

MINUTES – NPC FRIENDS & FAMILY BOARD MEETING

Supporting and promoting lifelong learning through fund raising, advocacy and volunteerism

**Monday, October 16 – 3:30 p.m. – 5:00 p.m. Silver Creek Campus, Learning Center, Room 136
with WebEx option**

- I. **Call to Order** – President Terry Shove called the meeting to order at 3:38 p.m.
- II. **Roll Call and Introductions** – Members present included David Wright (Painted Desert Campus Representative); Jon Saline (White Mountain Campus Representative); Pat Ceballos (Vice-President, Little Colorado Campus Representative); Terry Shove (President, Apache County Representative). Members joining by WebEx included Wendy McVicker (Treasurer, Silver Creek Campus Representative); Cara Dukepoo (Hopi Center Representative); Claude Endfield (Secretary, Whiteriver Center Representative)

Guest Speaker, Hyrum Cottrell, CFP-Financial Advisor – Edward Jones was welcomed and joined the meeting in person at 4:00 p.m.

- III. **Action Item: Approval of the Minutes of the September 18, 2023 meeting: Pat Ceballos made a motion to approve the minutes; Wendy McVicker seconded the motion. No discussion. All voted in favor; no abstentions.**
- IV. **Action Item: Approval of Treasurer's Report – NPC Friends and Family Treasurer Wendy McVicker: Jon Saline made a motion to approve the Treasurer's Report as presented; David Wright seconded the motion.** Terry Shove called for Wendy McVicker to add comments. Wendy thanked Betsy for preparing the report and called attention to the fact that there was no activity in Operational Checking for September. She also noted the anonymous \$25,000 donation, and the fall payouts for the AndyVon Transportation Grant. She pointed out that Pedal the Petrified registrations still continued producing revenue in September. Wendy also commented on the loss on investments again this month, and noted that the Fear and Greed is showing Extreme Fear today, but that the markets continue to produce returns, in spite of volatility. Wendy noted we will welcome some insights from Hyrum Cottrell. Wendy asked Betsy if she had anything to add. Betsy pointed out the table showing summary Report of Endowed Funds, showing that, while we see gains and losses, and sometimes more losses, from month to month, our invested scholarships have still gained ground over this time one year ago. **Terry Shove called for a vote on the motion. All voted in favor; no abstentions.**

Financial Report – NPC Friends and Family – September 2023

a. Operational Checking Account Activity

Beginning Balance – 8/31/2023						\$40,839.86
Check #	Date	+/-	Amount	Payee/Payer	Purpose	

No account activity during this period.	
Ending Balance 9/29/2023	\$40,839.86

b. Restricted Scholarships (Money Market) Account

Beginning Balance – 8/31/2023	\$223,738.27				
Check #	Date	+/-	Amount	Payee/Payer	Purpose
Deposit	9/6/2023	+	\$26,000.00	Donor	\$25,000 donation for spring scholarships + return of \$1,000 from unused FA 23 NPC On The House scholarship
Deposit	9/8/2023	+	\$4,000.00	Donor	Donation to Jon Graff Scholarship Fund
85	9/8/2023	-	\$9,500.00	NPC Business Office	FA 2023 AndyVon Transportation Grants – Round 1
Transfer	9/19/2023	+	\$9,500.00	Transfer	From AndyVon account at Edward Jones to cover check # 85
86	9/19/2023	-	\$1,000.00	NPC Business Office	FA 23 Martin Lucas Memorial Scholarship
88	9/22/2023	-	\$3,000.00	NPC Business Office	FA 2023 AndyVon Transportation Grants – Round 2
Deposit	9/25/2023	+	\$2,000.00	Donor	Donation to Mary Kay Smith Lindy Scholarship Fund
Transfer	9/25/2023	+	\$3,000.00	Transfer	From AndyVon account at Edward Jones to cover check # 88
89	9/28/2023	-	\$995.00	NPC Business Office	Summer 2023 Kids' College Scholarships
Interest	9/29/2023	+	\$207.18	Interest	APR 1.26%
Ending Balance 9/30/2023	\$253,950.45				

