# TREE FUND MEMORANDUM

March 31, 2016

Fm: J. Eric Smith, President and Chief Executive Officer

To: TREE Fund Trustees

Re: TREE Fund Endowment Building Campaign

## INTRODUCTION AND ASSUMPTIONS

Before providing a proposed campaign structure for pursuing an ambitious endowment building campaign, I want to open this memorandum by clearly documenting a series of assumptions related to Board-approved goals, definitions of terms, and timing for achieving our shared objectives. These assumptions and the proposed courses of action that follow them were provided to and discussed with the Finance, Executive and Development Committees of the TREE Fund Board of Trustees during March 2016. This current document incorporates comments and clarifications received during this process, and it is presented to the full Board with those Committees' concurrence.

During the hiring process for a new President and Chief Executive Officer, members of the Search Committee communicated to me in writing that the Board of Trustees had defined a goal of tripling the TREE Fund's endowment from ~$3.0 million to ~$9.0 million by 2020. This goal has also been discussed publicly in a variety of settings since I was hired, although it is not specifically identified in the Strategic Plan approved by the Board at its May 4, 2015 meeting. The only numerically explicit financial objective contained in the Strategic Plan is that we produce "a system that generates $2.5 million annually in revenue by December 2017." The Strategic Plan also sets the objective of issuing at least $300,000 per year in grants, beginning in October 2015; we did not hit this goal in 2015, but have budgeted to do so in 2016.

With normal operating costs (exclusive of grants) running at ~$650,000 per year, I am operating on the assumption that the "$2.5 million annually in revenue" goal was intended to be a short-term one in pursuit of an endowment building campaign, with the significant surpluses embodied by that revenue goal being invested with Chicago Community Trust (CCT). It would be virtually impossible to seek such a level of sustained annual revenue independent of the endowment building campaign; even if we triple our annual grants upon completion of the campaign, I see no model where would we need or be able to wisely spend $2.5 million annually in revenue.

For the purposes of this proposal, therefore, I am using the December 2017 Strategic Plan deadline as the point where we must be operationally ready for an intense – but time-limited – campaign to secure significantly more funding (i.e. the $2.5 million per year goal), and the December 2020 deadline provided to me during my hiring as the point when the campaign would close, with its financial objectives completed. I have backed my timelines down from these two anchor points, and explain how I would recognize campaign completion in the narrative below.

I also want to clarify the definition of the word "endowment" to ensure that we have a full understanding of our assets with the CCT going into this process. Technically, an endowment is composed of funds which are restricted in perpetuity, but only a portion of our total investments with CCT are so restricted at this time; per our year-end 2015 audited financial statement, our assets with CCT are allocated as follows:

| | |
|---|---|
| Permanently restricted (traditional use of the term "endowment"): | $1,275,812 |
| Temporarily restricted: | $1,232,442 |
| <u>Unrestricted:</u> | <u>$ 419,122</u> |
| Total: | $2,927,376 |

It is very important to note that the CCT treats all of the funds it administers as *its own* endowment, and refers to this pool (and our portion of it) that way in its written and verbal communications with the Trustees. The nature of our relationship with CCT is that all of our assets are essentially given as irrevocable gifts to them (we receive charitable gift acknowledgments from CCT, not investment receipts) with ~4.5% per year then being accessible for our use. Should TREE Fund desire more be taken from the CCT account than this amount, our Trustees may advise CCT of this desire, but CCT reserves the right to decline it, because they view *their* endowment (including our funds) as being permanently restricted.

There are pros and cons to dealing with community foundations like CCT, with loss of full asset control clearly being the largest con. Given this relationship, the Trustees may wish to permanently restrict many, if not all, of the funds invested with CCT to provide clarity of terminology and intent. The Trustees might also consider that other investment accounts be established for legitimately temporary or unrestricted funds, so that we maintain more active control over their use. This could prove germane should we be successful in the fundraising campaign discussed below.

