



**NORTHERN NEW MEXICO COLLEGE**  
**FOUNDATION BOARD MEETING**  
**JUNE 4, 2020**

Northern New Mexico College Foundation Board held a regular meeting on Thursday, June 4, 2020, at 1:00PM Via Zoom. Those in attendance from the Board of the Foundation were: Alfred Herrera, President, Dorian Newton, PhD, David Eyler, James Owen, Richard J. Bailey, Jr., PhD, Ricky A. Bejarano, CPA, CGMA. Catherine Rosacker was not in attendance; Tania Sanchez was not in attendance.

Staff in attendance: Amy Peña, Executive Office Director.

**I. CALL TO ORDER**

President Bailey stated there is a quorum for the meeting and President Bailey would like to be sensitive to everyone's time and with Board President Herrera's permission he would like to proceed with the meeting. Board President Herrera asked President Bailey to lead the meeting. The meeting was called to order at 1:03PM. President Bailey asked that all Board Members say their name before speaking so it is for the record.

**II. APPROVAL OF AGENDA**

President Bailey asked if there were recommendations for changes to the Agenda. President Bailey stated Board President Herrera entertained a motion to approve the agenda.

**Board Member Eyler moved to approve the Agenda. Second – Board Member Newton. Motion passed unanimously.**

**III. ENDOWMENT MANAGEMENT (within Charles Stephen) – Action Required**

President Bailey stated this item is the only action item for the meeting. President Bailey stated this Board decided to go out for an RFP for the management of the endowment. This was right before the virus hit and so obviously the market is turbulent right now. We have not pushed that RFP forward, he doesn't think anyone would be bidding right now, so Charles Stephen is still the manager for this and what they have asked to have a manager for our accounts but still within Charles Stephen, a contractor with them called Rochdale. President Bailey sent a long description in the packet of their capabilities and what they do. Charles Stephen would still be the manager but they are the folks within it who would manage the funding. Charles Stephen highly recommended this and President Bailey went through a very long meeting with them to talk about it. Ricky Bejarano as our CFO went through and looked at the numbers. Both President Bailey and Ricky are comfortable with the change. It is not the overall manager, because it wasn't necessarily a Board decision but because we are talking about moving the management within Charles Stephen, President Bailey thought they should bring it to the Board. Mr. Bejarano stated obviously things have changed and he is dreading to see the next statement but all stockbrokers are saying all you can do is wait, this is not a time to make any purchases or sell offs or anything. We are all in the same boat. It is a scary time. President Bailey stated the College will send the latest endowment account listing when they get the next statement. The money has not dried up or not critical. If the Board looks at the file, it is very interesting, what Rochdale has

done in terms of weathering the crisis and President Bailey thinks this is why Charles Stephen is recommending this is because they have been actually very stable in terms of navigating the economic crisis. President Bailey thinks it is a good move and with this President Bailey stopped and opened the meeting up for questions.

