

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION  
BOARD OF DIRECTORS MINUTES  
Wednesday, June 15, 2016  
Gross Family Board Room, 500 McNamara Alumni Center**

Board Members Attending

du Bois, Jim  
Freimark, Natasha  
Hofflander, Linda  
Huebsch, Doug  
Kostial, Maureen  
Lewis, Lisa  
Linster, Janice  
McDonald, Dan  
Martin, Peter (by phone)  
Moret, Laura  
Oftelie, Alex  
Page, Alison  
Phenix, Amy  
Rajkumar, Roshini  
Schaff, Clint  
Stangler, Joelle  
Walstad, David

Board Members Unable to Attend

Blackshaw, Wendy Williams  
Haldeman, Chad  
Kroll, Kyle  
Lewis, Quincy  
Schmidlkofer, Kathy  
Wiese, Sandra  
Wyman, Jean

UMAA Staff Attending

Abrams, Jerry  
Ambrosier, Gretchen  
Garry, Dan  
Huibregtse, Barb  
Isaak, Ruth  
Yust, Adam

Chair Alison Page called the meeting to order. She introduced Barb Huibregtse, Interim VP of Operations and CFO. Barb began an independent review of alumni association financial processes on March 7. Following Curtis Coffey's April 1 departure for another position, Barb stepped in as Interim VP of Operations and CFO.

Huibregtse served in various finance and accounting positions for Super Value for 22 years and has been an independent consultant for 4 years.

Page also introduced Daniel Garry, recently hired as Vice President of Operations and Chief Financial Officer effective June 27. She noted his financial and business experience in non-profit organizations and schools, most recently with the Ronald McDonald House.

She noted a change to the agenda. Beth Goetz, Deputy Athletic Director, will not speak to the group. She has taken a new position as the Chief Operating Officer for UConn.

### **University Report**

President Kaler thanked Chair Page for her leadership of the board throughout the year and congratulated incoming Chair Dan McDonald and Chair-elect Sandy Wiese. Noting that several board members had completed their terms, he thanked them for their service. Jim du Bois is of special note, leaving the board after 11 years of service.

President Kaler said it was the season of commencement with 15,000 new graduates joining alumni ranks. He personally spoke at two ceremonies and said there is nothing more inspiring than to see graduates cross the stage, ready to go out and make a difference. Other highlights are the recent launch of the 100<sup>th</sup> startup company launched by the U. Eighty percent of the startup companies are still going and seventy-five percent are based in Minnesota.

He also noted that he had recently spoken at the Nobel Peace Prize Forum and five outstanding individuals were recently honored with Humphrey School's Public Leadership Award. Regarding the recent legislative session, a bonding bill was not passed. A special session still remains a possibility and he urged board members to contact their legislators to advocate for one to complete a bonding bill and adequately fund the University. The request for the Health Sciences Education Facility is especially important to elevate the Medical School.

Kaler explained the recent tuition increase contained in a 3.8 billion budget approved by the Regents. Minnesota residents will see a 2.5 percent increase or \$306, but anyone from a family with income of less than \$120,000 won't see the increase because of increased financial aid.

For a non-resident, non-reciprocity student, a 7.5 percent increase means an \$1,550 increase for incoming students, but a 5.5 percent increase for students already here. Tuition increases were needed to balance inflation costs of faculty compensation and benefits and to compensate for flat state support. Currently 17 percent of the University's funding comes from state appropriations. He stressed that the University is still an excellent value.

Notable highlights from the past academic year are:

- Per capita athletes, we had the most all-Big Ten Academic Team members of any program in the conference.
- 147 National Merit Scholars in our incoming class, second most in the Big Ten, behind only Northwestern and more than Princeton and Berkeley.
- Moved back to the 8<sup>th</sup> most active public research university in the nation, topping \$900 million in spending for the first time.
- Four-year graduation rate moved to 63 percent, the five-year rate to 76 percent, and more than 40 percent of our students graduated without any debt from University sources.
- Recent U.S. News and World Report rankings of just about every program in the nation:
  - College of Pharmacy is ranked 2<sup>nd</sup> in the nation.
  - Carlson School's information systems program is ranked 4<sup>th</sup> in the nation.