With all of that as preamble, for the purposes of this proposal, I will use the word "endowment" to refer to the totality of our CCT investments (~$3.0 million), understanding that to be the Board's intent. When we develop our marketing and solicitation materials for this campaign, however, we should be clear with our terminology to ensure that we do not create confusion or ill will from donors about how their funds will be invested and managed.

## <u>CLEARLY DEFINING THE GOAL</u>

The statement "triple the endowment to $9.0 million" is a good shorthand goal, but it is subject to situational conditions. If the market tanked next month, and our endowment shrunk to $1.0 million, then we would hit the tripling goal by getting it back to $3.0 million, while the $9.0 million goal would constitute a nine-fold increase. Conversely, if the market experiences rapid growth and our endowment increases to $6.0 million a year from now, the $9.0 million goal would represent only a 50% gain on our holdings.

For planning and execution purposes, these are very different scenarios, and we want to all be clearly working toward a single, measurable goal. It is preferable for this campaign, therefore, to have a standalone financial goal that is independent of current investments or operating balances. The clearest message we can offer is "We need to raise 'X' number of new dollars by 'Y' date." Performance against such a message is then easily measured, removing the vagaries of the market.

There are numerous steps that should be taken before such an explicit goal is announced publicly, and I discuss those steps in detail below. That being the case, however, it is still optimal to go through those planning steps with an end result in mind. I would like to set our baseline goal per the table below accordingly, recognizing efforts underway through December 2017 for the UARF via the PG&E matching grant and the Collier Arborist Training Trust (CATT) campaign, and also recognizing that documented planned gifts can and should be considered part of our portfolio, even if they are not received in cash during the campaign period itself.

**Funds Present or Campaign in Process Through December 2017:**

| | |
|---|---|
| Current Investment Balance: | ~$3.00 million |
| PG&E Matching Program (Maximum) : | ~$0.25 million |
| Required Match to Reach PG&E Maximum: | ~$0.50 million |
| CATT (Donor Advised Goal): | ~$0.75 million |
| Heritage Oak Society Pledges (Estimate): | ~$0.50 million |
| **Subtotal** | **~$5.00 million** |
| **Desired Investment Balance (Less Market Flux)** | **~$9.00 million** |
| **Needed New Funding (December 2017 to 2020)** | **~$4.00 million** |

Summarizing this, I would recommend that our campaign have two phases:

- **Phase One:** Complete the PG&E Matching Program and reach donor advised goals for the CATT by December 2017, while also conducting a feasibility study, developing marketing materials, preparing event donors for possible gift transition, developing enhanced unrestricted operating funding, and establishing a Campaign Committee pledging lead gifts (more on all of this below), all to support . . .

- **Phase Two:** A $4.0 million public endowment building campaign to be launched in January 2018 and completed by December 2020.

## WHAT COUNTS TOWARD THE GOAL?

Phase One initiatives already active in the public domain will give staff the crucial opportunity to develop needed fundraising skills and capacity as we transition from a heavily event-dependent model to a model that prioritizes endowment and unrestricted operating funding. We have relationships in place with UAA, the CATT Advisory Board and our other current corporate partners and individual donors to leverage our in-house capacity toward these current initiatives, but it requires a shift in both internal attitudes and activities, and external narratives about who we are and what we do. Success breeds success, and by proving our capacity to secure the UARF and CATT funds between now and the end of 2017 – and then demonstrating an equally important capacity to quickly disseminate increased funding for innovative and impactful research – we will position ourselves well for the Phase Two general endowment building campaign.

There are several options to consider in defining "what counts" against the $4.0 million Phase Two goal. I recommend the following approach.

