

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
NATIONAL BOARD OF DIRECTORS MINUTES**

Wednesday, June 18, 2008

4:00 – 6:30 p.m.

Gross Family Board Room, 500 McNamara Alumni Center

Board Members Attending

Alaniz, Karin
Beeson, Rick
Blissenbach, Hank
Calmenson, Bob
Carlson, Margaret
Casey, Lynn
Dragseth, Ken
du Bois, Jim
Horsager, Kent
Johnson, Susan
Joselyn, Bernadine
Kuehnast, Douglas
LaSalle, Tom
Lucas, Peggy
Meyer, Jan
Mooty, Bruce

Ollila, Eugene
Omlie, Joey
Peterson, Debra
Phillips, Jessica
Reed, Maureen
Reichl, Lorna
Resch, Jim
Schott, Patrick (by phone)
Schulstad, Dennis
Stein, Robert
Thacker, Kip
Thompson, Paul
Tuzcu, Ertugrul
Welshons, Bonnie
Wiese, Sandra

Board Members Unable to Attend

Balas, Gary
Carthaus, Marcia
Cunningham, John
Denzer, Kristen
Givens, Archie
Gruenberg, Karyn
Himle, Karen
Cheung Ho, Yvonne

Lichty, Marshall
Meyer, Scott
Mulder, Jim
Newell, Rich
Olson, Emma
Osberg, Brian
Pohland, Darcy
Xu, Amy

UMAA Staff Attending

Delvo, Mary Kay
Fisher, Diane
Hanley, Stacy

Isaak, Ruth
Rader, Bruce
Shortridge, Julie

University Guests Attending

Bruininks, Robert, President, University of Minnesota

University of Minnesota Alumni Association (UMAA) President Tom LaSalle called the meeting to order at 4:00 p.m.

Cindy Kaiser, Chief Financial Officer and Vice President of Operations, Minnesota Medical Foundation, and Jerry Fischer, President and CEO of the University of Minnesota Foundation, were welcomed.

Consent Agenda

LaSalle directed board attention to the consent agenda which included the March 29, 2008 national board minutes, April 20, 2008 internal financial statements, membership report, bi-monthly alumni survey results, advocacy committee report, and approval of the Alumni Association representative to the University Gateway Corporation (UGC) board. Maureen Reed asked that the Advocacy Committee be removed from the Consent Agenda for further discussion later in the meeting.

MOTION: Remove the Advocacy Committee Report and approve all other items on the Consent Agenda as submitted
APPROVED UNANIMOUSLY

Reed provided the following updates to the Advocacy Committee Report. The Regents have voted in support of the Central Corridor Light Rail Transit (LRT) going at-grade on Washington Avenue, although they expressed concern over unknown costs and which entity would be responsible for necessary mitigation measures. The tunnel option, originally favored by the University, proved too expensive and the northern alignment study revealed a lower ridership. An in-depth analysis of the mitigation measures will be forthcoming from the University. Reed said that the alumni association has a stated resolution opposing the at-grade option and that the alumni association is not compelled to agree with the Regents' decision. She said that the Advocacy Committee would meet soon to discuss the issue.

MOTION: Approve the Advocacy Committee Report with Reed's verbal updates
APPROVED UNANIMOUSLY

University Report

LaSalle welcomed President Bob Bruininks to the meeting but also back to campus after health issues kept him in Washington state for several days. Bruininks thanked all for their emails and other expressions of concern.

Bruininks said that it was a difficult decision to recommend to the Regents that the University agree to an at-grade Washington Avenue LRT route. He noted that throughout the process no option was ever ruled out; the U studied all options including re-engineering the tunnel option and studying the northern alignment route, however, the numbers simply did not work for those two options.

At the request of the University, a Memorandum of Understanding (MOU) was created to define the scope and commitment of project partners to the mitigation issues. The MOU is between project partners that include the Metropolitan Council, Hennepin County, the Hennepin County Regional Railroad Authority, the cities of Minneapolis and St. Paul and the University and will go before the Regents next week.

