

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
BOARD OF DIRECTORS MEETING
Friday, June 9, 2017
Gross Family Board Room, 500 McNamara Alumni Center**

Board Members Attending

Abrahamson, James (phone)
Brotten, Eric
French, Catherine (phone)
Goldsmith, Nicholas
Haldeman, Chad
Huebsch, Doug
Jessen, Mark
Kostial, Maureen
Kramer, Matt
Lewis, Lisa
Lewis, Quincy
McDonald, Dan
Moret, Laura
Nakamura, Akira (phone)
Page, Alison
Phenix, Amy
Rajkumar, Roshini
Schaff, Clint (phone)
Wagner, Tony
Walker, Myah
Wallace, Scott
Wiese, Sandra Ulsaker

Board Members Unable to Attend

Blackshaw, Wendy Williams
Freimark, Natasha
Martin, Peter
Schmidlkofer, Kathy
Sheldon, Ann
Syehah, Abeer

UMAA Staff Attending

Ambrosier, Gretchen
Garry, Dan
Huber, Lisa
Huerta, Sarah
Isaak, Ruth
Massaglia, Sam
Rusek, Jon

Chair McDonald welcomed board members and noted that this was an important meeting because FY18 goals and budget would be set.

CONSENT AGENDA

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

MOTION: Approve March 25, 2017 Board Minutes
APPROVED UNANIMOUSLY

The March 31, 2017 Investment Report and April, 2017 Membership Report were provided for the board's information.

University Report

McDonald introduced Matt Kramer, Vice President of University Relations. Kramer joins the board as the President's Designate to the board, a position formerly held by Amy Phenix. Kramer explained that as Vice President of University Relations, he is in charge of marketing, public relations and government and community relations. He was formerly the President and Chief Executive Officer of the Saint Paul Chamber of Commerce and is a U of M graduate with advanced degrees from Bethel and Creighton University.

Kramer noted that his early observation is that the University is driven by an external narrative with too much emphasis on bad news. He seeks to change the narrative and amplify positive news. Staff will be trained in crisis management and focus on getting that message to the external audience, including legislators.

State funding for the University has steadily decreased in the last ten years. Kramer does not see this trend changing due to the budget drivers of health services (40%) and K-12 (30%). However, the University received \$119.9 million in bonding from the legislature, the second highest in 3 decades.

Kramer thanked the UMAA for its strong advocacy efforts. Contacts with legislators increased from 1,065 in 2015 to 20,082 in 2017, resulting in a strong capital budget. He said UMAA is a key partner in building and maintaining a relationship with legislators and increasing U of MN engagement across the state.

Bylaws Change Resolution

The board revisited the recommendation of the FY17 Nominating Board Development Committee regarding a bylaws revision to improve the natural progression and rotation of board members through board service.

Recommendation – change bylaws to remove the necessity of the chair and chair-elect position to also hold a representative position unless they have exceeded the term limit. Current bylaws allow for this only if they have exceeded the standard six-year term.

See sections affected by the change here:

Article VI, Section 1, G Terms

A full term for an elected Board Director shall be three (3) years. No person shall be elected Director for more than two consecutive full three-year terms. Notwithstanding the foregoing term limitation, a person who has served two consecutive full three-year terms and who is then serving as the Chair, Chair-Elect or Past Chair shall serve as a Board Director for so long as the person is Chair, Chair-Elect

or Past Chair. The Chair, with the approval of the Board of Directors, shall fill vacancies on the Board occurring for any reason other than the expiration of a Director's term of office and such individual shall hold office until the next election of the class of Directors which contains the vacancy. If a Director serves as a Chair, Chair-Elect or Past Chair while a portion of their term as a Director remains, then the Chair, on approval of the Board of Directors, may treat that Director position as a vacancy that may be filled pursuant to this section.

Article VII, Section 1, 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. When serving in the positions of Chair, Chair-elect and Past Chair, directors are not required to serve in an at-large or Board Council role. 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.

