

**Minutes of The Armand Hammer United World College
Of the American West (UWC-USA)
Board of Trustees Meeting,
June 14 and 15, 2024**

A meeting of the Board of Trustees of the Armand Hammer United World College of the American West ('UWC-USA') was held at Grace Church High School in New York City with two sessions, the first beginning at 1:00 p.m. Eastern Time on June 14th and the second beginning at 8:30 a.m. Eastern Time on June 15th, 2024.

Attachments:

1. Agenda: Meeting of the Board of Trustees
2. Board Meeting: Appendices

Aly Kassam-Remtulla presided as Chair.

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On Friday, June 14th the first session began at 1:15 p.m. Eastern Time.

Trustees present and constituting a quorum were:

Peter Alderman (AC '91)
Klaus Desmet*
Eivind Djupedal*
David Ertel
Thomas Hassan
Christian Janssen ('88)
Aditya Joshi ('91)
Preeti Khandelwal*
Marybeth Kravets
Aly Kassam-Remtulla, Chair ('94)
Victoria Mora, President
Belinda Nicholson*
Jonathan Schneider*
Melanie Weston ('86)

Also present by invitation were the following members of the UWC-USA administration and guests of the Trustees

Todd Austin, Special Assistant to the President for Strategic Initiatives*

Mark Hodde ('89), Chief Advancement Officer*

Kimi Jackson ('92), Associate Head for Finance and Operations*

Andrew Mahlstedt, Associate Head of School

Sebastian de Halleux ('96), Capital Campaign*

* attended via Zoom

Board Chair Aly Kassam-Remtulla ('94) opened the meeting and asked all Trustees to share a brief highlight or update about something personal or professional since our last meeting. He also thanked Melanie for hosting us at Grace Church High School.

Board Actions:

Approve Minutes from February Board Meeting - David Ertel moved that the Trustees approve the February 2024 UWC-USA Board meeting Minutes, which was seconded by Marybeth Kravets. All Trustees present approved the motion without objection.

President's Report

Victoria Mora referred the trustees to her written report for any questions. She continued with a short President's Report. The changes we have made to our human resources at the SLT and next level leadership have made a difference and the school is functioning with greater capacity overall. This is in keeping with other improvements we are making in response to our student death. The ISAS Interim Report and the IB Accreditation and Self-Study were completed. Our delayed Audits were of concern to the ISAS Standards Committee, and we are uploading them as we catch up. Our IB 5-year Accreditation focused on compliance, purpose, environment, policies and our DP program. Our self-study allowed us to reflect on our performance against the accreditation standards. A final interview with our Associate Head of School, our IB Diploma Coordinator, and the IB Accreditation representative resulted in a positive assessment of the school. Based on the preliminary review, we had no matters to be addressed.

Victoria Mora stressed the importance of not considering personnel cuts to address the structural deficit. Retention and a difficult local labor market remain challenges and we have been suffering from 30% turnover. The director of operations and safety is focusing on training and administrative positions are leaning hybrid to encourage retention. Also, the way the staff is spread out over campus currently presents challenges so the planned renovations to the castle should help.

Belinda Nicholson suggested exploring possible shared labor opportunities with New Mexico Highlands University in Las Vegas. Victoria acknowledged it was a good idea and worth looking into.

Education Committee

Marybeth Kravets introduced the Education Committee report that looks at three key issues: tuition revenue, academics, and education innovation.

Andrew Mahlstedt presented the Education Committee report. We met our tuition revenue goal of 25 full-fee-payers at the new \$51,500 tuition rate, but we will not meet the \$3.2M tuition revenue goal, although we are getting close at \$2.6 million. This figure outstrips all totals in recent history, and perhaps of all time. It also raises the question: Is \$3M tuition revenue a realistic target given the limitations of the National Committee (NC) system?

