

AGENDA
Athletics & Advancement Committee
September 28, 2023

- I. Approval of Minutes – April 27, 2023 Action

- II. University Advancement Update Information
 - a. Advancement Operational Metrics / Fundraising Update
 - b. Endowment Fund Update
 - c. Impact of the Campaign from a Student Perspective (Panel)

- III. Athletics Update Information
 - a. Athletics Update

- IV. Closed Session



AGENDA ITEM

- I. Approval of Minutes Fielding Miller, Committee Chair

Situation: Approval of the minutes from the April 27, 2023 meeting.

Background: N/A

Assessment: N/A

Action: This item requires a vote by the committee.



Athletics and Advancement

April 27, 2023

Minutes

The Athletics and Advancement Committee met in regular session on April 27, 2023. A quorum of the committee was established and the committee approved the minutes from the February committee meeting.

Vice Chancellor for University Advancement, Chris Dyba, provide the committee with an advancement update, including making the committee aware that the ECU Foundation and the ECU Endowment Fund Board recently obtained investment consultant services from a new provider: Cambridge & Associates.

The Pursue Gold Campaign total is \$455.8M as of April 17, 2023, and the campaign will conclude Dec. 31, 2023. As of April 1, University Advancement has raised \$53.9 million in fiscal year 2023. Pirate Nation Gives on March 22, 2023, was a huge success and raised \$11.8M.

The committee then heard from Director of Athletics, Jon Gilbert Campaign, who provided the board with an athletics facilities update. Currently, Minges Coliseum is receiving updated LED lighting and the bleachers on the North Side of Minges are being replaced with retractable chair back seating. Regarding, ECU Athletics fundraising, to date, the Pirates Unite Campaign has received \$20M in pledges and commitments and \$900,000 has been raised for sport specific restricted funds. Pirate Nation Gives raised \$332,000 for athletics.

Football season tickets are currently on sale and currently, about 12,300 season tickets have been sold. Sales are on pace with 2022, and we'd like to see that number grow to about 16,000. Plans are underway to honor Jeff Charles, the Voice of the Pirates, on September 9, the evening prior to the Marshall vs. ECU football game, as well as during the game.

ECU Athletics is now partnering with the sports division of Aramark Food Service to provide enhanced and improved concession operations at sporting events.

Athletics is also in the process of hiring a mental health position devoted solely to student athletes.

Board of Visitors Chair Alisa Chapman provided an update from the BOV, and presented recommendations for new members and officers for the 2023-24 year.

The Board of Visitors recommended the following slate of 2023-24 officers to the board for consideration:

Chair: Preston Mitchell

Vice Chair: William "Dutch" Holland

Secretary: Toby Thomas

In addition, the BOV recommended:

Two reappointments to the class of 2027:

Ryan Beeson (2nd term)

DaJuan Lucas (2nd term)

Twelve (12) appointments to the class of 2027:

Ellen Bland

Lance Metzler

Wade Butner

Lynn Lang

Justin Davis

Jared Plummer

Robert Davis

Tremayne Smith

Alison Garten

Kyle Smithwick

Ken Jolly

Chip Wooten

And two recommendations to fill vacancies in the class of 2024:

Jordan Koonts

Joey Tart

The committee approved this item and referred this item to the consent agenda for the full board on Friday.

The committee reviewed and approved the draft document for the establishment of the Trustees Award for Distinction. The Board of Trustees intend to establish an award that recognizes, honors, and celebrates individuals who have provided extraordinary leadership to the university to help meet ECU's mission. The goal of the annual award is to select someone that demonstrates passion for ECU through their philanthropy, time, and service to the university. This item was also approved by committee and forwarded to the full board consent agenda.

The committee then moved into closed session to consider several naming proposals. The committee approved the naming of the Library Conference Room in honor of the Pitt County Group Homes Foundation and referred this item to the full board consent agenda. Additional naming proposals were approved in closed session.

