

ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

September 15, 2016

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, September 15, 2016 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. Douglas Smith

Absent: Mr. D. Hayes Clement
 Mr. Tim Rice
 Mr. Dennis Stearns
 Dr. Bertram Walls

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
 Mr. Kenneth Sigmon, Vice Chancellor for University Advancement

The meeting was called to order by Mr. Emerson Fullwood followed by the roll call. The minutes from the last meeting in April, 2016 were approved, so moved and properly seconded by Mr. William Dudley and Mr. Douglas Smith. Mr. Fullwood yielded the meeting to Mr. Robert Pompey, Jr for furtherance. He shared the following information:

The total combined market value of our endowments, including the Foundation as of June 30, 2016 was approximately \$48.07 million, a decrease of approximately \$26,000 from June 30, 2015.

The University Endowment (\$42.5 million) saw a meager increase of \$182,400, primarily attributable to gifts of approximately \$2.45 million and realized gains of \$534,100. That increase was dampened by an increase in scholarship funds provided and negative investment returns (unrealized losses) of approximately \$1.27 million. The endowment provided

\$1,629,000 in funds to support scholarships, professorships, and chair positions, an increase of over \$195,400 from 2015.

For the fiscal year ended June 30, 2016, the University endowment total return dipped (-1.52%), as both the Vanguard portfolio (-1.37%) and the UNC Investment Fund (-2.28%, its first fiscal year loss since 2009) had a year of negative returns.

The UNC Investment Fund holds approximately \$23.8 million (56%) of total University endowment assets. Vanguard Funds comprised approximately \$16.9 million or 40% of the total endowment assets. The majority of the \$1.76 million (4%) remaining University endowment funds resides in the State Treasurer's Short Term Investment Fund (STIF). Per Board directive, \$750,000 of STIF funds were moved to both the UNC Investment Fund and the Vanguard Fund. To meet the estimated 2016-17 endowment spending budget, approximately \$1 million in gifts and other income will be needed before year end.

The Board reviewed a proposed addition to the University Endowment Investment and Spending Policy (ISP) that incorporates standards of prudence required by the Uniform Prudent Management of Investment Funds Act (aka, UPMIFA), particularly as they relate to spending from "underwater" endowments. At June 30, 2016, only 20 endowments were under water (\$6,600), all fairly new.

Mr. George Toulson of Vanguard attended the meeting, presenting an N.C. A&T portfolio annual report and Vanguard's view of the investment climate over the short and longer term.

With no further business, the meeting adjourned at 4:22pm.

Recorded by:

Daphne M. Rogers