- College of Science and Engineering's Chemical Engineering department is ranked 2nd in the nation.
- College of Liberal Arts' Department of Psychology is 1<sup>st</sup> in the nation in the areas of developmental psychology and industrial and organizational psychology, and 4<sup>th</sup> in clinical psychology.
- Women's History program is 7<sup>th</sup> in the nation and our African History program is 8<sup>th</sup>.
- Humphrey School jumped to 8<sup>th</sup> in the nation among 270 public affairs schools.
- First among all women's ice hockey teams, winning a seventh national title.
- 24 percent of students receive Pell Grant students, suggesting a real economic diversity on campus.
- 27 percent of our undergraduates this past year were first generation college students, demonstrating that the University is living up to its land-grant mission.
- Progress on the Human Research Protection Program - the Legislative Auditor reported last month that program reforms are improving the safety and oversight of clinical research, and called the approach "ambitious."
- The hiring of a new Psychiatry Department chair also drew praise.

Noting major University transitions, CFO Richard Pfitzenreuter, (Fitz) is retiring after 24 years and the head of the Office of General Counsel, Bill Donohue, is retiring after nearly 34 years.

Kaler will reorganize and hire a Senior Vice President for Finance and Operations to oversee Human Relations, University Relations, Facilities, Information Technology and Finance. Kaler is also pleased that Mark Coyle is the new Athletic Director.

After fielding questions from board members on various topics, Kaler concluded by stressing personal contact with legislators is very helpful, especially emphasizing the value of the University to the state and the country.

### **Consent Agenda**

Chair Page directed board members' attention to the consent agenda.

MOTION: Approve March 12, 2016 Board Minutes  
*APPROVED UNANIMOUSLY*

MOTION: Approve a bylaws change to rename the officer position of Vice Chair to Secretary and the title of Secretary/Treasurer to Treasurer (Attachment A)  
*APPROVED UNANIMOUSLY*

The April 30, 2016 Financial Statement, March 31 Investment Report, April, 2016 Membership Report and June Alumni Engagement Calendar were provided for board information.

### **Fiscal Audit Report Approval Delegation**

Laura Moret, Finance and Audit Committee member, presented the motion to board members to delegate approval authority of the FY16 audit report to the Finance and Audit Committee. The committee is charged with overseeing the audit process and due to a timing issue, it is expedient for the committee to have the authority to approve the audit.

MOTION: Delegate approval authority for the Fiscal Year 2016 Audit Report to the Finance and Audit Committee.  
*APPROVED UNANIMOUSLY*

## **CEO Report**

Lewis reviewed accomplishments and highlights under of FY16 goals.

Goal 1 - Under expanding international engagement, seven new international chapters/networks have been established and the Korean chapter has been revitalized. International travel director Audra Gerlach arranged 3 events that allowed tour travelers to interact with local alumni while in Viet Nam and Germany. UMAA also has its first international board member, Akira Nakamura.

Goal 2 - The infrastructure upgrade is nearing completion with the new website due to launch in August. All emails are now distributed through the preferred program, Exact Target. Events are being tested using the new events registration program. Data conversion is labor intensive but the project is still on budget and will be a good investment.

Goal 3 – The rebranding effort was finalized early in the year and the brand expression “Stay Connected” is embedded in every communication. Average email open rates have increased by 2%, from 22% to 24%.

Goal 4 – Concerning the business model to address long-term financial needs of the organization, the Financial Model Task Force has met three times and recommended five options. They are a license plate program, alumni retirement community, University Gateway Corporation, University support and opportunities to give to the UMAA.

The license plate option will be pursued in partnership with the University. The University will remain the ‘owner’ of the legislation but President Kaler agrees that if the Alumni Associations’ marketing of the program would expand use, it would be beneficial to both student scholarships and the alumni association.

