

## **ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES**

North Carolina Agricultural and Technical State University  
Greensboro, NC

February 16, 2017

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### MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, February 16, 2017 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. Dennis Stearns  
                                  Dr. Bertram Walls

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

Others Present:         Mrs. Kathy Burckley, Director of Financial Reporting  
                                  Mr. Ralph Fennell, Alumni Foundation  
                                  Mr. Scott Hummel, Associate Vice Chancellor/Comptroller  
                                  Mr. Robert Pompey, Jr., Vice Chancellor for Business & Finance  
                                  Ms. 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. It was moved and properly seconded by Mr. William Dudley and Dr. Bertram Walls to approve the minutes from the September and November, 2016 meetings respectively. The meeting was yielded to Mr. Robert Pompey, Jr. The following information was shared:

The total combined market value of the endowment, including the Foundation as of December 31, 2016 was approximately \$49.55 million. The market value of the University endowment as of December 31, 2016 was approximately \$43.95 million, an increase of \$1,444,434 from June 30, 2016. The increase is primarily attributed to gifts of approximately \$957,088 and unrealized investment gains of approximately \$1,902,572 reduced by scholarship funds made available for spending of \$1,772,619.

The UNC Investment Fund (UNCIF) holds approximately \$25.94 million (59%) of total endowment assets. Vanguard Funds comprise approximately \$18.55 million or 42% of the total endowment assets. Because of transfers made in the first half of the year for the scholarship budgets and additional investments made in the first quarter, the cash balance with the State Treasurer's Short Term Investment Fund (STIF) is temporarily in a deficit position (\$561,761; -1%).

Although the UNCIF returned -2.28%% for the fiscal year ended June 30, 2016, it has rebounded for a 5.8% gain through December 1, 2016. The Vanguard investments have also rebounded from a -1.37% at June 30 to a 5.3% gain at December 31, 2016. Because of these low returns at June 30, 2016, in combination with our endowment fund's relatively low return (6%) in 2015, the 2018 endowment spending budget will be relatively flat compared with 2017. Still, the endowment will be able to provide \$1,766,000 for spending in 2018, approximately \$6,400 less than in 2017.

Mr. Joe Hess attended the meeting as our new Vanguard Funds manager, replacing Mr. George Toulson. Mr. Hess reviewed the current and future investment climate from the Vanguard perspective, and indicated that he will work closely with the University to assure that our portfolio remains diversified appropriately to meet our needs in what is expected to be a challenging environment.

The NACUBO-Commonfund Study of Endowments included 805 participants this year. The A&T + Foundation endowment moved up 7 spots in the rankings by size, to 618. Returns for all endowments averaged -1.9%, while endowments in the \$25M-50M range averaged -1.6% (compared with A&T's -1.52%). Despite the decline, 74% reported, on average, a mission-assisted spending rate increase from 2015 of 8.1%. A&T's increase for 2016 over 2015 was 8.8%.

In our April Board meeting, we will look more closely at details of the endowment study.

With no further business, the meeting adjourned at 5:03 pm.

Recorded by:

*Daphne M. Rogers*