c. Unrestricted Scholarships (Money Market) Account

Beginning Balance 8/31/2023	\$214,990.89
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Check #	Date	+/-	Amount	Payee/Payer	Purpose
Deposit	9/14/2023	+	\$1,098.20	Active.com	Revenues from Pedal the Petrified registrations
Direct Deposit	9/18/2023	+	\$48.55	JustGiving	Donation to Pedal the Petrified
Deposit	9/21/2023	+	\$210.00	Sponsorship + donation	\$150.00 PtP Sponsorship + \$60.00 donation
Direct Deposit	9/25/2023	+	\$267.02	JustGiving	Donations to Pedal the Petrified
Deposit	9/25/2023	+	\$2,000.00	NPC Business Office	Refund of two unused FA 23 FtG scholarships
Deposit	9/29/2023	+	\$1,093.86	Active.com	Revenues from PtP registrations
Interest	9/29/2023	+	\$171.65	Interest	APR 1.0%
Ending Balance 9/30/2023	\$219,880.17				

d. Endowed Edward Jones – NPCFF Endowment

Beginning Balance – 8/26/2023			\$517,691.45
Activity	Date	Amount	Purpose
-	9/29/2023	\$9,629.21	Loss on Investment
-		\$583.30	Investment Fees
Ending Balance 9/29/2023			\$507,478.94

e. Endowed Edward Jones – Smith Endowment

Beginning Balance – 8/26/2023			\$122,313.00
Activity	Date	Amount	Purpose
-	9/29/2023	\$2,276.01	Loss on Investment
-		\$137.80	Investment Fees
Ending Balance 9/29/2023			\$119,899.19

f. Endowed Edward Jones – Lisitzky Endowment

Beginning Balance – 8/26/2023			\$49,407.34
Activity	Date	Amount	Purpose
-	9/29/2023	\$1004.75	Loss on Investment
-		\$45.27	Investment Fees

Ending Balance 9/29/2023		\$48,357.32
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g. Endowed Edward Jones – Endfield Endowment

Beginning Balance – 8/26/2023		\$70,778.89	
Activity	Date	Amount	Purpose
-	9/29/2023	\$1,413.83	Loss on Investment
-		\$79.82	Investment Fees
Ending Balance 9/29/2023		\$69,285.24	

Endowed Edward Jones – Pres Winslow Endowment

Beginning Balance – 8/26/2023		\$88,379.11	
Activity	Date	Amount	Purpose
-	9/29/2023	\$1,642.45	Loss on Investment
-		\$99.58	Investment Fees
Ending Balance 9/29/2023		\$86,637.08	

h. Endowed Edward Jones – Jon Graff, Ph.D. Fund

Beginning Balance – 8/26/2023		\$97,539.23	
Activity	Date	Amount	Purpose
-	9/29/2023	\$1,946.12	Loss on Investment
-		\$110.00	Investment Fees
Ending Balance 9/29/2023		\$95,483.11	

i. Endowed Edward Jones - Jennifer Lee Witt Memorial Scholarship Fund

Beginning Balance – 8/26/2023		\$197,146.50	
Activity	Date	Amount	Purpose
-	9/29/2023	\$4,003.71	Loss on Investment
-		\$222.37	Investment Fees
Ending Balance 9/29/2023		\$192,920.42	

j. Taking Flight Scholarship

Beginning Balance – 8/26/2023			\$58,860.94
Activity	Date	Amount	Purpose
-	9/29/2023	\$1,175.03	Loss on Investment
-		\$66.39	Investment Fees
Ending Balance 9/29/2023		\$57,619.52	

k. AndyVon Cash Account at Edward Jones – No report for August 2023

Beginning Balance – 7/29/2023			\$378,731.96
Activity	Date	Amount	Purpose
+	9/29/2023	\$642.78	Interest on Account
-		\$12,500.00	Assets withdrawn from account
Ending Balance 9/29/2023		\$366,874.74	

l. Mary Kay Smith Lindy Endowment

Beginning Balance – 8/26/2023			\$18,240.87
Activity	Date	Amount	Purpose
-	9/29/2023	\$213.21	Loss on Investment
-		\$19.29	Investment Fees
Ending Balance 9/29/2023		\$18,008.37	

Report of Endowed Funds as of 09/30/2023 –

Name of Account	*One Year Ago	Current	Change
Smith	\$109,979.87	\$119,899.19	+\$9,919.32 (+9.02%)
Lisitzky	\$44,113.16	\$48,357.32	+\$4,244.16 (+9.6%)
Endfield	\$63,523.08	\$69,285.24	+\$5,762.16 (+9.1%)
NPCFF	\$466,515.05	\$507,478.94	+\$40,963.89 (+8.8%)
Winslow	\$79,304.50	\$86,637.08	+\$7,332.58 (+9.2%)
Jon Graff	\$87,378.56	\$95,483.11	+\$8,104.55 (+9.3%)
Jennifer Witt	\$178,122.43	\$192,920.42	+\$14,797.99 (+8.3%)