There are possible enhanced revenue opportunities from the University of Gateway Corporation (UGC). This will be pursued by former board chair and UGC representative, Kent Horsager, Lewis thanked President Kaler and Amy Phenix for their support of an additional \$200,000 of University support for the alumni association in the FY17 budget.

Goal 5 – Regarding tracking alumni engagement and UMAA impact, the final numbers for the year ending June 30 will be available by mid-August.

Other UMAA accomplishments are the webinars, Gold Mind and virtual networking. Year-end numbers for the webinars were 2,100 viewers during the actual event and 4,600 YouTube viewers to date. Gold Mind, the virtual library of presentations, has grown to 100 pieces of content and is the third most viewed website page on the alumni association’s website. Virtual networking initiatives involved over 800 participants globally.

Other successful alumni engagement efforts were the UMAA Twins Night, legislative advocacy events, corporate club initiatives, Behind the Scenes events and the alumni association’s partnership to host Presidential social hours and the SPARKS events in greater Minnesota.

Lewis introduced the FY17 goals. They are:

1. Expand alumni engagement with the University, each other, and students through relevant and high impact programs, services and communications.

2. Meet or exceed budgeted revenue goals and continue work on long-term financial model that sustains and grows the UMAA.
3. Fully capitalize on the infrastructure upgrade to increase personalized messaging and engagement.
4. Expand alumni legislative advocacy initiatives to support the University's priorities.
5. Deepen the relationship with students and recent alumni to build lifelong loyalty and tap the talent of alumni to help students fulfill their career aspirations.
6. Develop Strategic Planning Process and prepare to launch process in FY18.

She thanked staff for their dedication in delivering a very successful year and noted that work continues for the next year at a staff retreat to be held the next day. Lewis thanked Barb Huibregtse for her work as Interim CFO and also for her evaluation of financial processes.

### **FY17 Finance/Budget Presentation**

Board member Laura Moret and Interim CFO Barb Huibregtse presented the proposed FY17 operating budget. The budget projects revenues and transfers equal to expenses, as does the FY16 budget. Budgeted FY17 operating revenues of \$2,881,342 million are \$215,528 (8.1%) higher than the FY16 Projection, and \$235,912 higher than FY16 budget. Variances to FY16 projection are due primarily to University Support \$171,124 (26.6%) higher, membership dues \$23,000 (4.4%) higher. contributions \$21,055 (19.1%) higher and Events Revenues \$7,650 (7.3%) higher.

Budgeted FY17 transfers of \$1,932,958 are \$107,127 (5.9%) higher than FY16 Projection, and \$986 lower than FY 16 Budget. The Life Membership fund transfer is \$9,167 higher (1.2%) than projection based on the 2015 actuarial study. Supplemental transfers, which represent the amount needed over and above revenues and sustainable transfers to fund operating expenses, are \$410,000 in the FY 17 budget.

Budgeted FY17 operating expenses of \$4,814,300 are \$332,385 (6.8%) higher than FY16 projection, due primarily to:

- o salary and fringe benefit expenses \$109,543 (4.2%) higher due a 2.5% salary increase pool and filling open positions during the last quarter of FY16.
- o professional fees \$93,199 (20.5%) lower due to higher FY16 IModules expense (\$60K) and consulting fees to cover open FY16 position
- o mail service and delivery expenses/printing, copying \$62,195 (15.3%) higher due to membership and contribution campaigns, higher magazine printing costs, and website launch expense
- o supplies and rentals expenses \$85,755 (82%) higher due to increased level of engagement team activities and programs
- o travel, catering, and entertainment expenses \$72,030 (29.6%) higher due to increased level of engagement team activities and programs
- o contingent expenses, which represent a contingency for new initiatives and unanticipated expenses in the other expense categories, \$30,000

Huibregtse presented the FY17 capital budget comprised of \$20,000 for computer hardware and software; \$15,000 for upgrading or changing accounting software; \$10,000 for office furniture and furnishings; and \$11,719 for prepaid building improvements. The capital budget is funded from the earnings portion of the Adrian Buttz fund as provided in the UMAA Policy on Use of Invested Funds.

