

UWC-USA Board meeting update

February 10, 2023

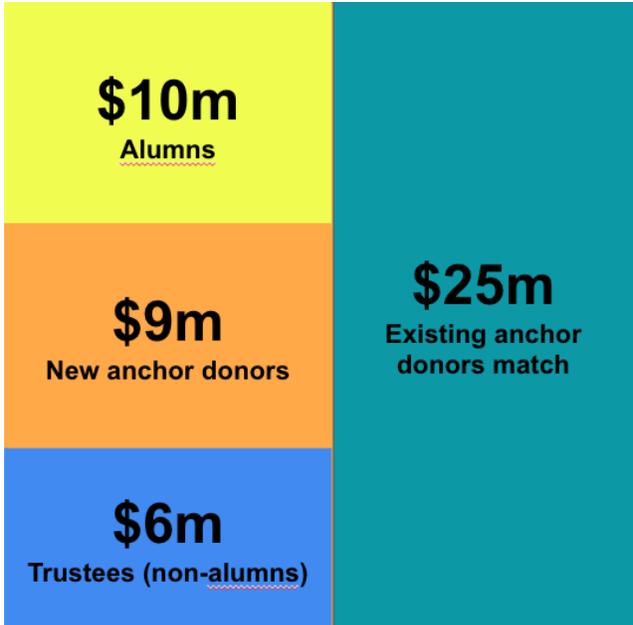
*UWC-USA Capital Campaign Committee Report
for the Trustees of the Board meeting on February 10-11, 2023 in Montezuma, NM*

Why a capital campaign?

For context and background on the UWC-USA Capital campaign, please read the June 2022 committee report (available [here](#))

Our North Star objective and progress to date

By 2024, we are planning to help UWC-USA raise \$50m to transform our Montezuma campus into an **'educational basecamp'** for the world. Our internal target is further divided into 4 key objectives summarized below



- 1. Alumni**
Objective: Raise \$10m in foundational pledges from a small group of alumni who are capable and willing to support the campaign with 7 figure gifts, supplemented by broad alumni support.

Progress to date: \$3.05m remains committed (\$1m confirmed and \$2m soft-committed) by the first 3 alumni, with several active conversations and more planned. Several alumni are exploring equity pledges in companies they created rather than cash gifts, and we are investigating the time compatibility of these with our campaign accounting and time horizon.

2. Non-alum Trustees

Objective: Raise \$6m from non-alumn trustees, So far \$5.5m have been verbally identified with many discussions still pending.

3. New anchor donors

Objective: Raise \$9m from 10 new anchor donors. Raising awareness for UWC-USA among new donors who are not currently connected to UWC-USA is a core focus of the Capital Campaign committee, not just to raise new funds but also to improve overall visibility of our school in new philanthropic communities. A healthy pipeline of new discussions has been achieved. We continued our geographic-focus efforts with recent trips to New York, Boulder, San Francisco, Hong Kong and of course many more via video-conference. Next targeted locations include Aspen, Chicago and Austin TX, each with an identified group of potential new donors.

It is noted that some prospective donors have already contributed meaningful expertise to UWC-USA, in areas such as tax strategy, real-estate advisory, educational programming and as event hosts or other non-cash contributions.

4. Existing donor matching gifts

The capital campaign team has approached existing generous supporters of the school to match capital campaign contributions to up to \$25m. Our initial ask was received positively but not formally confirmed. This remains a significant strategic risk which we are actively trying to transform into a strategic opportunity, with initial positive feedback and regular in-person contact.

Progress in numbers

UWC-USA Capital Campaign

Progress tracker

As of 1/30/2023

Pipeline by stage

Stage	Relationships	Total contribution potential	Probability	Risk-adjusted gift potential
Prospect	97	\$134,500,001	1%	\$1,345,000
Reached Out	9	\$5,210,000	2%	\$104,200
Qualified	23	\$18,800,000	5%	\$940,000
Conversation	26	\$55,950,000	10%	\$5,595,000
Verbal Commit	6	\$7,800,000	75%	\$5,850,000
Confirmed Commit	2	\$1,050,000	100%	\$1,050,000
Passed	9	\$1,610,000	0%	\$0
Total	172	\$224,920,001		\$14,884,200

A total of \$8.85m has been raised so far in verbal pledges, of which \$1.05m has been confirmed in writing, with a healthy pipeline of new conversations totaling \$15m in risk-adjusted potential capital campaign contributions.

