

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

Saturday, March 29, 2008

8:30 – 11:00 a.m.

Gross Family Board Room, 500 McNamara Alumni Center

Board Members Attending

Alaniz, Karin
Beeson, Rick
Carlson, Margaret
Carthaus, Marcia (by phone)
Cheung Ho, Yvonne
du Bois, Jim
Givens, Archie
Gruenberg, Karyn
Horsager, Kent
LaSalle, Tom (by phone)
Lichty, Marshall
Meyer, Jan
Mooty, Bruce (by phone)
Mulder, Jim
Ollila, Eugene
Olson, Emma

Omlie, Joey
Osberg, Brian
Peterson, Debra
Phillips, Jessica
Reed, Maureen
Resch, Jim
Schott, Patrick
Schulstad, Dennis
Stein, Robert
Thacker, Kip
Thompson, Paul
Tuzcu, Ertugrul
Welshons, Bonnie
Wiese, Sandra

Board Members Unable to Attend

Balas, Gary
Calmenson, Bob
Casey, Lynn
Cunningham, John
Denzer, Kristen
Dragseth, Ken
Johnson, Susan
Joselyn, Bernadine

Kuehnast, Douglas
Lucas, Peggy
Meyer, Scott
Newell, Rich
Pohland, Darcy
Reichl, Lorna
Xu, Amy

UMAA Staff Attending

Delvo, Mary Kay
Fisher, Diane
Isaak, Ruth

Rader, Bruce
Shortridge, Julie

University Guests Attending

Bruininks, Robert, President, University of Minnesota
O'Brien, Kathleen, Vice President, University Services
Peterson, Donna, Associate Vice President for Government Relations

University of Minnesota Alumni Association (UMAA) First Vice President Archie Givens called the meeting to order at 8:40 a.m. Givens told board members that President Tom LaSalle and President-elect

Bruce Mooty were both on family vacations but were joining the group by phone as well as board member Marcia Carthaus.

He welcomed Jerry Fischer, President and CEO of the University of Minnesota Foundation, thanking him for the use of the excellent conference room provided by the Foundation.

Consent Agenda

Givens directed board attention to the consent agenda which included the January 19, 2008 national board minutes, February 29, 2008 internal financial statements, membership report, bi-monthly alumni survey results, and advocacy committee report. He pointed out that the first three items required a motion to approve and asked for further discussion.

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

Board Development Committee Report

Denny Schulstad, Chairman of the 2007-2008 Board Development Committee, told the board that the committee is charged with recommending officers to the National Board and new board members to the membership at the Annual Meeting. He thanked the committee members for their hard work: Tom LaSalle, Bruce Mooty, Rick Beeson, Amy Xu, Jean Fountain, Andrea Hjelm, Margaret Carlson and Schulstad.

Schulstad presented the committee's recommended slate of officers:

President – Bruce Mooty
President-elect – Archie Givens
First Vice President – Ertugrul Tuzcu
Vice President – Jessica Phillips
Vice President – Maureen Reed
Vice President – Kip Thacker
Secretary-Treasurer – Kent Horsager
Past President – Tom LaSalle

MOTION: Accept recommended slate of candidates for 2007-2008 UMAA officers
APPROVED UNANIMOUSLY

Advocacy Update

Maureen Reed, Advocacy Committee Co-chair, explained that at the beginning of the year the Advocacy Committee decided to support the biomedical research facilities program request and the 2008 bonding request as well as to study the light rail transit issue. The light rail issue was expected to come to fruition later in the year. Instead, the Central Corridor Light Rail Transit accelerated to a front-burner issue, with a tight timetable when important decisions would be made.

Reed reviewed the light rail transit resolution passed by the UMAA board of directors at the January 19 meeting - the UMAA supports light rail transit through campus to connect Minneapolis and St. Paul but opposes light rail at grade on Washington Avenue because of safety, health and medical facility access issues.

