

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION
EXECUTIVE COMMITTEE MINUTES
January 19, 2022 8:00 – 9:30 a.m.
Zoom Meeting

Executive Committee Members Attending

Haldeman, Bill
Jessen, Mark
Lewis, Lisa
Ndely-Ogundipe, Emilia
Sheldon, Ann
Wallace, Scott

Guests

Sweet, Megan
Tonneson, Julie

UMAA Staff Attending

Collins, Carter
Davis, Steve
Garry, Dan
Huber, Lisa
Huerta, Sarah
Leaf, Cristy
Thao, Kablia

Welcome and Opening Remarks

Chair Scott Wallace welcomed Committee members to the third Executive Committee meeting of the fiscal year.

University Budget Process

Julie Tonneson, Vice President and Budget Director, informed the Committee on the University's annual operating budget process. At a high level, the University has roughly a \$4B budget for FY22 and there are different processes for those that earn revenue under the funding sources. UMAA's support comes out of the revenue generated and earned fund category, which is also where the central reserves are kept.

During the annual budget process, President Gabel sets out the overarching goals, priorities, and guidelines for the year. She then directs the Budget Committee to run the process and they, in turn, share the budget instructions to the units. The Budget Committee meets with every unit each year to learn their response to the budget instructions, issues, and priorities. The Chancellors, Deans, and VP are the group accountable for the budget and they are the ones that received the budget instructions. The departments that roll up to those units are involved based on how the Chancellors, Deans, and VP want

them to be involved. After President Gabel has received the budgets, they are recommended to the Board of Regents for review.

There are 50 University of Minnesota Resource Responsibility Centers, and each unit leader is accountable for the financial activity that falls under their unit. The UMAA roles up under University Relations, but there is no financial oversight that the University Relations VP has for the UMAA. Tonneson referred to this process as a vehicle for the Budget Committee to receive the issues and budget questions of the UMAA into the process.

Each Fall, the Budget Committee talks to each support unit to learn about compensation issues, if there are any programmatic type priorities that they need to be aware of, and if there are any other significant costs that impact the budget. There are tools available to solve budget problems which include internal reallocations and additional unit earned revenues. UMAA is not part of the cost pool process.

In closing, Tonneson informed the Committee that for the FY23 budget the recommendation on the issue to handle compensation increases for employees was brought forward. The \$50k request was approved by President Gabel (the UMAA was later informed the increase will be \$64K). The final decision will be communicated in the Spring and be brought forward to the Board of Regents.

Scott Wallace asked if there was a way to present our information to University Relations so we have the opportunity to walk the Budget Committee and others through our needs. Tonneson responded that UMAA's document is reviewed as a separate document from University Relations. The only difference is that the Budget Committee only meets with University Relations and doesn't have a separate meeting with UMAA. The reasoning is they can only limit time to meet with units, not departments.

Lisa Lewis asked if there were any best practices or ways that other units have presented their budget more effectively. Tonneson responded that the majority of unit leaders are responsible for their department's budgets; what's unique with UMAA and UMF is that the VP of University Relations is not responsible for our budgets. Lewis asked if each unit leader is meeting with their departments to learn their budget needs. Tonneson responded that each unit leader is responsible for their budget and the needs and budgets of the departments that fall under them. How the unit leader chooses to involve the departments is at their discretion.

Ann Sheldon asked if UMAA generated revenue increases were taken into consideration with the funding the University would provide to us. Tonneson responded that the UMAA would automatically retain whatever revenue is generated. The University does monitor and look at the projections and how they would impact our budget. The impact would be how much central reserves would be allocated to the UMAA. Sheldon asked if the UMAA's revenue increases would there be considerations to reduce our allocation from the central reserves. Tonneson responded that it would always be on the table and it would be rare to receive a reduction of central reserves.

Consent Agenda

The following items were approved unanimously:

MOTION: Approval of the September 14 and November 12, 2021, Executive Committee Minutes
APPROVED UNANIMOUSLY

The September 30, 2021, Investment Report and FY22 November Membership/Revenue Summary were provided for the Committee's information.

Chair's Report

Scott Wallace shared that the Inclusion & Belonging Committee met in November 2021 and Committee members provided feedback to Bill Haldeman on the Honorific Naming Policy. Also in November, Wallace, Ann Sheldon, Mark Jessen, and Lisa Lewis met with Regent Powell, Regent Sviggum, and Bill Haldeman to provide an update on the UMAA. The issues discussed were the Huntington Bank contract, UMAA's representation in the University budget process, Honorific Naming Policy, and Alumni Housing.