MOTION: Upon recommendation of the Executive Committee, the Board of Directors approves the above-stated revision to UMAA bylaws to remove the necessity of the chair and chair-elect position to also hold a representative position unless they have exceeded the term limit.

APPROVED UNANIMOUSLY

Past Chairs Advisory Group Report

Past Chair Alison Page is chair of the newly formed Past Chairs Advisory Group that met on May 11. She reported the initial meeting was well attended with an enthusiastic group, ready to stay engaged and contribute to the success of the alumni association. Staff provided updates on the current efforts, finances and advocacy and the group provided excellent feedback. Future meetings will be held semi-annually.

CEO REPORT

CEO Lewis reviewed FY17 highlights including a Coursera course that sold out quickly to 500 participants, the Business Bowl bringing together corporate clubs, multiple webinars and expanded Day of Service events. Lewis congratulated Gretchen Ambrosier, Vice President of Alumni Engagement, and her team for over 210 events over the course of the year.

The license plate marketing program is well underway and the infrastructure project is complete. Lewis also noted that alumni advocacy efforts had a positive effect on increased legislative funding and the efforts were appreciated by the University. She thanked Akira Nakamura for his involvement to build international engagement efforts. Minnesota Alumni magazine is now being sent to stakeholder groups such as the issue on the addiction crises going to elected officials and addiction treatment providers.

Advocacy will continue the 'surround' sound approach outside of the legislative session, continue to building relationships with alumni legislators and launch a grass tops advocacy group. Student efforts included welcome week, communications to undergrads by class year and engaging over 900 students at GradFest.

Lewis presented FY18 Goals:

1. Engagement
 - a. Expand breadth of reach: Move 0's to 1s or higher (annual score)
 - b. Deepen relationships: Move Low to Medium and Medium to High
 - c. Develop life stage strategy to meet needs of alumni throughout their lives

2. Advocacy
 - a. Expand legislative advocacy and deepen relationships with legislators
 - b. Establish a grasstops alumni advocacy network
3. Communications
 - a. Tell our UMAA story -build community; emotional connection; impact
 - b. Leverage the magazine for greater impact across the state
 - c. Utilize the new technology tools for customization of digital communications
4. Short term and long term revenue
 - a. Continue work with the Financial Model Task Force
 - b. Meet current membership and revenue goals
 - c. Complete credit card negotiations
 - d. Expand partnership with Athletics
5. Improve operational effectiveness
 - a. Gain insight from data that drives decision-making
 - b. Continue to build strong, cohesive staff team
 - c. Evaluate ROI on major programs and initiatives
6. Complete the Strategic Planning Process
 - a. Conduct research with alumni and stakeholder groups
 - b. Complete plan by 6/30/18 for FY 19 implementation

MOTION: The Board of Directors approved the FY18 Goals.
 APPROVED UNANIMOUSLY

FY18 Finance/Budget Presentation

Dan Garry, Vice President of Operations and Chief Financial Officer, and Laura Moret, treasurer, presented the FY18 Budget Proposal.

Overview

The FY18 budget includes increases to several revenue line items but also includes adding resources to increase the likelihood the goals are attained. The marketing staff has been realigned to allow a more specialized focus, the freelance advertising sales force has been expanded, and the budgets to solicit revenue have increased. The FY18 budget increases the total revenue from annual membership, contributions, sponsorships and advertising from a FY17 forecast of \$847K to \$945K. Critical in this scenario will be a reversal in the declining annual membership revenue which is budgeted to increase \$54K or 11%.