- Well-formed cash pledges may be paid in increments over five years with the entire value of the pledge being counted toward the campaign goal, even if the latter years are to be paid after the December 2020 Phase Two campaign end date. If a development pledge is properly documented, it can be posted to the general ledger as an account receivable, increasing our balance sheet accordingly. We may receive some of our largest pledged multi-year gifts deep into the campaign, and must be able to consider these receivables as part of our campaign goals.
- Well-formed planned gifts are not actuarially likely to be received as cash until after the December 2020 Phase Two campaign end date, but their estimated value should be applied toward the goal. We may receive some of our largest gifts via estate planning, charitable gift annuities, or other deferred income which could show up the day after it is pledged, or could not arrive for decades. We do not want to create perverse incentives in a campaign by favoring smaller immediate gifts more than we value potentially much larger deferred gifts. We may have long-term supporters who are reaching a point in their lives where they want to make gifts from their assets rather than their income, and we must be receptive to and supportive of such deferred gifts. While many types of planned gifts cannot be applied as accounts receivable, they are an important part of a development portfolio with significant out-year value, representing in many cases the legacies that long-term supporters wish to leave as a final declaration of support for their chosen charitable cause(s).
- In-kind gifts or gifts of real property or other non-monetary assets would only be applied toward the campaign goal if we can sell them and place the cash under CCT advisement. Gifts that could support the campaign but which cannot be monetized would be acknowledged under our Corporate Partners program for general operations, but not counted toward the campaign goal.

## BUILDING THE PYRAMID: HOW MANY GIFTS, AND HOW BIG?

Fundraising pyramids are mathematical models that give development staff and volunteers a sense of how many gifts at various levels will be required to reach a desired goal. Sometimes the act of building a pyramid demonstrates that the desired goal is too high or too low, or that the lead gift required to anchor a campaign may be larger than initially considered. It is important to keep in mind that campaigns like this one are undertaken only periodically, and that current operating donors are encouraged to make large one-time gifts on top of their annual support, not in lieu of it.

For a starting set of assumptions in building a pyramid: a typical lead gift for a campaign is about 10 percent of the campaign goal, which ideally is also about 10 times the size of an organization's largest sustained annual gifts; four prospects are required for every gift successfully secured; ~60% of the total funds to be raised should be secured in a quiet phase before a public goal is announced; and the donors behind the lead gifts will generally serve as the Campaign Committee (or at least the honorary leaders of a campaign operationally managed by others). Our current largest sustained cash gifts are $50,000 (50% of STIHL's $100,000 gift is in in-kind marketing support), so a 10% Phase Two lead gift goal of $400,000 is about eight times that level, which is within acceptable bounds.

The pyramid built by rote from these assumptions looks like this:

**MAXIMUM GIFT AT $400,000**

*(10% of goal, 8 times largest current sustained annual operating gift)*

| Gift Size | Number of Gifts | Level Total | Prospects (4:1) |
|---|---|---|---|
| $ 400,000 | 1 | $ 400,000 | 4 |
| $ 200,000 | 2 | $ 400,000 | 8 |
| $ 100,000 | 4 | $ 400,000 | 16 |
| $ 50,000 | 8 | $ 400,000 | 32 |
| $ 25,000 | 16 | $ 400,000 | 64 |
| $ 10,000 | 40 | $ 400,000 | 160 |
| $ 5,000 | 80 | $ 400,000 | 320 |
| $ 2,500 | 160 | $ 400,000 | 640 |
| $ 1,000 | 400 | $ 400,000 | 1,600 |
| $ 500 | 800 | $ 400,000 | 3,200 |
| | **1,511** | **$ 4,000,000** | **6,044** |

*YELLOW HIGHLIGHT EQUALS QUIET PHASE*

This is a problematic pyramid for us, frankly. We would need over 6,000 prospects capable of giving $500 or more, and our current database only has about 8,000 names, many of whom have never contributed. This would also require 71 gifts (and 284 prospects) in the quiet phase to get to the 60% threshold for public campaign announcement, creating an unwieldy list of lead donors, and requiring the feasibility study to be larger than would be optimal (more on that below). It is clear to me that we need to inject one larger lead gift to achieve desired goals, resulting in the following steeper pyramid with a narrower base:

