

**Cal Alumni Association
Board of Directors' Meeting
December 7, 2018**

Directors in attendance: President Eric Mart, Vice President Amanda Pouchot, Vice President Finance Ryan Waliany, Demetrios Boutris, Sangeeta Chakraborty, Joy Kovaleski, Carol Liu, Dionicia Ramos Ledesma, Gary Slavit, Bob Sproul, Michael Steckler, Prentice Tom, Kirk Tramble.

Via Conference Call: Allard Chu, Diane Dwyer, Catherine McKee, Alex Randolph, Kiran Rao, Danielle Silveira.

Absent Directors: Esperanza Vielma.

Non-Voting Distinguished Members in attendance: Alumni Regent – Jason Morimoto; Associate Vice Chancellor for Communications & Public Affairs - Diana Harvey; UC Berkeley Foundation Chair - Susan Chamberlin.

Guests: Associate Vice Chancellor of Development - Lishelle Blakemore; Marts & Lundy Consultant - Chris Vlahos.

CAA Staff in Attendance: Clothilde Hewlett, Susie Cohen Crumpler, Matt Terwilliger, Mike Yaley, Anh Tran, Ann Truong, Anjeannette Schnetz. CFO Consultant - Monisha Merchant.

President Mart called the meeting to order at 9:30am and established a quorum of voting Directors.

1. M/S/A: The CAA Board of Directors approved the following consent agenda item:
 - Approved the 10/17/18 CAA Board Meeting Minutes
2. President Report – Eric Mart

Mr. Mart noted that he and Ms. Hewlett attended the Alumni Associations of the University of California (AAUC) meeting in October at UC Irvine. Mr. Mart commended *California* magazine for winning the 2018 *Best American Science and Nature Writing* award (third time). The *California* Magazine Editorial Advisory Committee is working together to incorporate new ideas and formatting that will debut in the spring 2019 issue. Mr. Mart and Ms. Hewlett recently attending the Chancellor's reception for the UC Berkeley Foundation Trustees and he also had the honor of speaking at the Cal Band

Alumni Chapter dinner featuring the Tony Martinez Alumni Award for service on behalf of the Cal Band and the University.

3. Regent Report – Jason Morimoto

Mr. Morimoto reported that the Regents received an update on the student housing initiative, announced back in January 2016, with the intention to add 14,000 affordable student housing beds by fall 2020. The Regents are on track to deliver that overall goal. And beyond 2020, they are looking at adding another 15,000 beds before the fall of 2024. Berkeley houses the lowest number of undergraduate students across the nine other UC campuses, which is currently 26 percent. This is therefore a high priority for Chancellor Christ, and for all campuses to provide affordable housing for students, as the cost of living in cities with UC campuses is rising.

Finance and Audit: The Regents have spent much time working with the audit recommendations proposed about a year and a half ago, and Mr. Morimoto is happy to report that the Regents are on track with those initiatives. The Regents received a clean audit report from PWC.

The National Labs: UC is continuing to manage Los Alamos National Laboratory, with a new partnership. The transition officially occurred November 1st, partnering with Bechtel, The Babcock & Wilcox Company and URS Energy & Construction, Inc. UC will then continue to manage Los Alamos, Lawrence Livermore, and Berkeley National Labs. Los Alamos and Lawrence Livermore are especially important as they manage the nuclear stockpile and testing.

UC's Multi-year Plan: Planning with a multi-year perspective is crucial in terms of ensuring that the UC's target audience including legislators, students, families, and the administrations, are all on the same page. There are three long-term goals:

- a) To deliver 200,000 more degrees by 2030, which is particularly important because the Public Policy Institute of California projects a shortfall of 1.1 million workers, with at least a Bachelor's degree, between 2014 and 2030 in the State of California. The UC system is working and planning for the future needs to support California's workforce.
- b) Ensuring the California Dream is for everyone, which is especially true across all socioeconomic classes. This is reflected by ensuring that incoming students in need of the most financial aid are able to receive it, and also ensuring that once these students are on campus, they have the right support systems to be able to successfully graduate.
- c) To invest in the next generation of faculty and research. The UC system produces excellent undergraduate students and conducts critical research, which has been impactful in the State of California and also around the world.

The key sub-goals are:

1. Significantly increase the number of Californians holding a Bachelor's degree or higher to meet the state's projected workforce needs.