Progress in actions

Our capital campaign is articulated in three phases:



- 2022-2023: Exploration (discovery phase)
- 2023-2024: Conversion (silent phase, \$50m target)
- 2024-2025: Amplification (public phase, beyond \$50m)

We are nearing the end of our first and critical phase of **Donor Exploration** and are entering a new phase of **Donor Conversion**, building on the foundation of phase 1. Our key learning

based on the feedback of external donors and advisors is that, compared with similar-sized institutions, we have a

- very strong background story
- compelling case for investment
- committed team of experience leaders
- and some early (soft) commitments

The Capital Campaign committee thus deems that successfully delivering the present \$50m campaign is not only within reach, it is doable. It also recognizes that the internal needs of UWC-USA stretch well beyond \$50m and might not be within immediate reach.

The next phase will all be about scaling up our efforts, partnering with the very best to allow us to reach our campaign goals swiftly and professionally, with existing and new donors.

Since the last board meeting, the Capital Campaign Committee has continued to

1. Build a strong capital campaign team

The core capital campaign team has welcomed **Abby Falik** as a new team member. Abby was introduced to us by Shelby Davis and was until recently the founder and CEO of Global Citizen Year. Abby brings with her a wealth of fundraising experience in a very similar domain (international gap years for high school graduates) and is currently an Entrepreneur-in-Residence at Emerson Collective, the impact fund launched by Lauren Powell Jobs. Abby’s bio can be found here: <https://www.linkedin.com/in/abbyfalik/>

We also had the opportunity to link arms with the incoming new leaders at UWCIO: **Faith Abiodun** (incoming Executive director, previously at the African Leadership Academy) and **Musimbi Kanyoro** (incoming International Board Chair, previously CEO of the Global Fund for Women), with whom we discussed active collaboration and mutual support, given the many overlap in donors relationships.

We are having discussions with other candidates located in key geographical areas to join the committee (eg Asia)

The Capital Campaign Committee team currently consists of:

<i>Volunteer Members</i>	<i>Leadership members</i>	<i>Trustee members</i>
<ul style="list-style-type: none"> • Sebastien de Halleux (Co-Chair) • Carla Piñeyro Sublett (Co-Chair) • Abby Falik (member, CA) • Patricia Bandeira Vieira (member, London) 	<ul style="list-style-type: none"> • Victoria Mora (President) • Mark Hodde (Chief Advancement Officer) 	<ul style="list-style-type: none"> • Aly Kassam-Remtulla (Chair) • Melanie Weston (Head of Advancement Committee)

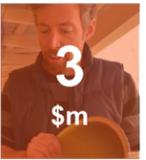
2. Develop a donor-focused story

The core campaign story is evolving given new donor discussion and feedback. We have currently simplified our case to comprise 3 key components: Place, People, Programs, further discretized in specific components as listed below.

Investing to transform life on campus into a blueprint for possibility...

 25 \$m	 7 \$m	 26 \$m	 3 \$m	 5 \$m	 2.5 \$m	 0.25 \$m
Consolidated residential life in the historic Montezuma Hotel	Expanded Montezuma Hotel dormitory capacity	Consolidated academic life in new Academic Quad	Climate-resilient outdoor class rooms, sports field, food farm	Sustainable water infrastructure	Renewable energy infrastructure	Inclusive campus (ADA upgrades)
Transformation of the "Montezuma Castle" to a fully-utilized convergence space for the future by making it the administrative center of campus and a full-scale residential building where students from across the globe (and outside groups when students are not on campus) live and learn together. To complete the buildout with administrative offices to anchor the public-facing parts of the building, student residences, residential coordinator residences, retrofits, and the necessary upgrades to welcome students of all physical abilities will require an investment of \$25 million.	To avoid using basement as dormitory, a proposed rear extension of the Castle (enclosing the courtyard) would avoid having to transform the basement into dormitories to accommodate all students	Transforming four buildings through adaptive reuse into sustainably-built, inspiring classroom spaces will equip our students with the skills they need to meet the challenges of the 21st century. The four-building academic hub will take an investment of \$26 million. This includes four buildings that will require an investment of \$6.5 million each.	Transforming the large open area at the entrance to our campus into a demonstration of our commitment to peace and a sustainable world by developing a food forest, guided paths, solar-powered outdoor classrooms and recreation areas that will also provide a welcoming point of entry to an immersive experience that will help our students, and those who visit, to envision innovative, place-based solutions to local and global threats to our environment. This transformation can be accomplished with a \$3 million investment.	Water is increasingly scarce and a potential flash point locally, nationally and globally. UWC-USA envisions a \$5 million investment into its water infrastructure to more efficiently harvest water on its campus, recycle waste water as well as replacing aging water storage and distribution systems to the campus and the local community.	Converting our campus from fossil fuels to renewable energy by 2030. This includes a transformation of our campus electrical supply to solar energy for a total cost of \$2.5 million that may be scaled from approximately \$750,000 to the full cost.	Connecting the different elevations on our campus and making them more accessible for people of all abilities by installing a funicular railway between our lower and upper campus – between the residential and academic centers of the basecamp. The estimated cost for the funicular would be approximately \$250,000.