In addition to increasing funds dedicated to revenue generation, the following increases were included to enhance mission goals and improve long-term financial sustainability.:

- \$60K to conduct the strategic plan
- \$25K for an online mentor program
- \$35K to market license plates
- \$8K increase our social media activity
- \$14K to expand student and recent alumni activity
- \$4K to expand the corporate alumni networks

- \$5K to continue to build the success of the annual celebration

Expense reductions include:

- \$65K decrease of one FTE
- \$40K reduction in our footprint and occupancy cost
- \$10K elimination of an underused online networking tool
- \$10K reduction in consulting/technology services

The FY18 budget is forecast to use \$350K of past earnings to balance. This includes a one-time \$60K strategic plan allocation and is still \$60K below the FY17 budgeted total of \$410K. Here is a snapshot of the positive trends in investment draws:

	5-year average principal balance	Draw @ 4.5%	Budgeted Draw	Actual Draw	Less than/ (more than) recommended	Actual % of 5-year Average
FY15	13,038,787	586,745	1,026,750	791,973	(205,228)	6.1%
FY16	13,559,541	610,179	1,050,180	932,657	(322,478)	6.9%
FY17 (projected)	13,956,167	628,028	1,038,027	812,567	(200,000)	5.8%
FY18	14,056,731	632,553	982,553			

Life Membership Sales

The FY18 Life Membership budget is \$225K. This is an increase over the FY17 forecast by \$25K or 12.5%. The introduction of an installment plan as well as an increase in membership marketing should make the total attainable.

Capital Budget

The capital budget consists of two related parts. The first part is money from the Adrian Buttz fund. The FY18 capital budget for this fund includes a perennial allowance to keep the computer software and hardware up-to-date of \$20K, \$15K to update the décor in our newly remodeled office space, and a required \$1/square foot transfer to the tenant reserve fund (estimated \$10K.)

The second part, the tenant reserve fund will have approximately \$50K accumulated balance at the end of FY17. The proposal is to use this to equip the new conference spaces with technology. With the \$10K transfer in, the FY18 ending balance will be \$10K.

MOTION: The Board of Directors approves the FY18 Operating and Capital Budgets (Attachment A)
APPROVED UNANIMOUSLY

Council Reports

Student and Recent Alumni Council – Co-chair Eric Brotten reported that involvement and council member engagement is building. A key goal is to build relationships among council members and focus on one main topic each year. Members were involved in advocacy efforts this year and made calls to legislators at a recent meeting.

Geographic Council – Chair Clint Schaff said the council had a solid year, thanking staff person, Kablia Thao, for her leadership. More international leaders are now participating. The group shares ‘spotlight’ programs or ideas that are successful. They are also seeking interesting things from the other councils.

Collegiate Council – Co-chair Maureen Kostial and Chad Haldeman said the council had also highlighted successful or signature programs. Kostial said the council remains strong and is always seeking ways to be more involved.

Volunteer Recognition

Chair McDonald recognized the following retiring board members, thanking them for their service:

Wendy Williams Blackshaw – at-large representative, finishing a 3-year term

Catherine French – Faculty representative and serving again in FY18

Abeer Syedah – FY17 Minnesota Student Association President

Nicholas Goldsmith – FY17 Council of Graduate Students President

McDonald thanked Alison Page. This is Page’s final board meeting after serving 9 years, including five in leadership positions. Alison also chaired the committee that recommended the current structure of the board of directors. Page was presented with a photo collage of her year as chair. She said she was grateful to have had the opportunity to serve.

Lewis thanked Chair McDonald for his service as chair, noting that she appreciated his council and his efforts to encourage more interaction at board meetings using a ‘flipped meeting’ concept. McDonald turned the meeting over to incoming chair, Sandy Ulsaker Wiese. She also thanked McDonald for his leadership and announced FY18 meeting dates.

The meeting was adjourned at 6:00 p.m.