Board Member Owen asked is when he looked at the investment portfolio a year or so ago maybe a little bit longer with Steve Capella, he said there was one part of the portfolio that was an RIA (Real Estate Investment Account) and it was a dog back then as well and Board Member Owen anticipates when you look at the real estate market today, the commercial real estate market today, that part is in trouble. He would recommend at a minimum and he agrees with what was discussed which is the balance of the portfolio is okay and he would wait it out, we should look at the real estate component to see if there are any options. President Bailey thanked Board Member Owen and stated James Owen was a former Foundation Board Member and agreed to come back and join the Board and we are thrilled to have him back on the Board. President Bailey stated with Mr. Owens recommendation what he proposes at the next meeting in the next few months is to actually have Steve Capella come on and actually talk about that because he knows that is something that he is looking at and he does think he does have some option and this would be a board decision. This would be teed up for the next Board Meeting. President Herrera stated this would be fine and as he went through the big report, President Bailey mentioned one of the key factors in there, and that was the fact that this manager was able to navigate turbulent times. As he skimmed it, it looked pretty impressive quite frankly and the rates of return was what he was honing in on. Overall, it looked like the market was in the negative but yet the return on investments, their return on their investments whatever they were managing, however they put it together, seemed a lot better. He did see in there, and he knows it is not up for action now, he did see that they put together some assumptions as to the kind of investment strategies of sorts, if you go this route you could be looking at return on investments of this amount and even those looked promising in terms of tweaking the investment strategy, not to the point of redoing everything but tweaking is what he saw in there. President Herrera asked if this is something maybe in the future, we talked about it in the past also, is to relook at the investment strategy and maybe if necessary, with the new managers guidance, perhaps looking at the investment strategy and see if it is something, we need to tweak a little bit. It didn't seem like it was major but the potential returns were pretty good actually. President Bailey stated President Herrera was exactly right. If you look at page 55 of the packet, they start talking about personalized asset allocations, a risk reward balance, they are putting a lot of thought into exactly how it would break down. Maybe this is adding to what James had requested. What we could do at the next meeting is not only have Steve Capella talk about the real estate component but also have City Rochdale talk about that personalized asset allocation and explain it as they explained it to President Bailey. He knows there are some Board members who will understand the language and get inputs from the Board. This would be helpful. With the Boards permission he will set it up. President Herrera stated it will work for him. Board Member Owen stated another item along these lines, first of all it is REIT (Real Estate Investment Component) we are involved in, one thing he recommends a bit of unfinished business is we need to write down what our investment strategy is, it feels a little ad hoc over time. It would be nice to at least write down some guiding principles so as we pay this forward and others inherit our role, we have a general agreement on what our investment principles are going to be and what we are basing our decisions on. President Bailey stated he agrees and this is more important now than ever. When you start about the overall strategy Foundation wise, what the Board decides in terms of a portfolio is critical. We are basically where we are going to work to grow this corpus and not draw from it so now, we need to look at the strategic direction is for the growth of the portfolio. President Bailey asked if there are any questions or comments. Mr. Bejarano stated a big part of when we're going out to RFP a couple of years ago, that is because that is this Boards policy, the Board has the authority to change the policy to select the investment person any way as a Board chooses. It is not required that you go out to RFP, the reason we got the audit finding because it was the boards policy at the time and it was not followed. He wanted to make sure, there is not, for example, a State requirement or whatever for this Board, it is whatever you set. On the everyday financial stuff, we have adopted the procurement code so it is in line with the College since the College is maintaining the records. The selection of the investment brokerage firm totally rests with the Board and all they would need to do is change the policy. President Bailey stated based on that, before taking the motion, he asked for questions or comments. Board Member Eyler stated he to understand what is on the table, we are deciding whether to go with this firm and asked if we are deciding the investment strategy. President Bailey stated the only thing today, the only decision for the Boards consideration is allowing Charles Stephen to partner with City National Rochdale for the management of the corpus. Charles Stephen is still overseeing it they are still the conduit but they want to use City National Rochdale to be the managers of the Corpus. The motion would be that with the caveat that at a follow up meeting we will have a discussion, if this motion is approved, that at the

next meeting there will be a discussion with Charles Stephen regarding the real estate component (the REIT), we will have a discussion with City National Rochdale on City Allocation One that they are recommending and a follow up meeting in early fall to develop and think about our own investment strategy which we then feed to this company to help with assistance in the management. President Herrera asked for clarification purposes, it sounds and goes without saying, we are remaining with Charles Stephens and there is no change in fees. President Bailey stated there are not. President Herrera asked if they are subcontracting with this other firm. President Bailey stated it is fair to say, it is not, Charles Stephen is our manager but they use experts to run certain funds based on their performance. They are almost like; they are like the coaching staff. Charles Stephen is the coaching staff but they are recruiting players and plays to be on the field to manage the money. Mr. Bejarano stated it doesn't work so much as a subcontractor, they are basically working together; the fee structure stays the same at our level but whatever arrangement they make is between them. A lot of time it has more to do with the level of expertise, he sees this a lot, they farm out a lot of the tech which can get complicated. You are with Schwab and they do the same thing and their portfolio assets are tech. It is to get the right level of expertise. Board President Herrera stated he is good. President Bailey asked for comments or questions and stated Board President Herrera entertained a motion to approve the Charles Stephens recommendation with City National Rochdale with the caveat that we will ask Charles Stephen and City National Rochdale to be at the next meeting to discuss REIT and the personalized asset allocation one and it will be the intention of the Board later in the summer for a workshop to discuss and craft our investment strategy moving forward.

