



School for Advanced Research
Semi-annual Board of Directors Meetings
Saturday, August 5, 2017 - SAR Dobkin Boardroom

Approved 02.24.18

Minutes

DIRECTORS IN ATTENDANCE

Lynne Withey, Chair
Elizabeth Roghair, Vice Chair
Doug Nelson, Treasurer
Nancy Bern
Dorothy Bracey
Don Brenneis
John Camp
Joe Colvin
Wes Cowan
Meg Lamme
Marcus Randolph
Julie Rivers

BOARD NOMINEES IN ATTENDANCE:

Brian Foster
Louise Lamphere
Jim Robins

GUESTS:

Paul Madrid, REDW Stanley

BOARD NOMINEES NOT IN ATTENDANCE:

Ned Blackhawk
Jerry Sabloff
Gregory Smith

DIRECTORS NOT IN ATTENDANCE

Tim Evans
Susan Foote, Vice Chair
Angela Gonzales, Secretary
Don Lamm
C. Wesley Cowan

STAFF IN ATTENDANCE

Michael Brown, President
Lindsay Archuleta, Donor Relations Mgr.
Suzanne Grayson, Exec. Asst. to the President
Paul Ryer, Director of Scholar Programs
Laura Sullivan, Dir. of Development
Sharon Tison, VP Finance and Admin.
Brian Vallo, Director, IARC

I. Welcome

Lynne Withey welcomed the Directors and new members. She acknowledged the death of former Board member Steadman Upham. Lynne described plans for honoring the two outgoing members; Susan Foote and Wes Cowan. Lynne thanked the committee chairs and staff and reiterated that today's meeting will focus on committee reports and long-range planning.

II. Approval of consent agenda

Lynne asked the board secretary for a quorum, which was confirmed. She also asked for a motion to approve the consent agenda. *Moved by John Camp and seconded by Don Brenneis, the consent agenda was approved.*

- Approval of Minutes of February 25, 2017 Meeting
- AAA Committee
- Development Committee
- Governance committee: approval of Board manual
- Physical Plant

III. Election and Welcome New Board Members

Elizabeth Roghair introduced the slate of nominees for the class of 2020: For an initial term, Brian Foster, Ned Blackhawk, Louise Lamphere, Jim Robins, Jerry Sabloff and Gregory Smith, and for a second term, Don Brenneis. *Motion was moved by Joe Colvin, seconded by Julie Rivers and passed unanimously.*

Elizabeth Roghair read the list of proposed committee chairs: Elizabeth Roghair, Governance and Nominating; Nancy Bern, Secretary; Doug Nelson, Treasurer; Marcus Randolph, Audit; Julie Rivers, Development; Don Brenneis, AAA; she asked for a motion to approve. *Moved by Marcus Randolph, seconded by Dorothy Bracey, the list of committee chairs was approved as presented.* Elizabeth Roghair read the proposed slate of board officers; Chair: Lynne Withey; Vice Chair: Elizabeth Roghair; Secretary: Nancy Bern; Treasurer: Douglas Nelson; Assistant Secretary: Suzanne Grayson; Assistant Treasurer: Sharon Tison. *Moved by Julie Rivers and seconded by Meg Lamme, the slate was approved as presented.*

Lynne Withey asked the board to read, sign and return their *Conflict of Interest* forms and *Annual Affirmation* statements and return to Suzanne Grayson. Elizabeth Roghair stated that the language in the affirmation statement would be added to the board policy manual.

IV. Report from Finance Committee and Approval of Budget

Douglas Nelson asked Sharon Tison to recap FY June 30, 2017. Sharon reminded the board that SAR budgets with "year ahead funding". Expenses under budget included advanced seminars and the SAR Press. Sharon stated that the mortgage on the Howells property was paid off on September 30, 2016. She reviewed the income statement, noting that the (DWS) Douglas Schwartz program income and expenses have been completed. There is a surplus of 941K for the fiscal year compared to a loss of \$1.6MM from previous year – mostly due to earnings on the endowment. Sharon reviewed the gifts and grants line item, noting a \$45K gain from sales of books, \$9K earned income from classes, and a loss from field trips. Campus and IARC tours have earned about \$40K and facility rentals have netted about \$35K. Sharon added that staff received cost of living raises this year, representing \$30K in expenses, with a balance in cash reserves of \$900K. She reviewed the proposed budget on page 62. She explained that the Anne Ray Foundation (ARF) income of \$580K reflects both program support and overhead. Michael Brown added that he anticipates that support from the Anne Ray Foundation will level off at around \$550K in future years since they cap giving at 20% of an organization's operating budget. Sharon Tison clarified that the budget is on accrual basis, not cash basis. There was a request to see complete full disclosure and corresponding expenses in the budget. Doug Nelson stated that the Finance committee will provide this. Doug Nelson asked for questions related to budget and stated the Finance Committee recommends the budget be approved as proposed. *On a motion by Marcus Randolph and seconded by Joe Colvin, the FY18 Proposed Budget was approved as presented.*