Submitted by Ruth Isaak
For Doug Huebsch, Secretary

FY18 Budget

Attachment A

1							
		FY17 Budget	Draft FY18 UMAA Budget	FY17 Forecast	FY18 Budget to Forecast	%change FY18 to Forecast	
2	Account Area						
3	Membership dues	551,000	525,000	470,000	55,000	11.7%	Five year trend has been declines, +resources+focus will improve the results
4	Contributions	131,055	165,000	141,196	23,804	16.9%	FY18 should build on FY17 success, added donor cultivation, added staff attention
5	Sponsorships	22,000	40,000	29,301	10,699	36.5%	
6	University support	814,980	848,080	814,980	33,100	4.1%	\$813K general, \$35K for license plates
7	Tours	165,000	165,000	183,103	(18,103)	-9.9%	On-going security concerns will moderate demand
8	Advertising sales	204,125	215,000	205,395	9,605	4.7%	Independent ad sales force increased by four people
9	Royalties	347,204	347,204	347,204	-	0.0%	
10	Affinity credit card	463,600	463,600	463,300	300	0.1%	
11	Owner's management fee	69,728	83,900	83,900	-	0.0%	
12	Events	112,650	126,826	121,344	5,482	4.5%	
13	Interest , dividends and fees		-				
14	Total revenues	2,881,342	2,979,610	2,859,723	\$119,887		
15	Life Member fund	800,931	810,917	800,931	9,986	1.2%	\$44.03 x life members on 12/31
16	Strategic Opportunity fund	339,374	338,774	339,374	(600)	-0.2%	Calculated
17	Operating Support fund	288,653	293,779	288,653	5,126	1.8%	Calculated
18	Scholarships and awards funds	94,000	94,000	94,000	-	0.0%	
19	Supplemental transfer (budget only)	410,000	350,000	-			Down from \$410K in FY17 Budget
20	Total transfers	1,932,958	1,887,470	1,522,958	\$14,512		
21	Total revenues and transfers	4,814,300	4,867,080	4,382,681	\$134,399		
22	Expenses:						
23	Personnel	2,659,543	2,624,861	2,659,543	(34,682)	-1.3%	2% COL/Merit, from 26 FTE to 25, +\$10K students, \$15K contingency/bonus
24	Professional fees	361,801	427,184	363,981	63,203	17.4%	\$60K Strategic Plan Allowance, \$25K for online mentoring, \$8K Social Toaster
25	Conferences, dues and subscriptions	42,130	32,025	30,710	1,315	4.3%	
26	Telephone	31,530	31,800	30,415	1,385	4.6%	
27	Mail service and delivery	251,520	222,519	182,612	39,907	21.9%	
28	Printing, copying and advertising	155,675	221,215	138,785	82,430	59.4%	
29	Supplies and rentals	190,755	184,743	138,351	46,392	33.5%	
30	Office expenses	357,151	321,236	364,343	(43,107)	-11.8%	Decrease in lease costs
31	Travel,catering, and entertainment	315,030	362,396	274,080	88,316	32.2%	increased quality for events, added athletic tickets
32	Collegiate allocations	282,515	282,515	282,515	-	0.0%	
33	Awards and scholarships	94,000	94,000	94,000	-	0.0%	
34	Contributions and co-sponsorships	100	100	100	-	0.0%	
35	Other	72,550	62,486	28,548	33,938	118.9%	\$30K contingency, \$21K taxes
36	Total Expenses	4,814,300	4,867,079	4,587,983	\$279,096	6.1%	
37	Net Activity	-	0	(205,302)			

FY18 Capital Budget Draft

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION		
FISCAL YEAR 2018 CAPITAL BUDGET		
Capital Expenditures:		
Computer Hardware & Software:	20,000	
Office furniture and furnishings	15,000	
Prepaid building improvements - UGC Tenant Reserve Fund (UMAA pays one dollar per square foot into the UGC Tenant Reserve Fund)	10,000	Estimate
Budget for FY18 capital expenditures	<u>45,000</u>	
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:		
Estimated Balance 6/30/2017	71,314	
Earnings transferred in	38,000	
Principal transfer in	<u>2,000</u>	
FY18 Capital Budget Uses	(45,000)	
Forecast Ending Balance 6/30/2018	<u>66,314</u>	
UGC Tenanct Reserve Fund		
Estimated Balance 6/30/2017	50,000	
Investments in conference room technology	(50,000)	
Additions in FY18	10,000	Estimate
Forecast Ending Balance 6/30/2018	<u>10,000</u>	