It is necessary to begin the discussion of who will pay the very legitimate impact costs of the Washington Avenue route. Bruininks emphasized that it is extremely important that the University does not have to use academic dollars to 'fix' issues caused as a result of the project. He was adamant that the university not have to sacrifice the aesthetics of the campus, functionality or access to medical facilities. Bruininks said that it is necessary to preserve the campus and there may even be opportunities for improvements associated with the project. He also said that if partners renege on their responsibilities, the University does have other options.

He reiterated that while it was a hard decision and many issues remain to be resolved, he felt that there was no choice but to allow the project to move on for the good of all with a commitment to work together.

He said that the University did not want to be the obstacle to the project and will continue to be a partner and good neighbor.

On other topics, the President summarized a successful year with research contracts increasing and a Nobel Prize award winner being acknowledged. The University had over 29,000 freshman applicants for 5,200 slots. It was a record month and record year in fund-raising by the University of Minnesota Foundation.

Results from the 2008 legislature are 'pretty good'; although the University received \$12 million in base budget cuts and another \$6 million in one-time costs, it was not as severe as originally feared. The state support of the biomedical research program was a magnificent accomplishment. He thanked the alumni association for support of that critical issue and noted how important it is that the University's messages are strongly positioned to the public.

Bruininks was asked how the University's standing in the University of Florida tracking model relates to being a top-three world public research university. Bruininks said that while the University is pushing on the performance measures, the model is limiting in evaluating rank. Being a top three world public research institution is an aspirational goal that everyone is focusing on and it has captured the imagination of the state.

FY08 Highlights

Margaret Carlson, CEO, thanked staff and volunteers for a very good year of working together in accomplishing the years' goals with only a few items remaining on track. She noted that the big news of the year was completing the establishment of an alumni association brand identity. Advocacy remained a hallmark of the association with the statewide speakers tour taking the University's message to 35 communities across the state.

Legislative advocacy remained a critical objective; the Alumni Association hosted the Legislative Briefing in conjunction with University Relations and was a strong advocate for the University at the legislature, with special emphasis on the biomedical research program. Carlson noted that the approval of that program was an exciting culmination to the association's work on the project.

She spoke of the emphasis on academic excellence and reminded board members of the Distinguished Teaching Award event, Senior Send-off, mentoring and that the alumni association remains a great advocate for the TCF Bank Stadium.

Membership reached an all-time high of 64,000 members and 40,500 paid members. The association exceeded the lifetime membership goal, concluding the year with 13,954 lifetime members. Another significant accomplishment was the signing of a Memorandum of Understanding with the University of Minnesota.

FY09 Overview

Bruce Mooty, president-elect, reviewed the FY09 goals and objectives. He said that, guided by the alumni association's mission and vision, the association would continue to build the effectiveness of the organization and advocate for the University through the Statewide Speakers Tour with a goal of 40 community visits, continue to address key issues facing the University such as LRT and fully implement our brand identity.

The alumni association will also strengthen University partnerships and traditions by celebrating alumni, student and faculty achievement, optimizing alumni engagement through collegiate units, geographic chapters, interest groups, and other programming and continue to champion University spirit. Specific

deliverables in this area will be a new university-wide alumni recognition event and a permanent display to recognize all recipients of the Alumni Service Award.

The alumni association will also partner with five University units to fund a new Homecoming Coordinator position to revitalize Homecoming in conjunction with the opening of the TCF Bank Stadium and collaborate with Athletics and the University of Minnesota Foundation to engage alumni in Phase III stadium fund-raising.

The Alumni Association will continue the partnership of compacts with collegiate units and evaluate the success of the process. UMAA will continue to support hallmark programs such as distinguished teaching awards, student scholarships, mentoring, and engagement of alumni through the collegiate societies, interest groups, chapter programming and the Annual Celebration.

The association will also ensure the Association's financial and organizational viability by continuing to grow a vibrant membership organization, maximizing non-dues revenue opportunities for UMAA operations and continuing to focus on a strong organizational infrastructure.