**MOTION:**        Approve the University of Minnesota Alumni Association Fiscal Year 2017  
                           Operating and Capital Budgets (Attachment B)  
                           *APPROVED UNANIMOUSLY*

### **Membership Strategy**

Jerry Abrams, Vice President of Marketing and Communications, presented the strategy for increasing membership revenue. Members make it possible for the UMAA to fulfill its mission of serving all alumni. Membership efforts will focus on building the membership pipeline by early engagement of students, demonstrating UMAA impact and promoting the alumni experience through all lifetime stages. This will be accomplished by targeted programming and messaging, cross marketing and always emphasizing the message of “why membership matters.”

### **Council Reports**

Council chairs reported on the council’s activities. Janice Linster, Collegiate Council Chair, reported that the Collegiate Council had matured and was a valuable outgrowth of the board reorganization. Alex Oftelie and Natasha Freimark reported on the Recent Alumni and Student Council, noting it was an engaged group that had grown in its outreach. Clint Schaff reported on the Geographic Council saying that the council appreciated strong presentations from staff but is challenged by the demographics of a wider spread group.

### **Volunteer Recognition**

Page recognized board members retiring from the board:

Linda Hofflander, completing 2 terms as an at-large and later a geographic representative, serving on several committees

Kyle Kroll – served one year as Professional Student Government Representative

Janice Linster –founding chair of the Collegiate Council

Alex Oftelie – founding co-chair of the Recent Alumni and Student council

Joelle Stangler – served two years representing the Minnesota Student Association

Dave Walstad – served on the executive committee as Vice Chair, Finance and Audit committee and also lent his advice to staff on the infrastructure project

Jean Wyman (2) – completing two years representing the faculty consultative committee

Page recognized departing past chair, Jim du Bois, thanking him for his dedication and service to the organization. She noted that he had served 11 years on the board in almost every role, and has been the ‘voice’ of the association.

Incoming chair, Dan McDonald recognized Alison for her service as chair and presented an engraved crystal gravel. He noted she was a thoughtful leader, decisive and able to envision the long range future of the association.

Page noted that during her board service she had seen a real transition to the board. She believes the alumni association has a laser focus on relationships with the President’s office, the University of Minnesota Foundation and the colleges She believes the Alumni Association will strengthen these relationships and also with the legislature. Thanking staff and fellow board members, she said she had enjoyed serving as chair very much.

McDonald reminded board members of the following upcoming dates:

August 23 - Board Orientation and Social  
Oct 21 - Board Meeting/Alumni Leader Summit

He also encouraged board members to sign up to mentor new board members.

Meeting adjourned.

Submitted by Ruth Isaak  
For Sandra Ulsaker Wiese, Secretary-Treasurer

## UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION

I. **AGENDA ITEM:** University of Minnesota Alumni Association Board of Directors  
Wednesday, June 15, 2016

II. **TITLE:** University of Minnesota Alumni Association Bylaws Revision

( ) Discussion ( ) Information ( x ) Recommendation to Board of Directors for Approval

### III. RECOMMENDED RESOLUTION OR PROPOSED ACTION:

The Executive Committee approved and recommends to the Board of Directors the approval of the following revision to UMAA Bylaws:

#### *ARTICLE VII*

#### **OFFICERS**

##### Section 1. Officers of the Board.

#### A. Composition

The Association shall have the following officers of the Board of Directors who shall be regular members of the Association:

- (1.) Chair
- (2.) Chair-Elect
- (3.) ~~Secretary~~ ~~Vice Chair~~
- (4.) ~~Secretary~~ Treasurer
- (5.) Past Chair

#### B. Election and Term of Office

Officers shall be elected by the Board of Directors from the at-large Directors and the Directors representing the Board Councils. Ex-officio Directors appointed under article 1, section 1 (D) of are not eligible to serve as officers. Each officer shall be elected to serve for a term of one year and/or until a successor is elected and qualified. The Chair-Elect shall succeed the Chair in office and shall fill the Chair's unexpired term if the Chair is unable to do so. Such succession shall be automatically effective at the beginning of each fiscal year.

