

ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES

North Carolina Agricultural and Technical State University
Greensboro, NC

February 15, 2018

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, February 15, 2018 in Conference Room 424-A of the Dowdy Administration building at 2:00 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

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
 Mr. Charles Waldrup, General Counsel

Absent: Mr. Tim Rice
 Mr. Dennis Stearns

The meeting was called to order by Mrs. Hilda Pinnix-Ragland followed by the roll call. It was moved and properly seconded by Mr. Calvin Brodie and Dr. Harold L. Martin, Sr. to approve the minutes from the November, 2017 meeting. The meeting was yielded to Mr. Robert Pompey, Jr. The following information was shared:

The Committee received an update on the North Carolina A&T Investment Foundation. The Committee members approved the following:

It was moved and properly seconded by Dr. Harold Martin and Mr. Calvin Brodie to approve the Foundation's Articles of Incorporation;

It was moved and properly seconded by Dr. Harold Martin and Mr. Calvin Brodie to approve the initial By-laws;

It was moved and properly seconded by Dr. Harold Martin and Mr. Calvin Brodie to approve the Investment Policy Statement;

It was moved and properly seconded by Mr. Calvin Brodie and Dr. Harold Martin to approve the Mission Review;

Lastly, it was moved and properly seconded by Mr. Calvin Brodie and Dr. Harold Martin to approve the revision to the Committee Charter presented.

Endowments and other investible funds of A&T's Real Estate and Philanthropic foundations and the University are being pooled within the new Foundation. The move enables seamless reporting capabilities while also reducing brokerage fees and duplication of endowment accounting processing.

The total combined market value of the University's endowment, including the Foundation as of December 31, 2017 was approximately \$58.05 million.

The market value of the University endowment as of December 31, 2017 was approximately \$51.94 million, an increase of \$2.50 million from June 30, 2017.

The increase is primarily attributed to unrealized investment gains of \$3.20 million, income and realized gains of \$615,000, and gifts of \$546,000. Market value was reduced by scholarship funds made available for FY2017-18 spending of \$1,766,000.

The UNC Investment Fund (UNCIF) holds approximately \$29.27 million (56%) of total endowment assets. Vanguard Funds comprise approximately \$22.31 million or 43% of the total endowment assets. Because of transfers made in the first half of the year for the scholarship budgets, the cash balance with the State Treasurer's Short-Term Investment Fund (STIF) at December 31, 2017 was \$181,000 (0.35%). It is currently \$217,000 at February 1, 2018.

Vanguard REIT funds were liquidated and allocated to our other Vanguard funds. The liquidation produced a realized gain of \$95,114.

Our investment portfolio returned 7.5% for the six months ended December, 2017. Investment managers' returns (after fees): UNCIF 6.6% and Vanguard 9.3%.

Because of a robust 12-quarter average endowment market value at June 30, 2017, the endowment will be able to provide \$1,986,000 for spending in FY2018-19, approximately \$220,000 more than in FY2017-18, a 12.45% increase.

The NACUBO-Commonfund Study of Endowments (NCSE) included 809 participants for the year ended June 30, 2017. Returns for all endowments averaged 12.2%, compared with a 12.5% return for the University's Endowment portfolio.

Sixty-five percent of participants increased endowment spending dollars from 2016 to 2017 (the median increase was 6.5%; A&T+Fdn's, was 8.8%). Mission-critical effective spending rates increased to 4.4% in 2017. A&T+Fdn's effective spending rate for 2017 was 4.17%

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

With no further business, the meeting adjourned at 4:19 pm.

Recorded by:

Daphne M. Rogers