Doug Nelson introduced SAR's investment advisor, Paul Madrid, Principal, REDW Stanley, hired in September 2016. Paul Madrid stated Schwab is the custodian of SAR accounts. SAR's new investment policy statement is comprised of protective assets (15%), market assets (85%) and uses a low cost index strategy. Two hedge funds are being liquidated and reinvested. Paul Madrid reviewed the *Allocation by Category* chart on page 65 and the *Portfolio Holdings* on page 67. He explained that the hedge fund side pockets are not liquid,

and estimated the return on investments on the hedge funds at about 7%. There was a question about whether SAR draw is sufficiently protected in the case of a downturn. Paul replied in the affirmative, stating that the portfolio is well diversified with protective assets and will not fluctuate as much as the stock market.

Paul Madrid then presented several economic models of SAR's financial future using a 25 year timeframe to show the theoretical effect on the endowment under a variety of assumptions. The charts assume a 7% endowment growth rate, a management investment fee of .17%, and inflation rate for expenses at 2.5%. The model assumes a 5% annual growth in unrestricted giving for three years and 3% growth at four years and beyond. Modest growth in restricted giving (and related expenses) is assumed as well as 5% per year growth in earned income. The exercise assumes that any additional funds needed will be withdrawn from the endowment and calculates the balance of the endowment at the end of 25 years.

Scenario 1: Using the assumptions above would decrease the endowment to \$6MM after 25 years

Scenario 2: Scenario 1 plus selling \$2MM Howells property in 2021 would decrease the endowment to \$15MM in 25 years.

Scenario 3: Assuming the sale of \$2MM property and an increase in revenue of \$375 annually would keep endowment flat.

Scenario 4: Assuming no sale of property, and \$440K per year in new revenue would keep the endowment flat.

Doug Nelson presented charts showing the results of Monte Carlo simulations with a base line assumption of Scenario 4 above. After 25 years the simulations have possible future portfolio value range of \$913,000 to \$239,235,211 with a median value of \$54,035,272. The present value of \$54MM is approximately \$25MM.

V. Report from the Development Committee

Julie Rivers stated that the development committee is discussing the advantages to SAR's visibility and brand if SAR were to hire *66 and Co.*, a PR and marketing company. This would be contingent on a grant from the Paloheimo Foundation. Michael Brown stated that while local visibility is robust, regional and national could be improved. A board member added that a recent facilitated session with SAR staff was very valuable and complemented the staff on the *SAR NOW* newsletter. Julie stated that the recent Wes Cowan event netted \$50K and was incredibly important for networking with current and prospective donors. Julie added that a small committee has begun planning for the IARC's 40th Anniversary taking place in June 2018, and asked for volunteers to serve on that committee. The event would honor all SAR artists' fellows and offer a lifetime achievement award to an artist.

Julie Rivers stated the board needs to ratify the *Gift Acceptance Policy* which has been approved by the development committee. ***Motion: Moved by Joe Colvin and seconded by Michael Brown, the Gift Acceptance Policy was ratified as presented.***

Laura Sullivan reviewed the development goals and stated that SAR raised \$950K in unrestricted revenue, which is an increase of 23% over last year. President's Circle has 35 members (not including board members), with revenue up by 39%. There are 644 general members and 698 total members. New sponsors for 2018 include Nissan, Frost Foundation and Newman's Own Foundation. There was 100% of board giving - 42% of total unrestricted giving in FY17. There is a projected goal of \$850K in unrestricted giving for FY18. Laura thanked John Camp for underwriting, along with support from the NM Nature Conservancy, the Elizabeth Kolbert lecture taking place at the Lensic on June 1, 2018. Laura Sullivan passed the floor to Jim Robins who explained the new Founders' Society Group; currently a group of 15 members committed to giving \$5K over 5 years. The goal is to honor donors, and motivate President's Circle donors to increase giving. There will be several events a year consisting of about 8 people total, to create an intimate experience with a special guest speaker. Laura reviewed the "Board Member Involvement Chart" and thanked the board for cultivating new members.

