

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
NATIONAL BOARD OF DIRECTORS MINUTES
Wednesday, June 17, 2009
4:00 – 6:00 p.m.
Gross Family Board Room, 500 McNamara Alumni Center**

Board Members Attending

Anderson, Jan McKenzie
Blissenbach, Hank
Carlson, Margaret
Carthaus, Marcia - phone
Cheung Ho, Yvonne
Dragseth, Ken
du Bois, Jim
Givens, Archie
Hallin, Gayle
Himle, Karen
Horsager, Kent
Kremers, Kristie
Johnson, Susan
Joselyn Bernadine - phone
Loyd, Susan Adams
LaSalle, Tom
Lichty, Marshall
McDonald, Daniel
Meyer, Janice
Mooty, Bruce
Mulder, Jim
Newell, Rich
Omlie, Jo Ann
Osberg, Brian
Page, Alison – phone
Peterson, Debra
Phillips, Jessica - phone
Reed, Maureen
Resch, Jim
Schott, Patrick - phone
Schultz, Martin
Stein, Robert
Thacker, Kip
Thompson, Paul
Tuzcu, Ertugrul
Welshons, Bonnie
Xu, Amy

Board Members Unable to Attend

Cunningham, John
Gruenberg, Karyn
Hoover, Emily
Lucas, Peggy
Nagel, Mark
Wiese, Sandra Ulsaker

UMAA Staff Attending

Coffer, Curtis
Isaak, Ruth
Rader, Bruce
Shortridge, Julie

University Guests

Kathy Pickard, Chief Financial Officer, University of Minnesota Foundation

Carolyn Buzza, Associate Vice President of Donor and Alumni Relations, Minnesota Medical Foundation

Presidents Report

University of Minnesota Alumni Association (UMAA) President Bruce Mooty called the meeting to order at 4:00 p.m. He reported that the May 1 Annual Celebration was first class in every way, saying that the event showcased the University, its facilities, and quality of the music programs. He thanked staff for an extremely well-run event where alumni could celebrate their University.

Consent Agenda

Mooty directed board attention to the consent agenda which included the April 4, 2009 National Board minutes, April 30, 2009 internal financial statements, approval authority of the FY09 Audit Report, membership report, bi-monthly alumni survey results and Advocacy Committee report.

MOTION: Approve items on the Consent Agenda as submitted
APPROVED UNANIMOUSLY

Search Committee Report

Mooty thanked Margaret Carlson for her dedication to the Alumni Association, noting that this year was especially challenging for the association's leader but she had worked tirelessly with board leadership to resolve budget issues and also to plan a seamless transition to a new CEO. Following Carlson's May 14 retirement, the process to find a new CEO was begun.

Mooty said that the Executive Committee held a June 16 special committee meeting to approve the composition of the search committee and was now bringing the recommended committee to the full board for their approval. He said the recommended committee brings diversity in backgrounds and education and was chosen to represent different constituencies; all have a strong knowledge of the association.

Search Committee members are being asked to attend all meetings, interview all candidates and adhere to strict confidentiality requirements regarding the process. A search firm will be hired to conduct a national search to identify candidates. The search committee will identify top candidates and present their recommendation to the Executive Committee and then the National Board.

Recommended committee members are:

Bruce Mooty , Co-chair: Board member and immediate past president

Maureen Reed, Co-chair: Board member and first vice-president

John Adams: Professor Emeritus and member of the Alumni Association Advocacy Committee

John Finnegan: Dean of the School of Public Health, Assistant Vice President, University of Minnesota

Ann Huntrods: Past board member and past president of the board

Peggy Lucas: University of Minnesota Foundation representative to the Alumni Association board

Lakeesha Ransom: At-large Regent from 2001-2007

Patrick Schott: Board member

Ertugrul Tuzcu: Board member and president-elect

MOTION: Approve Search Committee Members as Recommended
APPROVED UNANIMOUSLY

University Report

Mooty introduced President Bruininks, thanking him for providing outstanding leadership in hard economic times and showing his concern for students, faculty and staff. Bruininks thanked Mooty for his extraordinary leadership of the Alumni Association and thanked the Alumni Association for its strong commitment to the University.