The Metropolitan Council, the decision-making body for light rail transit, held several public hearings and listening sessions after the resolution was passed by the national board. Maureen thanked board members

Bonnie Welshons, Kip Thacker, Jessica Phillips, Margaret Carlson, in addition to herself, who testified at these sessions.

The Metropolitan Council made the decision at its February 27 meeting to proceed with an at-grade option on Washington Avenue. A number of Advocacy Committee members attended that meeting including: Yvonne Cheung Ho, Mary McLeod, Rich Newell, Gene Ollila, Joey Omley, Jessica Phillips, Kip Thacker, Margaret Carlson and Maureen Reed. Reed explained that the U needed to allow the process to proceed in order to investigate alternatives. A northern alignment study is in process and the mitigation necessary for a Washington Avenue at-grade option is being explored. She reaffirmed that the UMAA does not support an at grade option.

Light Rail Transit

Kathleen O'Brien thanked the UMAA Board and Advocacy Committee for their strong commitment to the issue, saying that Metropolitan Council members had told her that they had received lots of input from University contacts. She said it was terrific to have the UMAA representatives at the Metropolitan Council meeting and that it was important for the council to see/hear community people speaking up.

O'Brien said that the legislature's proposed bonding bill includes \$70 million for the project, and there is funding for route operations in the transportation tax bill recently passed. O'Brien told the group that the University is funding a study of the northern alignment, an alternative route to Washington Avenue. The study and report should be ready by the end of April.

The northern alignment would run on one of two routes: an east-bound line on University Avenue and a west-bound line on 4th Street Southeast or in the Dinkytown rail corridor to the east gateway district of the University campus. Kathleen suggested there may be advantages to building the train's route on a rail bed and using Bridge #9, an old railroad bridge that is currently used as a pedestrian and bike path. Although the railway would need to be widened, the bridge is solid and has a good foundation.

The northern alignment does have challenges with highly sensitive scientific research equipment that would be located 170 feet from the rail right-of-way. The Washington Avenue at grade option also has the same issue with an underground characterization laboratory containing a very sensitive magnet only 50 feet from the rail right-of-way. Initial findings of the northern route study indicate it may be substantially less expensive than the Washington Avenue option with mitigations.

In addition to studying the northern alignment, the University continues working with all related parties on the Washington Avenue model. Traffic alignment studies are being considered and necessary traffic mitigation costs are being determined. The university is also working closely with Metro Transit regarding bus traffic.

She said the University is fortunate to have experts in design, urban studies, and transportation available to study the design of a pedestrian mall on Washington Avenue. The university is steadfast in maintaining goals of having an improved transportation system that is safe and contributes to community development and the functionality and aesthetics of the campus.

The University has submitted a statement on the Supplemental Draft Environmental Impact Statement (SDIS) noting major concerns if the northern alignment study is not included and carefully considered.

University Update

Givens introduced the 'courageous' president of the University, Robert Bruininks, who began his remarks with a continuation on the light rail discussion. He said that the current assumption that the train only

works when going through the University of Minnesota must factor in all the issues. The 25,000 cars and 1,600 buses that use Washington Avenue daily must be considered. If the system compromised access to the Academic Health System facilities and caused a ten percent decrease in patient visits, the result would be a \$100 million annual loss and the medical school would not survive. He noted these concerns, along with the preservation of an historic campus, are not trivial.

He stressed that the University of Minnesota believes in mass transit and no other entity matches the University's commitment to it. The University felt it was so important to have a northern alignment study that they funded it. The U is going the extra mile but won't accept a transportation system that does not work.

He thanked Kathy O'Brien and her team for their constant and excellent efforts to keep important issues on the table. He noted that the U is a partner for the public good but a public transportation project with a one billion dollar cost must improve the current transportation system, not complicate or damage it.

The president went on to say that the stadium is going up and excitement is building as people realize that Gopher football is coming back to campus, where it rightfully belongs. The plaza surrounding the TCF Bank Stadium will be dedicated to Native American history, and the band will have wonderful band facilities. Stan Freese is heading the fundraising efforts for the band facility. He also noted that Denny Schulstad and Karen Himle have been working hard on the Veterans Memorial that will be part of the plaza.

