

NORTHERN NEW MEXICO COLLEGE



**NORTHERN NEW MEXICO
COLLEGE FOUNDATION BOARD
MEETING**

NOVEMBER 4, 2020



NOTICE

Northern New Mexico College Foundation Board will hold a regular meeting on **Wednesday, November 4, 2020, at 1:00PM** Via Zoom.

Join Zoom Meeting

<https://nnmc.zoom.us/j/96547875629>

Meeting ID: 965 4787 5629

One tap mobile

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Meeting ID: 965 4787 5629

Find your local number: <https://nnmc.zoom.us/u/adH87MXS1J>

AMENDED FINAL AGENDA **ADDING ITEM V** **PUBLISHED AT LEAST 72 HOURS IN ADVANCE OF THE MEETING**

- I. CALL TO ORDER**
- II. APPROVAL OF AGENDA – Action Required**
- III. DRAFT FUNDRAISING AND INVESTMENT STRATEGIES – Action Required**
- IV. FOUNDATION INVESTMENT AND BANK BALANCES – Informational**
- V. BANK ACCOUNTS – Action Required**
- VI. ADJOURNMENT – Action Required**

In accordance with the Americans with Disabilities Act (ADA), physically challenged individuals who require special accommodations should contact the President's Office at 505-747-2140 at least one week prior to the meeting or as soon as possible.

Office of the President

NORTHERN New Mexico College



October 14, 2020

To: NNMC Foundation Board
 NNMC Major Gifts Officer

From: Dr. Rick Bailey

Subject: Draft Fundraising and Investment Strategies

Greetings Board Members

I wanted to share a few thoughts I had regarding both a *fundraising* strategy (short- and long-term) and an *investment* strategy. I think this will help launch a productive discussion with all of you next time we meet.

Judith Pepper, the College's Major Gifts Officer, helped me to think about the fundraising strategy, by asking me the following question: if I had a chance to meet with a large donor, and that person asked me what I would do with a very large gift, how would I want to leverage it? That made things crystal clear for me. Here is how I would answer that question today:

Fundraising Strategy

1. Immediate Term: **Holistic Student Services** – we have done a remarkable job in this area over the last few years. The establishment of the President's Eagle Fund (and our raising of over \$190k in the last 12 months) was key to this focus area, and has helped with the NNMC Student Food Pantry and Clothing Closet, Google Chromebooks given out on a free loan to students in need, and jet packs/hotspots also on free loan to those students who have no access to broadband. This is also helping with savings accounts projects and future emergency loans (with possible forgiveness opportunities for college persistence and success).
2. Medium Term: **Renewable Energy Infrastructure Transformation** – I have set a goal for our college to transform the physical infrastructure on both of our campuses to embrace renewable energy and to be *net zero* by the end of the decade (in other words, to produce as much energy as we use). This not only sets an important environmental example for our students and our community, but also will save enormous operating costs long-term for the institution.
3. Long Term: **Philanthropic Foundation** – What I mean by this is the cultivation of an *environment of giving*. Ultimately, I want to build a structure that allows the Foundation to operate independently of college

resources. This can happen when the corpus is large enough that the operations of the foundation (executive director and assistant's salaries, operating budget, independent audits, etc.) are capable of being funded solely by the interest of the accounts. At that point, all of the fundraising accomplished by the Foundation will be directed toward student scholarships and student success initiatives.

Foundation Investment Strategy

Closely related to the fundraising strategy is our Foundation's *investment strategy*. The investment strategy guides our Foundation's direction with funds we currently manage. The funds are broken into four main groups:

1. Maley Endowment – (approx. \$1.3M) funding through a gift from the Maley family that is used specifically to fund \$5k annual scholarships for NNMC nursing students
2. Solar Energy Research Park Academy (SERPA) Endowment – (approx.. \$720k) funding from a prior grant that is used to supplement operational expenses for the Department of Engineering Technology
3. General Endowment – (approx. \$1M) funding from a multitude of donors that in the past has funded student scholarships
4. Century Bank – operational accounts for the Foundation (amounts vary over time)