Bruininks said the University had received an additional \$50 million cut through the governor's unallotment process. The U received a \$75 million cut for the first year of the biennium and by the end of this biennium, the university's base budget will decline from \$702 million to \$627 million – representing an 11% reduction in state funding.

As a result of cuts, the University will have to reduce and consolidate programs, and provide a lower level of services. This poses a severe risk for degradation of the quality at the U: larger classes, different access to courses, fewer faculty teaching classes, and reduced competitiveness in keeping good faculty. The end result could be difficulty keeping the best students.

Bruininks said 60% of students will see a decrease in tuition next year due to the increase in scholarships dollars. The U has put \$75 million into aid and scholarships this year alone. The university will strive to keep 2012 tuition rates as low as possible with the goal of keeping higher education accessible and affordable.

He stressed that higher education needs to be a state priority so the University can attract the most talented students who come here to study and stay in Minnesota. Business leaders have noted that that the university is the most critical institution in the state, saying "If the U doesn't succeed, business in Minnesota doesn't succeed."

In response to questions regarding the recent Regent policy on no alcohol to be served in the TCF Bank Stadium, Bruininks said that it was the proper response when the Legislature mandated that alcohol must be served everywhere in the stadium or not at all. Only 5% of ticket holders are in suites where alcohol was previously allowed; however, it may result in a \$3 million dollar loss in revenues per year for the stadium.

Regarding a question on the Central Corridor Light Rail Transit (CLRT), Bruininks said that there are 80 labs in 17 buildings along Washington Avenue at risk of being disrupted by light rail transit due to vibration and electro-magnetic fields. The University has advised the planners of this problem since 2001. He believes there are technical solutions but the funding of the solution must come from the CLRT budget.

Bruininks complimented Carlson on her extraordinary service as Alumni Association CEO and thanked her for 25 years of stellar leadership.

CEO Report

Noting that she has provided more than 120 national board reports since May, 1985, Margaret Carlson told board members that the year had begun with great expectations of new partnerships, programming, and monies. At the University's request, the association submitted proposals to send MINNESOTA magazine to all alumni and to activate an "alumni army" at the state legislature. With the downturn in the world economy and severe budget reductions at the University, however, none of the initiatives and partnerships came to fruition and the association was faced with the painful task of downsizing programming, budgets and staff. Carlson said that because of the efforts of an unbelievable cadre of

volunteers and staff who stepped to the plate, the association faced those challenges and has had a very successful year.

The association addressed financial viability of the association by significantly “right sizing” the association in light of resources. She said reducing staff was very difficult and with the decision not to fill a management position, the rest of the management team had assumed significant additional responsibilities.

Focus stayed on extending the association’s brand and working on a significantly improved web site. The web site will reduce print costs and allow for more effective communication with alumni. The association made the difficult decision to reduce the frequency of MINNESOTA magazine from six to four issues per year.

Carlson said that the statewide speakers’ tour has been a homerun for the association again this year, with presentations to 40 service clubs across the state. Mary Kay Delvo, Advocacy and Public Policy Director, is wrapping up the tour with stops in Albert Lea, Sauk Centre, Faribault and Cambridge. It continues to be a very effective program in carrying the maroon and gold message across the state.

Citing the strength in partnerships, Carlson said the 105th annual meeting was a partnership that resulted in a high quality program in a difficult economic time. The event was a partnership with the School of Music and Northrop Auditorium. She said the feedback was excellent. One comment was that the Alumni Association continues to “surprise and delight” the Annual Celebration audience every year.

Carlson told board members that she has identified seven major objectives that she hopes to accomplish by early 2010. They are selecting an Annual Celebration speaker, identifying Annual Celebration sponsors, co-chairing 2009 Homecoming, implementing game day parties at McNamara Alumni Center and Plaza, working with our partners on the McNamara Alumni Center expansion decision, assisting staff in their new roles and completing a successful transition to the new CEO.