The committee adjourned at



Meeting of the Board of Trustees
Athletics & Advancement Committee
September 28, 2023

AGENDA ITEM

II. A. Operational Metrics/Fundraising Update Christopher Dyba,
Vice Chancellor for University Advancement

- Situation:** Presentation of the metrics that are monitored by the Athletics & Advancement Committee.
- Background:** N/A
- Assessment:** N/A
- Action:** This item is for information only.



Meeting of the Board of Trustees
Athletics & Advancement Committee
September 28, 2023

AGENDA ITEM

II.B. Endowment Fund Update Christopher Dyba
Vice Chancellor for University Advancement

- Situation:** Update on the Endowment Fund.
- Background:** N/A
- Assessment:** N/A
- Action:** This item is for information only.



TO East Carolina University Board of Trustees

FROM ECU Investment Committee and Cambridge Associates

DATE September 6, 2023

RE Recommended Changes to Investment Strategy and Investment Policy Statement

The Investment Committee met with the Cambridge Associates team on July 27, 2023 to conduct a thorough review of investment strategy and policy in light of ECU's long-term objectives and risk tolerance.

The review resulted in two key conclusions:

1. The Committee recommends new long-term asset allocation targets that will better capitalize on ECU's long time horizon and improve long-term returns; and
2. The Committee agreed that the Foundation's two investment pools should be managed as a single long-term pool.

The rationale for these decisions is briefly summarized below, along with the recommended changes to the investment policy statement.

Long-term Asset Allocation Policy

Liquidity needs for the investment assets of the ECU Foundation and the ECU Endowment Fund (the "Portfolio") are limited to regular annual spending, which is expected to approximate 5.25% of total assets. This annual spending represents a relatively small portion of ECU's annual operating budget (<1%). This combination of factors gives the Portfolio a very long effective time horizon and an ability to tolerate both short-term volatility and investment illiquidity in pursuit of higher long-term returns.

To take better advantage of the Portfolio's long time horizon, the Committee recommends that ECU adopt long-term asset class targets with (1) slightly more in total equities and (2) a higher allocation to private investments. The table below compares the current allocation for the combined ECU assets with the recommended long-term targets.

	ECU CURRENT ALLOCATION (COMBINED ASSETS)	TARGET ALLOCATION
PUBLIC EQUITY	55.6%	36.0%
DIVERSIFYING STRATEGIES	6.6%	10.0%
PUBLIC REAL ASSETS	1.0%	4.0%
BONDS & CASH	17.7%	10.0%
PRIVATE INVESTMENTS	7.9%	40.0%
PRIVATE REAL ASSETS	---	6.0%
PRIVATE EQUITY/VENTURE CAPITAL	7.9%	34.0%
UNC/UNMANAGED ASSETS	11.3%	---

A higher allocation to private investments is expected to boost returns over the long term, as these investments should deliver annual returns that exceed public markets by 300 to 500 basis points annually over time. Proper execution is critical, and the Committee is working closely with Cambridge Associates to develop a detailed implementation plan.

Combining Foundation Investment Pools

Currently, the Foundation has two investment pools: (1) a long-term pool and (2) the “Non-Endowment” pool, which is managed with a more conservative asset mix.

The Non-Endowment pool was established as a “rainy day fund” of unrestricted assets after the financial crisis in 2008 - 2009, during which spending from certain endowments was halted when they fell “underwater” (below gift value). It was invested in a relatively conservative mix of ~60% fixed income and ~40% equities.

While this was a logical decision at the time, the Foundation’s current situation is markedly different than it was when the fund was established, as most endowments are now well above original gift value and the share of unrestricted funds vs. donor-restricted funds has increased.

The current, conservative asset mix of the non-Endowment fund carries a significant long-term opportunity cost, and no longer appears necessary given the changes noted above. Therefore, The Committee recommends investing all of the Foundation’s assets in a single, long-term pool (with the exception of a reasonable level of operating cash).

Changes to Investment Policy Statement

The proposed changes to the Investment Policy Statement largely flow from the changes described above. The key proposed changes are:

1. New asset class targets and ranges
2. New language describing the roles and expectations for key asset classes and the importance of a long time horizon
3. Adjusted the language on risk guidelines to focus on higher-level factors that are clearly in the Committee's control.