2. Multi-year planning to promise greater stability to students and families. This helps families and students prepare themselves financially for tuition, fees, and financial aid.
3. Financial stability in a multi-year partnership: multi-year enrollment plans which also allow the UC campuses to project and plan effectively, which is something that Chancellor Christ has also spoken about to the Regents. Her speech has emphasized the campus perspective, and how important it is to plan ahead with a multi-year outlook.
4. 2019/2020 Budget: Last year's budget was 36.5 billion dollars, one-third of which comes from medical centers. 9.3 billion (26%) is from core funds: tuition and fees (The UC and the State General Funds). The ask from the State General funds for this upcoming new year is 377 million, as well as permanent funding for enrollment for the upcoming years, because UC's are up by 2,500 California undergraduate and 1,000 graduate students. This ensures that the State shares the cost of instruction. We're asking for permanent funding to provide the same net operating revenue as a 2.6% increase in tuition and a 5% increase in student services fees would provide. This means that we're asking the state to increase the support for the University of California in lieu of the UC raising the tuition fees to balance the budget. We're also asking for permanent funding to provide students with additional financial aid to help cover the cost. One third of each tuition amount that students pay gets funneled back into financial aid. If we're not raising tuition, then financial aid funds get lost in the long-term. We're also asking support for prior year additional enrollment where we exceeded our goals. And we're asking for 100 million dollars to help support deferred maintenance costs. We have many buildings in need of repair, considering that UC Berkeley is the oldest campus. The last item that we are requesting is for the state to maintain the 125 million dollars that we received last year, to be applied to general university funds. We hope to work with the legislative body as well as the governor to help us achieve these goals for the UC and for the State of California.

The Regents are also forming a special committee in regard to basic needs. A quarter of graduate students, and nearly half of undergraduate students across the University of California experience basic needs insecurity. Basic needs are a key factor in terms of student retention and academic achievement. The regents would like to play a role in helping focus on sustainable strategies to address basic needs across the entire UC system. Mr. Morimoto will serve on this committee.

4. Executive Director Report – Clothilde Hewlett

Ms. Hewlett reported that for the third year in a row, CAA management would present a balanced budget for the Directors' approval. She emphasized that this balanced budget would place CAA in a favorable position when considering future directions. Ms. Hewlett will be hosting a Cal Discoveries internally managed "Eureka" trip in the spring of 2019 centered on the African American experience in Paris. She noted that the trip is already

fully-booked and will be hosting guests ranging from key donors, political figures, and faculty. This reinforces our strategic direction to take those things that CAA does best, and by adding another element to drive revenue growth in the future. Even though CAA faced numerous challenges this year with the Lair, CAA is managing them in innovative ways. The Lair community is thriving and Ms. Hewlett likens it to “the United Nations” given that it hosts notable people, from political officials, to significant donors, to parents to loyal campers. Taking the tip from doing what CAA does best, in 2020 Mike Yaley and Joanna Aguiar are planning to introduce a Cal Discoveries Lair Eureka Trip at Pinecrest.

Ms. Hewlett is excited to announce that a very generous CAA donor has pledged to give away all of her wealth in her lifetime, and is focusing on supporting low-income students. Last year, she donated \$658,000 dollars, which was used to establish a CAA scholarship with funds managed by the UC Berkeley Foundation. This year, she pledged to give another gift, but because of the nature of the gift, with restrictions from Proposition 209, we realized that it was best for it to be held in an entity outside of the University. This will be for underrepresented students, which gives CAA the discretion to deem it under our selected categories, with no restrictions to certain underrepresented statuses. The one mandate from the donor is that be part of CAA’s The Achievement Award Program (TAAP) umbrella and housed in the Alumni Association, similar to the KASP scholarship. It will be 70 percent scholarship and 30 percent programming. Therefore, every student who receives the scholarship will have to participate in a program. This is also a key reason why our retention rates have been so high, because we design scholarship programs that align with the students and support their needs beyond the financial assistance. Ms. Hewlett noted that Mary Tuncer wrote the check for 1 million dollars, and we look forward to all that this money will do, especially for those most in need. We also have a discretion to establish an emergency scholarship to cover even more basic needs.

Next, Ms. Hewlett highlighted some areas of CAA and Haas School of Business engagement that have taken off. Many of our alumnae have attended our alumnae career series, which has become overwhelmingly popular. Most recently, “Women Who Lead: A Story-Telling Salon,” was moderated by Kellie McElhaney, Ph.D, the founding director of the Berkeley Haas Center for Equity, Gender, and Leadership. One of our special sponsors this year was Estee Lauder companies. Each woman who attended received a gift bag worth about 100 dollars. That made the event even more popular. The reason why I mention Estee Lauder is that it is one of the largest personal care conglomerates in the world, and they were so enthusiastic that they have asked if they could sponsor our alumnae career series next year.

