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# UWC-USA Board meeting update

June 3 2022

*UWC-USA Capital Campaign Committee Report  
for the Trustees of the Board meeting on June 3 2022 in NYC*

## Why a capital campaign?

IN 2024 we will celebrate the 40th graduating class of UWC-USA, which was founded in 1982. As we reflect on 40 years of education, we recognize 4 key challenges facing us, which we see as 4 opportunities which can help us grow over the coming 40 years, namely:

### 1. State of our facilities

UWC-USA has a large campus (223 acres) in a beautiful remote mountain setting with many disparate buildings (from the historic castle, to the mid-century lower campus, to modern facilities like the Field House).  
The deferred maintenance bill is increasing and is currently approx 7.5% of our budget (\$750k annually)  
The campus infrastructure is in poor condition and in need of major upgrades  
The density of students is low, creating fewer opportunities for interactions.  
The campus could accommodate other concurrent uses, but currently doesn't.  
The campus gobbles increasing amount of resources which could otherwise go towards programs or scholarships.

⇒	It is thus time to reflect on those challenges and address them by re-imagining the physical infrastructure of our campus
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### 2. State of our scholarship endowment

Although we have a generous endowment compared to many schools our size, it falls short of covering our annual operational expenses for an institution committed to diversity, equity, access and inclusion made possible through a scholarship, rather than a tuition-based model. The delta is covered in part by an annual fund campaign, and in part by a match from Shelby Davis. The Davis portion is now ending, creating a \$2m gap in our budget. We thus would like to top-up our endowment ie raise money for more fully endowed scholarships so we don't have to reduce the number of our scholarship students (in favor of fee-payers) or worse, draw down on our endowment

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⇒	It is thus time to reflect on how to add to our endowment to ensure long term financial sustainability of our US operation.
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### 3. State of our talent pool

While we have been historically able to attract fantastic talent to UWC-USA (educators, residential staff, admin staff), our remote location without much nearby infrastructure has increasingly become a challenge. In short, staff expectations have grown, but what Las Vegas offers has not. This has in turn made recruiting harder, and created more churn, as staff leave when they have children (unconvinced by local schools on offer), or grow tired of commuting to Santa Fe. Local housing is low in supply (and varying quality). Though some remote arrangements are possible, our budget currently doesn't provide much room for more staff focused initiatives such as on-campus housing, school for young children etc

⇒	It is thus time to reflect on how to truly ensure excellence in our staff given the local context, by considering a dedicated endowment for staff retention initiatives
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### 4. State of Montezuma climate

NorthEast New Mexico is now in the 20th year of a historical drought, rooted in climate change. This makes both water really scarce given our current use and creates a dangerous situation given nearby forest fires. Twice now the campus has been threatened by flames and only saved by major firefighting interventions. This makes insuring the school very hard, and soon potentially impossible, leading us to undesirable self-insurance options. Some of our facilities are either directly affected (i.e. our large football field is turning to dust due to lack of irrigation options), and indirectly, as wilderness activities in the nearby Pecos become impossible due to fires. On the positive side, our campus farm is thriving, even with low irrigation.

⇒	It is time to reflect on our location, how to adapt to climate change by rethinking our land use and how we can best conserve water, and preserve soil moisture to mitigate the threat of fire
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These 4 challenges are forcing us to look at how our location and facilities support our strategic plan and our UWC mission. Hard questions about location are rightly being asked and investigated. In all cases, major capital expenditures will be needed in the next 5 years to build and prosper over the next 40 years.

Hence the capital campaign.

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## What do we want to achieve with a capital campaign?

The comprehensive capital campaign has four goals, matching the challenges described earlier:

1. Raise capital to improve our facilities (upgrade existing buildings, build new buildings, re-assign old buildings to new uses, demolish unused structures). In short, our master plan proposes to consolidate campus life on the Eastern side of campus, moving all student residences in an upgraded castle and moving all classrooms into an academic quad based where the lower dorms currently stand. The auditorium and art center would form the new Western edge of campus. All structures West of the auditorium (science and language buildings, IT center, old stone hotel, library and president's house) would be either assigned to other uses (via a partnership) or demolished. The preliminary cost estimate for this effort is about \$48m (including future deferred maintenance and some contingencies)

2. Raise capital to grow our endowment fund. Our main endowment fund is for scholarships. Since our funding gap is about \$2m since Shelby Davis's match ended, and since we are targeting a maximum draw of 5% per year from the endowment, we would need to raise about \$40m to cover the \$2m shortfall in annual revenue per annum forever while maintaining scholarship support at current levels).

3. Raise capital to start a staff-focused endowment fund to maintain excellence. This would be focused exclusively on staff initiatives such as help with housing, travel, school for younger kids, etc. Penciled endowment amount set at \$10m (which provides \$500k per year). This is modeled around other similar efforts, such as Nueva School in California.