Wallace reported on Minne-College, which was switched from in-person to a virtual event due to COVID-19, and also provided some highlights from the Guaranteed Rate Bowl Game in Phoenix.

University Report

Bill Haldeman, Assistant to the President, shared how proud he was of the coordination between the UMAA, University of Minnesota Foundation, and Athletics around the Guaranteed Rate Bowl Game. It was a successful event. Haldeman mentioned that if there were any follow-up questions on the University's budget process to let him know.

Earlier in January, Governor Walz was on campus and was joined by members of his administration and President Gabel. Walz announced his capital investment proposal for the 2022 legislative session and also recommended \$261M in bonding support for maintenance of all the University buildings, which includes funding for the Chemistry Lab and Duluth Science Building renewal. Haldeman also highlighted that the University hosted its 41st annual MLK tribute concert which is one of the longest-running MLK concerts in the nation.

Haldeman continued by providing an update on the work the University is doing around the pandemic. The University is proud of the high vaccination rate for students, faculty, and staff and for keeping our communities safe. In addition, keeping with the plan and principles around the pandemic, the University has updated its isolation guidelines and has also put in place a systemwide proof of vaccination policy starting January 26 for any events on campus across the state with attendance of 200 or more. The proof of vaccination will be in effect until at least February 9.

In November 2021 three national searches were launched. The leadership positions are for Vice President for Equity and Diversity, Vice President for Research, and University of Minnesota Duluth Chancellor. The search committees are planning for interviews to be held in April. Additionally, Dean John Finnegan is planning to retire on January 31, and Timothy Beebe, Mayo Professor and head of the

Division of Health Policy and Management in the School of Public Health, will serve as interim dean of the school effective February 1.

The upcoming February Board of Regents meeting has a very robust agenda. Some topics include the critical discussions on how colleges are aligned to impact 2025, financial impacts of COVID-19, University performance and accountability report, and an update on the East Gateway project. In addition, the MSafe Committee will also provide their report, make their recommendations and give an update on public safety. Haldeman thanked Mark Jessen for being a part of MSafe. The Naming Policy will be going to the Board for action and any changes made from the fall draft are reflected in the new policy.

In closing, Haldeman introduced Megan Sweet who will serve as the new designate for the President on the UMAA Board of Directors. The Committee thanked Haldeman for his support over the past few years.

CEO Report

President & CEO, Lisa Lewis took a moment and introduced Carter Collins, Director of Communications, to the team. Collins started last week and will report directly to Lewis. Lewis continued by providing an update on the FY22 Strategic Plan Goals and pointed out a couple of key highlights. Life membership has surpassed the goal of 21,250 members and the Maroon & Gold Network has almost 12,00 users. Under the legislative advocacy goals, Samuel Rosemark was hired as the part-time Director of Advocacy on January 4 and will focus his time on Minnesota 201 advocacy initiatives. We do not anticipate meeting the advocacy goals this year due to the Director of Advocacy position not being offered as a full-time role.

Based on the recommendations approved at the June 2021 Board of Directors meeting, the UMAA continues moving forward with the marks considerations. Recently Lewis and Lisa Huber met with Myron Frans, Doug Peterson, Mike Volna, and Bill Haldeman on campus-wide sponsorships. Hueber is looking into outside expertise to see how this might work, what the potential is, and where we might go institutionally. The UMAA has also met with University Relations on the usage of our new mark and with Athletics on licensing.

Lewis continued with an update on talent management. There have been several staff transitions over the last month and three positions have recently been filled. There are four additional positions currently open. The University conducts a systemwide employee engagement survey every two years, the most recent being October 2021. The UMAA staff responses were encouraging as they were better than the University as a whole.

Lewis asked the Committee members if they had any questions about her report or if there were other topics they would like to hear about. Mark Jessen mentioned it was good to hear from Julie Tonneson regarding the University budget process but how do we work with University Relations to make sure our needs are conveyed. Lewis replied that she would be meeting with Matt Kramer and Megan Sweet next

week about the process and how the UMAA would be represented. Jessen asked if the UMAA has ever met with University Relations in the past about the UMAA budget. Lewis replied no. Scott Wallace suggested that Lisa Lewis meet with Kathy Schmidlkofer from the University Foundation to learn how they are represented in their budget process with University Relations.