The Trustees discussed the Global Selection Program (GSP) and commented on how it has not succeeded in bringing in the depth and breadth of the market to fill all the desks. There was a realization that there may have been a miscalculation with the \$2,588,520 projected income and the \$3,022,000 tuition revenue goal in the model. Aditya Joshi, Andrew Mahlstedt, and Kimi Jackson will discuss it offline.

Andrew Mahlstedt reported on academics. The school is confident that the 2023-2024 academic year will be the nadir of its IB results for a number of reasons. This year was exceptional because of the student death and the huge impact that had on all members of the community. There were also three students who were poorly prepared academically and who had poor mental health that did not earn diplomas. We don't expect to repeat this and we anticipate next year will be a better year in terms of mental health.

The Trustees discussed IB results as they relate to student scholarship levels. Christian Janssen suggested that Andrew Mahlstedt run the data presented as a percentage of tuition rather than dollar amount in order to account for tuition increases over time.

Andrew Mahlstedt reported on the proposed plan for educational innovation around "expeditionary learning" and reviewed some of the learning expeditions that staff have been working on this year. Broadly speaking, teachers are excited about this change. Pre- and post-surveys will be conducted to measure the impact of this change. We are in the process of hiring a new Expeditionary Learning Manager, who will support the Dean of

Teaching & Learning, Associate Head of School, and all faculty in the operations of this move to expeditionary learning.

Tom Hassan concluded the report and thanked Andrew for his contributions to the Education Committee. He added that Marybeth Kravets will be staying on the Board, and as co-chair of the Education Committee with him, for an additional year. They both thanked Klaus Desmet and Belinda Nicholson for their contributions to the committee. Lastly, Tom Hassan mentioned that they are in the process of reassessing the committee roster because there are several non-board, committee-only members who are not very active.

The Trustees asked about the process of receiving IB results. Victoria explained that results are released in July and that they would be shared with the Board at the October meeting. Victoria encouraged the Trustees to come to campus in October to meet the second layer of leadership.

[The Board adjourned for a 15-minute break at 2:30 p.m. Eastern Time and reconvened at 2:45 p.m. Eastern Time.]

Audit and Risk Committee

David Ertel delivered the Audit report. The Audit and Risk Committee met last week and the third party auditor TKM presented the FYE 2022 audit. The 2023 audit is due by the end of August. If the FYE 2024 audit is completed before December then we will have completed four audits in 12 months. This will mean that we will be completely caught up with our audits. Special thanks to Kimi Jackson and Mike Easley for making this happen.

In regard to committee membership, David Ertel mentioned that Heather Kemp, CFO of the Santa Fe Opera Board will be invited to serve as a committee member.

Board Actions:

Accept FYE 2022 Audit - Melanie Weston moved that the Trustees accept the FYE 2022 Audit, which was seconded by Tom Hassan. All Trustees present approved the motion without objection.

Approve engaging TKM to perform FYE 2025 and FYE 2026 audits - Tom Hassan moved that the Trustees approve engaging TKM to perform FYE 2025 and FYE 2026 audits, which was seconded by Marybeth Kravets. All Trustees present approved the motion without objection.

Victoria Mora reported on Risk. She updated the Board on the prescriptive easement and the situation with Rodell the neighbor, who the authorities now consider a credible threat

after the April 6 incident when someone on Rodell's property fired shots at FEMA employees and Sheriff's officers who were on the road near his property. We have no reason to believe our community is in danger and we continue to remind the community to observe trespassing signs. Kimi Jackson added that the FBI has assigned someone to the FEMA case. Evidently, Rodell has a lot of financial resources and law enforcement is monitoring his movements. As of now, we are not aware of any arrest warrant, but we have been told that they will not arrest him on his property for fear it may be booby trapped.

The Trustees discussed the status of the prescriptive easement, a lawsuit that UWC-USA has filed against Rodell for the ability to use the road up to Sebastian Canyon. Rodell has knowledge of the lawsuit. UWC-USA asked the lawyer to put a pause on things until after graduation. The next step is for our lawyer to file a motion for declaratory judgment.