4. Raise capital for major sustainability efforts. Energy-wise, the campus is on target to be carbon-neutral. This element of sustainability is built into the existing facilities budget as an integral part of the proposal. The only supplemental line item is for landscaping efforts. This would re-imagine the football field to be more sustainable, including a smaller sports area, a food forest and regenerative agriculture pioneered at the school farm, as well as water conservation strategies through landscaping. Penciled capital amount at \$2m.

The sum of our needs for the capital campaign is thus \$100m: \$50m for capital projects and \$50m for endowments for the future.

Given current expected donor capacity, we have decided to set a \$50m target goal for this Capital Campaign, over its silent phase (next 2 years), with the hope to carry momentum into the subsequent public phase to reach a higher number.

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## Who is involved?

This capital campaign involves every stakeholder in UWC-USA in one way or another. Everyone has a role to play.

The Leadership team and the Board of Trustees created a 5 year strategic plan and a 10 year vision to best support the UWC mission.

Teachers, Admin, Students (present and alumni) and other campus stakeholders were involved in the elaboration of a campus Master Plan (created by AOS) which supports the above vision and mission.

In this very early 'silent phase', the Capital Campaign team currently consist of:

**Sebastien de Halleux** - Capital Campaign Co-Chair (alumnus)

Former UWC-USA trustee, UWC alum, serial technology entrepreneur, currently working for the Capricorn Investment Group (a climate-focused investment fund). Originally from Belgium. Based in San Francisco CA.

**Carla Piñeyro Sublett** - Capital Campaign Co-Chair

Former Chief Marketing Officer at IBM, previously at National Instruments, Dell. Trained as an architect. Board member at the Aspen Institute. Originally from Uruguay. Lives in Austin TX.

**Patricia Bandeira Vieira** - Capital Campaign team member (alumna)

UWC alum, Princeton alum, currently working at KKR (private equity), fundraising for global real-estate development projects. Originally from Portugal, lives in London.

**Victoria Mora** - UWC-USA President

**Mark Hodde** - UWC-USA Chief Advancement Officer (alumnus)

Working closely with

**Melanie Weston** - Head of the Advancement Committee (alumna)

**Justin Lee** - Head of the Facilities Committee (alumnus)

**Ben Jones** - Head of the Strategic Planning Committee

**Aly Kassam-Remtulla** - Chair Elect of the UWC-USA board

Supported by

**Todd Austin** - Special Assistant to the Presidents of UWC-USA

**TBH** - CFO of UWC-USA

External consultants - The Discovery Group - <http://www.thediscoverygroup.ca/>

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All alumni, parents, friends and historical supporters of UWC-USA

The international office (to prevent overlapping outreach of internationally based donors)

## When will the campaign take place?

The silent phase was planned in 2020-2021 and kicked off in early 2022.

Lot of ongoing activities, including many donor discussions are underway

We are currently working on the following timeline:

- 2 years to raise majority (silent phase, targeting > \$50m)
- Announce campaign at our 40th anniversary (2024)
- 2 years to complete (public phase)
- 3 years to build / implement (concurrently)

## How are we approaching the campaign?

The campaign planning flows from the following process

### 0. UWC Mission

The UWC mission is of course what we are trying to support and strengthen over the next 40 years and beyond

*Making education a force to unite people, nations and cultures  
for peace and a sustainable future.*

### 1. UWC-USA Strategic Plan

This document is the summary of intense work by the UWC-USA leadership team and board of trustees. The current plan has two phases:

- I. Strengthen the Foundation (which is well underway) and
- II. Innovate for Impact, a 10+ year view which underpins the campaign

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## 2. UWC-USA Masterplan

Following a competitive tender 2017, a firm called Atkin Olshin Schade (AOS) was retained to develop a campus master plan focused on capital improvements over the next 10+ years. Though core priorities have been identified, it is still a work in progress with regards to the future possibilities beyond core priorities. Several options have been developed, of which Option 1 is currently favored.

*"Option 1 proposes moving all residential to upper campus, making greater residential use of the Castle and constructing new dorms to meet required capacity. This would create a residential hub on the upper campus and use the lower campus for academic and experiential programming. Various buildings would be on lower campus, including the main academic quad on the east side and two buildings on the west side for future expansion of the campus."*

## 3. Design Feasibility Study

To detail the feasibility of the core priorities described in Option 1, a local architecture firm called DrawnXDesign (DXD) has been retained, specifically to assess, design and develop budget for 2 key components:

- I. The consolidation of student residences in the castle (renovating the 2 upper floors and a potential quad extension)
- II. The consolidation of academics quarter into a new lower campus academic quad (adaptive re-use of the 4 lower dorms)

Other components (such as landscaping and what to do with the other buildings on campus have not yet been detailed)

This fly-through gives further color to the proposed academic quad:  
[https://youtu.be/Thd9UwU\\_HX8](https://youtu.be/Thd9UwU_HX8)

## 4. Comprehensive Campaign

From the above, a comprehensive campaign plan has been drawn. 'Comprehensive' here recognizes that the capital campaign proper, as described above, is only a portion of other ongoing fundraising efforts (e.g., annual giving, plus targeted giving to endowment).