...enabled by teachers and programs guiding students of all backgrounds

 20 \$m	 9 \$m	 3 \$m	 5 \$m	 5 \$m	 5 \$m
Under-represented students: 20 endowed scholarships at \$1 million each	World class teachers: 6 endowed faculty chairs at \$1.5m each	Lived experience representation: 2 endowed fellows at \$1.5m each	Social and emotional programming (staffing & development)	Experiential learning (staffing & partnerships)	Preparatory and support programming
A Basecamp for the World is only as good as the range of students it brings together from across the divides that threaten our future. UWC-USA is seeking twenty additional endowed scholarships to ensure that voices from all backgrounds are heard in our intentionally pluralistic community. For every \$1 million in endowment, UWC-USA will, in perpetuity, support full scholarships for students from all sides of the issues that divide our world and threaten the health and well-being of our planet.	A world-class educational Basecamp requires world-class teachers dedicated to a common vision and mission. In order to support excellence in teaching and learning, UWC-USA is seeking to endow faculty chair positions in each of its six academic areas with investments of \$1.5 million each (\$9 million total). These endowed chairs will allow us to bring master teachers dedicated to our mission and capable of integrating our curriculum across academic, experiential, and residential programming.	Ensuring the diversity of our faculty and developing pathways for inclusion of the broadest representation of lived experiences among our students is essential for supporting the student experience. In order to accomplish this, UWC-USA will create a program to support two fellows per year so that all of our students have role models as basecamp leaders. To sustain this effort, UWC-USA will create a \$3 million endowment to support two fellows annually.	Social and emotional programming at the center of skills development and collaboration: UWC-USA is committed to a vision of integral sustainability that emphasizes the connection between personal, communal, and environmental sustainability in all of its programs (academic, experiential, residential). In order to provide the staffing and continued development of this programming, currently being piloted as a Capstone class, UWC-USA is seeking endowed funding of \$3-5 million.	Experiential learning that teaches students to think globally and act locally: UWC-USA seeks to transform its experiential education program to leverage partnerships between mission-driven faculty and staff and experts. A \$5 million endowment will allow us to staff and partner appropriately for the impact we seek by integrating our experiential learning with our academic and residential programming and by developing a robust mission-aligned approach to expeditionary learning throughout the Southwest and beyond.	Preparatory and support programming for our students with the greatest challenges before them. The UWC-USA Basecamp is not intended only for the elite. Our commitment to intentional diversity means bringing students from all walks of life, including especially the margins of society worldwide: refugees, conflict zone survivors, immigrants, and those with no means to attend a school such as UWC-USA. An endowment of \$5 million will allow us to provide preparatory programming and support to ensure that our students who start from behind can acquire the skills they need.

We recognize that our case represents \$100m+ in investment opportunities, while our campaign silent phase targets is \$50m. We believe that through open discussion with donors, an optimal allocation will be reached between school priorities and donor priorities, since not all donors have the same preferences. We believe this campaign's main legacy will be to plant the seeds for future campaigns, as we learn to build institutional capacity to nurture large gifts from multiple donors over time.

Having done the groundwork of articulating our high level message, based on our strategic plan and masterplan, we are now in the process of selecting external partners to put together detailed donor-focused messaging (campaign case statement), creating a web, print and video version, and organizing back-up materials to support our high level objective as stated above.

3. A pipeline of donor conversations to plan for (and convert to) gifts

Our current pipeline tracker shows we are currently involved in 172 active discussions, and we are learning how to become more efficient managing new conversations (by creating geographic specific events with a group of potential donors, rather than one by one).