The risk assessment is planned for this year. Main areas of risk include: Challenges with securing mental healthcare in our area and outdated/inadequate information technology infrastructure on our campus. Partnerships with external health/mental health providers are looking promising and we are making our policies, procedures and training more robust. We have invested \$90K in infrastructure already, but more is needed. We will bring this to the Board next year, probably at the February 2025 meeting.

Finance Committee

Aditya Joshi introduced the Finance Committee report. The basis of the report is the 2023 audit and the significant amount of cash that's in reserve. Kimi Jackson and Mike Easeley have done the best job they can in putting the numbers together and explaining some of the line item questions.

Kimi Jackson presented the Finance Committee report. New controls and policies are in place and more are being developed. Bank accounts and payments were assessed and accounted for and we have a large cash balance in our operating account. We are waiting for the 2023 audit to confirm how much of it is unencumbered. The final insurance claim was completed and we received the final insurance payment. We don't know when we will get a recovery on our FEMA case. The projected compensation total \$14.5M (includes \$2.5M in attorneys' fees & costs). Good practices are in place for collecting tuition and payments are up. Capital expenditures were reviewed and came in under budget.

Kimi Jackson's team and Andrew Mahlsteadt's team are working closely to improve processes.

The Trustees discussed the large cash balance. There was consensus that this cash operating account has not been managed well over the years, and it has been functioning like a de facto reserve fund. The accounting goes back to 2017 and while we have been accumulating this large cash balance, we hit the structural deficit last year. Based on recent analysis, Kimi Jackson and Mike Easley are confident about what has been coming in and going out up to this past year though, and they believe that the accumulated cash balance is unencumbered.

Kimi Jackson reviewed the FYE 2025 proposed budget for the Board that was followed by discussion, which focused on the fact that for two years we have been trying to figure out if there is indeed \$2M in extra cash we can use to fund the structural deficit. There was consensus that: 1) we need to determine how much of this balance is unencumbered; 2) we need a designated reserve fund; and 3) we need to change our financial hygiene practices to separate funds and stop commingling.

The Board agreed that there is more work needed on the proposed FYE 2025 budget so there was no vote on it. Instead, there will be a special (virtual) meeting scheduled later in the summer. The FYE 2025 is the first year of the 10-year plan so it's important that it is accurate.

[The Board adjourned for a 10-minute break at 4:40 p.m. Eastern Time and reconvened at 4:50 p.m. Eastern Time.]

Advancement Committee

Melanie Weston presented the Advancement Committee report. We achieved our 2023-2024 Annual Fund goal. We also achieved aggressive growth targets - FYE 2024 was nearly 10% over last year's actuals and an additional \$457,774 of in-kind contributions were also secured in FYE '24. Other key advancement initiatives include: 1) contracts signed for summer programming with Seeds of Peace and the Trial Lawyers with projected gross revenue of \$500,000 and with the potential for expansion in the future; 2) Global Leadership Forum virtual summer program has 55+ participants and pipeline for future UWC-USA applicants; 3) Princeton 55 Fellow Max Widmann begins July 29 and reports to work with Senior Director of Facilities and Safety Bob Nash on infrastructure, resiliency, and capital projects; and 4) Admissions marketing and support for Global Selection Program entry (fee paying students).

Capital Campaign

Sebastien de Halleux presented the Capital Campaign Update. He recapped the "Many Voices One World" campaign objectives to leverage our last 40 years to guarantee our next 40 years. There is \$100M of need; \$50M for capital expenditures and \$50M of scholarship

endowment. The campaign is currently in the silent phase to raise the first \$25M. He reviewed the campaign team, confirmed that campaign materials were finalized, summarized gift pipelines (private stock donations, matching gifts), outlined donor composition, and reviewed activities (solicitation trips/events) and campus partnerships (Trial Lawyers- ongoing; Aspen Institute Henry Crown Fellowship-new, etc.). Sebastian expressed the importance of achieving 100% Board participation in order to take the next steps.