**Board Member Eyler moved to approve as stated by President Bailey. Second – Board Member Newton. Motion passed unanimously.**

#### **IV. PRESIDENT'S EAGLE FUND DONATIONS AND EXPENDITURES – Informational**

President Bailey stated the President's Eagle Fund is something that we started, one of the things discovered through the audit was that the College had been spending more on the operational expenses of the Foundation than the Foundation had been raising in scholarships for students. We made a bold but positive decision, for audit purposes, eliminate the operational expenses of the Foundation, it was right at a time where we were transitioning, we just had a brand-new Executive Director, we eliminated that position and moved Robin out of the Foundation and into Financial Aid. Now the operational budget of the foundation is now zero and President Bailey was able to convince the College's Board of Regents to set aside money within the College's budget to give \scholarships to students while the Foundation restructured. Last year, the only exception for scholarships was a draw from Maley Endowment. The College gave out \$125,000 in scholarships to students last year which is the record. This worked and it has been good. The nice thing is it is allowing the Foundation accounts to grow while looking at a long-term strategy. Ultimately the goal is going to be like UNM Foundation and others where the Foundation corpus itself has the funding in interest to cover the expenses for Executive Director and everything else. This is a long way off and in the interim because the College was committing part of its money to scholarships to students, the way we are doing it is giving students a discount. It is not placing cash in students hands it is saying we are going to accept less money in tuition from you based on this scholarship. We also created the President's Eagle Fund which is housed in the Foundation which allows donors to contribute not to scholarships because the College is taking care of that but to things that actually had a direct impact on student success at the institution. For example, the College launched in March, the student food pantry. Students are going to have access to nonperishable food items, feminine hygiene products, baby food, diapers, etc. The President's Eagle Fund helps with projects like this. We have had donors who have given to the Eagle Fund and President Bailey is happy to report as of May 18<sup>th</sup> we have raised \$142,433 in the fund and it has come from about 15-20 donors. President Bailey would like to say because Dr. Newton is on Board, and there are commitments to more, we are closer to \$175,000, a huge chunk of it has come from N3B, they have agreed to be the landmark or cornerstone donor for this. We are right at about \$170,000 and the goal is to get to \$250,000 and we have \$80,000 to go and we feel confident we will get there. The pledge we made it is not going to go to anything for the College, it is not going to help with the College, it is not going to help with budget things, it is all for student services. One of it was the Marketing and Communications, we got funding specifically to help with the Mill Levy Campaign. That was helped the community pass the Mill Levy in November and helped pass the \$2.4M annual revenue stream for the trades in perpetuity. We are working with Prosperity Works to provide savings accounts for single parents' kids. Data shows that if there are savings accounts for those kids their parents are far more likely to graduate from college. We are putting \$3,000 into this and Prosperity Works is adding \$24,000to that

and it is an 8 to 1 match. We have money going to the Sostenga farm which is now producing salad greens, turnips, cabbage, kale, all is going directly to students in need. There is an article in the Rio Grande Sun today about this. We are using Eagle Fund money to purchase masks with the Eagles logo for students to keep them safe and will be for free. We have a partnership with the Food Depot for the food pantry, we do not buy the food but we basically pay an administration fee for it to allow us to get the food. Additionally, for graduation, we are putting together packages to celebrate graduations. Everything from a frame to Northern glasses to the mask to a Northern license plate cover. This gives the Board an idea of some of the spending. The creme de la creme, when COVID-19 hit, we immediately looked, knowing we were going online, we ordered Google Chrome Books that we were able to loan out to our students for free. This purchase came from the Eagle Fund. All the expenses are in the \$75,000 range, meaning we have almost \$100,000 in that fund. We have done a lot with what we have.