Since the Foundation's investment assets will be managed as a single, long-term pool, there will no longer be a separate investment policy statement for the Non-Endowment pool. Instead, there will be a single investment policy statement that applies to all of the long-term assets of the Foundation and the University.

**East Carolina University Foundation, Inc.
And East Carolina University Endowment Fund**

**INVESTMENT POLICY
Voted and approved by the Board of Directors on September 8, 2023**

I. Introduction

This statement describes the investment objectives and policies that govern the management of the investment assets (the "Portfolio") of the East Carolina University Foundation, Inc., (the "Foundation") and the East Carolina University Endowment Fund (the "Fund"). The Foundation Board of Directors and the ECU Endowment Fund Board (the "Parties") grant the Joint Investment Committee (the "Committee") the discretionary authority to manage the Portfolio assets in a prudent manner consistent with the standards contained herein.

II. Investment Objectives and Constraints

The investment objective is to manage the Portfolio in a manner that will maximize the benefits intended by donors while supporting the missions of the Foundation and the Fund. The portfolio is to be structured in a manner that will generate sufficient long-term growth of capital, without undue exposure to risk, and provide sufficient annual income to support sustainable annual spending distributions.

The goal is to achieve an average annual total return (net of fees and expenses) at least equal to (i) the rate of inflation on an annual basis as measured by the Consumer Price Index and (ii) the level of spending and fees adopted by the Foundation and the Fund to support University programs over the long term.

The obligations of the Foundation and the Fund are perpetual in nature; therefore, the portfolio should be managed on a long-term time horizon. The inevitability of short-term market fluctuations is tolerable to allow for "real" growth of assets. A diversified investment structure, which is identified under the "Asset Allocation" section of this statement, is utilized in order to provide participation in rising markets, while mitigating risk in falling markets.

Laws and Regulations: The management of the Portfolio is governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the North Carolina General Assembly in March 2009.

Tax Considerations: The Foundation and the Fund are exempt from Federal income tax under Section 501 C (3) and under the umbrella of a Government Agency within the Internal Revenue Code. Consequently, tax considerations are not a meaningful constraint for the Portfolio. The potential for unrelated business taxable income (UBTI) should be evaluated when making investment decisions. Although UBTI investments are not restricted, they should be carefully evaluated and monitored to minimize any risk to the exempt status of the Foundation and the Fund.

III. Scope

This Investment Policy Statement is applicable only to those assets over which the Committee has authority.

IV. Standard of Investment Judgment

The enactment of UPMIFA created a new standard of conduct for the management and investing of institutional funds. All persons associated with the management of the investment portfolio must act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar

circumstances. Each individual must place the interest of the Foundation and the Fund first. All members of the Committee must provide full and fair disclosure of all material facts regarding potential conflicts of interest. The following factors must be considered by the investment committee in its deliberations regarding the management and investing of the Portfolio assets:

1. The general economic conditions;
2. The possible effect of inflation or deflation;
3. The expected tax consequences, if any, of investment decisions or strategies;
4. The role that each investment or course of action plays within the overall investment portfolio;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation and Fund;
7. The needs of the Foundation and the Fund to make distributions and preserve capital; and
8. An asset's special relationship or special value, if any, to the charitable purpose of the Foundation and Fund.

All management and investment decisions must be made within the context of the portfolio as a whole and the related strategy concerning risk and return.

The guidelines stated throughout apply to all the holdings of the ECU Foundation and the ECU Endowment Fund. Although the Committee cannot dictate policy to pooled / commingled / mutual funds / ETF investment vehicles, it is the Committee's intent to select and retain only those funds with policies that are similar to that of the Foundation and the ECU Endowment Fund. All managers regardless of vehicle type are expected to achieve all performance objectives and other subjective criteria.

V. Asset Allocation

Deliberate management of the asset mix among classes of investments is the responsibility of the Committee and is required under UPMIFA. Investments should be diversified both by asset class and within asset classes (e.g., within equities by economic sector, industry, quality, size, and style). The purpose of diversification is to provide reasonable assurance that no single security, class of securities or specific investment style will have a disproportionate impact on the aggregate results of the Portfolio.

