

Endowment Board
University of North Carolina Wilmington
Thursday, August 25, 2011 at 8:30 a.m.
Fisher Student Center – Masonboro Island Room 2011

MINUTES

The Endowment Board of the University of North Carolina Wilmington met at 8:30 a.m. on Thursday, August 25, 2011 in the Fisher Student Center – Masonboro Island Room 2011.

Board Members present: Ms. Wendy Murphy, Mr. George Teague, Dr. Terry Coffey, Mr. Ed Alexander and Mr. Steve Warwick. Dr. Gary Miller, Ex-officio member attended.

Representing the University: Mr. Charlie Maimone, Ms. Mary Gornto, Mr. Rob Hoon, Dr. Woody Hall, Dr. Bill Sackley, Ms. Roberta LaSure and Ms. Betty Sue Smith.

Ms. Murphy, Chair, called the meeting to order.

Ms. Murphy asked if there were any changes or corrections to the minutes of the April 28, 2011 meeting. There being no changes, Dr. Coffey made a motion to approve the minutes and Mr. Warwick seconded the motion. The motion carried. *(Copy included in meeting packet.)*

Ms. LaSure gave an overview of the Endowment Portfolio at June 30, 2011. The University Endowments totaled \$61,363,217; the Foundation Endowments totaled \$2,826,483 resulting in Total Endowments of \$64,189,700. Ms. LaSure reviewed the Manager overview of the University Endowments. *(Copy included in meeting packet.)*

The Endowment Performance by Manager and the University's portfolio vs. benchmarks for year ended June 30, 2011 was reviewed by Ms. LaSure. The total UNCW Endowment Portfolio returned 16.9% for the year ended June 30, 2011, and this was compared to our current investment benchmarks as well as the proposed revised investment benchmarks. Returns by individual investment manager were discussed relative to each other and relative to their respective benchmarks. *(Copy included in meeting packet.)*

Mr. Maimone presented the Revised Investment Policy Statement (IPS) for the Board's consideration and approval. Mr. Maimone stated that the revised IPS better defines the Endowment Fund's financial objectives, includes the responsibilities of the Endowment Board, updates definitions of Asset Classes and revises the investment return objective, based upon a minimum return which supports the purpose and duration of the endowment fund, and based upon comparisons to return objectives of UNC peers. After discussion, Dr. Coffey made a motion "To accept the revised The Board of Trustees of the Endowment of the University of North Carolina at Wilmington Investment Policy Statement." Mr. Teague seconded the motion and the motion carried. *(Copy included in meeting packet.)*

Mr. Alexander, on behalf of the UNCW Endowment Investment Committee, presented the Asset Allocation recommendation "To allocate \$1.2M of existing STIF cash investments to the **GMO** Quality Fund." Mr. Alexander stated that the committee has analyzed asset allocations relative to the 2010 NACUBO study and to our UNC peers and that the portfolio analysis and benchmarking indicates our cash position in STIF remains high at \$2.9M. The committee

selected GMO Quality Fund based on investment returns, flexibility to reallocate investments and low investment fees. After further discussion, Dr. Coffey made a motion to approve the recommendation from the UNCW Endowment Investment Committee and Mr. Warwick seconded the motion. The motion carried.

Ms. LaSure reviewed the proposed Policy for Implementation of Uniform Prudent Management of Institutional Funds Act (UPMIFA). (*Copy included in meeting packet.*) UPMIFA was adopted in North Carolina in March 2009 and it replaces the Uniform Management of Institutional Funds Act (UMIFA) adopted in North Carolina in 1985. Prior to March 2009, NC law limited disbursements to “the net appreciation” of the endowment over its “historic dollar value”. UPMIFA replaces “historic dollar value” spending standard with a prudence standard, enabling the foundation to invade the principal provided determinations are prudent after weighing the seven criteria under the “endowment spending rule”. The recommended policy regarding UPMIFA is to invade principal only as an option of last resort and if exercised, use of principal limited to 15%. The recommendation is based on policy comparisons to our UNC peer. After review and discussion of the proposed policy, it was decided to better define the wording that the principal never fall below 85% of the historic value. Mr. Alexander made a motion “To approve the proposed policy with the corrected language”, and Mr. Warwick seconded the motion. The motion carried. The revised policy will be presented at the next meeting.

Mr. Maimone asked the Board members to review the Conflict of Interest Policy and Disclosure Form in their meeting packets. He asked that they complete the form and return it to him.

There being no further business, the meeting was adjourned.