

**ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES**  
North Carolina Agricultural and Technical State University  
Greensboro, NC

MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, April 16, 2009 in Room 210 of the Dowdy Administration Building with Mr. Dennis Stearns presiding.

Roll Call revealed the following:

Present:                   Dr. Franklin McCain  
                              Mr. D. Hayes Clement  
                              Mr. Dennis Stearns  
                              Mrs. Patricia Zollar

Others Present:         Mrs. Kathy Burckley, Director of Financial Reporting  
                              Mr. Scott Hummel, Comptroller  
                              Dr. Mark Kiel, VC for Development & University Relations  
                              Mr. Robert Pompey, Jr. VC for Business & Finance  
                              Mrs. Daphne Rogers, Executive Assistant

Absent:                    Dr. Stanley Battle  
                              Mr. Douglas Smith

The meeting was called to order by Mr. Dennis Stearns followed by the roll call and a moment of meditation. The minutes from the last meeting were approved. The following information was discussed:

- The adjustments to the Investment Policy Statement were distributed by Mr. Dennis Stearns. We are not in range with our policies according to what we see on paper. The Endowment Committee reviewed and made changes.
- Mrs. Zollar stated that we should start with what our prudent policies should be and decide if we want to broaden categories to accommodate traditional investors and add language for the ones that are not broadly allocated.
- Our spending rate continues to be 4.5% for the FY 2009-10.
- The market value of the endowment is approximately \$16.9 million as of March 31, 2009;
- The University has invested \$11.3 million in the UNC Investment Funds which is equivalent to 67% of our total portfolio.

- To ensure real returns sufficient to fund the level of spending, the endowment portfolio will be invested with the following long term target allocations.
  - 40 percent in equities
  - 25 percent in fixed income securities
  - 5 percent in cash or cash equivalents
  - 30 percent in alternative investments
  
- A motion was made by Mrs. Patricia Miller Zollar and seconded by Dr. Franklin E. McCain, Sr. concerning the proposal and approval of the ranges relating to the current allocation policy. These ranges are as follows:
  - 20 to 70 percent in equities
  - 10 to 50 percent in fixed income securities
  - 0 to 50 percent in cash or cash equivalents
  - 0 to 50 percent in alternative investments
  
- A motion was made by Mrs. Patricia Zollar and seconded by Dr. Franklin E. McCain to approve the transfer of \$2.6 million to the UNC investment fund and \$1.1 million to the Schwab Pimco Total Return bond fund. This transfer will be made in an effort to balance the investment portfolio and reduce the excess cash.
  
- The Endowment Committee agreed that when the University has excess cash, the Investments Committee would review our allocation, make adjustments and transfer funds to Investment Managers.
  
- The Endowment Committee agreed to meet two times a year with the managers of the UNC Investment Fund.

With no further business, the meeting adjourned at 4:55 p.m.

Recorded by:

*Daphne M. Rogers*

**ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES**  
North Carolina Agricultural and Technical State University  
Greensboro, NC

February 19, 2009

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MINUTES

The Endowment Committee of the Board of Trustees convened on Thursday, February 19, 2009 at 3:00 p.m., in Room 424-A of the Dowdy Administration Building with Mrs. Patricia Zollar presiding.

Roll Call revealed the following:

Present:               Dr. Stanley Battle  
                              Dr. Franklin McCain  
                              Mrs. Patricia Zollar

Others Present:       Mr. Scott Hummel, Comptroller  
                              Mr. Robert Pompey, Jr. VC for Business & Finance  
                              Mrs. Daphne Rogers, Executive Assistant

Absent:                 Mr. Douglas Smith  
                              Mr. Dennis Stearns

The meeting was called to order by Mrs. Zollar followed by the roll call and a moment of meditation. The meeting was yielded to Mr. Robert Pompey Jr. Our investments are currently at \$15.9 million as of December 31, 2008 compared to \$16 million as of October 31, 2008. Endowment gifts for this period were approximately \$3 million. Mrs. Zollar suggested having a report to state Investment change along with an inflows and outflows change.

We invested \$10 million to the UNC Investment Fund in October, 2008. This amount has decreased 10% due to the economic climate.

The Endowment Committee entertained presentations from two of the Investment Managers: Bank of America and Franklin Street Partners.

It was suggested that the Endowment Committee consider consolidating the investment managers. A quorum is needed to make decisions. It was suggested that another person be added to the Endowment Committee.

**Endowments Underwater**

Discussions took place on endowment market values below original gifts. As we roll into our new fiscal year, we have to monitor our endowments closely. Affected endowments will be communicated to our donors and internal constituents. The challenge will be to departments depending on endowments for scholarships and salaries.

The Endowment Committee would like to have the UNC Managers to present at an Endowment Committee meeting along with asset allocations to be presented by Bank of America and Franklin Street Partners.

It was decided that a call meeting would take place before the April board meeting to discuss consolidation or termination of investment managers.

With no further business, the meeting adjourned at 5:12 p.m.

Recorded by:

*Daphne M. Rogers*

**ENDOWMENT BOARD COMMITTEE OF THE BOARD OF TRUSTEES**  
North Carolina Agricultural and Technical State University  
Greensboro, NC

November 18, 2008

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The Endowment Fund Committee of the Board of Trustees convened on Tuesday, November 18, 2008, in Room 424-A of the Dowdy Administration Building. The meeting revealed the following highlights:

- The University heard presentations from three investment managers: UNC Investment Fund, Bank of America, and Franklin Street Partners.
- Effective October 1, 2008, the University invested \$10 million in the UNC investment fund.
- Currently, there are 12 State Universities invested in the fund.
- For the quarter ended September 30, 2008, the UNC investment fund experienced a decline in value of 6.6%. This is in comparison to an 8% decline in the S&P.
- For the month of October, UNC Investment fund management estimates an additional 5% - 7% decline compared to a 16.8% decline for the S&P 500. The estimated decline in value for the UNC Investment fund for the period from July 1 through October 31 will range from 12% to 13%. The return for October has not been finalized.
- The University's estimated value as of October 31 will range between \$9.3 and \$9.5 million.
- The Bank of America investment value declined 18.25% for the 4 months ended October 31 to \$2.2 million.
- The Franklin Street Partners investment declined 30% for the 4 months ended October 31 to \$698,000.
- Franklin has been charged to invest solely in equity positions, thus creating the significant loss.
- The Endowment Committee's goal is to reduce the number of Investment Managers to comprise of the short – term investment fund and 1 or 2 other Investment Managers.
- In light of the volatile economic situation, the Endowment Board has elected not to make any investment decisions until the 1st quarter of 2009.

- The Endowment Committee discussed adding 1 board member from the Board of Trustees and 1 other member from the community. The Endowment Board currently has 5 members. The minimum number for the board is 6 with a maximum of 9. Adding 1 Board of Trustee member and 1 member from the community would bring the total to a membership of 7.
- The Endowment Committee will review and revise its current Investment Policies as it relates to investment allocation at the next meeting.
- The Endowment Committee will continue to monitor the performance of the Investment Manager groups.

With no further business, the meeting adjourned at 11:22 am.

Recorded by:

*Daphne M. Rogers*