In making asset allocation judgments, the Investment Committee is not expected to seek to "time" subtle changes in financial markets, or to make frequent adjustments. The Committee is expected to develop guidelines for broad allocations on a long-term basis, in light of current and projected investment environments.

To ensure broad diversification among the major categories of investments the following allocation targets are adopted.

Specific Allocations		
Asset Class	Target	Permissible Range
Public Equity	36%	30% - 70%
Private Investments	40%	5% - 50%
Fixed Income & Cash	10%	5% - 20%
Public Real Assets	4%	0% - 10%
Diversifying Strategies	10%	0% - 20%
	100.0%	

VI. Importance of a Long Time Horizon

Because short-term liquidity needs from the Portfolio are expected to be relatively small (limited to regular annual spending equal to less than 6% of total assets), the Portfolio has a very long effective investment time horizon. A long time horizon translates into a meaningful tolerance for volatility and illiquidity, which provides a significant long-term investment advantage. To capitalize on this advantage, the Committee has adopted an asset allocation policy with a significant emphasis on equities and private investments and a relatively small allocation to bonds and other volatility-reducing strategies.

Equity prices are expected to be volatile, and it is expected that there will be periods in which equities and thus the overall Portfolio experience losses. Success of the Portfolio's equity-dominant investment strategy requires a long-term commitment and the willingness to maintain exposure to equities even during difficult market environments, provided the long-term case for equities remains compelling.

VII. Asset Class Roles and Expectations

Public Equity: The purpose of the Public Equity asset class is to produce a total return that will provide growth in the investment portfolio through capital appreciation. The Public Equity Category will include marketable investments divided across U.S. equity, non-U.S. equity, emerging markets equity, and global equity managers.

Private Investments: The primary purpose of the Private Investments asset class is to generate long-term returns significantly greater than those of the public equity markets. Private Investments will include private equity, venture capital, secondaries, distressed funds, secondary funds, private real estate, private natural resources, and other private real assets. The Private Investment allocation is expected to be composed of the following sub-strategies: Venture/Growth Equity (15%-30%), Private Equity (20%-50%), Opportunistic (10%-25%), and Real Assets (10%-25%).

Diversifying Strategies: The purpose of the Diversifying Strategies asset class is to improve the risk-to-return profile of the overall portfolio by lowering volatility through diversification while providing returns with low to no correlation to equities. Over the long term, Diversifying Strategies should generate returns in excess of investment-grade fixed income. Diversifiers may include multi-strategy, event driven, relative value, global macro, long/short equity, credit/distressed, and illiquid diversifying strategies.

Fixed Income: The purpose of the Fixed Income asset class is to reduce the overall volatility of the investment portfolio, to produce income in support of the spending needs of the Foundation and Fund, and to provide some protection against economic contraction and "flights to quality." Given its role within the portfolio, it is expected to be invested primarily in high-quality U.S. instruments. The portfolio may hold other securities opportunistically including non-U.S. and below investment-grade securities and cash. However, these holdings should be assessed within the total bond portfolio and its stated role.

Public Real Assets: The purpose of the Public Real Assets asset class is to provide additional diversification to the portfolio and enhanced protection during periods of unexpected inflation. The Public Real Assets Category comprises public investments including natural resource equities, commodities, public real estate, and other investments. Public Real Assets should generate long-term returns similar to Public Equities, but with a different short-term pattern.

VIII. Rebalancing the Portfolio

The Committee, in conjunction with the investment consultant, will monitor the asset allocation structure of the Portfolio. If, over time, the actual asset of the allocation of the Portfolio is not in compliance with the targets stipulated by this policy, a plan of action will be developed and implemented. The rebalancing plan may occur immediately or over a reasonable period of time. The plan of action will address the specific circumstances and needs pertaining to the Foundation, the Fund, and the Portfolio at that time. The Committee

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must approve rebalancing plans prior to implementation.