Taking Flight	\$52,713.86	\$57,619.52	+\$4,905.66 (+9.3%)
AndyVon	\$219,933.98	\$366,874.74	+\$146,940.76 (+66.81%)
Mary Kay Smith Lindy	\$16,534.95	\$18,008.37	+\$1,473.42 (+8.9%)
Total	\$1,318,119.44	\$1,562,563.93	+\$244,444.49 (+18.5%)

*Change shows general trends only. Change includes gains and losses based on interest, but also includes gains based on assets added to the accounts through donations and revenues, and losses based on assets withdrawn from accounts for scholarship awards. Amounts highlighted in turquoise show growth due to continued donations.

V. Director's Report/Old Business – Betsyann Wilson –

- A. Report on Scholarship Activity – FA 23 CASO Student Scholarship and Martin Lucas Memorial Scholarship Awardees** – Betsy shared that, while she had expected to have identified the two winners of the Fall 2023 CASO Student Scholarships, there were still a couple of reviewers who had not returned their scores. While today was the deadline, there were seventeen qualified applications to review, so she expects to make the award announcement by tomorrow, and will share information about the awardees at the November meeting.

Betsy was pleased to announce the winner of the Martin Lucas Memorial Scholarship. David Cummins, a welding student at the St. Johns Center, has won previous scholarships from NPC Friends and Family, including the Fill-the-Gaps and the White River Lodge #62 CTE Scholarship. Betsy noted that she appreciates that David always develops a fresh essay for each application, which she feels shows respect for those who've donated to provide the scholarships. Betsy reminded the group that students applying for the Martin Lucas scholarship must discuss how a disability affected their lives. She was astonished to read David's essay about his struggle with alcoholism. She noted the courage it took to share this, and how gratified she was to see the review committee's scores, validating this. She shared David's story with Hallie Lucas, who was also very impressed. Betsy consulted with David about sharing his story in a media release. He felt that his story was not a secret, and that sharing it might help others. Betsy has written a story that will be distributed by NPC's media relations coordinator as an op ed piece.

- B. Pedal the Petrified 2023 – Final Report** – Betsy shared that she registered 250 riders, then processed cancellations and registered an additional 15 from the waitlist. On ride day, with late cancellations and no-shows, 220 riders participated. After beautiful weather at the ride start at 7:00 a.m., very strong winds developed by 10:00 a.m. The riders had been told about the wind advisory (most were aware) and assured that they could turn back or request a pickup at any point in the ride. Despite the winds, the ride went very smoothly. Betsy credited the many exceptional volunteers, including the NPC Maintenance Department under the planning of Director of Facilities and Transportation, Justin White. New this year, Justin and his crew completely took over the responsibility of bringing all cargo to the event, assisting with setup, and handling the shuttle and bike transportation, as well as serving as sag drivers. Betsy noted that their help was a "game changer", greatly reducing her stress. She also noted the outstanding support of Ride Directors, Karen

Zimmerman and Pam Dominguez, who serve as communication coordinators in the field on ride day. All the sag stop volunteers, including NPCFF Secretary, Claude Endfield, her partner, Cecil Bilagody, and granddaughter Miakota, who staffed the Crystal Forest stop, were deeply appreciated, as validated by responses in rider surveys. This year there were students from NPC's Student Government Association (SGA) helping Terry Shove and SGA Advisor Muriel Metcalf to cheer in riders at the finish at Tiponi Point. SGA plans to make this an annual event. Betsy noted that some bills, including for porta-potties and post-ride meals, and Petrified Forest National Park cost recovery are still outstanding, but she estimates that NPCFF will net approximately \$36,000.00. A survey of riders indicates that about 60% were new to the ride this year, which Betsy sees as a very positive development, meaning that there are a number of new people to teach about Northland Pioneer College.