Sebastien de Halleux opened the floor to questions. He clarified that that capital campaign is separate from the annual fund. He explained that the majority of pledges from board members to date have been designated unrestricted, which is a powerful fundraising tool. Sebastien thanked the Board for their time and encouraged Trustees to reach out to him or Mark Hodde with any questions they may have about pledging. Chair Aly Kassam-Remtulla and Melanie Weston will be reaching out to the few remaining trustees who have not yet pledged to the campaign. The board thanked Sebastien for his leadership.

[The Board adjourned for a 10-minute break at 5:35 p.m. Eastern Time and reconvened at 5:45 p.m. Eastern Time.]

[The Board went into Executive Session with the President at approximately 5:45 p.m. Eastern Time, concluding at approximately 6:30 p.m. Eastern Time.]

At the conclusion of the meeting, the Trustees attended a dinner at La Palapa Cocina Mexicana hosted by Melanie Weston.

On Saturday, June 15th, the second session began at 8:07 a.m. Eastern Time. Trustees present and constituting a quorum were:

Peter Alderman (AC '91)

Klaus Desmet*

Eivind Djupedal*

David Ertel

Thomas Hassan

Christian Janssen ('88)

Aditya Joshi ('91)

Preeti Khandelwal*

Marybeth Kravets

Aly Kassam-Remtulla, Chair ('94)

Victoria Mora, President

Belinda Nicholson*
Jonathan Schneider*
Melanie Weston ('86)

Also present by invitation were the following members of the UWC-USA administration:

Todd Austin, Special Assistant to the President for Strategic Initiatives*
Mark Hodde ('89), Chief Advancement Officer*
Kimi Jackson ('92), Associate Head for Finance and Operations*
Andrew Mahlstedt, Associate Head of School

* attended via Zoom

Board Chair Aly Kassam-Remtulla ('94) opened the meeting and thanked Melanie Weston for hosting the Board for a wonderful dinner at La Palapa Cocina restaurant last night in Manhattan. He also thanked Yvonne Gallegos and Rebecca Aguas for arranging breakfast; and Mark Hodde, Kimi Jackson, and Todd Austin for joining the meeting virtually from the west at such an early hour on a Saturday morning. We have a full agenda and plan to be done at 4:30 p.m. local time.

UWC Movement Endowment

Victoria reported on the UWC Movement endowment fund, which was launched in January 2024 with \$25M. The fund currently has \$45M due to a \$13M pledge from Eijk and Rose-Marie van Otterloo. The pledge makes \$9M available to 9 schools if/when they secure \$2M in new alumni or parent donations by December 2025. As of now, 9 UWC schools/colleges have agreed to participate. Adriaan van Otterloo is the fund manager.

Last year, Christian Janssen and the investment committee did due diligence on this and concluded there are no fiduciary reasons for UWC-USA to contribute to the Movement endowment, but acknowledged that there may be political ones, such as to show solidarity with the international movement. This was discussed by the board and there was a decision not to participate in the International Endowment. UWC-USA's position was communicated to the International Board.

Musimbi Kanyoro, Chair of the UWC International Board recently approached Victoria and Aly to ask the UWC-USA board to reconsider. The Trustees discussed this again and the consensus was not to participate due to a lack of confidence in the fund manager's relevant experience and the lack of rigor in the process by which he was selected

There was no support from the Board to participate in the UWC Movement Endowment so there was no vote.

Hot Springs Lease

Eivind Drupedal reported on the status of the Hot Springs Lease and reviewed the context for lease renewal with Friends of the Montezuma Hot Springs (FMHS). In February, the board heard the FMHS's request to consider a new agreement that extended greater "ownership" to them and to see their investments in the hot springs – volunteer labor and fundraising for maintenance, safety/security, and improvements – be secured with a longer term agreement. More recently the board has begun to see the hot springs as an asset that it should consider retaining. The Board remains concerned about liability—even though it has been reduced through the FMHS arrangement—but it also has concerns about giving up too much "ownership". The Facilities Committee's recommendation is to engage the FMHS with an offer of a 20-year lease, with interval renewals every 5 years, that includes customary termination clauses (e.g., insurance, maintenance, etc).