Campaign status assessment

Strengths (what is working well)

- The Campaign Committee team is experienced, well connected and highly motivated, across both UWC-USA leadership and volunteers on the committee who meet weekly and travel extensively. We need to keep up the recruitment of dedicated and motivated team members as we increase our capacity.
- Our case is strong: from the powerful legacy of UWC, to the tangible and visible needs of our campus infrastructure, our case is strong and resonates with donors, while current geo-political events add to the urgency of our mission (sadly). There is depth too, from our strategic plan to our masterplan and architectural feasibility studies and other ancillary plans (solar, landscaping)
- Our exploratory phase suggests that new donors are inclined to participate, care about the solutions we are building and are inspired by the support of past and current mega-donors. Our pipeline of active conversation is documented and shows our campaign really generates the foundational interest key to its success, validating the hypothesis of which constituency will contribute to which portion of the campaign, and by how much.

Weaknesses (what is working less well)

- Feedback on our campaign story and messaging, beyond initial interest, is that our overall story remains complex, still shows insider bias rather than being truly donor-focused, is very rational / intellectual rather than emotional, and comes from a place of need, as opposed to from a place of vision. In other words, people want to hear more about the future state of UWC-USA as we imagine it, rather than how we are paving the road ahead. We need more external heads to help us see our own biases and help us define content and a tone of voice that appeals to our target donors.
- Our committee bandwidth is limited and forces us to focus only on the most urgent of tasks. Many activities are not happening as quickly or as often as they could or should, including meetings and calls with donors, which require frequent interactions. It is clearly time to shift gear and involve a larger group, though this will in itself require coordination and administrative investment.
- We lack structure and infrastructure to activate a larger team: from tracking donor conversations to scheduling complex meetings, to creating, distributing and updating our campaign case via print, web, video materials and organizing back-up materials behind each proposed initiative to answer donor questions. Now is the time where external professional help is most acutely needed, and internal capacity building needs to occur to develop a long term fundraising capability at UWC-USA and invest smartly.

Threats (to the success of our campaign)

- Participation from current strategic donors remains key to the overall success of the campaign. While we are actively keeping them in the loop of our progress and have so far received positive feedback, our dependency on this key involvement remains a major risk to the campaign's ultimate success
- Activation of new donors not currently involved with UWC-USA is key to our campaign success, since our own constituents alone will not have sufficient capacity, given our school's young age. Current macro-economic trends have tended to shrink philanthropic gifts nationwide and create a sometimes difficult environment for asking.
- UWC-USA institutional capacity to manage new on-going large donor relationships is limited and has not been developed historically. Our culture of giving has always been highly concentrated and this is a new muscle to build as an institution: as the saying goes: *"the first day of the next campaign starts on the last day of the current one"*.

Opportunities (beyond our current objectives)

- Campus partnership: the proposed consolidation of all dormitories and admin offices in the Castle and subsequent transformation of the lower dorms into a new academic quad will free up the Western side of campus (Old Stone Hotel, President's House, Sasakawa Center, Science & Language buildings, and IT center). This presents an opportunity to invite a campus partner with the dual goal of permanently reducing operating expenditure by eliminating building maintenance and sharing common energy and water infrastructure, and generating revenue through a lease or sale transaction. This opportunity has been vetted in discussion with external real-estate advisors, and we are investigating several expressions of interest.
- Grants: UWC-USA is a strong candidate for a variety of grants. To date we have identified three types which are being investigated further: US government grants (eg, Dept of Agriculture), State grants (eg. New Mexico Foundation) and private foundation grants (eg Yield Giving, the new foundation setup by McKenzie Scott). What differentiates these grants from other opportunities is that once we have determined our eligibility, an application needs to be submitted. This is different in nature: more process driven, less relationship driven, and different skills required than the type of individual giving we have mostly relied on until now. The school is staffed to pursue this opportunity.
- New Market Tax Credits (NMTC): access to a special type of debt which offers significant tax advantages to investors, if it is used for projects in low-income areas, such as the one UWC-USA is located in. While there is usually plenty of capital seeking these tax offset strategies, it requires a certain level of legal and administrative burden, and a comfort using debt as a funding mechanism (though some of it is forgiven after 7 years and is generally low interest). We have been talking to a number of entities who have successfully used those in their projects and have received recommendations to expert lawyers in this area (Greenberg Traurig). The school is not staffed to pursue this opportunity.
- Qualified Opportunity Zones (QOZ): Different from NMTC, Opportunity zones were created in 2017 and are designed to offer tax relief to investors if funds are invested in QOZ, which have to be designated by the governor of the state (unlike HUB zone), in our case Michelle Grisham, with whom UWC-USA has a good relation. Many funds are looking for projects, and are under renewed time pressure to be invested in qualified projects. This is an opportunity to change the conversation with some donors/investors: If \$100m in capital gain triggers 30% in cap gain tax = \$30m investable in a QOZ fund, vs a gift of \$1m from \$70m post tax. Again we spoke to several people who successfully used QOZ and referred us to their team for further discussions. The school is not staffed to pursue this opportunity.
- Learning from best practice: we are tracking what some other schools similar in size and scope to ours are achieving in terms of capital campaigns (some have successfully

raised \$100m), and learning from their best-practice, as well as investigating any potential donor overlap.

