

Sterling College

Working Hands. Working Minds.

Board of Trustees Meeting
Draft Minutes
October 18, 2014

Trustees Present

Cathy Donnelly, Vice Chair
Pete Chehayl, Treasurer
Wendy Koenig, Secretary
Matthew Derr, President
Deborah Alfond
Eric Becker
Stephanie Bless
Bob Durand
John Elder
Melissa Fisher
Ken Gibbons
Thaddeus Guldbrandsen
Ann Guyer
Jake Oudheusden
Elizabeth Schmitt
Bob Shelton
Tom Stearns
Dave Stoner
Julie Wormser

Guests

Carol Dickson
Favor Ellis
Christian Feuerstein
Sydney Flowers
Michael Heffernan
Katie Lavin
Tim Patterson
Jennifer Payne

1. **Call to Order:** Vice Chair of the Board Cathy Donnelly called the meeting to order at 9:00 am.
2. **Chairman's Welcome:** Vice Chair Donnelly welcomed everyone to the meeting. She mentioned Chair of the Board Jon Larsen's absence, and acknowledged all that he has done for Sterling. She welcomed the new trustees, Deborah Alfond and Liz Schmitt.
3. **Approval of Minutes:** Vice Chair Donnelly asked for a motion to *approve the minutes from the May 2 & 3, 2014 board meeting*. Bob Durand made the motion and Wendy Koenig seconded. *Motion carried.*
4. **Trusteeship:** Committee Chair Dave Stoner reported for the Trusteeship Committee. He made a motion to *re-elect Cathy Donnelly to a second three-year term, John Elder to a third three-year term, and Thad Guldbrandsen to a second three-year term*. After a brief discussion about officers and term limits, Pete Chehayl seconded. *Motion carried.*

Vice Chair Cathy Donnelly thanked Stephanie Bless '07 for her board service and acknowledged that this was her last meeting, and she was presented with a gift. President Derr said having a young alumni perspective and guidance helped give him a sense of Sterling.

5. **President's Report – State of the College:** President Derr reported on the state of the college. He thanked the board for the extraordinary level of commitment they have shown, and that the growing college and transformation all starts with the board. He stated that so much has happened in 24 months and asked, what will happen in the next 24 months? Recent large gifts to the college are based on confidence and a perception of what is

going on at Sterling, and people want to participate in that. He spoke about various committees and councils on campus that collaboratively make decisions, like Lands and Energy Committee, Community Council, and Faculty Meeting. He stated that the culture of governance has everything to do the re-accreditation process. The college has three strong deans and a very capable steering committee chair. Re-accreditation will be a transparent process, engaging the community, alumni, and the board, cumulating in a visit from the accreditors in April 2016. From Matthew's perspective, we look strong.

In regards to finances, Sterling has had the chronic problem of using this year's money to pay last year's bills. The \$1 million gift gives Sterling the opportunity to hit the reset button and help us make different choices. Operational revenue is up 10%, and expenses are up 4% to 5%, which shows greater discipline and a good trend. Matthew stated that we have an opportunity to define, describe, and effectively promote the college. He used Babson College as an example, which set itself apart from other business schools by defining itself as an entrepreneurial school. Matthew shared his definition of environmental stewardship and the board had a discussion about this (as written in the Trustee Talking Points handout):

Environmental Stewardship focuses on the human relationship with the natural world (*Ecology*), our capacity to interpret the human experience with the natural world (*Environmental Humanities*), while understanding human adaptation of the natural world (*Sustainable Agriculture & Food Systems*), while preparing ourselves and others for experience in and with the natural world (*Outdoor Education*).

A discussion about leadership and Sterling's role in creating leadership skills ensued. Vice Chair Donnelly acknowledged Matthew for his leadership.

