

ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

September 11, 2014

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, September 11, 2014 in Conference Room 424-A of the Dowdy Administration building at 12:00 noon with Mr. Emerson Fullwood presiding.

Roll Call revealed the following:

Present: Mrs. Pamela McCorkle-Buncum
Mrs. Karen Collins
Mr. Emerson Fullwood, Chair
Dr. Harold L. Martin, Sr., Chancellor
Mrs. Patricia Miller Zollar

Others Present: Mrs. Kathy Burckley, Director of Financial Reporting
Mr. Scott Hummel, Associate Vice Chancellor/Comptroller
Mr. Robert Pompey, Jr., Vice Chancellor for Business & Finance
Mrs. Daphne M. Rogers, Recorder, Business and Finance

Absent: Mr. Dennis Stearns
Dr. Bertram Walls
Mr. D. Hayes Clement
Mr. Douglas Smith

The meeting was called to order by Mr. Emerson Fullwood followed by the roll call. The minutes from April 2014 was deferred to the conclusion of the meeting to obtain quorum approval. Mr. Fullwood yielded the meeting to Mr. Robert Pompey, Jr.

The following information was discussed: Mr. Pompey began discussion of the status of the endowment performance. The total combined market value of the endowment, including the Foundation as of June 30, 2014 was approximately \$43.8 million, an increase of approximately \$6.4 million from June 30, 2013. The increase is primarily attributed to gifts of approximately \$3.2 million and investment gains of approximately \$4.9 million. This amount was offset by endowment distributions of approximately \$1.1 million. For the fiscal year ended June 30, 2014, the endowment return was 13.5%. This return was primarily the result of the 15% return on the UNC Investment Fund and 11% return on the Schwab funds. The UNC Investment Fund holds approximately \$22.4 million (57%) of total endowment assets. Schwab Funds comprise approximately \$14.7 million or 37% of the total endowment assets. The majority of the \$2.4 million (6%) remaining University endowment funds reside in the State Treasurer's Short Term Investment Fund (STIF). As of June 30, 2014, no endowments were under water. The Committee approved the allocation of available cash to the Endowment Managers in a manner consistent with the approved fund allocation policy.

Manager Presentations

Mr. Pompey discussed the Endowment Committee's recommendation to explore hiring investment managers for the purpose of taking a greater advisory role for decision making to include potentially outsourcing our endowment operations. He stated that 38% of University endowments are being outsourced. As requested by the Board in the April Endowment meeting, three fund managers made presentations focusing on their firm's strategies for managing an endowment similar to the University's portfolio. Additional conversation concerned the firm's expertise as an "outsourced chief investment officer" (CIO) and ability to provide endowment reporting outside of fund investment management capabilities. Firms presenting were:

- The Fund Evaluation Group (FEG), who are currently managing assets for the Foundation (Mr. W. Quincy Brown, presenter);
- SEI (Mr. C. John Stuntebeck, presenter);
- Cambridge Associates (Mr. Robert B. Rogers, presenter).

The Committee discussed the qualifications of each of the managers and requested to have discussions with additional managers at the November meeting.

Mrs. Zollar asked that the following items be reported at the November, 2014 Endowment Committee meeting as a result of this presentation:

- Composite numbers;
- List of all hedge funds and private equity;
- Net fees;
- Client roll up composite on asset allocation and;
- Organizational chart of the company and institutional group.
- Normalized return at June 30th;
- Composite of accounts or comparable clients;
- Detail of fee structure;
- Asset class paying to individual /underlying manager.
- What is the fee fund to fund?
- After returns from the manager, what additional fees will be assessed?

Following this dialogue, an approval of the minutes from the April 2014 meeting was moved and properly seconded by Mrs. Zollar and Mrs. Buncum with one cited correction.

With no further business, the meeting adjourned at 4:30 p.m.

Recorded by:

Daphne M. Rogers