

**Cal Alumni Association  
Board of Directors' Meeting  
March 2, 2018**

Directors in attendance: President Eric Mart, Vice President Amanda Pouchot, Vice President Finance Amy Shin, Demetrios Boutris, Sangeeta Chakraborty, Virg Cristobal, Diane Dwyer, Joy Kovaleski, Carol Liu, Catherine McKee, Alexander Randolph, Danielle Silveira, Gary Slavit, Prentice Tom, Esperanza Vielma

Absent Directors: Brandon Berookhim, Dionicia Ramos, Ryan Walianny

Honorary Directors in attendance (open sessions): UC Berkeley Foundation Chair Susan Chamberlin, Alumni Regent-designate Jason Morimoto, AAUC President Zaynab Abdulqadir-Morris

CAA Staff in Attendance: Clothilde Hewlett, Susie Crumpler, Matt Terwilliger, Sherry Jacobs, Jenny Robles, Anjeannette Schnetz, Anh Tran, Mike Yaley, CFO Consultant Monisha Merchant

Guests: Attorneys Rob Kornegay and Mark Parnes – Wilson Sonsini Goodrich & Rosati

President Mart called the meeting to order at 9:05am and established a quorum of voting Directors.

1. M/S/A: The CAA Board of Directors approved the following consent agenda item:
  - Approved 12/12/17 minutes
  - Approved 2/14/18 minutes
2. President Report - Eric Mart

Mr. Mart began by discussing Chancellor Christ's recent meeting regarding the upcoming events for UC Berkeley's Sesquicentennial (150<sup>th</sup>) celebrations. Ms. Hewlett noted that CAA is partnering with Haas to celebrate the contribution of Cal women with a panel highlighting the dynamic women in Cal's history, along with Charter Day on March 23. Mr. Mart noted that Cal was one of the first universities to admit women.

Mr. Mart discussed CAA's participation in the Achievement Awards committee meeting along with members of the UC Berkeley Foundation. The *California* Magazine Editorial Advisory Committee recently met and reviewed the history of the magazine and the results of the alumni survey and what alumni indicated they wanted to see more of in the publication.

Lastly, Mr. Mart attended the KASP Scholarship event which he found to be a wonderful, engaging event with fantastic students.

### 3. Executive Director Report - Clothilde Hewlett

Ms. Hewlett noted that she was happy to report that CAA finished 2017 in a very strong financial position. This is largely due to CAA's diverse, well-managed portfolio along with responsible cash management. Part of CAA's portfolio, the "bonds" of the Association, are Pinecrest Operations, the Royalty Program and Membership. This enables CAA to invest in "stocks" that may be a bit riskier but could have great pay off. Last year, for example, CAA took the risk on the internally-operated Solar Eclipse Trip, which outperformed the expected return.

Additionally, Ms. Hewlett remarked that it is crucial that in a time where the University is having great financial strain, that CAA is nimble enough to fill the gaps and can partner with different departments. Ms. Hewlett detailed three gaps that CAA is filling. First, a major gap is in the area of diversity, primarily because CAA is not restricted by Proposition 209. For instance, CAA partnered with Black Engineering groups, Cal Black Alumni Groups, and Berkeley's Engineering Department to host the Celebration of Black Engineering, which was a massive success. Cal has produced more Black deans in engineering than any university in the United States. One of the founders was Gary S. May, the keynote speaker for the event and the Chancellor of UC Davis. Ms. Hewlett also noted that many CAA STEM Scholars attended the event. Additionally, CAA is working very closely with San Francisco Foundation to manage the African American Initiative.

Secondly, Ms. Hewlett noted that CAA has always had a strong partnership with Athletics, especially because CAA members and Athletics donors tend to be one and the same. Thirdly, Ms. Hewlett stated that CAA is increasing its connection to advocacy. For instance, many Cal chapter members are staffers of the executive branch of the California state government. On March 8, there will be a reception in Sacramento for Cal alumni which will precede the 150 Roadshow Chancellor Event in Sacramento at the California Museum.

