

USM FOUNDATION

INVESTMENT COMMITTEE CHARTER

PURPOSE

The purpose of the Investment Committee is to manage the endowment and operating portfolio of the USM Foundation, the endowment portfolio the University System of Maryland (Common Trust), the endowment portfolios of other foundations affiliated with the University System of Maryland and the endowments of foundations affiliated with public community colleges in Maryland to the extent that such endowments have contracted with the USM Foundation for investment management services.

ORGANIZATION

The Committee will be comprised of a maximum of thirteen voting members and shall meet as often as circumstances dictate.

The Chairperson and other members of the Committee shall be appointed annually by the Board, provided, however, that the Board shall have the right to ask a member to resign from the Committee.

There will be no term limit for Committee members, but there will be an informal goal to drop one existing member and add one new member every two years. Members who discover they cannot participate consistently are encouraged to relinquish their position.

The members of the Committee may participate in a meeting by means of a conference telephone or similar communication equipment by means of which all members participating in the meeting can hear each other at the same time, and participation by which means shall be conclusively deemed to constitute presence in person at such meeting.

A majority of the Committee members present at a meeting at which a quorum is present (i.e. a quorum as defined by the Bylaws) must approve any proposed action or recommendation of the Committee, and a Committee member dissenting from a Committee proposed action or recommendation may, at his/her discretion, make a presentation to the Executive Committee of the Board regarding his/her views and opinion.

New members shall receive a copy of this charter upon appointment, and shall receive appropriate orientation from management and the Board.

Term length for the Committee Chairman is three years and limited to two terms with a vote for reelection at the end of the first term.

Subcommittees may be established from time to time for specific purposes.

ROLES AND RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Investment Committee shall determine and review the Foundation's investment policies. This shall include the determination of the return objective, risk tolerance, and other constraints. Both return objectives and risk tolerances shall be considered in the context of the spending policy and a long time horizon.

The Investment Committee has been granted the authority by the Board and bears sole responsibility for the hiring and discharging of investment managers. The Investment Committee may delegate to one or more of its subcommittees authority to hire and discharge managers as appropriate.

The Investment Committee shall periodically monitor the portfolio's performance and risk exposures.

The Committee may, at its discretion, use the services of any outside advisors as the Committee determines is necessary and appropriate to enable the Committee to fulfill its responsibilities.

RESPONSIBILITIES OF THE STAFF

The Staff shall, as occasion arises or at the request of the Committee, search for and conduct due diligence on investment managers with the intent of providing recommendations for inclusion in the portfolio.

The Staff shall maintain appropriate records and provide reports to the Committee on performance and risk exposures.

RESPONSIBILITIES OF THE INVESTMENT MANAGERS

The investment managers hired by the Foundation shall provide portfolio management and security selection in accordance with the purposes for which they were hired.