## **V. LONG TERM STRATEGIC VISION FOR THE FOUNDATION - Informational**

President Bailey stated this is our plan right now. Let's use funding we are getting through Eagle Fund to help with direct student support and use College money to help with scholarships for students with the exception of Maley and let the corpus grow. This is the long-term strategic vision. President Bailey asked for comments or questions from the Board. This combined IV and V.

President Herrera stated he wanted to comment, with everyone on board, to take the opportunity to really compliment President Bailey for his leadership in terms of what has been done at the College with the COVID-19 virus and the way he handled everything under very unusual and unprecedented circumstances. He knows President Bailey has had to deal with personnel and not being at work and paying them, everything and anything, with the communication with the community and staff. He is blown away with the little bit he knows and he knows what is on the surface and he really wants to personally thank President Bailey for all the work he is doing and everyone associated with him. President Bailey stated he really appreciates it and Ricky and Amy are the ones really doing it but he is happy to take credit for their work. We have not raised tuition in three years, we were the only school in the State that can say that, were able to give raises to 99% of our employees the last two years in a row after eight years without, we have grown our fund balance where we were going paycheck to paycheck. This is all credited to Ricky Bejarano and his vision and the fact that he has been the sheriff and this is how it is going to be. It has been hard and this is why we have been able to hold on to everyone on the payroll, we haven't fired anyone. We are in the best fiscal position that we can be. Credit goes to the Foundation Board for being flexible and seeing this vision. He does think in the next meeting or two, because we need to hear from Charles Stephen and City Rochdale, following will be a workshop will be talking about the investment strategy and long-term schedule.

Board Member Owen stated he is always one step behind Alfred so he was slow to the trigger. He would like to second what Alfred said, he is seeing a real transformation of the College that is one of the reasons why he chose to reengage on the Board. The challenge he stepped up is unique, it is different from SFCC and UNMLA, NNMC has a community responsibility and it goes beyond just meeting the educational requirements of students. All the things he discussed and talked about is really community outreach, it is that anchor point for Northern New Mexico. This is why he believe Northern's continued existence and growth is important because there are other educational opportunities for students, UNM-LA for one, but none of them provide the community anchor that NNMC does. This is President Bailey's most important function and it is evident by what he just discussed where he is applying his time, treasure and talent. President Bailey thanked Board Member Owen.

Board Member Owen stated he would like Item V, he would like to tee up a more detailed discussion in the future and asked what Northern's highest needs if we are talking about being the community anchor, what is Northern's highest needs and how do we develop an investment strategy to achieve those needs. Housing has been a long-term discussion. President Bailey will come prepared to have this dialogue. He was pushing hard for the dorms, the last couple of years and he hasn't given up on this. He will say with the response to the pandemic, because we don't have dorms, we are in the best position right now to ride this thing out. It is bizarre that we kind of got saved because NMSU, NMHU, Tech, all of them are hemorrhaging money because they do not have students who are in there and don't have the revenue for meal plans and expenses. The needs will be articulated in the investment strategy meeting.

Mr. Bejarano left the meeting at this time – 1:34PM

## VI. ADJOURNMENT

President Herrera entertained a motion to adjourn.

**Board Member Newton moved to adjourn. Second – Board Member Eyler. Motion passed unanimously.**

The Board adjourned at 1:37PM.

Approved:

Alfred Herrera

Alfred Herrera (Jul 27, 2021 15:14 MDT)

Alfred Herrera  
President

\_\_\_\_\_  
Tania Sanchez  
Vice President