- VI. Report from Academic and Artistic Affairs (AAA) committee
Lynne Withey reminded the board that the consent agenda included a new policy regarding IARC accessions, which states that the AAA has authority to approve accessions, while de-accessions need full board approval. Don Brenneis passed the floor to Brian Vallo, who highlighted some 2017 achievements; Anne Ray Foundation allowed the purchase of e-museum which will allow IARC to present more of the collection online as well as fund a new registration assistant and assistant educator. The Museum Guidelines initiative is almost complete and has garnered attention from several Universities. IARC is continuing its educational programming with the Youth Detention Center and NMAI. The new SAR website will feature online exhibits, starting with work from Zuni Pueblo. The board acknowledged Brian Vallo's work securing the beautiful pots that were used as gifts for new Founders' Society members at the Wes Cowan event.

Don asked Paul Ryer to give an update on scholar programs. Paul introduced himself and reviewed his first year at SAR. While Scholar Programs saw a record number of seminar, fellowship and Staley prize applications, Paul expressed a need to focus on quality, not quantity. His current goals for 2018 include increasing scholar visibility globally, especially with younger generations, and focusing on new social media efforts, including Facebook and Twitter, which currently has 3600 followers. The SAR website will include a blog by scholars, inspired by an SAR journal from the 1970s. Paul feels that the Staley Prize should attract more graduate student nominations.

- VII. President's report and discussion of the future of SAR
Lynne Withey and Michael Brown presented a map of the Howells property and explained the topography, and some details about lot lines. Lynne Withey reminded everyone that the Board, at its February meeting, had charged Michael with articulating a vision for the future of SAR. Michael Brown thanked Marcus Randolph and Lee Caldwell for the new chairs and John Camp for his sponsorship and idea for the Creative Thought Forum. He thanked Suzanne Grayson for successful facility rental. Michael acknowledged Brian Vallo and how much the

IARC is doing. A new website to launch Sept. 1. Michael expressed concern about the field trip program, both logistically and financially. Michael thanked Joe and Julie for their work on the master planning process and stated SAR is about to sign a contract with Barbara Felix, but SAR

needs to secure special use permits for the property. Michael believes the \$60K ARF grant will need to be supported with additional funds due to permitting costs and possible legal fees. There was a discussion about whether SAR should have better clarity of scope. There was a suggestion that Michael and his staff write a short summary on feasibility. The board expressed a desire to see better integration of scholarly efforts and IARC and Lynne offered to share the 2013 study by Barbara Felix. Michael opened a discussion about how to further monetize the campus while keeping staffing at the current levels and the possibility of hiring a public programming staff person.

Michael stated that The *Creative Thought Forum* grew out of an idea to engage our main donor audience of affluent, adult learners. Michael thanked John Camp for sponsoring the 2018 Elizabeth Kolbert lecture. Michael gave an overview of the other 2018 visiting lecturers. There was a suggestion that SAR should offer anthropology "out of the box". There was a discussion about the logistics of bringing the scholars on campus.

VIII. Wrap up and next steps / Board/meeting evaluation

Lynne Withey reiterated the Board's support for establishing the *Creative Thought Forum*, and added that a small will be convened to work on the a plan for financial sustainability, building on the economic models presented by the Finance Committee. Lynne asked if the Board wants to make an immediate financial investment in a new staff position dedicated to public programming, drawing on reserves. Michael stated he would like to revisit the idea in six months, after further exploration. Board members expressed the opinion that an investment in talent is necessary despite the need to draw on endowment. **Motion: authorize Michael and Laura to hire a public programming director on a timetable to be determined by Michael.** Moved by Jim Robins and seconded by Meg Lamme, the motion carried.

Lynne Withey recapped the meeting action items. Sharon Tison will show capital expenditures in budget; Lynne Withey will create a two page recap on what has transpired with the master plan; Doug Nelson and the Finance committee will look for solutions to integrate the Master Plan, public programs and the fundraising initiative. Laura Sullivan will provide clear solutions related to capital campaign. Michael Brown will look into hiring a public programs director, considering the board's desire for SAR to have a more public presence. The Founders Society needs to be discussed further in light of current PC membership and board giving.

IX. New Business

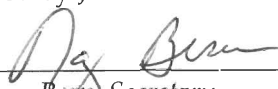
Laura Sullivan and Lindsay Archuleta presented both Dorothy Bracey and Lynne Withey with a new "Spoken Through Clay" book and thanked them for hosting the board party last night.

X. Executive Session

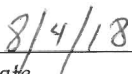
Chair Lynne Withey closed the meeting at 3:00p.m., and the Board went into Executive Session.

XI. Motion to Adjourn

Moved by Joe Colvin and seconded by Meg Lamme, the meeting was adjourned at 3:35pm.



Nancy Bern, Secretary



Date