The Trustees discussed the Facilities Committee's recommendation and the consensus was the proposed resolution sufficiently balances the school's historic concerns of the hot springs being a liability with the current board's assessment of the hot springs as an asset. It also acknowledges the good work of the FMHS and it demonstrates our commitment to our partnership regarding the springs. The hot springs are one of the biggest assets of the community and they fear the school isn't going to stay and that someone will come in and develop the area.

We have an LLC that would contract with the Friends. Essentially what we are offering is a 5-year lease renewable four times and we can withdraw at any time for customary reasons. This is a common structure.

Board Action:

Approve term for Friends of the Montezuma Hot Springs (FMHS) lease - first motion - offer Friends of the Montezuma Hot Springs (FMHS) a 20-year lease, with interval renewals every 5 years, that includes customary termination clauses and second motion - empower the negotiating team to make adjustments within the 20-year lease with customary clauses - Marybeth Kravets moved that the Trustees approve both motions, which was seconded by Melanie Weston. All Trustees present approved the motions without objection.

[The Board adjourned for a 15-minute break at 9:15 a.m. Eastern Time and reconvened at 9:30 a.m. Eastern Time.]

Extended Updates

New Market Tax Credits - Updates on Finance New Mexico (FNM) Opportunity

Eivind Drupedal introduced the Finance New Mexico Opportunity update. Following the special board meeting in March, UWC-USA engaged a consultant who helped us navigate the FNM new market tax credits opportunity. The consultant advised us to apply as an operating business transaction instead of a real estate transaction. We received word last week that our application was the only one that focused on rural development, which is good news.

Todd Austin reviewed the updates on the Finance New Mexico (FNM) Opportunity. FNM haven't done a deal in 5 years so it was obvious that they were a little rusty. At the advice of the consultant, we submitted an operating business transaction application because FNM is obligated to distribute 75% of its current tax credits allocation via the operating business pathway. And, contrary to our initial understanding from FNM, they are not in a position to help us access cheap capital.

An award decision is now expected in July. Our consultants encourage us to view NMTC awards as a subsidy and present it as such in our financial modeling. After factoring in all costs of a NMTC transaction, a NMTC award typically results in a 17%-22% subsidy for the recipient. This is a more conservative estimate than the 20%-30% estimate provided by FNM, but it aligns with our review of other resources.

Subsidies on both application types are the same on a \$10M deal, but the leveraging is quite different. A real estate transaction requires school-arranged debt financing and school capital contribution.

The Trustees discussed the FNM application process and deduced that these tax credits are more focused on start-ups and job creation. Our argument is that Montezuma is a depressed area and the fact that we are able to retain jobs in an area that is losing jobs is essentially job creation. If we aren't ultimately awarded the tax credits, then we should ask for feedback and get advice about how to improve our application. We are inclined to apply in the future.

The Trustees commended Todd Austin and the team for their work on the New Market Tax Credits and FNM application. Todd Austin acknowledged that a lot was learned by going through this process and that we are set up for success either now or in the future.

Forever Fund

Kimi Jackson reported on the Davis Forever Fund which was established in 2015 with a \$33 million donation from the Shelby Cullom Davis Charitable Foundation. The Forever Fund supports scholarships at all UWCs for students selected for Dare to Dream scholarships, who wouldn't otherwise have access to a UWC education. National Committees select the students who will receive Dare to Dream scholarships. The International Office administers the Dare to Dream program. Currently, the IO invoices UWC-USA based on National Committee selections and we send funds to the other UWCs and "pay ourselves" from the Forever Fund for the Dare to Dream Scholars.