Finance & Audit Committee Report

CFO and Vice President of Operations, Dan Garry, provided an update from the Finance and Audit Committee meeting. At the January 13 meeting, the Committee assessed next year's revenue situation, reviewed various policies and charters, and discussed if the UMAA should have a separate Investment Policy Statement. Currently, the UMAA uses the University of Minnesota Foundation's Policy Statement.

Through December, revenue ended \$30K lower than last year but \$120K better than budget. Expenses were \$120K below last year and \$110K under budget. Overall the draft December financial information indicated a \$90 improvement over last year and \$230K better than budget.

In closing, Garry shared the most current Investment result. Through September 30, 2021, the 10-year return is over 10% compared to 6.9% a year ago. Garry also pointed out that the UMAA has 1% of investments in the Foundations investment pool and currently has \$36M in the pool.

Scott Wallace asked if the Finance and Audit Committee discussed the loss of the Huntington Bank agreement when looking at next year's revenue situation. Garry responded that they did and that Lisa Huber would share more specifics on this topic.

Revenue Update

Lisa Huber, VP Marketing and Business Development, stated that banking and insurance are the two largest external partners under the partnership and royalty space and both contracts with vendors are up for renewal this year.

The non-renewal of the Huntington Bank contract will impact our revenue starting in fiscal year 2023. Huber thanked Bill Haldeman and Mike Volna, Assistant CFO at UMN, for their assistance in pulling various groups together internally and externally to discuss the Huntington Bank contracts. It was determined that the Huntington Bank agreement didn't align with their rate of investment assessment and didn't see the value of having a separate contract with UMAA. Huber will continue to discuss opportunities with Huntington Bank to explore new arrangements. In addition, Lisa Lewis, Dan Garry, and Huber met with Rick Beeson to dive deeper into the banking landscape. Beeson believes there would be great interest in banking partnerships due to market movement and our attractive audience.

Huber continued by informing the Committee on the upcoming insurance contracts with Mercer and Liberty Mutual. An Affinity Insurance Task Force was created to assess the landscape and review options. The Task Force members are Susan Adams Loyd, Chief Executive Officer - Better Business Bureau, Sandy Wiese, Executive Vice President Government Affairs - Data Recognition Corporation, and Mark Jeter, Retired Managing Director - TCF Financial Corporation. The Task Force will visit new ways of

approaching insurance contracts and limiting exclusivity. The Task Force will also review RFPs in March and bring their recommendation to the Executive Committee and Board of Directors at the April meetings.

Scott Wallace asked about Liberty's performance and if we would like to continue a partnership with them. Huber remarked that there are between 7,500 - 9,000 policies with them from alumni. It would be a substantial loss on their side to lose the contract. For UMAA the math is in Liberty's favor on how they value and pay us for their book of business. The insurance industry has had a lot of ups and downs over the pandemic and Liberty is now looking stable.

Alumni Housing Task Force Update

Mark Jessen, Past Chair, provided an update on the Alumni Housing Task Force. The model has shifted from a co-op to a more traditional condo approach. The alumni survey and market study were used to create a rendering of a 15-story alumni housing residence. The next steps are to put together a proforma, assess the potential capital structure, and create a business plan. The Task Force will continue to keep the University Real Estate Office and the Foundation updated on the plans. The final step will be presenting the plan to President Gabel.

The results of the alumni survey and market study suggest there is an opportunity to offer more than one alumni building and to offer different options to alumni based on their needs. We will continue to work on developing an alumni "neighborhood" concept. Scott Wallace commented that the neighborhood concept is exciting and thinks there is a great opportunity to move forward with this idea.

Emelia Ndely-Ogundipe asked why the task force switched from co-op to condo model and if this impacts anything the University has planned in the future. Jessen responded that the UMAA moved away from the co-op model due to the requirements and regulations that would be required. Dan Garry also mentioned that what the UMAA is doing would fit in nicely with the University's master development plan.

On a separate topic, Lisa Lewis informed the Committee that since the last meeting Dan Garry and Cristy Leaf have reviewed all UMAA policies, Board bylaws, and governance documents. In exhibit L you will find areas of improvement that we will be making to enhance our governance excellence.

Scott Wallace ended the meeting and reminded the Committee that the Board of Directors meeting is scheduled for Saturday, January 29 at 10:00 a.m.

The meeting was adjourned at 9:30 a.m.

Submitted by Cristy Leaf
For Emilia Ndely-Ogundipe, Secretary