#### C. Order of Authority

In the event there is a vacancy in the office of Chair, the Chair-Elect shall succeed to the office of Chair. In absence of the Chair and the Chair-Elect, the Nominating/Board Development Committee shall choose from among the remaining officers the person to fill the vacancy. In the absence of the above named officers, the Board of Directors shall select from its own members a Chair pro tem.

#### D. Duties

(1.) Chair

The Chair shall preside at all meetings of the members, the Board of Directors, and the officers and shall represent the Association to the University and to the public.

(2.) Chair-Elect

The Chair-Elect shall counsel and advise the Chair from time to time in connection with the affairs of the Association and the various duties and responsibilities of the Chair, and shall, in the absence or disability of the Chair, assume the duties and exercise the power of the Chair. The Chair-Elect shall also perform such other duties as may be assigned by the Chair or the Board of Directors.

(3.) ~~Vice Chair~~ Secretary

The ~~Vice Chair~~Secretary shall counsel and advise the Chair from time to time in connection with the affairs of the Association and the various duties and responsibilities of the Chair. The Secretary shall also cause to be kept and maintained minutes of the proceedings of the members and Board of directors and~~The Vice Chair shall also~~ perform such other duties as may be assigned by the Chair or the Board of Directors.

(4.) ~~Secretary~~/Treasurer

The ~~Secretary~~/Treasurer shall chair the Finance and Audit Committee and counsel and advise the Association over internal controls and financial records of the corporation. The ~~Secretary~~/Treasurer shall work closely with the Chief Financial Officer, and shall provide the Chair and the Board an account of transactions and financial condition of the Association. The ~~Secretary~~/Treasurer ~~shall also cause to be kept and maintained minutes of the proceedings of the members and Board of Directors and~~ shall also perform such other duties as may be assigned by the Chair or Board of Directors.

(5.) Past Chair

The most immediate past Chair shall serve as chair of the Nominating/Board Development Committee and shall perform such duties as the Chair may assign.

#### IV. BACKGROUND INFORMATION:

The FY16 Nominating Board Development Committee recommends a bylaws change to rename the officer position of Vice Chair to Secretary and the title of Secretary/Treasurer to Treasurer. The committee notes that the officer title of 'Vice Chair' caused confusion as to whether or not it was a direct succession to Chair-elect. Per bylaws, the only automatic succession is from Chair-elect to Chair and Chair to Past Chair.

**V. PRESENTED BY:** Jim du Bois, Past Chair and Chair of the FY16 Nominating and Board Development Committee

**VI. ACTION:** Approved by board motion, June 15, 2016

University of Minnesota Alumni Association  
 FY 17 Operating Budget  
 Fiscal Years Ending June 30, 2017 and 2016