Mr. Davis sends funds to be deposited in the Forever Fund from time to time. Most recently, we received \$25 Million in October 2023. An accounting of these deposits, as well as interest, dividends, and fees is in the Board Book appendices. It's considered agency funds and reported as such.

As part of the Business Office's focus on continued process improvements, we want to ensure continued compliance with our Forever Fund procedures which were enshrined in an October 2021 Board resolution.

The Trustees discussed the procedures that were recommended by the Board in the October 2021 resolution. There was agreement that there needs to be a standardized process in place. Instead of a separate grants committee that approves the allocations of Forever Fund funds to each UWC, it was suggested that a resolution be prepared to have the UWC-USA Finance Committee take responsibility for the preliminary review of grant requests and for providing recommendations to the Board.

From a fiduciary responsibility standpoint, we need to know that the spirit of the donation is actually being met. The Davis money is in Index Funds as per the agreement. Since the IO is managing the selection process of the Dare to Dream Scholars they should be certifying their selection procedure. We should have them provide us with grant requests, not invoices, because invoices imply that we have a responsibility to pay. The Trustees recommended that the Business Office (Kimi Jackson and Mike Easley): 1) create a simple standard form that the IO would use going forward that serves as a grant request with certification, and 2) work with Peter Alderman to develop a resolution to propose to the Board at the next meeting.

There was also discussion about how commitments from the Shelby Cullom Davis Charitable Fund are communicated and ultimately transferred to UWC-USA. This has been a one-to-one communication between Shelby's son Lanse Davis, Victoria Mora, and the CFO. Because the Board has never been involved, the Trustees identified this as a potential Governance issue that has implications for the Investment Committee. We need to develop

a framework for this. We might approach it with Lanse in the context of good governance. Victoria Mora, Kimi Jackson, Peter Alderman, and Christian Janssen will work on this offline and bring it back to the Board at the October meeting.

The topic of financial grants/donations to other UWCs being funneled through UWC-USA was also discussed. This responsibility has created substantial pressure on the Business Office as the volume has become untenable. We have been losing money on this and we have assumed the risk/liability. VM brought the issue to the International Board this year. After study, we believe the solution is to contract an independent entity to manage the process and the IO is considering the company Myriad U.S.A.. We want to have this all in place by August/September before the next fundraising cycle. The IO is leading on the process, including communication with donors.

[The Board adjourned for a 15-minute break at 11:00 a.m. Eastern Time and reconvened at 11:15 a.m. Eastern Time.]

[The Board went into Executive Session I: Governance at approximately 11:15 am, Eastern Time, concluding at approximately 12:15 pm Eastern Time.]

During Executive Session, Klaus delivered the report of the Governance Committee. After general discussion of upcoming Committee and Board vacancies, the Board took the following action.

Board Action:

Vote on Trustee Nominees - Aditya moved that the Trustees approve nominees Fatymatou Dia and Julia Hess to the Board which was seconded by Aly. All Trustees present approved the motion without objection.

Working Lunch and Appreciation of Outgoing Trustees

June is a time of transition and the Board would like to take a moment to say goodbye and thank you to two trustees Jon Scheider and Michael Taylor. Since Michael Taylor is in Greece at a cousin's wedding and unable to join us; we will recognize his contributions at the October meeting when he can join us.

Outgoing Trustee Citation

In recognition of the service and dedication provided by outgoing Trustee Jon Schneider, currently the longest and continuous service trustee who has served 5 consecutive terms for 15 years of continuous service. Victoria Mora read the following citation into the record:

JUNE 2024

Jon Schneider, a distinguished member of our board, has made remarkable contributions to United World College-USA and to United World College International through a unique blend of visionary leadership, strategic insight, and a willingness to “roll up his sleeves” and engage in important (and often time consuming) work. As Vice-Chair of the Board and a trusted advisor to three board chairs, Jon has played an integral role in shaping the future of our school and organization, embodying the spirit of collaboration, service and dedication that is a signature of the UWC movement.