- C. Report on donations made in first quarter of 2023-24** – Betsy reported that approximately \$49,000.00 has been donated in the first quarter, with most of it to Unrestricted Scholarships. The anonymous \$25,000.00 is to be used for spring 2024 scholarships, so Betsy will award an additional 25 Leg-Up and Fill-the-Gaps scholarships, as she did last year (with the same donation from the same source). About \$13,000.00 was donated for the Mary Kay Smith Lindy Nursing Scholarship for Native American Students. There is also a brand-new scholarship, established by the White Mountain Commissioned Officers Association, a group of Public Health professionals who work out of the Whiteriver Indian Health Services hospital. It will provide \$2,000.00 per academic year - \$1,000.00 per semester – for a Native American student in a health-care program. This includes nursing, allied health, and health-related programs, such as Medical Office Assistant. Betsy has shared application information with NPC's Dean of Career and Technical Education (his division includes Allied Health) and with NPC's Dean of Nursing, to share with their faculty, so students can be directly targeted to apply.
- D. Report on First Quarter Operational Plan** – Betsy commented that the first-quarter plan was an attachment and asked for any questions or comments. There were none.

VI. New Business – No new business

- VII. Board Development Presentation** – The group welcomed Hyrum Cottrell to speak about the current state of the markets, and the effect on NPC Friends and Family. Hyrum began by providing background related to the world events of the past two to three years. The Federal Reserve (the feds) created money (\$8 trillion) and put it into the market after COVID to help stabilize the economy. This caused inflation, which is simply defined as too much money chasing too few goods and services. To counter the inflation, the feds are raising interest rates. Hyrum commented that there is a lack of clarity related to what is reported in the press, noting that any time there is a press conference, reporters ask Fed Chairman Powell about the future of interest rates, but not balance sheets. The feds have started to “destroy” or take money (\$1 trillion) out of the system, to slow down inflation. The question is: Will they take too much money out and push us into a recession? This speculation causes uncertainty. Also, will they raise interest rates so much they push us into recession? It is projected that the feds will destroy an additional \$2 trillion; will that

push us into a recession? Hyrum noted that we have been through many recessions in our lifetimes, and most of the time, we were not aware of them.

Hyrum went on to discuss the effects of world events on the markets. Last week, on Saturday, Hamas attacked Israel. Futures were down substantially on Sunday night. Monday morning, the markets actually rallied. Why? On one hand, wars are usually considered “good business” (Raytheon stocks rose sharply) BUT the likely reason for the Sunday rally was that the Hamas invasion made the probability of the fed raising interest rates lower. Hyrum noted the markets had another good rally today.

Hyrum noted that the world is interconnected through interest rates. In the US, the fed, made up of seven unelected bureaucrats, gets to decide what happens with regard to how to impact the markets/economy.

Hyrum commented that he was going to “poke the bear”, stating that in August 2021, many analysts on Wall Street were being pretty up front with the fed – one analyst told the feds they were causing inflation. The fed responded that inflation is “transitory” – meaning short-term. They were wrong about that; while it has slowed, we still have inflation. Was creating \$8 trillion good, because it got us through COVID? Did the fed react appropriately?

Hyrum asked if there were questions:

Q: Some readings are predicting that oil may skyrocket, and we may see double the price for fuel, if the Israeli-Hamas war escalates.

A. It doesn't seem that the actual war in Israel could cause too many more oil problems, but tangential causes (if Iran gets involved, for example) could cause a problem. Related to oil prices, Saudi Arabia is trying to sell an oil company that they own. They took oil off the market to drive the price up, so when they sell shares of their company, they make more money. The oil market was already being tampered with. So higher oil prices mean higher prices, higher inflation, then we just keep playing this game.

Hyrum also noted: Inflation IS starting to go back down, but there's a common misconception that lower inflation means lower prices. It just means prices are going up more slowly. They're still going up.

Hyrum went on to explain a bit more about recessions: There is a term: “Soft landing” – It means the fed is able to raise interest rates, without the economy going into a recession. We've had many recessions over the past 40-50 years. The term “soft landing” was actually used when we were trying to land on the moon. Means we'll be able to raise interest rates with no recession. How many times have we had a “soft landing” since the term was coined in the 60s? Once. The probability of us having a soft landing is pretty low, if you look at history. With that being said, most recessions are not like the last two we've had. Most of us have lived through recessions and not known we were in one. The last two were COVID and the great financial crisis in 2008-2010. We may have a run-of-the-mill recession coming. Of note, in the past year, the fed has raised interest rates at the highest pace in history. They're not the highest rates, but they've raised them more quickly than ever in history. Because they raised interest so quickly, they've created the worst BOND market since the 1780s!! Why? Because no one was expecting them to raise interest rates so quickly. Why do we have bonds in a portfolio? It's usually the safest part of a portfolio, the

least volatile. This created a lot of value inside the bond market, meaning you can purchase bonds at 81 cents on the dollar.

Hyrum summarized: How does Edward Jones work to protect investors' portfolios? What has the new environment done to protect investments?

