## Dine College Board of Regents Special Meeting

**Date:** November 14, 2014  
**Location:** DoubleTree By Hilton Kachina Conference Room  
**Flagstaff, AZ.**  
**Time:** 9:00AM

<table>
<thead>
<tr>
<th>Present:</th>
<th>Laurence Gishey, Anderson Hoskie, Loretta Draper, Rose Graham, Fannie L. Atcitty, Theresa Hatathlie, Darrin Brown</th>
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<tr>
<td>Absent:</td>
<td>Dwight Witherspoon</td>
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### Agenda

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<th>Follow-Up Action:</th>
<th>Responsible POC:</th>
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<tr>
<td>1. Call to Order:</td>
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<td></td>
<td>By Laurence Gishey @ 9:06AM</td>
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<td>2. Roll Call</td>
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<td>Taken by Rose Graham, Board of Regents Treasurer</td>
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<td>3. Invocation:</td>
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<td>Given by Regent Hoskie.</td>
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<td>4. Approval of Agenda</td>
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<td>Motion: Regent Hoskie; Second: Regent Hatathlie; Vote: 7/0/0.</td>
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<td>5. Introduction of Guest and Staff</td>
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<td>John White; Veriti Consulting, Liz Monty; Veriti Consulting, Darrin Brown; Student Regent, Loretta Draper; BOR Secretary, Rose Graham; BOR Treasurer, Anderson Hoskie; BOR Vice President, Theresa Hatathlie; BOR member, Fannie L. Atcitty; BOR member, Keith Smith; Smith, Shellenberg, &amp; Salazar, LLC, Laurence Gishey; BOR President, Maggie L. George; Diné College President, Anjeanette Lang; BOR Executive Assistant.</td>
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<td>6. Items to Discuss/Updates</td>
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<td>a. Executive Session</td>
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<td>Regent Gishey requested Dr. George and Keith Smith to stay in the room for executive session. Anjeanette and Darrin were excused.</td>
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<td>Motion by Regent Atcitty to go into Executive Session, Second by Regent Draper. Vote: 7/0/0 @ 9:17AM.</td>
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<td>Motion to Exit Executive Session by Regent Atcitty, second by Regent Graham. Vote: 7/0/0.</td>
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11/14/14 Meeting Minutes were approved on 12/5/14 Motion: Regent Graham, Second: Regent Brown. Vote: 6/0/1.
**Action Item – Accepting the Final Report of Forensic Accounting and Investigation Services and Authorizing the College President to Remedy Any Deficiencies Identified in the Final Report.**

Keith Smith read the resolution into record.

Motion: Regent Hatathlie, Second: Regent Atcitty. Vote: 6/0/1.

- The report will not be attached to the resolution and reframed from public view. The board can officially unseal the report.
- Keith inserted the preferred language and the clauses into the resolution; it was reread.

### b. Investment Policy

**Status Update:**

- There has been prior discussion on drafting a Master Investment Policy. Tab 1 of the workbook shows the draft Master Investment Policy.
- The college created an Investment Committee that consists of Board of Regents members, Administrators, and the College’s Controller.
- Diné College was able to enter into an agreement with Northern Trust.

**Overview:**

- Steve Gundersen, Tallsalt Advisors gave a brief overview of prior presentations, market assumptions, market over view, asset allocations, expected return & range, and expected future balance. All these will be incorporated into the Master Investment Policy.
- Included in the overview was KPMG’s opinion of numbers in their financial audit. KPMG also provides the Financial Control Systems audit which looks at how decisions are made and how assets are controlled.
- The entire overview was to help the BOR understand the mutual foundation.

**Endowment Funds:**

- Diné College has established Endowment funds with Northern Trust. Transfer of funds are in working progress.
- Liquidation from FTI is also in working progress.
- Once the Investment Policy is approved, the delegation of authorities and control system will be structured. This will provide the Board with a written process to controlling and monitoring endowment account.
Fiduciary Process:
- The trustees of the college will be able to follow a process that will organize all documents, find their roles and responsibilities, ensure conflict of interest are identified and addressed, and all service agreements will be in writing and monitored.