**MAXIMUM GIFT AT $800,000**

*(20% of goal, 16 times largest current sustained annual operating gift)*

| Gift Size | Number of Gifts | Level Total | Prospects (4:1) |
|---|---|---|---|
| $ 800,000 | 1 | $ 800,000 | 4 |
| $ 400,000 | 1 | $ 400,000 | 4 |
| $ 200,000 | 2 | $ 400,000 | 8 |
| $ 100,000 | 4 | $ 400,000 | 16 |
| $ 50,000 | 8 | $ 400,000 | 32 |
| $ 25,000 | 16 | $ 400,000 | 64 |
| $ 10,000 | 40 | $ 400,000 | 160 |
| $ 5,000 | 80 | $ 400,000 | 320 |
| $ 2,500 | 80 | $ 200,000 | 320 |
| $ 1,000 | 100 | $ 100,000 | 400 |
| $ 500 | 200 | $ 100,000 | 800 |
| | **532** | **$ 4,000,000** | **2,128** |

*YELLOW HIGHLIGHT EQUALS QUIET PHASE*

This pyramid creates a more manageable quiet phase and requires a more realistic prospect pool – although obviously it is a heavy lift to find and close a gift 16 times larger than the current sustained lead operating gift. That being said, I would likely appeal to the human preference for increments of fives and tens, and try to secure one $1.0 million gift, and one $500,000 gift to anchor the campaign, taking pressure of the next tiers of gifts.

I must note that the pursuit of the largest gift levels here represents a fundamental change of sea state for TREE Fund, but an essential one if we are to achieve our desired goals. For those lead gifts, we need to be receptive and prepared if one or more of our long-time operating supporters (corporate or individual) decides to make a "terminal gift" of this variety, forsaking future operating support. For those largest lead gifts, that will be a worthy tradeoff, though we would need to ensure that the vast majority of lower tier gifts made their endowment contributions atop their operating gifts.

If we assume that total corporate partner support for the STIHL Tour des Trees should not exceed the expense of the Tour (e.g. do not use the Tour to underwrite operations), then we have room for a corporate partner or two to make such a switch. I also consider our operating cash reserves may be excessive given the very limited liabilities we have with no real property and a small staff; if we manage "closer to the bone" through the campaign period, we will also have some room to transition support from operating to endowment. But even with these shifts in perspective, we will need to manage an integrated fundraising program that seeks increased unrestricted operating funding at the same time as we are seeking endowment funding, and also changing our ISA International event to be more of a "friendraiser" than a fundraiser. These are formidable, challenging tasks.

As I have been noting in my visits around the country, our proposed campaign will also require us to "open the circle" to new donors, and we will need input and introductions from current supporters to make the number and size of connections required to achieve our goals. We have little to no history seeking funding from government and private foundations, but would need to thoroughly research such sources and walk through the (often time-consuming and labor intensive) processes of cultivating connections, passing through the inquiry phase, and crafting compelling narratives to secure such funding wherever possible. That said, we must also be realistic and note that as a grant-making organization ourselves, many other foundations will not be inclined to fund us as a "middleman" between their own charitable missions and the ultimate recipients of their gifts. Family foundations would likely be the most fruitful angle here.

## FEASIBILITY STUDY, QUIET PHASE AND CAMPAIGN LEADERSHIP

In some ways, we've put the cart before the horse by publicly discussing the "triple the endowment to $9.0 million" goal before doing the work to determine whether it is feasible or not. It can be hugely detrimental to an organization to state a campaign goal in public and then fail to achieve it. We could increase the endowment to $7.0 million by 2020, for example, which would allow us to more than double annual research spend, but that campaign would be viewed as a failure if the $9.0 million goal was widely discussed and remembered.