The TCF Bank Stadium fundraising campaign is at 90 percent of its goal. Phase one targeted major gifts, phase two targeted mid-size gifts and phase 3 will be the grassroots segment that will allow for gifts of all sizes.

He said that the UMAA's initial gift of one million dollars for the stadium and \$500,000 to be matched for scholarships set the standard of including an academic component with stadium gifts. The Mdewakanton Sioux Community gift to the stadium will also provide \$5 million of scholarships system wide. So far, \$42 million of academic gifts have come in conjunction with stadium fundraising, following the UMAA model of a stadium gift plus a scholarship gift.

He told the group that the stadium will have 87 columns, celebrating and recognizing each Minnesota county. The president would like to see an honor roll of businesses from each county that would make a gift of \$125,000, with \$100,000 for the stadium and \$25 thousand for scholarships.

Kathy O'Brien told the group that the county tableaus are coming in, and she is working with Jim Mulder, UMAA board member and executive director of the Minnesota Association of Counties, to have a ceremony when the first column goes up. The president noted that he wants all people of Minnesota to feel they own a piece of the U, graduates or not.

Regarding the current legislative session, Bruininks noted the economy is soft and the latest economic reports indicated tax receipts will be lower than predicted. He said the governor is recommending a \$26.5 million cut this year (4%). This is a blow to the University because we have just begun to regain ground after the deep cuts of 2003. While acknowledging that the University understands cuts will need to be made, he said that 4% is more than higher education's share. The University of Minnesota and Minnesota State Colleges and Universities (MNSCU) should not have to take the deepest cuts. He stressed that deep budget cuts will put pressure on tuition rates. The House and Senate versions of the legislation have the cuts under \$10 million.

He thanked the UMAA for doing a great job of keeping the issues before alumni and acknowledged the impact of the Legislative Network. He also recognized the student testimony provided by UMAA board member and president of the Minnesota Student Association, Emma Olson.

While concerned about future budget issues, Bruininks went on to say it's important to celebrate what is going on at the University every day. The incoming freshman class is phenomenally inspiring. The U has Nobel Prize winners. Critical work is being done on Type 2 diabetes. A beating heart was created in the laboratory by Dr. Doris Taylor and her team. Research grants to the University will total \$620 million this year; \$400 million of that amount is in the Academic Health Center and the Institute of Technology.

In a question and answer period, board member Rick Beeson asked if the University should focus on the Washington Avenue at-grade option because he sensed that route has strong support with the Metropolitan Council. Kathy O'Brien said that the necessary mitigation costs of that option may make it less viable and the Metropolitan Council should be encouraged to look at both options. President Bruininks added that the University is putting legitimate issues on the table. The U is very committed to the project but feels it is very important that the route works. He also said that the Regents are very resolute that LRT must work for the university.

Memorandum of Understanding

Givens called on Diane Fisher, UMAA CFO and Senior Director of Operations, to review the draft Memorandum of Understanding included in the board materials. President Tom LaSalle and President-elect Bruce Mooty participated via conference phone. Fisher told board members that the process began in October, 2006 when an ad hoc committee was established, chaired by Tom LaSalle and composed of Bruce Mooty, Bob Stein, Mary McLeod, Margaret Carlson and Fisher.

The process was begun because the UMAA is considered an Associated Organization to the University of Minnesota. An Associated Organizations is an entity whose sole or primary purpose is to support and carry out activities that are supportive of the University and its mission and whose activities could have a material effect on the financial, legal and reputational interest of the University.

The Board of Regents approved Framing Principles for the University's relationship with Associated Organizations in 2004. The Framing Principles require that written agreements, defining the cooperative working relationship, be developed with each of the Associated Organizations. The University began the process of negotiating Memorandums of Understanding with the two largest Associated Organizations, the University of Minnesota Foundation and the Minnesota Medical Foundation and those agreements were signed in 2005. University attorneys then approached the UMAA about beginning negotiations.

