

ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES
North Carolina Agricultural and Technical State University
Greensboro, NC

MINUTES

The Endowment Committee of the Board of Trustees convened on Friday, April 16, 2010 in Room 424-A of the Dowdy Administration Building with Mrs. Patricia Miller Zollar presiding.

Roll Call revealed the following:

Present: Dr. Velma Speight-Buford
Mrs. Pamela McCorkle Buncum
Mr. D. Hayes Clement
Mrs. Patricia Miller Zollar

Others Present: Mrs. Kathy Burckley, Director of Financial Reporting
Mr. Scott Hummel, Comptroller
Dr. Harold L. Martin, Sr., Chancellor
Dr. Mark Kiel, VC for Development & University Relations
Mr. Robert Pompey, Jr., VC for Business & Finance
Mrs. Daphne Rogers, Executive Assistant

Absent: Mr. Spence Broadhurst
Mr. Willie Deese
Mr. Douglas Smith
Mr. Dennis Stearns

The meeting was called to order by Mrs. Patricia Miller Zollar followed by the roll call and a moment of meditation. The minutes from the last meeting were approved. The following information was discussed:

Jonathan King, Chief Executive Officer of the UNC Investment Fund, presented the result of the UNC Investment Fund. The UNC Investment fund manages approximately 80% of the University's endowment portfolio.

The following information was communicated:

- The UNC Investment Fund market value was approximately \$2.6 billion as of March 31, 2010 with approximately \$2 billion the assets of UNC Chapel Hill. There are 13 of the 17 UNC Schools currently invested in the UNC Investment Fund.
- The fund employs approximately 9 investment professionals.
- The overall goal of the fund is to generate a return of CPI +5.5%.
- The fund employs over 100 investment managers with 67% being public related and 33% private investments.
- As constituted, the fund will lag the market in strong up markets and typically performs well in down, moderately, sideways, and moderately positive equity markets.
- The UNC Investment Fund Board has an approved set of Strategic Investment Policy Portfolio (SIPP) that it benchmarks its performance.
- For the current year-to-date, the fund has trailed the SIPP significantly. This underperformance is a combination of the impact of revaluation of private investments, its overweight position in long/short investments in a strong equity market.
- Of 10 SIPP Asset Class categories, the fund trailed 9 of those 10 categories for the period ended March 31, 2010.
- For the 9 month period ended March 31, 2010, the fund achieved a return of approximately 10%.

The Committee expressed concerns over the performance of the fund. In particular, the Board is concerned about the overall conservative posture of the fund and the adequacy of the ability of the UNC Investment fund staff of 9 professionals to manage a portfolio of 100 investment managers.

The Committee discussed the performance of all endowment managers. For the period ended February 28, 2010, the fund market value is approximately \$18.7 million. The return for this period approximated 7.4% for this period.

The Committee also discussed the investment of available funds. It was recommended that we solicit Committee Member Stearns and obtain his understanding of the PIMCO funds and if these funds are a viable alternative to the UNC Investment fund and would allow us to take advantage of the strong markets.

With no further business, the meeting adjourned at 4:45 p.m.

Recorded by:

Robert Pompey, Jr.