In the past, a "safe" portfolio produced a 1% return. Now a "safe" portfolio can produce something like a 5% rate of return. Edward Jones does not believe in market timing; they practice threshold rebalancing. To explain this, NO one can predict what's going to happen tomorrow. Pretend there are only two asset classes: stocks and bonds. Over time, these classes go opposite. Stocks will grow faster than bonds over time. If we start with 50/50, our portfolio might be 70% stocks and 30% bonds over time, so that's no longer appropriate. (They are supposed to have an inverse relationship, although they didn't in 2022!) So think of MANY different types of asset classes, Edward Jones practices threshold rebalancing, keeping the ratio of asset classes in check. This forces us (Edward Jones, and other investors) to be disciplined. We have to buy and sell when we don't want to. It is important for asset management.

Q. How do you get the fed to stop swinging on the giant pendulum?

A. Remember why the fed was created. They were created for a good purpose, but they were created illegally. Back in time, the stock markets would fall apart. Someone could borrow nine shares on borrowed money against their one share. Clearly this was irresponsible. Stock markets fell apart, so the banks would go to the über-rich (Rockefellers and Morgans) to buy shares of companies at very low prices. The markets would turn around, but this enabled the Rockefellers and Morgans to create monopolies. The fed was created to add liquidity to the markets. Nowadays, even Elon Musk couldn't do what the Rockefellers and Morgans did. We're stuck with the feds. The other option is to go to the gold standard, but we are a world economy, and other countries can manipulate gold prices.

Q. What does this mean for what is in our NPCFF accounts?

A: The majority of NPCFF's funds are spread out across many different asset classes, but the majority are in bonds and dividend-paying asset classes. Bonds are paying interest, and over the long term, dividend-paying stocks will beat inflation. It's great that bonds are paying us interest, and dividend-paying asset classes pay us quarterly, so we can buy more shares each month with the proceeds.

Q. Is there a possibility down the road that the returns, with the volatility, would shrink, resulting in our not showing increases, which would reduce our ability to issue some scholarships?

Betsy explained: For the past 18 months, she has not taken scholarships from our invested funds. Rather, as new donations are made to endowed scholarships, she has added the donations to our Restricted Scholarships (money market) account at National Bank of Arizona, where they are returning over 1.0% APR, and where they are safe from loss. This also means we don't have to take shares from our invested (endowed) scholarship funds during a period of high volatility. Hyrum added: Whoever has the most money isn't king, it's whoever has the most shares. When the markets turn around, we have retained our shares. Markets historically trend on a 3:1 ratio – on average, you have 3 good years to one down year. (Or sometimes two down years and two good years, or some combination of this.) Another way to look at that is that we will win 75% of the time. This is why it is

important to have discipline with investments, rather than buying and selling continually, in response to every fluctuation.

Hyrum noted that it is kind of a misconception that the markets are more volatile now than they have ever been. They have been fairly volatile since COVID. In the 1990s, the markets were crazy-volatile, but nowadays, the INFORMATION is out there. It's on our watches, it's on our computers, it's on TV news 24/7. The Internet changed the world in many ways!

Q. At what point do you decide to jump ship on a certain stock or bond?

A. Every day. Hyrum has analysts he trusts, and also sets a price target. If the stock gets to that point, and there's nothing going on in that company, and no negative tax implications, he'll sell at that price. The bond market is actually 3 or 4 times bigger than the stock market, and it's more mathematical. With stocks there's more emotion involved.

Hyrum predicts the fed should start lowering interest rates in June, per the highest probability right now. With regard to the stock market, if it is just rated on the S&P 500, we're still overvalued a bit. If investors were rational (which we're not) the stock market still needs to go down a bit. The probability is that inflation is controlled by June, and we're starting into a recession, or we're in a recession and just realizing it by June. Why would Hyrum's prediction be wrong? If inflation is more stubborn, the fed will have to keep interest rates higher, or we actually do have a soft landing.

The group thanked Hyrum for his presentation!

- VIII. **Good of the Order** - Betsy handed out NPC 50th Anniversary Polos to the group (she will mail them to those not able to attend). Terry gave kudos for Pedal the Petrified. Betsy also acknowledged the great support and partnership of the park staff, spearheaded by new Chief Ranger, Kyle Lehmkuhl.
- IX. **Next Meeting:– Little Colorado Campus in Winslow – Monday, November 27 – 3:30-5:00 with a WebEx option.**
- IX. **Adjournment: Terry adjourned the meeting at 4:52.**