An overall FY09 membership goal will be 58,500 with a goal of 14,500 for life memberships. Bi-monthly surveys will continue to measure alumni attitudes and trends and meaningful member benefits will be maintained.

The association will maximize non-dues revenue with the renegotiation of the credit card agreement and insurance program. A goal will be to procure at least two major sponsors and achieve revenue goals for magazine ads and travel program revenue. Organizational infrastructure will be maintained with a strong board, computer and data security and staff development. Mooty noted that there were budget challenges and that another goal will be to develop a long-term financial plan.

FY09 Board Calendar/Committee Chairs

President-elect Mooty directed board members' attention to the FY09 board calendar in their packet. He welcomed Kip Thacker and Karen Himle to the Executive Committee and announced the committee chairs: Executive Committee – Bruce Mooty; Finance – Kent Horsager; Advocacy – co-chairs Jessica Phillips and Maureen Reed; Marketing and Communications – Ertugrul Tuzcu; Program – Kip Thacker and Board Development – Tom LaSalle. Board members will receive their committee assignments in a letter that they'll be receiving shortly from the UMAA.

Mooty gave the board members a homework assignment, asking them to provide feedback to him on what they would like to see at board meetings.

FY09 Operating and Capital Budgets

Secretary/treasurer Kent Horsager thanked the Finance Committee, Diane Fisher, CFO and Senior Director of Operations, and Margaret Carlson for their help in the FY09 budget preparation. Horsager reported that the association's financial position is strong; however he noted that the proposed FY09 budget reflects a \$442,000 deficit.

Over the past three years there have been a number of changes to our operations that have contributed to the deficit.

- In FY06 the UMAA realized \$53,800 from the Nelnet Student Loan Consolidation Program. This program was terminated in FY07.
- Beginning in 1994 the UMAA partnered with the University to offer internet service to alumni. The university decided in FY07 to get out of the business and consequently, what had netted \$35,320 to the UMAA in FY06 dropped to \$24,680 in FY07 and -0- in FY08.

- Changes in the travel industry have had a negative impact on revenue from the tour program. Historically, the UMAA received a commission from the travel vendor based on a percentage of the trip's cost. Over the past few years the percentage has dropped from 10% to what now most vendors pay which is a commission of \$50 - \$100 per traveler. In FY06 tour revenue was \$111,300. It is projected in the FY09 budget to be \$60,000.
- And during this period, expenses have generally increased at the rate of inflation.

Other unknowns while the FY09 budget was developed were the affinity credit card contract renegotiation and the UMAA's portion of the University's cut in the state appropriation. The credit card agreement is still being negotiated but he noted that changes in the banking industry will mean significantly lower royalty payments than UMAA received from the last agreement signed 10 years ago. The cut in the University's state appropriation was learned after the budget was prepared and the UMAA's FY09 allocation will be \$720,000, which reflects a 6% or \$45,000 decrease over FY08. University support represents 16% of the total association budgeted revenue.

Budget preparation focused on activities that were established during the strategic planning process as well as other mission critical activities with the goal of the most efficient use of resources. After reflecting all these changes, the proposed deficit for FY09 is \$442,280.

As part of the discussion of the deficit at the June meetings of both the Finance and Audit Committee and the Executive Committee, it was noted that the UMAA has nearly \$27 million in invested funds, of which \$16.6 million are board discretionary. While this fiscal situation is strong, the board must consider that the anticipation of the greatly diminished flow of revenue from the credit card and the brisk draw on the endowments for operating expenses and special projects could result in significant reduction of reserves. Horsager said the Finance and Audit committee will review and recommend how to use these funds:

- How much to spend in the present versus save for the future
- How much should be used for UMAA operations versus special university projects

He reported that the Finance and Audit Committee and the Executive Committee have reviewed and approved the fiscal year 2009 operating budget with the caveat that a plan be developed to work throughout the year on both short and long-term strategies to enhance revenue and prioritize activities to focus resources on those which further the goals of the association.

