

ENDOWMENT COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

September 10, 2015

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, September 10, 2015 in Conference Room 424-A of the Dowdy Administration building at 3:00 pm with Mr. Emerson Fullwood presiding.

Roll Call revealed the following:

Present: Mr. William Dudley
 Mr. Emerson Fullwood
 Dr. Harold L. Martin, Sr., Chancellor
 Mr. Tim Rice
 Mr. Kenneth Sigmon
 Mr. Dennis Stearns
 Dr. Bertram Walls

Absent: Mr. D. Hayes Clement
 Mr. Douglas Smith

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

The meeting was called to order by Mr. Emerson Fullwood followed by the roll call. An approval of the minutes from the meeting in April, 2015 were approved. Mr. Fullwood stated that we are looking forward to a great year with great returns.

Chancellor Martin thanked everyone for their support and leadership as we embark on the 125th anniversary celebration. US News and World Reports stated that we are one of the top-ranked Universities in higher education. North Carolina A&T State University has been recognized as the number one public Historically Black College and University. The meeting was yielded to Mr. Robert Pompey, Jr for furtherance.

The total combined market value of the endowment, including the Foundation as of June 30, 2015 was approximately \$48.1 million, an increase of approximately \$4.2 million from June 30, 2014. The increase in the University endowment is primarily attributed to gifts of approximately \$1.8 million and investment gains of approximately \$2.7 million.

The University endowment provided \$1,433,941 in funds to support scholarships, professorships, and chair positions, and increase of over \$286,000 from 2014.

For the fiscal year ended June 30, 2015, the endowment total return was 6.15%. This return was primarily the result of the 8.95% return on the UNC Investment Fund and 5.23% return on the Schwab funds.

The UNC Investment Fund holds approximately \$22.4 million (58%) of total endowment assets. Schwab Funds comprised approximately \$16.6 million or 39% of the total endowment assets. The majority of the \$1.4 million (3%) remaining University endowment funds reside in the State Treasurer's Short Term Investment Fund (STIF). At June 30, 2015, no endowments were under water.

During the 2014-15 fiscal year, the Endowment Committee interviewed four investment firms to potentially complement our UNC Investment Fund portfolio. Of the four firms (The Fund Evaluation Group, or FEG, used by the Foundation; SEI; Cambridge Associates; and Vanguard Investors), Vanguard was chosen to invest the approximately \$17M held in Schwab S&P 500 ETF investments.

As requested by the Board in a May conference call, the identified funds were moved to a diversified Vanguard account.

Recent turmoil in the market created a \$909,000 unrealized loss of value in this portion of the endowment (at September 8, 2015). However, a similar investment retained in the S&P 500 ETF would have had an unrealized loss of \$1,165,000 - a difference in value of (\$256,000).

Mr. Pompey proceeded with providing the board members with the agenda items for upcoming meetings. In November, 2015, we would like to have two money managers to come and speak to the group concerning performance. In February, 2016, we will review our investment policies and in April, 2016, we will have Vanguard come update the board members on the fund performance.

Mr. Dennis Stearns gave a presentation on the market currently. There is no recession on the horizon for the next twelve months. Stocks seem to be more hopeful than bonds.

Two additional presentations were given by Mr. Scott Hummel and Mrs. Kathy Burckley regarding Investment Firm Activity and Vanguard Investment Performance.

With no further business, the meeting adjourned at 4:53pm

Recorded by:

Daphne M. Rogers