As depicted in your quarterly scorecard report, you will note that with the support of the Alumni Engagement Expansion Initiative (AEX), CAA’s Chapters are increasing engagement and we have noticed that there are more events being led by our Chapters and the joy of our volunteers and Chapter members is evident. At the last Volunteer Awards ceremony, in which CAA partnered with the UC Berkeley Foundation, what we saw was incredibly encouraging, not simply because the awardees ranged from CAA’s Chinese Chapter, to CAA Past President Cynthia So Schroeder, but we noticed that we

had a full house of many Chapter leaders who had come to support the event, as well as many members of our Association and Foundation members.

CAA and Cal Athletics will be co-leading the upcoming Cheez-It Bowl tailgate on December 26 in Phoenix, AZ. We've discovered that events such as the tailgate parties and Hoops parties significantly bind us as Cal alumni to one another. Ms. Hewlett noted that awareness of these alumni engagement events, as well as the support CAA provides for Cal and our alumni community, are only made possible through CAA's Marketing and Communications (MarCom) department. The staff in MarCom have become the leaders of digital media on this campus.

Ms. Hewlett, Ms. Crumpler and Ms. Tran have been participating in Chancellor Christ's Alumni Engagement Working Group. The Working Group has completed the final draft of the plan and Ms. Hewlett believes it is a positive collaborative effort between CAA and the campus. It is also a reflection of true aspirations for what Cal's ultimate alumni engagement should look like. During the development process of this plan, it became evident that meeting the goals of alumni engagement would take a holistic collaboration, with all of us working together to create and implement this plan. CAA was a major part of creating this plan and thanks to our process in the last three years of creating our own AEX initiative, CAA was instrumental in helping the University complete this plan within the short (three month) time frame.

Lastly, Ms. Hewlett invited the Directors to attend the memorial service this Sunday at Alumni House for former CAA Executive Director Dick Erickson. Mr. Erickson was the third Executive Director of CAA and instrumental in creating the Pappy's Boys Alumni Chapter. He was also the true creator of the Cal Discoveries Travel program and of CAA's scholarship programs. He understood the importance of fundraising for the University and became the first director of what is now University Development and Alumni Relations (UDAR) and laid the platform for that entity. Under his tenure, he had the CAA, the UC Berkeley Foundation, and UDAR working seamlessly together. Thus, this coming Sunday his memorial will be attended by numerous alumni, from a wide range of university and alumni pioneers.

5. CY2019 Operating Budget – Ryan Waliiany, Ann Truong, Monisha Merchant

Mr. Waliiany reported that the Finance Committee unanimously approved the CY2019 operating budget at their most recent meeting. CAA Staff is presenting a balanced budget that fulfills key strategic objectives in support of CAA's mission and strategic plan, while also addressing the operational needs of the organization. The Directors reviewed the proposed CY2019 operating budget as well as the three-year rolling budget. After discussion:

M/S/A: The CAA Board of Directors approved the CY2019 Operating Plan as presented and attached hereto.

6. Lair of the Golden Bear Update – Mike Yaley, Matt Terwilliger

Mr. Yaley began the Lair update with some background information on Camp Oski. In late December 2017, there was a major water leak at Camp Oski. 180,000 gallons of water went through the ceiling of the dining hall during the winter break with no staff present. The local water company notified us, and upon arrival, we discovered that the water was running under all the doors of every room on the first floor. It was determined that the propane company had a new driver who erroneously presumed that the propane tank did not need to be filled, given the winter closure of the camp. This froze the pipes which then burst and caused the flooding. Mr. Yaley provided exhibits that reflected the damage. This building had structural issues and the damage was extensive. The kitchen was also damaged, and one of the offices, where the actual leak started. Our solution for 2018 summer season was a 50 foot kitchen trailer, and two tents served as the dining hall for campers. We also had to include air conditioning, lighting, a sound system, and temporary floor.

Mr. Yaley met with campers after the first week of camp to solicit their feedback about what they'd like to see in the future. The overwhelming consensus was that they wanted a replacement for the old building, rather than renovations. The majority of them also wanted to move to the upper level of Camp Oski. We just emailed a survey to Oski campers and are currently receiving feedback on their opinions of the dining tent and whether they would be comfortable with the same setup in the future. We've also set up a town hall meeting and held a number of workshops to analyze our options. With this disaster, this is a great opportunity to consider the future of Camp Oski.