Campaign feasibility studies are designed to provide an accurate sense of whether and when an internal goal should be externally promulgated. They involve a series of interviews with key constituents to create the best possible campaign "call to action" appeals, and also to gauge those constituents' potential interest in supporting the campaign, and at what levels. (Note that the feasibility study is not the ask itself; participants are usually given a range of gift levels and asked where they think they might fall, and then whether they have friends, colleagues or coworkers who might fall at that same level or higher). The feasibility study is also an important tool for building the campaign committee, as people often identify their willingness (or lack thereof) to take on such volunteer roles during their interviews.

The best feasibility studies are those conducted with third party assistance: people will often be more candid in such interviews than they will be in face-to-face interviews with current staff or Board members, since they will not want to be as critical to us to our faces as they might be with a neutral third party consolidating interview data. Such candor, including criticism, is crucial: we need to know where our weakest stories and connections are if we are to work through or around them. I recommend engaging a consultant to work with me on this task accordingly.

If we conduct a campaign feasibility study and none of the ~32 people close to TREE Fund who we interviewed were willing to even conceptually commit to gifts of $50,000 per year or more (in cash or planned gifts), nor knew anybody else who would be, then that would be a clear indication that our goal is not realistic and must be revisited. This step is a key one accordingly to creating a public campaign that represents an organizational stretch, yet is realistically attainable.

In advance of the feasibility study, I recommend engaging a wealth screening study using a third party provider with expertise in pulling hidden prospects from within existing organizational databases. A wealth screening consultant takes an export of our Raiser's Edge database and filters it through their own larger development databases, seeking to identify key prospects through a variety of socioeconomic indicators (e.g. relative wealth of home ZIP codes), philanthropic giving to other causes, professional or personal relationships with existing major donors, etc. These studies can reap sizable dividends when hidden wealth is discovered behind long-term low-level donors who have yet to reach their full giving capacity. If our feasibility study interview pool could include at least a third of its population from such "low engagement" prospects, it could give us a strong sense of whether our message will be effective beyond those with an existing deep involvement with our work.

(I must note here for the record that I do have concerns about the quality of our development database, so I am hopeful that the new person we hire to administer it will have the fairly formidable skills required to work with me on data mining and development of the various prospect lists and asks required of such a campaign).

Once the feasibility study is completed, campaign volunteer leadership must be established. Our campaign committee must be composed of individuals who are known and respected in the tree care community and beyond, are able to effectively communicate the TREE Fund's goals, and can make asks in its behalf, with or without direct staff assistance. Solicitors must ideally be committed donors themselves, be fully knowledgeable of the TREE Fund's gift acceptance policies, and have the ability to make peer-to-peer asks of key prospects. Asking for money (especially large gifts) can be extremely challenging for even the most passionate volunteers, so advance training and support (both tangible and emotional) is essential to campaign success.

The selection of a campaign committee can be a fine balancing act: sometimes those who most desire to take a prominent role of such committee are not willing or able to make gifts at the desired levels, and we would want to have those making the heaviest contributions be available to encourage others to do the same. It may be difficult for a $25,000 donor to make a compelling campaign ask for $1,000,000 – while it is much easier for a $1,000,000 donor to make a compelling ask for $25,000. The campaign committee must be deftly recruited and empowered accordingly.

While we would want some Trustee representation on the campaign committee to provide governance oversight, it should mostly be composed of people supportive of the TREE Fund, but not directly involved from a governance standpoint, thereby extending our capabilities, not just increasing the efforts of those already engaged. Businesses or individuals who have directly or indirectly benefited from TREE Fund grants may be willing to create new generations of beneficiaries by giving back through committee service in ways that tangibly leverage their earlier support.

Ideally, we would like the quiet phase of the campaign to end in December 2017 with all required gifts (60% of the target Phase Two goal, on top of UARF and CATT initiatives underway) being secured from within the campaign committee itself, though this does not always happen. If we do not have the full 60% by that time, we should focus first quarter of 2018 on getting to that point, with the public roll-out being shifted back as necessary into spring 2018. If we fall far short of the 60% mark at that point, we would need to revisit the public goal's level and/or timing at our May 2018 Board meeting.