IX. Performance Objectives

1. **Total Portfolio:** The total return of the Portfolio (net of fees and expenses) should exceed the returns of an Index constructed using independent components that reflect the target asset allocation (the “Policy Benchmark”). The Committee shall determine the weights and indices used for each independent component. Performance relative to this benchmark should be evaluated over periods of at least five years.
2. The total return of the Portfolio (net of fees and expenses) should exceed the Consumer Price Index plus the target level of spending and fees adopted by the Foundation and the Fund. Performance relative to this benchmark should be evaluated over periods of at least ten years.

X. Other Risk Guidelines

Derivatives: Individual investment managers may use derivatives provided that the Committee determines the manager utilizes risk analysis procedures designed to identify and minimize any potential negative impact while providing additional diversification options for the Portfolio. If options and futures are specifically approved by the Committee, such positions must be offset, in their entirety, by corresponding cash or securities.

Liquidity: The Committee will regularly monitor the liquidity profile of the portfolio in relation to liquidity needs to ensure that liquidity needs can be met even in stress-case market scenarios. At least 35% of the Portfolio should be held in investment with the ability to exit monthly or more frequently, excluding notice periods.

Investment Manager Concentration: No single investment fund will represent more than 10% of Portfolio assets. Exception is made for passive investments (index funds and exchange-traded index funds).

Security Concentration: Concentration in any individual security is at the discretion of the individual investment managers. The Committee will consider the level of single-security concentration in determining the size of the investments made with each individual investment manager.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Considering its role as a source of liquidity and partial hedge in the event of an economic contraction or severe flight to quality, the aggregate fixed income portfolio is generally expected to have an overall weighted average credit rating of “A” or better by a widely recognized bond rating agency.

Foreign Currency Risk: Currency hedging is at the investment manager's discretion.

XI. Selecting and Evaluating the Consultant

There are no strict guidelines that will govern the selection of the Investment Consultant. The Committee will consider such factors as the age of the firm, its track record, and total assets under management, along with any other factors deemed appropriate by the Committee, in its evaluation of prospective Consultants. The Committee must act with due prudence in the selection of the Consultant. At such time as the appointment of a new Consultant is required the Committee shall solicit requests for proposals from multiple prospective firms. The agreement between the Parties and the Consultant must limit the scope of the Consultant's activities within the parameters of this policy. The Parties delegate the authority to retain and terminate the Consultant to the Committee.

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The Investment Committee is to evaluate the Consultant's performance at least biannually. The results of the biannual review will be made available to the consultant.

XII. Consultant's Responsibilities

The Investment Consultant is responsible for assisting the Investment Committee in all aspects of managing and overseeing the Foundation's investment portfolio. The consultant will be responsible for:

1. Meeting or exceeding the investment return goals as set forth in the Investment Objectives section of this policy;
2. Adhering to this investment policy;
3. Making recommendations on asset allocation and investments;
4. Monitoring and evaluating investment and investment manager performance;
5. Selecting and terminating investment managers, upon prior consent of the Committee;
6. Meeting with the Committee quarterly, and with the subcommittee as needed;
7. Providing the Committee with monthly performance reports;
8. Providing the Committee with an annual review of the Investment Policy Statement, including an assessment of the Portfolio's current asset allocation, spending policy, fees, and investment objectives;
9. Supplying the Committee with other reports or information as deemed necessary and reasonable;
10. Ensuring that no investment manager takes any action that might jeopardize the tax-exempt status of the Foundation and/or the Fund; and
11. Developing a plan, in conjunction with the Committee, to rebalance the Portfolio when the actual asset allocation is not in compliance with this policy.

XIII. Investment Subcommittee's Responsibilities

The Committee may appoint members to serve on a subcommittee as necessary. The subcommittee will meet between regularly scheduled quarterly Committee meetings to carry out the following responsibilities:

1. Evaluate investment opportunities recommended by the Consultant and consider changes in the investment policy or asset allocation ranges. The subcommittee's recommendations must be reviewed and approved by the Committee and the Parties as required by this policy; and
2. Approve the Consultant's plans for periodic rebalancing of existing funds and existing managers within approved asset classes. Subcommittee approval to rebalance the portfolio must be communicated to members of the Committee prior to the consultant initiating any transactions.