There is already an approved build-out plan that was part of the master development plan and we're optimistic that we will not need to undergo another review for any additional changes that we make. In the plan, we covered the costs of the dining hall and Bosch Hall, and the lower level. We have to consider: timing for reservations and reconstruction. Timing is interesting because when I became director in 2007, we already had a plan to build the Oski Campus, a winterized facility and that's why these approvals are already in place. However, it would have taken \$6-8 million for this huge project. We had the bond money of \$8 million dollars. We planned to break ground in 2012, but that's why we bought the Pinecrest Chalet, to replace the plan for a winterized Oski camp. Now that the Chalet is on the market, we're considering a much smaller winterized facility at Camp Oski.

The insurance company has paid about \$200,000 so far, which has been applied to cleaning up the facility in addition to procuring the temporary structures. We still expect more payment, for the settlement itself is not completed. We are also working on getting travel insurance for the Lair, at a reasonable rate, to mitigate the risk of issuing refunds to campers following natural disasters.

Mr. Yaley noted that the financial analysis will include details of negotiations and his team will present a full proposal to the Finance Committee in the upcoming months.

7. Update on Berkeley Strategic Plan – Chris Vlahos, Marts & Lundy

Ms. Hewlett introduced Lishelle Blakemore, Assistant Vice Chancellor of Development for University Development and Alumni Relations (UDAR), who has been the campus lead for a comprehensive University-wide alumni engagement plan created by the end of the year as requested by Chancellor Christ. Ms. Blakemore noted that she received this request in October and there has been a working group made up of CAA staff representatives, campus college athletics staff, student affairs and the development program. Diana Harvey, Ms. Hewlett, Ms. Crumpler, and Ms. Tran have all been involved with this working group that has met over the last two months to create an alumni engagement plan. We have almost finished the plan and expect to send it to the Chancellor and the Provost next week and will have a conversation with them, and return to the CAA Board once the plan has been approved.

Ms. Blakemore thanked the CAA representatives and Ms. Harvey for being excellent partners throughout this whole process. All have brought creativity, collaboration, and enthusiasm, and the ideas proposed will benefit UC Berkeley in the future. This has been a rewarding experience.

Next, Ms. Blakemore introduced Mr. Vlahos from the consulting firm of Marts & Lundy who has extensive experience with alumni relations in prestigious universities and clients across the country. Mr. Vlahos noted that working with alumni is key to maintaining connections and adding value to a university. As a consultant, he looks at trends to help identify patterns that can predict the movement of heightened institutional focus. Ten years ago, most universities were concerned about just the top donors, and largely neglected the rest of the alumni body. Universities are progressively considering the entire alumni base. Mr. Vlahos agrees with Dr. Richard L. McCormick, President Emeritus of Rutgers University, who notes that “The university has a responsibility to support its alumni for a lifetime. Alumni must be recognized, respected and supported as an institutional asset.”

The constituents at UC Berkeley recognize a growing need for a comprehensive alumni engagement plan, especially because numerous campus departments and representatives express the need for programming to induce more alumni engagement. It is crucial that alumni attend events that generate their renewed interest in the campus. Universities need to adopt a new perspective toward alumni relations, one that shifts from the ‘fundraising’ labels. Performance statistics reveal that as a university grows its engagement pool, it also grows its donor pool. Once that correlation is made, the alumni associations are no longer viewed as fundraisers, but as engagement builders that lead to more participation and giving. There are many ways to support the institutions, including a financial gift, but the messaging should be much more holistic.

More universities are adopting a model that houses alumni relations under their development departments that no longer require memberships. Based on Marts & Lundy’s long-ranging annual giving assessment, it is clear that UC Berkeley has a largely decentralized, yet heavily-resourced giving program. Until this point, there has not been an institutional mandate to raise money, or for critical priorities, nor a

comprehensive plan for annual giving. Most alumni (about 59%) feel that Berkeley does not value them. This presents an opportunity for engagement. In our assessment, we determined that a greater institutional focus on alumni engagement would be helpful. Given that there is no comprehensive, campus alumni engagement strategy, CAA serves as the alumni envoy to UC Berkeley, largely because the university has not been involved. Therefore, the Chancellor requested that the Alumni Engagement Working Group specifically address this issue. This process requires partnership and engagement tactics to strategically connect and advance alumni connections to the University. The charge was to create a university-wide comprehensive alumni engagement strategy within three months which took a collaborative, exhaustive effort. From an institutional perspective, we looked at determining the untapped potential of the Berkeley alumni base. To coordinate alumni engagement on campus, from Student Affairs, Athletics and Admissions, these are all areas where an alumni organization can make an impact. Therefore, a centralized approach incorporating institutional communication is key. Many of these campus agencies have alumni engagement needs, but don't do alumni engagement well.