This quiet phase would also be the time that we would work to secure at least four major ($100,000 or higher) donors from outside the tree care industry completely, to demonstrate to our long-time supporters that the campaign truly will not be built solely on their contributions, and that our success outside the industry is not limited to a one-off fluke. We need these names on the supporters' list before we go public to prove that our work has value beyond the tree care community.

## MARKETING AND POSITIONING THE CAMPAIGN

The endowment building campaign's marketing materials must be closely integrated and consistent with all aspects of our fundraising program, including planned gifts, operating appeals, and corporate partnerships for events. A campaign of this nature will succeed only if we create an inspirational, philanthropic purpose for it. At bottom line, people make charitable gifts because they want to change the world, not because they want to see an organization make incremental small ball changes to the status quo.

This will be another departure for us in some ways, especially with our corporate partners. Our historic relationships with many of them have essentially focused less on philanthropy, and more on the TREE Fund serving as an adjunct advertising agency, with the full value of gifts being returned *quid pro quo* in givebacks. There are financial ramifications to our current approach, as removing philanthropic intent from corporate partnerships and giving back the full value of the gifts dictates that such funds be treated as taxable earned income, and not as charitable support.

It would devastating for TREE Fund to raise $4.0 million in a Phase Two campaign and have to pay a sizable portion of it out as unrelated business income tax, so our case statement must be anchored in philanthropic terms, and we must severely limit the givebacks to allowable types of acknowledgment under relevant tax law (more on this below). The feasibility study will help us identify the most compelling philanthropic narratives, and these should be integrated first into our operating fundraising program (to prepare the market, so to speak), then into the campaign literature itself.

Per conversations at our December 2015 Board meeting, while our staff do a good job of producing and disseminating functional marketing materials within our current circles, we are not a public relations agency, so our reach and creative capacities are limited. We are working with STIHL this year under our corporate partnership with them to shift their in-kind advertising support away from the logistics of rider recruitment and Tour promotion, toward a more strategic positioning of TREE Fund in the public domain as a charity with clear purpose and impact. I recommend engaging a public relations firm to build on this work as we get deeper into the campaign, ideally soon after completing the feasibility study.

## STEWARDSHIP AND ACKNOWLEDGEMENT

Gift acknowledgment and stewardship are challenging for us in some ways, because we don't own any property, and therefore cannot offer the usual "brick and mortar" naming rights that some large donors expect when they participate in a campaign like we are considering. (Such naming rights are considered fair game from a charitable contribution vs taxable earned income standpoint, as they do not provide "substantial return benefit" to the donor). Our only current naming rights focus on discrete funds within the endowment (e.g. funds over $100,000 can be named and restricted to certain purposes), or sponsorships (e.g. STIHL serves as name sponsor for the Tour des Trees).

During the feasibility study, we will need to explore options with our participants on how they themselves or others might wish to be honored for their contributions. We need to be open and receptive to new approaches, so long as they are within our mission statement and are not elaborately complex or expensive. To cite but one possible example: we could offer to host an annual public education symposium named after a donor, possibly in the donor's home market, which brings in our researchers to share the results of their findings; the nominal additional costs associated with this would be well spent to secure a larger gift. Or we could offer to rename our general endowment fund after a major donor, as the largest component of our investments; there is no cost to doing so, beyond marketing the change.

We may not, however, create elaborate new advertising models for the gifts to be secured under the endowment building campaign, and as noted above, this is going to require a shift in how we approach donors, especially corporate ones. The feasibility study and quiet phase are good times to plant these seeds and promote the shift in messaging and intent, and response to those shifts will be crucial to measure and manage. We will need to have a campaign "one pager" soon after completion of the feasibility study for use by the campaign committee and lead donors, providing sufficient naming rights for those who desire them.