XIV. Other Policies

Annual Review of Investment Policy: The Committee shall review this policy at least annually to determine if modifications are necessary or desirable. The review will include a discussion of present asset allocations in view of a time horizon of at least 10 years or more. If modifications are deemed necessary, they will be recommended to the ECU Foundation Board of Directors and the University Endowment Fund Board for approval (if Board approval is required). Any changes in asset allocations shall be made over time to minimize the effects of inadvertent market timing and to reduce transaction costs.

Special Investments: The Portfolio may receive special investments such as real estate, partnership interests, limited liability company membership interests, or closely held stock. The acceptance of such special

investments will be governed by the Gift Acceptance Policy then in effect. The policy of the Foundation and the Fund is to sell or liquidate such special investments for the best price possible, recognizing that to obtain the best price may require holding special investments for a period of time. The Committee shall review all special investments at each meeting to decide upon future actions related to such instruments.

Planned Gifts: The Foundation or Fund may act as trustee of, or in some other fiduciary capacity be responsible for, the investment of various planned gifts such as charitable remainder trusts, charitable lead trusts, and charitable gift annuities. Where permissible by agreement or law these gifts may be invested as part of the Portfolio or invested elsewhere. The Committee will review the investments of each planned gift for which the Foundation or Fund is a fiduciary at least once a year to determine if the investment strategy for that planned gift is appropriate. Foundation staff will monitor each planned gift and will inform the Committee if, in its opinion, a change is needed between the annual reviews.

Acknowledgement:

Chair, Investment Committee

Date

Chair, ECU Endowment Fund Board

Date

Chair, ECU Foundation

Date

Cambridge Associates (CA)

Date

Investment Policy
Voted and approved by full board of directors 10.6.17, 10.4.19, 10.29.21, Date Pending 2023

AGENDA ITEM

II. C. Student Panel Christopher Dyba
Vice Chancellor for University Advancement

Situation: Student Panel of scholarship recipients moderated by Kendra Alexander, Associate Vice Chancellor for Development.

Background: Brinkley – Lane Scholar (2025 Cohort): Christine Chan – Double major in Biology and Environmental Studies, minor in Coastal and Marine studies. She was also selected for the Ernest F. Hollings Undergraduate scholarship through the National Oceanic and Atmospheric Administration.

Honors College (Centennial Fellow): Molly Baile – Elementary Education major with Psychology minor. Also has a departmental scholarship. Anticipated graduation date – May 2024

Access Scholar: Jarobi Clark – Majoring in Information and Computer Technology. Anticipated graduation date – May 2024

Departmental Scholarship Recipient: Noah Presley: Triple major in Finance, Marketing, and Supply Chain Management with a minor in Hospitality Management. Receives 2 College of Business departmental scholarships. He is also an Access Scholar. Anticipated graduation date – May 2025

Assessment: N/A

Action: This item is for information only.



Meeting of the Board of Trustees
Athletics & Advancement Committee
September 28, 2023

AGENDA ITEM

III. A. Operational Metrics / Athletics Update..... Jon Gilbert, Director of Athletics

- Situation:** Presentation of the metrics that are monitored by the Athletics & Advancement Committee.
- Background:** N/A
- Assessment:** N/A
- Action:** This item is for information only.

AGENDA ITEM

IV. Closed Session Fielding Miller, Committee Chair

Situation: The committee requests to go into closed session in order to hear personnel related items as well as to prevent the premature disclosure of an honorary degree, prize, or similar award.

Background: It is the policy of the State of North Carolina that closed sessions shall be held only when required to permit a public body to act in the public interest as permitted in Chapter 143 of the North Carolina General Statutes.

Assessment: The committee will go into closed session:

- To prevent the premature disclosure of an honorary degree, prize, or similar award.
- To consult with an attorney to preserve the attorney-client privilege between the attorney and the Committee.

Action: This item requires a vote by the committee.