Ms. Hewlett also mentioned the Leadership Luncheon on March 8 which will include the donors and the students they support. On March 10-11, CAA will be hosting the Alumni Volunteer Leadership Conference Reception, which will include corporate networks, volunteers and chapter leaders.

### 4. Regent Report - Jason Morimoto

Mr. Morimoto noted that UC has submitted a bid for the Los Alamos Laboratory, which is a key priority for the Regents currently. It is important because not only is it a premier facility that protects our nation's weapons, but UC sends a lot of students there to do internships and ultimately full time work. When the Regents met in January, there was a tuition increase proposal of approximately 2.7%. Ultimately, the Regents decided to table the discussion until May. Mr. Morimoto noted two key points. One is that there are a couple pockets of money that the UC is asking for help. UC had hoped for 4% from the government but ultimately ended up with 3%, a \$30 million gap in overall funding. UC is

also asking for support around infrastructure of about \$40-50 million because most of the buildings need support. UC is also asking for about \$10 million in support to continue enrollment in both undergraduate and graduate students. All three of these are key in balancing the budget where the big focus has been around trying to balance the budget in light of not receiving the additional 1% in funding.

Mr. Morimoto stated that students came in to the meeting with an extreme case against the tuition hike. Mr. Morimoto noted that the reality is that 55% of the students from the UC do not actually pay tuition, so the amount increase would still never be seen. The tuition hike falls primarily to the higher income. Once greater budget cuts are made, there is a concern regarding what kind of impact that would have on the quality of education. Chancellor Christ noted that by not being able to put tuition on the table in January, which impacts many things she has to do on the campus-level. Without a specific budget number, students do not know how much they will have to pay when deciding what university they will attend. Mr. Morimoto noted that advocacy will become especially important in the next few months since a decision must be made in May. Finally, Mr. Morimoto reported that there are several openings on the Regents and that he expects Governor Brown will fill those seats in the near future.

5. Finance Report - Amy Shin, Sherry Jacobs, Monisha Merchant

Ms. Shin introduced Ms. Merchant to produce the year end financials. Ms. Merchant stated that these were preliminary numbers and that CAA would finish the year in the black. CAA was able to bring in revenue in the form of sponsorships and other revenue streams to cover other program costs, a positive trend for CAA. CAA used to rely on healthy royalty partnerships with the university but the Association has begun transitioning out of such reliance.

M/S/A: The CAA Board of Directors approved the preliminary 2017 financial report.

6. Pinecrest Chalet Economic Forecast and Lair Capital Renovation Plan –  
Matt Terwilliger, Mike Yaley, Monisha Merchant

Ms. Hewlett introduced Mr. Terwilliger, Mr. Yaley, and Ms. Merchant. Mr. Yaley began with an overview of the Lair of the Golden Bear (“Lair”), CAA’s family camp which hosts approximately 9,000 campers during the summer season. The Pinecrest Chalet (“Chalet”) is CAA’s most recent property with about 25,000 guests per year. Both the Lair and the Chalet operate on a Special Use Permit issued by the US Forest Service.

The Chalet was purchased by CAA in 2009 in lieu of building a \$6-8 million build out of Camp Oski for winter operations. The Chalet has 24 units and 12 RV sites (six with full hookups). There is an amphitheatre, swimming pool, and it is near Dodge Ridge Ski Resort. During the summer, the Chalet is in very strong demand with high occupancy, and the fall season is solid. However, the winter is dependent on snowfall and the Dodge Ridge Ski Area being open. Spring has limited demand with unpredictable weather and no other local attractions open.

Income from the Chalet is considered 'unrelated business income' for IRS tax purposes. The Chalet is also an aging and out of date facility and needs significant investment to maintain the property. Over \$100,000 was spent in 2017 in order to bring the pool up to code and every unit needs a complete remodel and an expansive electrical upgrade was needed for RV sites as well.