|  | <b>BUDGET<br/>2017</b> | <b>PROJECTION<br/>2016</b> | <b>FY17 BUD vs FY 16 PROJ</b> |                   | <b>BUDGET<br/>2016</b> | <b>VARIANCE EXPLANATION/COMMENTS:</b>   |
|--|------------------------|----------------------------|-------------------------------|-------------------|------------------------|---|
|  |                        |                            | <b>\$ Variance</b>            | <b>% Variance</b> |                        |   |
| <b>Revenues:</b>                               |                        |                            |                               |                   |                        |   |
| Membership dues                                | \$551,000              | \$528,000                  | \$23,000                      | 4.4%              | \$586,492              | FY2017 4% increase over FY16 Projection; FY 16 Lower than Budget                        |
| Contributions                                  | 131,055                | 110,000                    | 21,055                        | 19.1%             | 89,455                 | Audience View donation feature expected to result in additional contributions           |
| Sponsorships                                   | 22,000                 | 25,000                     | (3,000)                       | (12.0%)           | 12,000                 |   |
| University support                             | 814,980                | 643,856                    | 171,124                       | 26.6%             | 604,980                | \$210K increase in University Support for program growth (see Detail)                   |
| Tours  | 165,000                | 160,000                    | 5,000                         | 3.1%              | 110,000                | Current tour revenue trends expected to show continued growth in FY 2017                |
| Advertising sales                              | 204,125                | 210,000                    | (5,875)                       | (2.8%)            | 233,775                | Advertising in line with FY Projection; Advertising revenue lower than FY 16 budget     |
| Royalties                                      | 347,204                | 346,000                    | 1,204                         | 0.3%              | 353,000                | Royalties include Mercer Insurance and Avis. New budgeted FY16 Royalties did not occur  |
| Affinity credit card                           | 463,600                | 463,500                    | 100                           | 0.0%              | 462,000                | Affinity credit card rebate revenue; current contract in effect through November, 2018. |
| Owner's management fee                         | 69,728                 | 69,728                     | 0                             | 0.0%              | 69,728                 | Revenue from minority interest in Macnamara Center building                             |
| Events   | 112,650                | 105,000                    | 7,650                         | 7.3%              | 124,000                | Additional events planned in FY 2017 as part of overall program growth (\$210K)         |
| <b>Total revenues</b>                          | <b>2,881,342</b>       | <b>2,661,084</b>           | <b>220,258</b>                | <b>8.3%</b>       | <b>2,645,430</b>       |   |
| <b>Transfers to finance current operations</b> |                        |                            |                               |                   |                        |   |
| Life Membership fund                           | 800,931                | 791,764                    | 9,167                         | 1.2%              | 791,764                | Revenue recognized at \$43.04 per Lifetime member per year                              |
| Strategic Opportunity fund                     | 339,374                | 332,370                    | 7,004                         | 2.1%              | 332,370                | 4.56% of 12/31/15 Fund Balance  |
| Operating Support fund                         | 288,653                | 277,810                    | 10,843                        | 3.9%              | 277,810                | 4.25% of 12/31/15 Fund Balance  |
| Scholarships and awards funds                  | 94,000                 | 91,000                     | 3,000                         | 3.3%              | 92,000                 | FY17 Increase over FY16 due to investment return and lower FY16 scholarships paid       |
| Supplemental transfer (budget only)            | 410,000                | 352,260                    | 57,740                        |                   | 440,000                | Focused FY17 efforts to reduced the budgeted subsidy. FY16-\$70K Imodules Expense)      |
| <b>Total transfers</b>                         | <b>1,932,958</b>       | <b>1,845,204</b>           | <b>87,754</b>                 | <b>4.8%</b>       | <b>1,933,944</b>       |   |
| <b>Total revenues and transfers</b>            | <b>4,814,300</b>       | <b>4,506,288</b>           | <b>308,012</b>                | <b>6.8%</b>       | <b>4,579,374</b>       |   |
| <b>Expenses:</b>                               |                        |                            |                               |                   |                        |   |
| Personnel                                      | 2,659,543              | 2,552,873                  | 106,670                       | 4.2%              | 2,604,000              | 2.5% FY 17 Salary Increase; 2.1% increase over FY 2016 Budget                           |
| Professional fees                              | 361,801                | 455,000                    | (93,199)                      | (20.5%)           | 375,755                | FY 16 Projection includes IMIs (\$70K) and Interim CFO                                  |
| Conferences, dues and subscriptions            | 42,130                 | 25,000                     | 17,130                        | 68.5%             | 24,689                 | Professional Development at FY 16 levels; \$12K Tuteberg services/Membership            |
| Telephone                                      | 31,530                 | 31,500                     | 30                            | 0.1%              | 31,521                 |   |
| Mail service and delivery                      | 251,520                | 180,000                    | 71,520                        | 39.7%             | 199,483                | Membership and Contribution Campaigns, Magazine Postage, Website Launch                 |
| Printing, copying and advertising              | 155,675                | 165,000                    | (9,325)                       | (5.7%)            | 190,156                | Printing costs related to Magazine printing, Membership campaigns, Alumni Mailings      |
| Supplies and rentals                           | 190,755                | 105,000                    | 85,755                        | 81.7%             | 115,339                | Increase due to enhanced Engagement activities and programs                             |
| Office expenses                                | 357,151                | 340,000                    | 17,151                        | 5.0%              | 357,051                | \$242K Office Rent, plus Insurance, Bank Charges, and Equipment Maintenance             |
| Travel,catering, and entertainment             | 315,030                | 243,000                    | 72,030                        | 29.6%             | 226,986                | Increase due to enhanced Engagement activities and programs                             |
| Collegiate allocations                         | 282,515                | 286,915                    | (4,400)                       | (1.5%)            | 287,000                | FY 17 Allocations reduced at same percentage level as UMAA University Base Allocation   |
| Awards and scholarships                        | 94,000                 | 92,000                     | 2,000                         | 2.2%              | 92,000                 | FY17 Increase over FY16 due to investment return and lower FY16 scholarships paid       |
| Other  | 42,650                 | 30,000                     | 12,650                        | 42.2%             | 40,225                 | \$32K UBIT Taxes, Gifts, Miscellaneous expenses   |
| Contingent expenses (budget only)              | 30,000                 |                            | 30,000                        |                   | 35,169                 | Budget Contingency; reduced from prior budget year                                      |
| <b>Total expenses</b>                          | <b>4,814,300</b>       | <b>4,506,288</b>           | <b>308,012</b>                | <b>6.8%</b>       | <b>4,579,374</b>       |   |
| <b>Change in net assets</b>                    | <b>0</b>               | <b>0</b>                   | <b>(0)</b>                    |                   | <b>0</b>               |   |