With 15 years of service, Jon is currently our longest, continuously serving trustee. Throughout his tenure on the board, Jon's strategic perspective has been instrumental in guiding our organization through complex challenges and opportunities. For example, during a period of serious challenge for the school, he and Steve Dichter met Victoria for a coffee eight years ago and immediately recognized the valuable role she could play in leading UWC-USA. Thankfully, they were able to convince Victoria to join the school. Jon's vision for possibility is complemented by the expertise he has offered the board, including on the investment committee these many years. In fact, this may be the most important aspect of Jon's contribution: openness to possibility coupled with the courage to stand on conviction. He seems to know when each is called for to advance our mission and work together.

Jon's commitment to fostering international understanding and peace through education is exemplified by his willingness to take on “special projects”. During most of Steve's tenure as chair, Jon represented UWC-USA to the UWC International governance structure as proxy chair at meetings all over the world. Jon was especially well-suited to this since he had experience of UWC from another context -- his daughters attended UWCSEA when his family lived in Singapore. Jon showed up to all movement discussions as a true believer in the mission and a critical friend to the movement, which proved invaluable. His advocacy and leadership strengthened our global ties and amplified our collective impact.

More recently, Jon agreed to take the board lead on security matters in relation to our challenging neighbor. He helped vet potential security consultants, served as a board representative on the campus threat assessment team, and sought out potential legal representation to assist on the matter. This is just one of many examples where Jon has been willing to lean-in and “roll up his sleeves” to assist on urgent and time-sensitive matters. Part of Jon's quality contributions is that he keeps in close contact with Victoria, being a thought partner and support. He and his wife Claire recently opened up their home to a large group from Santa Fe when Emma Tucker came to speak at graduation. These are

but two examples of the ways Jon has continued to step up to the emergent needs of UWC-USA.

We are only one of many groups to have benefited from Jon's wisdom. He has been active in a number of non-profit organizations and entrepreneurial ventures over the last few years, including serving on the board of directors of Inclusive Development International and investing in a vodka distillery company whose production is wholly solar-powered and whose alcohol was used for hand sanitizer at the beginning of Covid. He is also formerly an oboist with the Santa Fe Community Orchestra and is recently a grandfather. He is an avid pizza maker for those lucky enough to secure an invitation for dinner. Despite his incredible service and commitment to UWC-USA, Jon remains humble and approachable, embodying the values of integrity, empathy, and resilience. Thank you for your exemplary service, your invaluable insights, and your profound dedication to our shared mission. We are grateful for the depth and breadth of your contributions, and we look forward to continuing to benefit from your wisdom, generosity, and friendship.

Deep Dive Session: 10-year model and structural deficit Assumptions, Resources, Alignment

Aditya Joshi introduced the 10-year financial model from NBOA, a national association of business leaders for independent schools, which starts with our FYE 2025 budget and allows us to adjust assumptions including elements of our revenue and expenses including endowment draw, tuition, inflation, etc. Our hope is to share our approach with the board, to review our revenue and expense assumptions and other pressure points, and to get the opinion from the board as to whether or not we have made reasonable assumptions and if they make sense. The overarching question being considered is how can we shape our board committee work to solve for the structural deficit.

Kimi Jackson presented the 10-year financial model, which is a forecast with adjustable parts, that starts with the fiscal year 2025 (June '24-May 25). Any and all assumptions outlined are up for discussion. Tuition pressure points are real because our tuition is complex and our endowment has many different funds so it depends how we allocate things. This is still being refined. We are assuming a 5% tuition annual increase and we still need to run some sensitivity analysis. Other assumptions are that the student body is held flat and we are fully staffed. It does not account for turnover and higher costs associated with backfilling. There is no room in our expense model and that's not how we make meaningful difference in our structural deficit. We don't have a contingency line item in this plan and maybe we should.

