

Complete Policy Title: Expenditure Policy for Restricted Capital Fund	Policy Number (if applicable): N/A
Approved by: Board of Governors	Date of Most Recent Approval: March 19, 1998 Date of Most Recent Review: September 2, 2008
Date of Original Approval(s):	Supersedes/Amends Policy dated:
Responsible Executive: Assistant Vice-President (Administration)	Enquiries: <u>University Secretariat</u>
<i>DISCLAIMER: If there is a Discrepancy between this electronic policy and the written copy held by the policy owner, the written copy prevails</i>	

The Restricted Capital Fund contains the proceeds from the sale of houses in Westdale that were originally purchased with funds from the Government of Ontario. Although these funds are under the control of the Board of Governors of McMaster University, consent of the Ministry of Education and Training is required for expenditures.

The following policy applies to the Restricted Capital Fund of McMaster University:

- a. The normal target for expenditure in any given fiscal year will be five percent (5%) of the monthly average market value of the fund for the last three years. Given the nature of capital expenditures, the level of expenditure will be determined annually as part of the preparation of the capital budget.
- b. Net proceeds from the sale of Westdale properties will be added to the capital base of the fund by buying units of the pooled investment fund based on the beginning unit market value.
- c. Capital expenditures will be funded by the sale of units of the pooled investment fund based on the beginning unit market value.
- d. Actual income received (interest, dividends and realized capital gains) will be distributed to the Restricted Capital Fund on a per unit basis at the end of each fiscal year. This includes the income earned on funds managed by external managers and the allocation of appropriate portions of the Working Capital Portfolio managed by the University's Investment Department. The dividend per fund less income previously distributed as expendable will be added to the capital of each fund as expendable capital growth.