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION  
FISCAL YEAR 2017 CAPITAL BUDGET**

**Capital Expenditures:**

|  |               |
|--|---------------|
| Computer Hardware & Software:  | 20,000        |
| Accounting software upgrade or change  | 15,000        |
| Office furniture and furnishings   | 10,000        |
| Prepaid building improvements - UGC Tenant Reserve Fund<br>(UMAA pays one dollar per square foot into the UGC Tenant Reserve Fund) | 11,719        |
| <b>Budget for FY17 capital expenditures</b>  | <b>56,719</b> |

The UMAA Policy on Use of Invested Funds provides for the earnings portion of the Adrian Buttz Fund to be used to support the annual capital budget.

**Adrian Buttz Earnings Fund analysis:**

|   |               |
|---|---------------|
| Balance 6/30/2015   | 75,712        |
| 3rd quarter transfer of income from Adrain Buttz Endowment Fund             | 28,377        |
| 4th quarter transfer of income from Adrain Buttz Endowment Fund (projected) | 7,623         |
| April, 2016 transfer from Adrain Buttz Endowment Fund                       | 2,000         |
| April, 2016 reimbursement:  |               |
| FY14 Computer equipment   | (1,000)       |
| FY15 Prepaid building improvements - UGC Tenant Reserve Fund                | (11,719)      |
| FY15 Computer equipment   | (8,130)       |
| FY16 computer hardware  | (5,070)       |
| FY16 Office furniture and furnishings                                       | (1,176)       |
| FY16 Acct'g software upgrade or change                                      | (9,969)       |
| FY 16 Office furniture & furnishings  | (3,642)       |
| FY 16 Computer Hardware and Software  | (1,917)       |
| FY 16 Owners/Tenant Reserve   | (11,719)      |
| June, 2016 reimbursement (estimated):                                       |               |
| FY15 Prepaid building improvements - UGC Tenant Reserve Fund                |               |
| FY14 computer equipment   |               |
| FY16 Computer hardware and software   | (13,084)      |
| FY16 Accounting software upgrade or change                                  | (5,031)       |
| FY16 Office furniture and furnishings                                       | (5,182)       |
| FY17 annual transfer of <b>principal</b> from Adrain Buttz Endowment Fund   | 2,000         |
| FY17 annual transfer of <b>income</b> from Adrain Buttz Endowment Fund      | 38,000        |
| <b>Projected balance available for FY17 capital expenditures</b>            | <b>76,074</b> |