Diné College Master Investment Policy:
- The highlighted green areas in the workbook are the areas that will need to be addressed.
- Included in the Table of Contents are the Introduction, goals & objectives, authority, delegation of authority and general guidelines, asset allocation, performance measurement and benchmarks, reports and advisors meetings.
- 3.9 and 3.10 are very important in the Master Investment Policy. The portion of the investment policy protects the college.
- Page 3 section 3.2 - The investment committee consist of three board members; one being the board treasure and three members of management of the college consisting of the Controller, Chief Financial Officer, and the Vice President of Institutional Advancement.
- Include the resolutions number.
- Insert plan of operation and exact dates.

Action Item - Adopting and Approving the Diné College Master Investment Policy
Regent Draper read the Resolution into record.
Motion: Regent Atcitty, Second: Regent Hatathlie. Vote: 7/0/0.

Tab 2: Investment Policy Appendix 1 Endowment Funds
Overview:
- These funds include scholarships to students and/or specific programs to the college.
- This is a living document, so it can be modified.

Investment Horizon:
- These funds can be identified as short term or long term.
- The time horizon for funds that are not earmarked are long term.
- The time horizon for scholarship awards for a semester are short term.
- Insert in the Investment Horizon; the board of regents shall make final approval of the
allocation. This will be draft b.

Goals and Objectives:

- 6.0% is the goals per year. Some years the goal will be short, while other years the goal will exceed.
- d.) more verbiage will be added. This section can be modified. The board is to think about it and come back with a target.
- Diné College FTI balances can be transferred to Northern Trust.
- Page 8 of the workbook shows the balance of the Endowment Investment pool as of September 30, 2014.
- The interest from the BIA matching endowment is deposited into the General funds endowment; a reinvestment. The BIA funds are used for operating expenses.
- Take into consideration the accounts have been neglected for several years and that is reason for no growth.
- The four accounts will flow from FTI into Northern Trust. Policies can be created to control the funds. There will be some back findings into the BIA’s policies.
- KPMG recommended the college to develop investment policies to address any investment risk for all funds.
- KPMG recommended the college to develop policies specifically to address risk factors noted on page 10 of the workbook.
- Tallsalt Advisors may discuss and identify risks categories and develop investment policies to address those risks and bring to the investment committees attention.

Economic and Market Data:

- The economic and market data were reviewed. Graphs and visuals were provided in the workbook.
- There was an increase in the 3rd quarter GDP of 2014.
- The Annual review shows the recession and the steady rate of growing annually.
- The unemployment rate graph shows continuous decreasing trend. Unemployment claims have justified the decrease in the unemployment rates.
- Interest rates are very low and this causes challenges to fixed income.
- There is expectation to the U.S equity market to expand in the next 12 months. Some of the key points include moderate U.S GDP expansion, recovery in the Euro-zone, Capital inflows from employees; paying off debt, paying off mortgages and putting money into 401K.
Over the next 6 – 9 month the U.S is expected to offer fluctuating higher yields. The Fed should be cautious to avoid constraining the economy before global economic health.

Opportunities may present themselves in specific markets; depressed markets potential economic recovery and weak Euro rates are setting the foundation for strong equity returns. Loan or bonds offer yields and protection from the risk of increasing interest rates.

Having lower fuel prices puts money in our pockets.

**Asset Allocation:**
- The expected return of the portfolio equals the weighted expected return for each of the sub asset class before considering correlations between sub-asset classes.
- The table on page 19 presents an allocation to sub – asset classes while remaining consistent with a 65/34 allocation to fixed income and equities.
- Based on the September 30 balance the annual rate of return will be 6.76 percent.
- Also expect some loses in some months, but usually the following month there is usually a bigger gain.
- The board is always welcome to meet with Tallsalt to modify the portfolios as time proceeds.
- The numbers to the fixed income and the equities were changed to show the Board how the percentages and the total amount may change to the Asset Allocation – Detail.
- The Board agreed by consensus to 60/40 to the asset allocation. Daryl suggested to use this asset allocation as a guide to the other funds. Steve will complete the document and send to the investment committee and move forward.

7. **Next Meeting**
- The next Board of Regents meeting will be December 12, 2014 at Tsaile, AZ in the NHC Board of Regents Conference room, at 9:00AM.

8. **Adjournment**
- Motion: Regent Brown; Second: Regent Draper: Vote: 7/0/0 @ 3:23PM

*Meeting Minutes Respectfully Submitted by: Anjeanette Lang, Executive Assistant to Diné College Board of Regents*