Fisher said that the draft Memorandum of Understanding was negotiated with the Office of the General Counsel who worked directly with the Office of the President and the Vice President for University Relations. Fisher's review of the document follows:

The document begins with the Recitals, statements of fact to which the parties agree. These include:

- UMAA's mission statement.
- A statement that the UMAA is separately incorporated from and legally independent from the University
- A statement that the UMAA has access to alumni records which it has used to solicit alumni for UMAA membership and to offer other products and services
- A statement that the UMAA has developed its own marks, logos and magazine and has entered into revenue-producing agreements with outside organizations and that
- A statement that the UMAA, with the exception of the Healthcare Management Alumni Association, is the exclusive alumni association for the Twin Cities campus

The body of the Memorandum is broken into 7 sections.

Section 1, Independence and Recognition – reiterates that the University acknowledges the UMAA’s independence and recognizes it as an Associated Organization.

Section 2, Governance, Representation and Coordination - acknowledges that the UMAA’s National Board of Directors is responsible for adherence to sound corporate governance and management. It stipulates two ex officio positions on the UMAA National Board of Directors: the University President as a non-voting member and the Vice President for University Relations as a voting member. The Memorandum also makes the Vice President for University Relations an ex officio voting member of the Executive Committee. This represents a change from the UMAA’s current bylaws. Currently, both the President and Vice President are ex officio non-voting members of the board and neither serve on the Executive Committee.

This section also calls for the appointment of the University President or, at the President’s discretion, the Vice President of University Relations to the UMAA’s Compensation Committee. Currently, neither serves on this committee so this is another change.

The section also highlights the cooperative relationship between the University and UMAA and establishes a process for the participation of the UMAA’s CEO and board officers in University strategic planning and other discussions where alumni perspective is important. Although UMAA staff and board involvement has been sought in the past, this language formalizes that arrangement.

Section 3, Program Functions - states that the UMAA shall perform the central alumni relations function of the University, and details some of those functions. It specifies that the UMAA shall have the right to negotiate and enter into contracts, define membership in the UMAA and establish a dues structure.

Section 4, Accounting, Audit and Compliance - documents current practices. It calls for the University and UMAA to maintain a sound management system with effective internal controls. It stipulates that the UMAA will report its activities using accrual accounting in accordance with generally accepted accounting principles. It also calls for UMAA to engage an independent accounting firm to perform an annual audit at its own expense.

Section 5, Shared Resources - entails the relationship for six major areas. The first is human resources. The fact that all UMAA staff are University employees assigned to the UMAA is documented. It states that such employees are subject to the University’s employment policies and practices and as such, the University will defend any employment claim and indemnify the UMAA. This does not reflect a change from current practice.

A paragraph documenting the role of the Compensation Committee of the UMAA Board is included. The Compensation Committee is charged with primary oversight and supervision of the UMAA’s CEO, including but not limited to establishing annual objectives and performance goals, conducting performance reviews and determining compensation. The only change as a result of the Memorandum is the inclusion of the University President, or the Vice President for University Relations, as a committee member, although this committee has always consulted with the Vice President in the past.

The Memorandum documents practices around the use of other shared resources including information technology, the University name, marks and images, financial accounts, and data. There is nothing new in any of these paragraphs.

Section 6, Term and Termination - parties agree to review the terms of the agreement at least every three years and to provide at least one year's notice of termination.

Section 7, General Provisions - includes standard contract language regarding prior understandings, amendments, governing law, assignment, third party beneficiaries and notice.

Fisher told the board that Tom LaSalle, Bruce Mooty, and Margaret Carlson are scheduled to meet with Karen Himle, Vice President for University Relations, to discuss the specifics of the memorandum on April 9.

Board discussion followed regarding the addition of the Vice President to the Executive Committee. LaSalle and Mooty explained that the exchange of information would be good for both the University and the UMAA. Board member Reed concurred that it is similar to the other organizations' agreements.