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We also plan to finalize a simple powerful name for this effort. (The last one was called 'Save The Castle'). Some ideas are:

- # Go beyond
- # Less is More
- # Basecamp

## Current status of the capital campaign

As of June 2022, we are currently working against a set of targets towards the initial \$50m as follows:

- \$10m from alumni major gifts and broad base giving
- \$8m from trustees (major gifts and via referrals)
- \$2m from non alumni current donors
- \$20m in matching gifts from superdonors
- \$10m from new anchor donors (outside existing network)

Our early campaign strategy currently has the following 6 thrusts:

1. Activate alumni major gifts (this is absolutely key for the future of UWC-USA)
2. Solicit all other stakeholders inside our UWC-USA network (expect a call!)
3. Ask for super donors to match all gifts
4. Find a few key new anchor donors
5. Explore a few wildcards (including mission aligned strategic partners for campus-sharing, in-kind infrastructure support, mission aligned crypto-communities, pro-bono service providers)
6. Leverage all available tax initiatives (New market Tax credits, qualified opportunity zones) which could enabled another 50%-100% on top of funds raised through gifts

All discussions are tracked centrally in a dedicated database and weighted for likelihood of an actual gift materializing. This allows us to get a bird's eye view while focusing on what matters.

Below is a summary of those probabilistic outcomes

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# UWC-USA Capital Campaign

## Progress tracker

As of 5/27/2022

### Pipeline by stage

Stage	Relationships	Total contribution potential	Probability	Risk-adjusted gift potential
Prospect	92	\$138,500,000	1%	\$1,385,000
Reached Out	4	\$1,300,000	2%	\$26,000
Qualified	33	\$17,200,000	5%	\$860,000
Conversation	15	\$59,700,000	10%	\$5,970,000
Verbal Commit	2	\$6,000,000	75%	\$4,500,000
Confirmed Commit	1	\$1,000,000	100%	\$1,000,000
<b>Total</b>	<b>147</b>	<b>\$223,700,000</b>		<b>\$13,741,000</b>

## Capital Campaign next steps

We are currently putting together a more fully formed execution plan for the campaign (i.e. how much do we ask, who do we ask, how do we ask, why do we ask), while in parallel doing 'discovery' meeting with potential donors and developing:

1. A strong capital campaign team
2. A donor-focused story (including student voices)
3. A pipeline of conversations to plan for (and convert to) gifts
4. The right collaterals (video, social, web, paper, press)

As always we welcome feedback and will be glad to incorporate into the above plan.

## Ask from the Board of Trustees

The Capital Campaign team has identified a few key asks from the Board:

### Stretch gift

100% participation from Trustees will be an expectation from any external new donor. Please consider what stretch gift pledge you can consider (which could be as a multi-year pledge) to support our building momentum. This is the time to lead by example. We are as always incredibly grateful for your outsized commitment in time and resources to UWC-USA.

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## Strategic plan and location

Following this Board Meeting, it will be key for the Board to share the final board-approved strategic plan. This is the corner-stone of the campaign and the Capital Campaign team needs to be able to represent to donors what our North Star is. Of particular importance is the location component, which the board might want to revisit since the last plan was drawn, in the light of the recent NM fires.

The last decision by the board was 'STAY' which was reached after a review of alternatives. If the board decides to change this to either 'MOVE' or 'STAY & ACTIVELY EXPLORE MOVE OPTIONS' this will have a major impact on how we approach the campaign. Should the board decide to revisit this important topic, the Campaign committee recommends a decision be reached and communicated by the September 2022 board meeting at the latest.

We do note that the UWC International Office (UWCIO) does have a full process for new campus evaluation should the Board decide to go down that route, which has resulted in the successful opening of many new UWC campuses in recent years, and this capability could be leveraged.

## Staffing and President's availability

Victoria Mora as President will play a key role as we solicit gifts from major donors. The committee therefore recommends the board to invest in the leadership team to free up time from the President for this purpose. Specifically we recommend:

- Investing in the search for a Head of School (new position running day-to-day on campus)
- As we explore how to best leverage tax incentive structures (NMTC and QOZ) and potential financial partnerships, investing in either retaining our departing CFO/COO as a consultant, or identifying a new candidate with relevant expertise

## Campaign investment

We finally recommend approving a small budget to cover campaign expenses specifically and ensure professional delivery to raise the \$50m+. This would include:

- Design of campaign collaterals (print, web, video)
- Assistance with Advancement efforts (intern/consultant reporting to Mark)
- De minimis legal advisory fees to explore tax options
- We recommend approving a budget of \$25k per year (i.e. a total of \$50k over 2 years of the silent phase or 0.1% of the target \$50m)

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## Donor referrals

We all can think of three people we should really consider as potential donors, inside or outside our UWC network. Please think carefully about who those people would be for you. Kindly write their name down and email them to the committee co-chair (email below). We will contact you individually to discuss each name, and will work with you to coordinate the best approach. In the meantime,

*On Behalf of the Capital Campaign Committee,*

*Sebastien de Halleux*  
*UWC-USA Capital Campaign Co-chair*  
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