At a minimum, we will require eight gifts of $100,000 or more, so we must be prepared to have eight new named funds, each requiring its own application, review and reporting processes. That's a sizable increase over our existing pool of 11 named funds, and could require some changes to staffing and Research Committee structures to administer. All new programs created as a result of the campaign should be ready for roll out by Summer 2020 at the latest, though they may be launched as we move through the campaign process to demonstrate success in implementation.

**TIMELINE OF EVENTS**

| | |
|---|---|
| March 1, 2016: | Campaign proposal submitted to Finance, Development and Executive Committees; reviewed in committees through March with comments incorporated back into master. *(COMPLETE)*. |
| April 4, 2016: | Campaign proposal provided to full Board of Trustees for review and evaluation. *(COMPLETE)*. |
| April 15, 2016: | Complete hiring and in-boarding process for two new staff positions (within approved budget levels), reconfigured with clear emphasis on campaign as part of assigned duties. |
| May 16, 2016: | Campaign proposal approved for implementation by full Board of Trustees. |
| May 20, 2016: | RFP issued for feasibility study contractor. |
| May 30, 2016: | Database export for wealth screening contractor completed. |
| June 30, 2016: | Wealth screening review completed. |
| July 10, 2016: | Formal, documented moves management system implemented to cultivate ~120 key prospects. |
| August 20, 2016: | Feasibility study contractor engaged with ~32 prospects identified to participate. |
| September 1, 2016: | RFP issued for public relations firm. |
| October 30, 2016: | Feasibility study interviews complete. |
| November 30, 2016: | Feasibility study report complete. |
| December ?, 2016: | Board of Trustees review progress to date at annual winter meeting and approve launch of quiet phase. |
| December 20, 2016: | Public relations firm engaged to develop materials incorporating feasibility study findings. |
| March 1, 2017: | Campaign committee leadership identified and confirmed. |
| March 15, 2017: | Initial campaign marketing materials ready to support quiet phase. |

| | |
|---|---|
| December 1, 2017: | Quiet phase complete after UARF and CATT goals achieved, and an additional ~$2.4 million (60% of goal) in pledges secured for Phase Two of campaign. |
| December ?, 2017: | Board of Trustees review progress to date at annual winter meeting and approve launch of public Phase Two of campaign. |
| January 30, 2018: | Second round of campaign marketing materials completed for public Phase Two. |
| February ?, 2018: | Public Phase Two of campaign launched, ideally with an open rollout event with significant national public relations potential. |
| October 1, 2018: | Additional $0.4 million in public pledges secured for Phase Two of campaign (total $2.8 million) |
| March 1, 2019: | Additional $0.4 million in public pledges secured for Phase two of campaign (total $3.2 million) |
| October 1, 2019: | Additional $0.4 million in public pledges secured for Phase Two of campaign (total $3.6 million) |
| March 1, 2020: | Final $0.4 million in public pledges secured for Phase Two of campaign (total $4.0 million) |
| May ?, 2020: | Board of Trustees review progress to date at annual springmeeting and evaluate whether fundraising efforts are complete or should be continued deeper into 2020. |
| July 1, 2020: | All new programs or grants required under gift terms ready for rollout and implementation. |
| October 1, 2020: | Final campaign report, ideally presented at a formal closing event with significant public relations potential. |

## CONCLUSION AND REQUEST FOR ACTION

I provide this campaign proposal with concurrence from the Finance, Development and Executive Committees, who met via teleconference in March 2016 to provide feedback and comments, which I will integrated into this document. This campaign is going to require heavy lifts from all staff and Trustees, including personal contributions to the campaign; we will need to demonstrate 100% participation, even if at nominal values.

At our May meeting, I will request full Board approval of the plan and begin implementation immediately thereafter. As noted numerous times in this document, this is a challenging undertaking, but one with the potential to truly transform our organizational effectiveness.

I appreciate the Board's vision in seeking to make such a change, and I look forward to leading our team through to its successful completion.

Respectfully submitted,

J. Eric Smith, President and Chief Executive Officer