(note: the accounts in Items 1-3 are overseen by Charles Stephen & Co, Inc. in Albuquerque; City National Rochdale, LLC, an RBC Investment Company based in Beverly Hills, manages the funds)

For your consideration, and based on the recent board conversations and guidance, here is how I would articulate our current investment strategy:

1. The Foundation Endowment Assets will be protected as much as possible and be allowed to grow. The only two routine exceptions are:
 - a. A draw from the Maley endowment each May-June which will fund scholarships (\$5,000 each) to NNMC nursing students, in line with Maley family guidance. Over the last two years this draw has been \$25,000 each (which has paid for five scholarships), which has still allowed modest growth to the endowment corpus.
 - b. A draw from the SERPA Endowment each May-June, which will be given to the Department of Engineering Technology. (The size of the draw will be based on the performance of the fund in the previous year, and in no case be large enough to draw the overall fund below

\$700,000). Last year's draw was \$13,000. A typical draw can be anywhere from \$10-\$20k.

2. The General Endowment will be protected as much as possible in the short and medium term. This will allow time for both an accounting analysis and a fundraising records analysis to be completed. Once the analyses are conducted, the Board and President will confer about potential options (including the possibility of streamlining and combining individual endowment accounts after consultation with donors).
3. The Maley and SERPA draws will come from the dividends paid naturally from the City National Rochdale investment portfolio. This will not only leave the corpus intact but allow it more room to grow over time.
4. The dividends from the General Endowment will be used to pay the debt that the Foundation still owes to the College (after the \$302,639 that the Foundation paid in Sep 2019, and a dividend from the General Endowment this summer, the remaining debt sits at \$255,497). We estimate that based on this year's dividends, the debt should be paid in full within the next six years. Again, this will not affect the corpus of the General Endowment, which will still earn interest and grow over time.
5. In the interim, the College will apportion \$100,000 in its annual operating budget each year to offer student scholarships (in the form of 100 student discounts, each valued at \$1,000). The President and Major Gifts Officer may raise money to help the college offset some of this funding. This will help us continue to match the record amount of scholarship funding we have *ever* given in the 111-year history of the College (which happened this past year).
6. Once we have both the accounting analysis of the Foundation funds (being completed right now by CRI), and the fundraising analysis completed by Linda Thomerson (through a grant), we will be able to compare the two and adjust our long-term strategy if necessary.
7. Years ahead, once the Foundation corpus reaches a point of self-sustainability (in my estimation around the \$10M mark), then the Foundation Board may consider a more independent status (see Item 3 in the Fundraising Strategy above).

Thanks very much. If you have any questions or need any further information, please let me know. Have a great weekend.

Very Respectfully

Rick

Richard J. Bailey, Jr., Ph.D.
President, Northern New Mexico College



NORTHERN NEW MEXICO COLLEGE FOUNDATION

ESTABLISHMENT OF ACCOUNTS AND AUTHORIZED SIGNERS

Upon a Motion by _____, seconded by _____ at the November 4, 2020 Foundation Board Meeting, the following resolution was unanimously adopted:

WHEREAS, it has been determined by the Foundation Board that in the best interest of the Foundation, Alfred Herrera and Tania Sanchez be the dual signature authorities, and sole signature authorities, for the Foundation accounts at Century Bank and Charles Stephen. Should either Alfred Herrera or Tania Sanchez be unavailable when signatures are required, Richard J. Bailey, Jr. is authorized in either absence to sign but not both.

WHEREAS, in order to establish these accounts, Ricky A. Bejarano, CPA, CGMA, Board Member/Vice President for Finance and Administration, is authorized by the Board of Directors only to open or close said accounts.

Alfred Herrera, Board President
Board President

Tania Sanchez, Vice President/
Secretary/Treasurer

Richard J. Bailey, Jr., PhD
President
NNMC
NNMC Foundation Board Member

Ricky A. Bejarano, CPA, CGMA
Vice President for Finance & Administration
NNMC
NNMC Foundation Board Member