She thanked the management team: Ruth Isaak, Bruce Rader, Julie Shortridge, and Curtis Coffey, for their wisdom, guidance, and hard work throughout the year. She also thanked board members, lauding them as the best volunteer board in the state of Minnesota.

FY10 Goals and Objectives

President-elect Archie Givens reviewed the proposed FY10 Goals and Objectives. He noted that the Goals and Objectives were built on identifying four strategic areas that enable the Alumni Association to seek to effectively engage 400,000 living alumni as well as 60,000 association members.

These four areas are statewide outreach, traditions and partnerships, communications and financial viability. A fifth has recently been added and that is to conduct a search to find the organization’s new CEO and to recognize Margaret Carlson’s 25 years of leadership to the association.

Givens noted that the Statewide Speakers Tour has been a very successful program and will be expanded this year by integrating it with geographic chapter and Legislative Network efforts. The tour will remain active with this year’s focus on children’s health in coordination with the Minnesota Medical Foundation and the University Children’s Hospital. The association will also use its statewide visibility to establish regional ambassadors across the state. The Advocacy Committee will respond to substantive policy issues facing the University and provide the alumni voice as needed.

Traditions and partnerships will be another key focus as the alumni association partners with University entities to create an 8-day Ultimate Homecoming experience. Givens noted that the alumni association had worked hard to bring football back to campus but also to support everything that the facility will mean to the campus. The association will continue to build strong relationships and cooperation with the collegiate societies.

Communications and engagement are another core area and the association will use a new, more interactive Web site to more effectively communicate and engage members and all alumni. *Minnesota* magazine will remain the association's signature magazine but will now be published quarterly, four times a year rather than six, to achieve significant cost savings.

The association will continue to build our brand, "Where members are ambassadors," highlighting real alumni volunteers representing the entire campus and telling their stories of why they care about the University.

The association will also continue to address the financial viability of the Alumni Association. Growing our membership base, especially life memberships, will continue to be a primary goal. Another important aspect of financial viability will be to maximize non-dues revenue in the form of sponsorships, magazine advertising and the travel program.

Givens said that upon the May 14 announcement of Margaret Carlson's retirement, the board will conduct a national search to select a new CEO, assist in the transition process and plan a wonderful farewell to recognize Carlson's incredible years of service to this organization. Givens thanked Bruce Mooty and Maureen Reed for co-chairing the search.

Givens thanked the volunteers and staff for their development of the goals and objectives and thanked the group for the opportunity to lead "this incredible volunteer organization."

MOTION: Approve FY10 Goals and Objectives as presented (document attached)
APPROVED UNANIMOUSLY

Givens announced the board members that will chair the FY10 committees. They are:

Executive Committee - Archie Givens
Finance and Audit Committee - Kent Horsager
Advocacy Committee - Mary McLeod
Marketing & Communications Committee - Susan Adams Loyd
Program Committee - Kip Thacker
Board Development Committee - Bruce Mooty
Ad Hoc CEO Search Committee - Bruce Mooty and Maureen Reed

FY10 Operating and Capital Budgets

Kent Horsager presented the FY10 Operating and Capital budgets, noting that the costs associated with the CEO search and recognition/farewell celebration were not included in the FY10 operating or capital budgets. They will be brought to the board at a later date and the suggested funding source will likely be the Strategic Opportunity Fund.

The FY10 operating budget is balanced, with both revenue and expenses of \$4,250,000 compared to the FY09 budgeted operating deficit of \$442,000 based on revenue of \$4,452,000 and expenses of \$4,894,000. FY10 budgeted revenue is 4.5% (\$202,000) lower and expenses are 13.2% (\$644,000) less than the FY09 budget.

