

ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

September 14, 2017

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, September 14, 2017 in Conference Room 424-A of the Dowdy Administration building at 3:00 pm. with Mrs. Hilda Pinnix-Ragland presiding.

Roll Call revealed the following:

Present: Mr. Calvin Brodie
 Dr. Harold L. Martin, Sr.,
 Mrs. Hilda Pinnix-Ragland
 Mr. Tim Rice
 Mr. Dennis Stearns

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
 Ms. Daphne M. Rogers, Recorder, Business and Finance
 Mr. Kenneth Sigmon, Vice Chancellor for University Advancement

The meeting was called to order by Mrs. Hilda Pinnix-Ragland followed by the roll call. It was moved and properly seconded by Mr. Tim Rice and Mr. Calvin Brodie to approve the minutes from the April, 2017 meeting. 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 June 30, 2017 was \$55.23 million, an increase of \$7.16 million from June 30, 2016. The University endowment (\$49.43 million) saw a significant 16% increase from FY2016 of \$6.93 million primarily attributable to a 12.1% appreciation (unrealized gains) of \$5.16 million, gifts of approximately \$3.49 million and income plus realized gains of \$634,700.

The University endowment provided \$1.77 million in funds to support scholarships, professorships, and chair positions in FY2017, an increase of \$143,619 from FY2016. For the fiscal year ended June 30, 2017, the endowment total return was 12%. This return was primarily the result of a 12% return on the UNC Investment Fund and a 16% return on the Vanguard funds.

The UNC Investment Fund holds approximately \$27.45 million (56%) of total University endowment assets. Vanguard Funds comprise approximately \$20.41 million or 41% of the total

endowment assets. The majority of the \$1.40 million (3%) remaining University endowment funds reside in the State Treasurer's Short Term Investment Fund (STIF). At June 30, 2017, no endowments were under water.

Fund Manager Update

Mr. Joseph Hess, CFA, a Senior Investment Consultant with Vanguard Institutional Advisory Services attended the Board meeting, providing a recap of market activity and the University's Vanguard portfolio performance as of June 30, 2017 (noted above). He also reminded the Board of Vanguard's investment philosophy and the flexibility of services Vanguard can and does provide for our endowment.

Mr. Jonathan King, President, CEO and Chief Investment officer of the UNC Management Company, Inc. will make a similar presentation in our November, 2017 Board meeting.

Other Business

Vice Chancellor Pompey is leading a joint University/Foundation team tasked with establishing the groundwork for an investment foundation to be operational, with Board approval, January 1, 2018. The NC A&T Investment Fund, Inc. will make investment decisions for members' pooled funds, which will provide seamless reporting of investment assets and reduce investment management fees.

As an associated entity of the University, the fund's directors will ultimately be accountable to the University Board of Trustees. Initial members will be the University, the NC A&T Real Estate Foundation, and the NC A&T Philanthropic Foundation.

With no further business, the meeting adjourned at 4:38 pm.

Recorded by:

Daphne M. Rogers