Mr. Yaley reviewed Pinecrest Chalet's net contribution to CAA over the last few years. 2015 was \$95,018, 2016 was \$238,710, and the preliminary numbers for 2017 were - \$13,791.

Mr. Yaley explained that the recommendation is to begin due diligence process to explore a potential sale of Pinecrest Chalet by retaining an experienced broker, determining current market value, listing the property of sale, and presenting offers to Pinecrest Chalet Committee for review and approval. Mr. Mart clarified that this was not a vote to sell but a vote to explore selling. The action request for the Board meeting was to vote to authorize CAA staff to complete the Chalet sale due diligence process.

M/S/A: The CAA Board of Directors voted to begin the due diligence process to explore the sale of the Pinecrest Chalet.

Mr. Yaley then discussed the Lair of the Golden Bear. The Lair consists of Camp Gold (1949), which hosts 350 campers per week with 56 seasonal staff, Camp Blue (1957) which holds 350 campers and 56 seasonal staff, and Camp Oski (1996) which hosts 150 campers and 32 seasonal staff. The camps are contiguous on the north fork of the Tuolumne River and is under Special Use Permit from the US Forest Service. All buildings are property of CAA (approximately 250+ structures). These include 200 tent cabins, 15 bathroom/shower buildings, seven lodges/dining halls, a large maintenance facility with auto bay and woodshop that was built in 2006, and various other structures (more than 28).

In addition to the traditional week-long family camp, the Lair offers specialty programming at the front and back ends of the season, such as Family Weekends, Women's Wellness Weekend (adults only), Sports and Recreation Week (adults only), Bear Music Fest (family friendly), multiple weddings, College Prep Camp, and various other groups rent the facility when it's available.

The camp opens in early June and runs until late September. The opening and closing of the camp takes about one month each. There are five full time employees in Pinecrest, three in Berkeley, and three split their time between both. There are also almost 150 seasonal employees. The annual gross revenue of the camp is +/- \$5,300,000 and operating expenses are +/- \$4,000,000.

In 2001, the Lair underwent the process of developing a Master Development Plan. Since 1949, only necessary maintenance had been done and no major renovations had been completed. Many of the larger buildings/facilities were at the end of their remaining life. Infrastructure was crumbling and outdated. The plan was developed through a collaboration of industry professionals, Lair campers, and the US Forest Service. The

plan estimated a 15-year build out at a cost of \$17 million. To date, the Lair has spent about \$12 million. Many major projects are yet to be completed. The majority was spent from 2006-2012 went to all new bathrooms (10 total), pools at Camps Blue and Gold, all new recreation areas, and numerous new tents and small projects. Remaining projects include Camps Blue and Gold Dining Halls (\$1-2+ million for each), 'Spine' road (\$500,000-\$1 million), 100+ camper tents (\$2 million+), Oski Campus (\$6-8 million), and smaller projects approved in the plan (\$2-3 million).

Mr. Yaley noted that now the Lair is recommending a five-year plan for Lair Capital Improvement Fund with a target amount of \$500,000/year with potential fund sources as private donations, a capital campaign, loans, proceeds from sale of the Pinecrest Chalet and the Life Membership Fund. Next steps include revisiting the asset reserve study that was completed in 2010 and presenting an updated plan for approval to the Board Finance Committee.

7. Closed Session: Pinecrest LLC Update and Next Steps - Rob Kornegay and Mark Parnes – Wilson Sonsini Goodrich & Rosati

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.

M/S/A: The CAA Board of Directors voted to begin the due diligence process to explore the conversion of the Lair of the Golden Bear to a Limited Liability Corporation (LLC).

8. Closed Session: Review of Non-Profit Wages as Compared to CAA – Amanda Pouchot

Mr. Mart put the meeting into closed session for Board discussion and excused all non-voting Directors and CAA Staff except for CAA Human Resource Senior Director, Jenny Robles.

Mr. Mart brought the meeting back into open session.

M/S/A: The CAA Board of Directors approved the Senior Management team salaries as consistent with comparable nonprofit salary benchmarks.