Horsager said that deep budget cuts were necessary to balance the FY10 operating budget. Actions were taken to grow revenue by increasing membership dues, engaging a new sales representative for advertising and sponsorships and seeking the best possible affinity agreements with new insurance and credit card agreements negotiated. Actions taken to reduce expenses were: personnel – eliminated five positions and froze salaries; Minnesota magazine – reduced the number of issues from six to four per year; programs – scaled back to core programs and some programs eliminated; and operations – reduced printing and mailing through increased use of electronic communication, professional fees were lowered and the association now has an unattended reception area.

Budgeted FY10 revenue is: membership \$1,732,000 (40.8%), transfers from investments \$1,192,000 (28.0%), programs and other \$664,000 (16.8%), and University support \$662,000 (16.8%). Budgeted FY10 expense is: personnel \$2,233,000 (52.5%), operations \$692,000 (16.3%) including \$455,000 for rent, programs \$634,000 (14.9%), communication \$346,000 (8.1%), and membership \$345,000 (8.1%).

Invested funds as of March 31, 2009 were \$19.9 million compared to \$26.3 million as of June 30, 2008. Despite this is 25% decrease in value, the Alumni Association remains financially sound and strong. The invested funds consist of the Strategic Opportunity fund - \$6.3 million, Life Membership fund - \$6.3 million, Operating Support fund - \$5.5 million, and the Faculty Recognition and Scholarships funds - \$1.8 million.

MOTION: Approve the FY10 Operating Budget as presented.
APPROVED UNANIMOUSLY

The FY10 capital budget is extremely modest at \$47,000. The largest item is \$30,000 to reconfigure office space. This will consolidate staff into one office area to improve teamwork, collaboration and morale. It will also free up office space to be released or sublet, potentially reducing rent expense by more than \$90,000 per year.

MOTION: Approve the FY10 Capital Budget as presented.
APPROVED UNANIMOUSLY

Volunteer Recognition

Mooty recognized the following volunteers for their service on the board, thanking them for their dedication and unique contributions to the board. He thanked them for their valuable service, saying that he knew they would remain alumni association “ambassadors.” Carlson also congratulated them and presented them with a gift on behalf of the association.

Ken Dragseth – Education and Human Development Representative

Kristi Kremers – President, Graduate and Professional Student Assembly (Kristi has been re-elected as GAPSA president and will continue to serve on the board)

Tom LaSalle – Past National President

Brian Osberg – School of Public Health Representative

Jim Resch – Southwest Minnesota Geographic Representative

Amy Xu – At-large

Unable to attend:

Karyn Gruenberg – At-large

Emily Hoover, University Faculty Consultative Chair

Mark Nagel – Minnesota Student Association President

Jessica Phillips – Vice President

Mooty thanked LaSalle for his service as the FY08 board president, noting that he was extraordinarily dedicated to the organization and would be an ‘ambassador for life.’

Givens thanked Mooty for his FY09 board leadership. He said that Mooty had been a great mentor for him and had left his mark on the organization because of his vision to involve the board, reach out to students and new alumni and was now being tapped for another significant task of co-chairing the search committee. Carlson said that this year had been one of the most challenging but Mooty had contributed hours and hours of time not only to work through tough budget issues but also to guide a successful transition plan. She said that volunteer leaders inspire staff to be better and that Mooty had exemplified that, all with humility and appreciation. Mooty was presented with a crystal gavel and photo album on behalf of the board and staff.

Mooty said that he was honored to continue his family’s tradition of service to the Alumni Association. He thanked staff for working through tough decisions and keeping a positive attitude throughout it all. He thanked the board for the privilege of serving, noting he was proud of the years’ accomplishments.

Addendum to Minutes

The following board action was approved by an email vote of the National Board of Directors on July 30.

The Executive Committee of the National Board recommends:

1. Approving the allocation of \$100,000 from the Strategic Opportunity Fund for expenses relating to the transition of the Chief Executive Officer. These expenses include the fee for engaging a search firm to help with the CEO search process and expenses incurred in conducting the search.
2. Authorizing the Co-chairs of the search committee to engage a search firm on behalf of the UMAA and expend funds up to the amount allocated by the executive committee and board.

