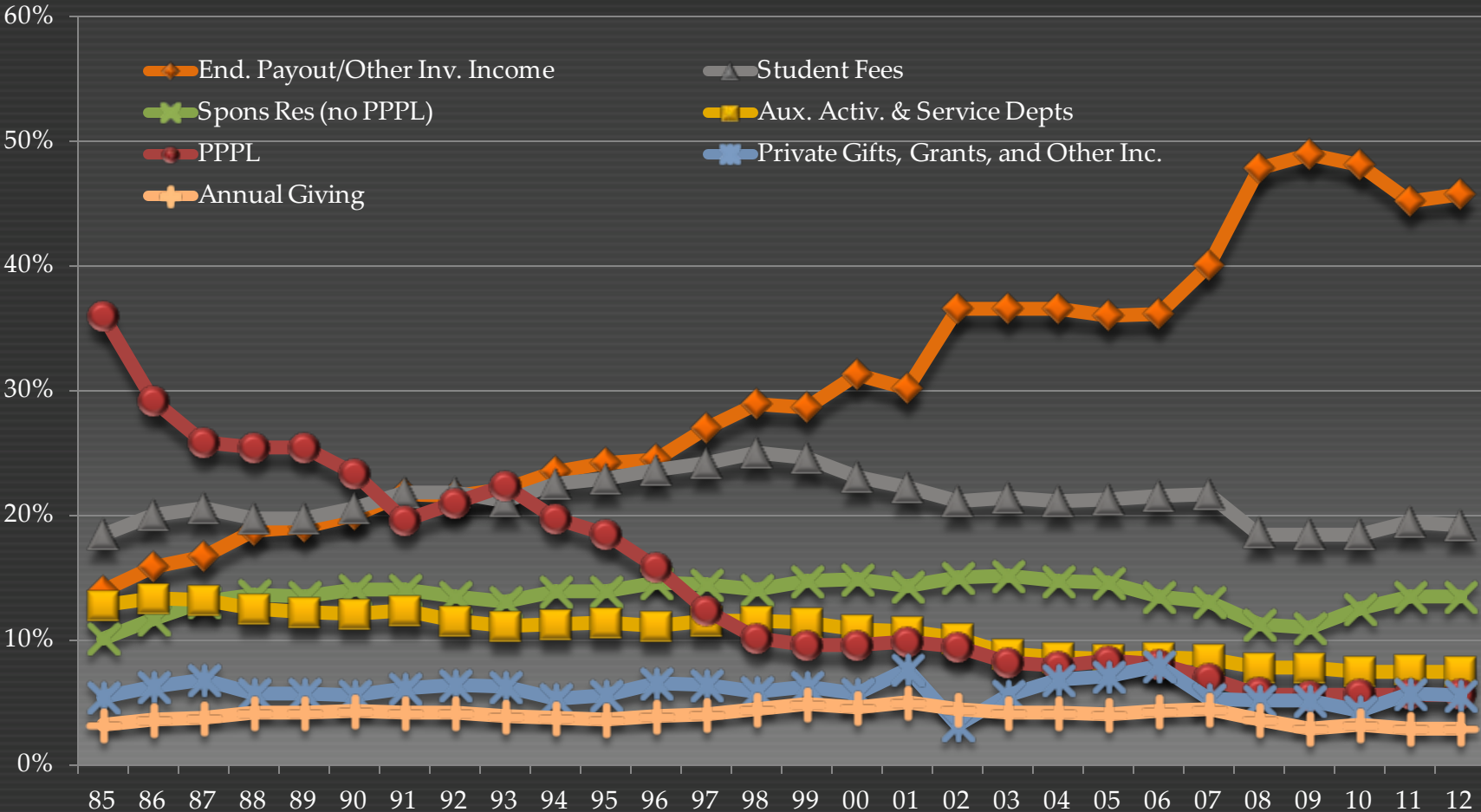
(\$s in 000s)