The Trustees discussed the advantages of having a 10-year model over the previous 5-year model. One main advantage is that you can examine comprehensive effects. It's a great

strategic tool to see where our finances will be. Plans are valuable and crucial to doing the work of budgeting in the short term.

There was discussion about the \$1.7M endowment draw for the Davis Scholars, but Victoria clarified that \$25K per scholar is earmarked (68 abroad x \$25K = \$1.7M). However, after looking at the model there was concern that UWC-USA might be subsidizing other international UWCs (\$250K) that we aren't accounting for. Victoria pointed out that there is a \$1M Davis supplemental gift coming annually. More work needs to be done.

There was consensus that we really need to look at the \$4.5M cash we have to identify how much is unencumbered because this could potentially solve our structural deficit. Todd Austin looked at board books from 2016-2019 and they talked about the balance surplus in the account. The big jump occurs between 2018 and 2021 when cuts produced substantial surpluses. Former Board Chair Steve Dichter thought it was prudent to have cash reserves of 20-30%.

Do we want to grow revenue slightly faster than cost into the model? If yes then the levers are tuition or scholarships. We could run the model with a 3-4% tuition increase. Victoria Mora to ask other IC heads of school for their average net tuition rates per family.

Going forward we will want to decide what the true figure for cash reserves should be.

Also, opening up a line of credit is something the finance committee can think about.

Aditya Joshi and Kimi Jackson will work offline on a revised model for the Finance Committee to weigh in on before bringing it back to the full board at the October meeting.

Chair Aly Kassam-Remtulla thanked Kimi Jackson and Aditya Joshi for their incredible work on the 10-year financial model. It's a challenging and important thing to do!

We will circle back at the next board meeting.

Kimi Jackson asked for a Board vote on purchasing a small piece of land with three houses on it that recently came up for sale at the end of campus. The purchase has been preapproved by the Executive Committee and the Finance Committee. This resolution would allow us to go ahead with purchase using some funds from the \$4.5M cash reserves.

We are under time pressure to do this because we are currently tight on housing for faculty. We have limited ability to house faculty and \$585K for 3 houses is cheaper than what it would have cost us for temporary housing.

Kimi Jackson provided additional details about the proposed purchase. The three houses are all in good shape and move in ready. Inspections will be Monday, Kimi Jackson will be there. Seller is not going to make repairs so if anything is found we will still probably go ahead with the purchase. There is a tenant in one of the houses; the other two are empty. The tenant will have to move out and he will be able to do so. That particular house would be a good guest space.

Kimi Jackson added that there is a possibility of selling the house on 6th St in Las Vegas that was gifted to UWC-USA because it has repair issues and is difficult to maintain. So, the sale of the Las Vegas house (valued at about \$200K) would help offset the purchase of this property, and we would put us in a much better position with three houses next to campus instead of one in Las Vegas.

Board Actions:

Resolution: (Kimi Jackson) resolved that the AHUWC of the AW (UWC-USA) Board approves the purchase of the property known as 386 CR A11A, Montezuma, NM 87731 and authorizes Kimi Jackson, Associate Head for Finance and Operations, to execute the documents necessary to consummate the proposed transaction on behalf of the Armand Hammer United World College of the American West. (moved by Tom Hassan and seconded by Melanie Weston with no objections, the motion carries.)

Chair Aly Kassam-Remtulla thanked members of the SLT for attending.

Regular meeting adjourned at 2:11 pm short break then executive session

[The regular meeting adjourned at 2:11 Eastern Time.]

[The Board went into Executive Session with the President at approximately 2:30 p.m. Eastern Time, concluding at approximately 3:15 pm Eastern Time.]

[The Board went into Executive Session without the President at approximately 3:15 p.m, Eastern Time, concluding at approximately 4:30 pm Eastern Time.]

[The Board Meeting adjourned at approximately 4:30 pm Eastern Time.]