BACKGROUND INFORMATION:

As the budget was approved for this fiscal year FY10 at the June 17 national board meeting, it was reported that expenses for the transition of the Chief Executive Officer were not included in the operating budget. These expenses were infrequent and unknown at the time and therefore it was discussed that the transition expenses should be allocated from the Strategy Opportunity Fund which is a fund that can be used at the discretion of the UMAA board. Currently it is anticipated that that the search firm's fee will be approximately \$80,000 and there will be additional administrative, out-of-pocket, and interviewing expenses. It should be noted that additional funds will likely be requested at a later time for a celebration and farewell event and for any additional transition expenses.

MOTION: Approve Strategic Opportunity Fund allocation as noted
APPROVED

Submitted by Ruth Isaak
Senior Director, Board and Special Events

for

Kent Horsager, Secretary-Treasurer

University of Minnesota Alumni Association
FY10 Goals and Objectives
In addition to on-going programming

Vision

The University of Minnesota Alumni Association will be the most influential organization in advancing the University's goal to be one of the top three public research universities in the world.

Mission

The University of Minnesota Alumni Association is an independent membership organization whose "members are ambassadors" and that is dedicated to connecting alumni, students, and friends in lifelong support of the University of Minnesota and each other.

1. Ensure the Association's Financial and Organizational Vitality

Strategically evaluate organization operations to reduce the operating deficit from \$442,000 to achieve a balanced budget in FY10

- Reevaluate all staffing, operating, program and event expenses

Develop membership base that supports the advocacy, programming, and financial needs of the Alumni Association

- Grow life memberships to 15,700
- Achieve paid membership of 40,000
- Achieve a total membership of 59,000

Maximize non-dues revenue opportunities for Alumni Association operations

- Raise \$77,500 in sponsorships
- Achieve \$160,000 in magazine advertising while reducing the number of issues
- Reduce the administrative expenses of the travel program while aggressively marketing for increased revenues

Continue to focus on a strong organizational infrastructure

- Actively recruit, train and engage a diverse board of directors
- Invest in staff development and recognition

2. Engage and Communicate with Members and All Alumni

Maximize the Alumni Association's brand identity "Where Members are Ambassadors"

- Launch interactive Web site to engage alumni in a wide variety of services, including a limited number of high value benefits for members-only
- Utilize new Web site to allow alumni to self-identify specific areas of interest and engagement with other alumni
- Publish *Minnesota* magazine quarterly

3 Build the Effectiveness of the Alumni Association as Ambassadors and Advocates for the University

Continue to engage alumni in legislative advocacy and key issues facing the University

- Bring current University news to more than 50 communities through the state-wide speakers' tour with a special emphasis on children's health issues, reaching a minimum of 1,800 attendees
- Partner with University Relations to engage supporters via the Legislative Network and Legislative Briefing
- Develop regional ambassador program to include volunteer recruiting and training
- Respond to substantive policy issues facing the University and provide the "alumni voice" to U decision makers and key external entities

4. Strengthen University Partnerships and Traditions

Champion University spirit and association visibility with the opening of the TCF Bank Stadium on campus

- Partner on the University-wide effort to create an 8-day Ultimate Homecoming Experience:
 - Support a university-wide open house and public tours of the stadium
 - Lead Global Maroon and Gold Fridays
 - Manage Grand Marshals
 - Participate in Parade, and
 - Host a university-wide event to recognize alumni service award winners
- Partner with the University Gateway Corporation to host game day festivities for the seven home games at the McNamara Alumni Center and Gateway Plaza

Optimize alumni engagement through collegiate units, geographic chapters, and other programming

- Restructure the delivery of services and allocations to the colleges
- Introduce new programs and services to geographic chapters
- Collaborate with university units to enhance career and mentoring programs

5. Provide Leadership for the Transition to New CEO of Association

Conduct a national search to select a new staff leader for the association

- Seek feedback from national board and other select groups and individuals
- Establish a search committee
- Hire a search firm to assist with a national search
- Selection of CEO

Onboard the new CEO

Recognize the current CEO's 25 years of service