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION**  
**Use of Invested Funds - FY17 Budget**  
**Market Value as of December 31, 2015**

| Fund  | Market Value             | Remaining<br>FY16 draw  | Adjusted<br>Market Value | FY17 Draw               | % of<br>Adjusted<br>Total | Trailing 20<br>qtr average | UMF 4.5%<br>spending<br>policy |
|---|--------------------------|-------------------------|--------------------------|-------------------------|---------------------------|----------------------------|--------------------------------|
| Freshman Scholarship - Merit                                  | 545,836                  | 11,000                  | 534,836                  | 24,000                  | 4.49%                     | 524,500                    | 23,602                         |
| Freshman Scholarship - Need                                   | 278,211                  | 6,000                   | 272,211                  | 12,000                  | 4.41%                     | 263,643                    | 11,864                         |
| Alumni Scholarship Student Leaders                            | 219,493                  | 8,000                   | 211,493                  | 8,000                   | 3.78%                     | 205,951                    | 9,268                          |
| U of M Faculty Recognition Fund                               | 1,155,530                | 25,000                  | 1,130,530                | 50,000                  | 4.42%                     | 1,114,790                  | 50,166                         |
| Total Scholarship and Awards Funds                            | <u>2,199,070</u>         | <u>50,000</u>           | <u>2,149,070</u>         | <u>94,000</u>           | <u>4.27%</u>              | <u>2,108,884</u>           | <u>94,900</u>                  |
| Operating Support Fund  | 6,795,967                | 277,810                 | 6,518,157                | 288,653                 | 4.25%                     | 6,414,515                  | 288,653                        |
| Strategic Opportunity Fund                                    | 7,446,956                | 332,370                 | 7,114,586                | 339,374                 | 4.56%                     | 7,541,652                  | 339,374                        |
| Total Operating Support Funds                                 | <u>14,242,923</u>        | <u>610,180</u>          | <u>13,632,743</u>        | <u>628,027</u>          | <u>4.41%</u>              | <u>13,956,167</u>          | <u>628,028</u>                 |
| Total excluding Life Membership Fund<br>Supplemental Transfer | 16,441,993               | 660,180                 | 15,781,813               | 722,027                 | 4.58%                     | 16,065,051                 | 722,927                        |
|   |                          |                         |                          | <u>410,000</u>          | <u>2.60%</u>              |                            |                                |
|   |                          |                         |                          | <u><u>1,132,027</u></u> | <u><u>6.88%</u></u>       |                            |                                |
| Life Membership Fund  | 8,558,819                | 655,098                 | 7,903,721                | 800,931                 | 10.13%                    | 8,218,517                  | 369,833                        |
| New Life Memberships  |                          | 300,000                 | (300,000)                | (300,000)               | (3.8%)                    |                            |                                |
| Net Life Membership Fund                                      | <u>8,558,819</u>         | <u>955,098</u>          | <u>7,603,721</u>         | <u>500,931</u>          | <u>5.85%</u>              | <u>8,218,517</u>           | <u>369,833</u>                 |
| Total   | <u><u>25,000,811</u></u> | <u><u>1,615,278</u></u> | <u><u>23,385,533</u></u> | <u><u>1,632,958</u></u> | <u><u>6.98%</u></u>       | <u><u>24,283,568</u></u>   | <u><u>1,092,761</u></u>        |