Once the proposed plan is approved by the Chancellor, Mr. Vlahos will provide further details to the CAA Board.

The Board broke for lunch from 12:30pm – 1:30pm.

1:30pm: Public Comment

Mr. Mart asked for public comment. There was no public comment.

8. Closed Session

Mr. Mart put the meeting into closed session for Board discussion and excused all non-voting Directors and CAA staff.

Mr. Mart brought the meeting back into open session. The meeting adjourned at 4:25pm and was followed with a holiday reception with CAA staff.

Cal Alumni Association 2019 Operating Budget

Department	NET CONTRIBUTION			
	2019 Budget	2018 Budget	Variance	
			Amount	%
Membership	941,876	1,007,741	(65,865)	-7%
California Magazine	(991,785)	(888,782)	(103,003)	12%
Cal Discoveries Travel	399,602	342,602	57,000	17%
Royalty Programs	1,442,915	1,483,676	(40,761)	-3%
Development	333,787	226,620	107,167	47%
Alumni Engagement Programs	(503,253)	(509,769)	6,516	-1%
Scholarships	0	0	0	-
TOTAL CAA PROGRAMS	1,623,142	1,662,088	(38,946)	-2%
Executive Director	(318,133)	(428,807)	110,674	-26%
Board of Directors	(178,756)	(68,486)	(110,270)	161%
Human Resources	(367,713)	(342,022)	(25,691)	8%
MarComm	(456,966)	(384,721)	(72,245)	19%
Administration	(589,165)	(522,925)	(66,240)	13%
Accounting	(584,937)	(485,641)	(99,296)	20%
Info Technology	(511,893)	(535,553)	23,660	-4%
Facilities Operations	(498,948)	(489,641)	(9,307)	2%
Alumni House Rentals	144,067	156,368	(12,301)	-8%
Service Fee Agreement fr. Pinecrest LLC	700,000	0	700,000	-
TOTAL CAA ADMINISTRATION	(2,662,443)	(3,101,428)	438,985	-14%
Life Member Fund Transfers (5%)	800,000	846,000	(46,000)	-5%
Interest Income (STIP W/Cap, Thayer)	45,000	45,000	0	0%
Interest Expense (Line of Credit)	(6,000)	(4,000)	(2,000)	50%
Depreciation (CAA 10%; LLC 90%)	(78,000)	(75,500)	(2,500)	3%
Prior Years Surplus Fund	454,000		454,000	-
Operating Contingency Reserve	(220,000)	(75,000)	(145,000)	193%
TOTAL CAA GENERAL	995,000	736,500	258,500	35%
Capital Expenditures	(57,500)	(7,500)	(50,000)	667%
Add back: Depreciation (non-cash item)	78,000	75,500	2,500	3%
NET CHANGE IN CASH POSITION	20,500	68,000	(47,500)	-70%
CAA NET CASH FLOW (without Pinecrest LLC)	(23,800)	(634,840)	611,040	-96%
Pinecrest Chalet	91,647	98,709	(7,062)	-7%
Lair of the Bear	1,475,953	1,311,131	164,822	13%
Service Fee Agreement to CAA	(700,000)	0	(700,000)	-
Depreciation (CAA 10%; LLC 90%)	(702,000)	(679,500)	(22,500)	3%
TOTAL PINECREST LLC CAMP OPERATIONS	165,600	730,340	(564,740)	-77%
Taxes (UBIT and LLC)	(27,800)		(27,800)	-
Capital Expenditures - Pinecrest	(204,000)	(160,000)	(44,000)	28%
Lair Bond Debt Service	(612,000)	(615,000)	3,000	0%
Add back: Depreciation (non-cash item)	702,000	679,500	22,500	3%
TOTAL PINECREST LLC CASH FLOWS	(141,800)	(95,500)	(46,300)	48%
PINECREST LLC NET CASH FLOW	23,800	634,840	(611,040)	-96%
CASH PROVIDED or (USED) BY CAA and LLC OPERATIONS	(0)	0	(0)	-