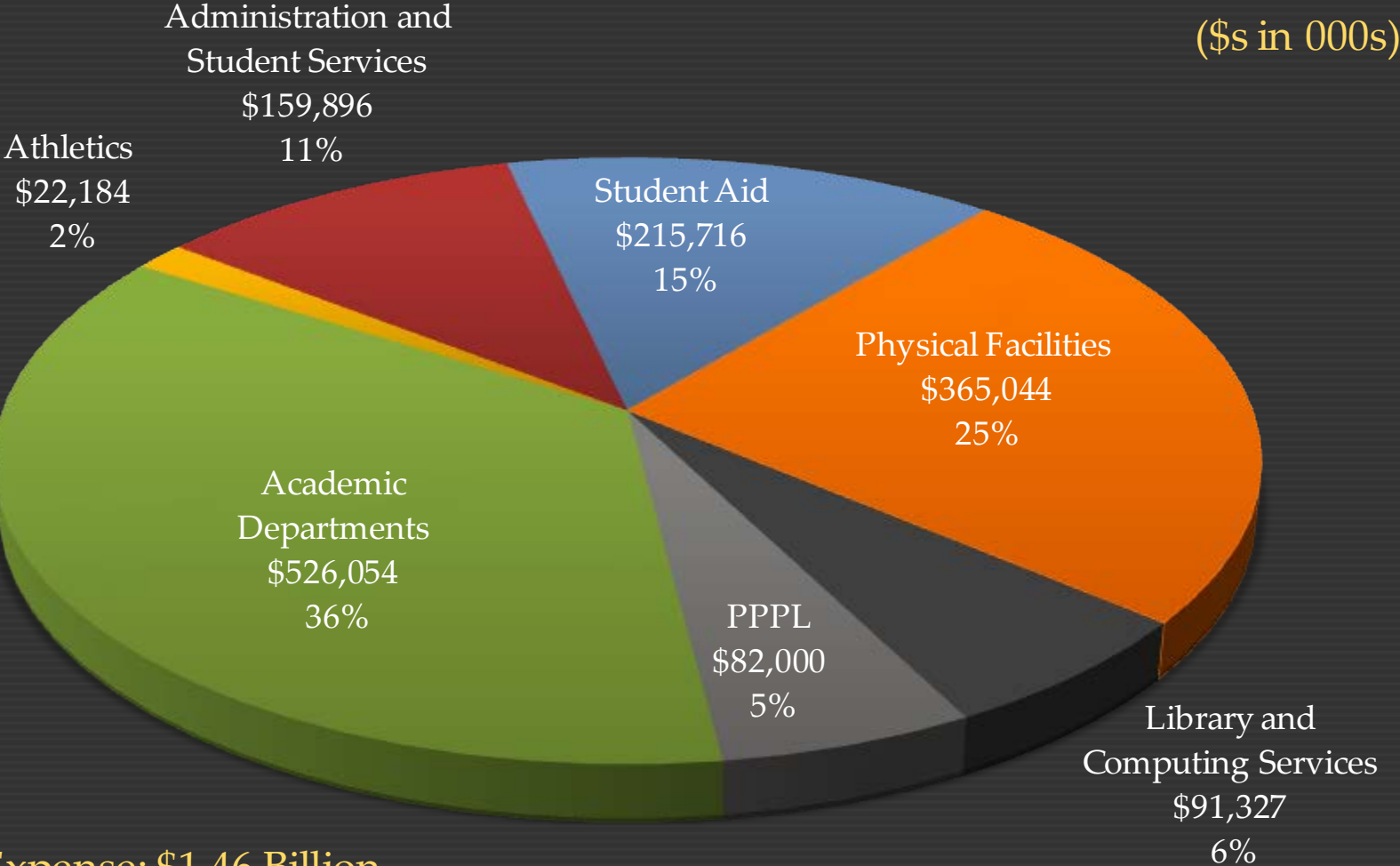
Total Income: \$1.46 Billion

Operating Budget Revenues

(% of total, including PPPL)



Operating Budget Expense FY2012



Total Expense: \$1.46 Billion

Questions?