Campaign tools and infrastructure

What we have developed so far

Working with key internal stakeholders on the Board and Leadership teams, we have built the following tools to serve as campaign infrastructure

- Index of campaign best practice
- Pipeline tracker of all active donor conversations
- Draft messaging
- Draft donor presentation
- Shared document repository of all key docs backing up our case statement
- Weekly meeting cadence with volunteer team and with UWC-USA team

What we want to develop next

Working with external professionals, we want to build a best-in-class toolkit for the current campaign, which will also serve as a blueprint for future campaigns for UWC-USA

1) Donor-focused story line

We are working to re-cast our internal need-based case into a more emotion-based, donor-focused narrative which is both impactful and memorable.

Recommended Strategic Partner: SQRLE based in California & PR -

<https://www.sqrle.com>

Budget: \$5,000 (generously covered by a gift from Carla)

2) Campaign tools, structure and bandwidth

With the exploration phase behind us, we are working to invest in tools, structure and additional bandwidth to increase the likelihood of reaching our goals.

We are recommending to partner with a qualified team that combines strategic support (having worked with many institutions similar to ours) and practical doing (because we need the bandwidth from a crew with experience to professionally approach our next phase: donor conversion. The proposed partner has been vetted by the Campaign committee with whom they have had a successful past experience and a proposal has been negotiated based on the Committee's identified needs, and a pro-bono assessment of our current status (See attached proposal and recommendation).

Recommended Strategic Partner: FCB - <https://www.fayruzbenyousef.com/>

Budget: \$168,000 (over 12 months)

3) Campaign Video Assets

We believe it is essential to use video assets to communicate with prospective donors, many of whom cannot easily get to campus. We are recommending creating two 2 minute videos, plus a few campus vignettes. One will provide the UWC-USA background context (ie - what is UWC-USA?) and the other will explain what our campaign is all about.

Recommended Strategic partners: currently evaluating proposals

Budget: estimated \$30-50k depending on scope

4) Campaign Print and Web Donor Collaterals

Like all campaigns we need to write our case statement clearly, and make it available both online (web) and in print to distribute to donors in our next round of conversations. Copywriting, graphic design and web development can all be done by a single partner. Rather than relying on an intermediary, we recommend UWC-USA directly engages with cost-efficient service providers that can be engaged later for future campaign efforts.

Recommended strategic partners: currently evaluating proposals

Budget: estimated \$10-20k depending on scope

5) Institutional Capacity

We believe this campaign is a unique opportunity to build institutional capacity at UWC-USA so that new donors can be nurtured as they need to be and form the foundation of a next generation of support. This currently doesn't exist and will mean hiring a resource on the advancement team

Recommended partner: Use UWC-USA's Advancement team to lead recruitment, with the help of FCB to define best-practice role and responsibilities

Budget: compensation package TBD, could be remote position

6) Events with key donors:

Face-to-face meetings with donors are key, as are donors meeting each other and also visiting our campus. These trips require planning, hosting, and some cost offsetting (though most hosts graciously offer to cover their own events). Events planned include: donor trips to UWC-USA (2 expressions of interest, more to come), regional dinners (New York, Boulder, Austin, Park Clty, Chicago, Palo Alto), Donor presence at the UWC Gala in New York (2 tables)

No Partner: the Campaign Committee continues to organize these event in-house

Budget: TBD - costs offset by individual hosts and/or donors wherever possible.

Recommendation to the Advancement Committee for consideration by the Board of UWC-USA:

Consider a \$250k annual investment per year over next 2 years, ie \$500k investment total (1% of target \$50m), noting that this investment will be part of the fundraising target (thus effectively raising target to \$50.5m, rather than the school's long term budget).

We recommend the Board considers approval for the first tranche only (\$250k), a Capital Campaign specific component of the broader Advancement budget, with the next tranche subject to review in the spring of 2024.

Donor referrals

We continue to ask all trustees to 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.

On Behalf of the Capital Campaign Committee,

Sebastien de Halleux
UWC-USA Capital Campaign Co-chair
sdehalleux+uwc@gmail.com

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Enclosures:

- [FBC proposal](#)
- [FBC analysis](#)