The Directors enjoyed lunch with CAA staff, 12:00pm – 1:00pm

1:00pm: Public Comment

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

9. Awards Committee Report - Catherine McKee

Ms. McKee noted that the Awards Committee worked together with the UC Berkeley Foundation committee members to select the following 2018 Achievent Award recipients who will be honored on May 10, 2018 at Berkeley Charter Gala:

- Alumnus of the Year: Barry C. Barish
- Berkeley Founders Award: Warren E. Spieker, Jr.
- Campanile Excellence in Achievement: Elizabeth Hausler, Alfredo Quinones-Hinojosa, Amy Trask, and Cher Wang
- Fiat Lux Faculty Award: Jennifer Doudna
- Mark Bingham Award for Excellence in Achievement by Young Alumni: Alexa Koenig and Rulette Mapp

10. Announcements - Eric Mart

Mr. Mart reminded the Directors of the Board giving goal and mentioned the Big Give on March 8, in which the Directors can donate to CAA or campus. Mr. Mart also reminded everyone of Berkeley Charter Gala on May 10 and Charter Day on March 23. Additionally, Mr. Mart mentioned the Leadership Luncheon on March 8 and highly recommended that the Directors attend if their schedules allow.

11. Progress Report on Strategic Plan - Susie Cohen Crumpler

Ms. Hewlett noted that CAA measures its progress against the Strategic Plan through the Key Performance Indicators, which correlate with the CAA Scorecard. Ms. Hewlett introduced Ms. Crumpler.

Ms. Crumpler stated that CAA senior management ensures that all staff members are thinking about their activities in alignment with CAA's Strategic Plan priorities. When staff builds their goals for the year, they are aligned with the overarching mission and plans. Ms. Crumpler noted that the strategic directions are there to focus our efforts on engaging the greatest number of alumni, to strengthen partnerships with campus, UDAR, and other colleges and associations.

In 2017, CAA engaged 133,104 alumni through CAA programs. CAA's goal is to actively engage alumni and to increase this number up from 133,104 to 500,000 over the five year plan. While the number is growing, another key metric is that CAA is still engaging alumni who are already engaged and nurturing these relationships. Ms. Crumpler noted that digital engagement is coming into play, which creates more ways for alumni to be engaged and active.

There is also a newly refreshed scorecard which shows the health of the organization. This year, CAA is taking some of the old KPI spreadsheet and incorporating it into a continually updated scorecard. About 95% of it is now automated.

Ms. Crumpler reviewed the Core Strategies for the 2018-2022 Strategic Plan.

- Core Strategy 1: Prioritize high-yield alumni engagement activities that target key alumni market segments, supported by a data-first mindset.
- Core Strategy 2: Serve as the hub that connects alumni to each other and to the multiple facets of our alma mater.
- Core Strategy 3: Ensure all Cal alumni are aware that CAA aims to reach, serve, and engage all alumni of UC Berkeley.
- Core Strategy 4: Orient CAA as an indispensable partner with campus in building a coordinated relationship with alumni.
- Core Strategy 5: Demonstrate to current students, during key milestones in their student life cycle, that CAA and the alumni community are important catalysts and partners in their success.
- Core Strategy 6: Pivot resources toward current and new revenue businesses that can produce the highest yield in financial ROI while also building alumni engagement.

Mr. Mart stated that the point of having this presentation on the board agenda was to ensure that the Board is reviewing the strategic plan on a routine basis and examining progress. Ms. Crumpler also noted that CAA does not have monthly targets, so it would make sense that the scorecard updates would be viewed on a quarterly basis.

Next, Ms. Tran described some possible initiatives that CAA is undertaking or could undertake to better reach young alumni. For instance, she noted that some chapter boards have a Young Alumni board member. Over fall and summer, CAA is partnering with chapters as to how to rethink graduates as they spread out over the country for employment. A lot of new initiatives have been focused on graduating seniors and how to continue tracking them to ensure they remain engaged.

## 12. Closed Session

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

The CAA Board meeting adjourned at 4:15 pm.