Board member Thacker also questioned whether the document altered the independent voice of the UMAA. LaSalle said the recitals at the beginning of the document recognize the independence of the UMAA and Mooty said the ultimate goal of the organization is to support the University.

MOTION: A motion was made to approve the draft as submitted with the authority given to Tom LaSalle, Bruce Mooty and Margaret Carlson to make changes that may come from the April 9 meeting with Karen Himle. If any of the changes arising from that meeting are substantive, the document will be brought back to the board for review and approval.

APPROVED UNANIMOUSLY

LaSalle thanked the committee for their determined and hard work on the document.

CEO Report

Margaret Carlson reviewed the FY08 dashboard noting that at the nine-month point in the fiscal year, the UMAA has completed or is on-track to complete nearly all objectives. An objective in progress is a more diverse staff and that is always considered when searching for candidates. This year, however, there was only one hire. To continue to pursue this objective, the UMAA invited Rusty Barceló, Vice President of Equity and Diversity, to present a one-hour seminar to staff. Two objectives that will be on hold until the new fiscal year are the development of a more interactive web site and the Historical Goldy project.

Carlson then presented a draft of FY09 Goals and Objectives, noting that the document has a new format with a cover page repeating the UMAA's vision and mission along with guiding principles. She said that the final approval of the FY09 Goals and Objectives will be sought at the June board meeting along with the FY09 budget.

Goal I: Build the Effectiveness of the UMAA and Advocate for the University

This includes building brand identify in all communications, marketing, event planning and programming. It also includes designing a new, more interactive web site carrying the brand identity.

UMAA will continue to engage alumni in legislative advocacy and key issues facing the University. Opportunities to be advocacy ambassadors will be available through the Legislative Network, Legislative Briefing, Legislators of the Year, and the state-wide speakers tour.

Goal II: Strengthen University Partnerships and Traditions

This goal celebrates alumni, student and faculty achievement, optimizing alumni engagement through collegiate units, geographic chapters, interest groups, and other programming, and continuing to champion University spirit.

UMAA will hold a new university-wide alumni recognition event during Homecoming Week and create a place to permanently recognize recipients of the Alumni Service Award. In addition, UMAA will partner with five university units to fund a Homecoming Coordinator position to revitalize Homecoming in anticipation of the TCF Bank Stadium 2009 opening.

Other hallmark events or activities that fall under this goal are the Distinguished Teaching Awards, student scholarships, mentoring, Annual Celebration and other activities.

Goal III: Ensure the Association's Financial and Organizational Viability

This goal encompasses membership goals, maximizing non-dues revenue opportunities for UMAA and continuing to insure a strong organizational infrastructure.

Next year's membership goal will be 58,500 memberships with life memberships to reach 14, 500, along with bi-monthly surveys of alumni attitudes and perceived value of member benefits.

In order to maximize non-dues revenue, the credit card agreement and insurance program will be renegotiated, at least 2 major sponsors will be sought and goals for magazine ads and travel program revenue will be maximized to the extent possible.

In addition, the organization infrastructure will be maintained through a strong, diverse board, computer and data security, financial stewardship and staff development.

Annual Celebration

Carlson previewed the 2008 Annual Celebration that will celebrate the academic and research accomplishments of the University. Keynote speaker will Dr. Doris Taylor who has made international news with a recent research breakthrough of creating a beating heart in her laboratory. Taylor will be introduced by alumnus Earl Bakken. Mortenson Construction and the Medtronic Foundation will sponsor the event with contributions of \$30,000 each.

Carlson thanked board members that had already responded with a table purchase for the event and encouraged all board members to do so.

Adjournment

Givens reminded board members of the April 10 lunch with the Regents in the A.I. Johnson Room of the McNamara Alumni Center and also the Distinguished Teaching Awards Ceremony on April 28.

Givens adjourned the meeting at 11:00 a.m.

Submitted by Ruth Isaak
Deputy Director and Board Coordinator

for
Kent Horsager, Secretary-Treasurer