Horsager reviewed the FY09 Capital Budget and noted that it is funded by the Adrian Buttz Fund. He reviewed the list of budgeted capital expenditures which include necessary hardware and software, reconfiguration of a portion of office space, a permanent Alumni Service Awards recognition panel and digitizing of past issues of *Minnesota* magazine and board minutes

MOTION: Approve the FY09 Goals and Objectives as submitted.
APPROVED UNANIMOUSLY

MOTION: Approve the FY09 Operating and Capital Budgets as submitted with the caveat that a plan be developed to work throughout the year on both short and long-term strategies to enhance revenue and prioritize activities to focus resources on those which further the goals of the association. The plan will include the following:

- Executive Committee discussion of the risks and rewards of a FY09 dues increase
- Finance and Audit Committee review of the current policy on use of board discretionary invested funds (Operating Support Fund and Strategic Opportunity Fund)

- Finance and Audit Committee recommendation of a policy on the use of proceeds from the new credit card agreement once it is negotiated
- Executive Committee discussion of a request for additional operating support from the University of Minnesota
- Executive Committee discussion of a request to various University units for support of co-branded programming
- Executive Committee discussion of an appeal to the University Gateway Corporation to increase the amount of the management fee paid to the three building owners
- Executive Committee discussion of the core programming initiatives

APPROVED UNANIMOUSLY

FY09 Web Project Overview

Membership and Marketing Chair Ertugrul Tuzcu thanked Julie Shortridge, Sr. Director of Communication, and Bruce Rader, Senior Director of Membership and Marketing, along with Margaret Carlson for their help in the association's web project, a key FY09 goal.

The web site will be redeveloped to reflect the Association's brand identity with a more engaging design and become a more, vibrant, interactive site to reach alumni.

In addition, the web site will need a restructuring of the content management system in order to facilitate new content development. An internal staff team is working on the project as well as volunteers and University partner input.

University Gateway Corporation Report

LaSalle reported that as a partner in the University Gateway Corporation (UGC), the Alumni Association is an owner of the McNamara Alumni Center. The center hosts 900 events a year and 50% of them are University-related.

The UGC Board, which has two Association representatives, Kent Horsager and Margaret Carlson, is investigating building a four-story addition to the building. LaSalle reviewed the building project model. In addition to more office space on floors 2, 3 and 4, the first floor catering space would be enhanced to allow for better execution of events, more flexible meeting options and a glass-enclosed space for the restaurant. The completion date being considered is by fall of 2009, when the TCF Bank Stadium opens. The project would be funded by UGC cash and bonding.

Volunteer Recognition

LaSalle recognized the following volunteers for their service on the board, noting that it is always difficult to see very experienced and capable volunteers leave 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.

Denny Schulstad, past president
 Lynn Casey, at-large member
 Bob Calmenson, Southwest USA
 Doug Kuehnast, Northwest Minnesota
 Gene Ollila, School of Medicine
 Karin Alaniz, School of Nursing
 Gary Balas, Faculty Consultative Committee Chairperson

Those unable to attend were:

Darcy Pohland, at-large member

Scott Meyer, at-large member

Kristen Denzer, Graduate and Professional Student Assembly

Emma Olson, Minnesota Student Association

Past president Denny Schulstad spoke on behalf of the retiring board members, saying that the association was an entirely positive experience and it had been a real honor to serve as president.

Bruce Mooty thanked LaSalle for his presidential service, saying that Tom's wealth of University experience and history had been very valuable when navigating through the year's tough issues. Mooty presented LaSalle with a crystal gavel in honor of his service as FY08 president, noting that he would be relying on LaSalle's advice throughout his presidential term. Carlson also thanked LaSalle, noting that he worked closely with staff and was a strong advocate for the association throughout the year.

LaSalle said it was his pleasure to discover the University in his many University roles other than a student. Noting that his presidential service had been great fun, he thanked the board and staff for all their hard work throughout the year.

LaSalle adjourned the meeting at 6:00 p.m.

Submitted by Ruth Isaak

Deputy Director and Board Coordinator

for

Kent Horsager, Secretary-Treasurer