6. **Finance Committee:** Pete Chehayl reported for the Finance Committee and said that the discount rate is projected to decrease by $\frac{3}{4}\%$ and student enrollment is projected to increase by 1.5%, which yields \$275,000 to the bottom line. Total expenses are up \$95,000 from last year, while net revenue is up \$375,000. Pete stated that Sterling needs to continue to better pay people, noting a 2% pay increase this year. The change in healthcare in the state led Sterling to not offer healthcare anymore but increase salary to help employees pay for it on the exchange, and offer an HSA. Annual giving is up from \$640,000 in FY14 to \$1,500,000 in FY15. Increased revenue from admission and advancement will drive surplus to the bottom line and allow for development of a \$300,000 working capital account. Pete led a discussion explaining the new line of credit from the bank and why we didn't just increase the existing line. The existing line gets paid down annually and the new line can be for two years.

After a break for lunch and the barn dedication, Pete then continued his report on finances. Dave Stoner made a motion *that the FY15 Budget as projected to the board through June 30th be accepted.* Wendy Koenig seconded. *Motion carried.*

Dave made a motion *that the Executive and Finance Committee be given the authority to negotiate and finalize the terms and conditions of a \$300,000 term loan from the Union Bank.* Julie Wormser seconded the motion. *Motion carried (Ken Gibbons abstained from the vote).*

Pete reported that he had a meeting with Matthew, Deb, and the auditors. They gave a clean opinion and that there are no material weaknesses and no deficiencies. The real estate gift is being appraised and would have to come to the board for approval in order to accept it. The appraised value may exceed \$1,000,000 and if less, the donor will meet with cash up to \$1,000,000. Ken Gibbons described the property, and Dave Stoner mentioned that the donor reported over the phone in the Executive and Finance Committee meeting that he would pay taxes and utilities until June 2015, when it is hoped that the property is sold. Matthew reminded the board that they have given the Executive Committee the power to deal with real estate. Matthew said we will know more in November, after the appraisal, which will warrant a vote of the Executive Committee to accept the real estate.

7. **Capital Campaign Report:** Advancement Committee Chair Melissa Fisher did research from three other colleges about the role of trustees in supporting and sustaining capital campaigns (page 29 in the board book). She said that Prescott College's question ("would you consider a gift that reflects your greatest capacity?") that they pose to Trustees is helpful and ask each board member to answer that individually. It is the Trusteeship that administers and manages that giving from trustees. Her next steps are to work on a document that reflects financial participation and how trustees can make themselves useful during board service, to review at the January meeting. Melissa mentioned that this is an exciting time for the board and won't be a challenge or a chore to undertake this. Matthew stated that since board members are closest, that these conversations should be efficient, and how the board participates indicates how the public will do.

Matthew continued to explain the proposed \$9 million campaign, which includes the past two years (silent phase). He anticipates a spike in FY15 and FY16 as matching Jon's gift will have generated interest to sustaining the Annual Fund. In FY17 and FY18, it will be a combination of foundation giving, major gifts, and USDA/government grants, as there are rich opportunities around energy efficiency. Matthew stated that he feels comfortable with the Advancement Committee's recommendation of an \$8 million capital campaign, which puts less pressure on planned giving, since the planned giving goals are modest but untested. The campaign title is "Nourish the Roots," which is the historic motto of the college. The first step is to consolidate support, and step two is endorsement of the concept and adopting the campaign. Ken led a brief discussion about not hiring a consultant. Vice Chair Donnelly asked if Matthew is working on a case statement, and Matthew replied yes, that step is coming. Cathy said there is a motion on the table to endorse the campaign, and the resolution is non-binding. Cathy accepted a motion from the Advancement Committee to approve in principal an \$8 million capital campaign for Sterling College. Wendy seconded the motion. *Motion carried.*

10. **Enrollment Plan:** Tim Patterson, Director of Admission, began by appreciating the Trustees' role in the recruitment plan, as it is an "all hands on deck" approach. He described the overall admission picture as being encouraging and optimistic, as some previous barriers are down. The campus and view book both look great. The new plan is specific and harnesses all roles. Wendy noted that it will take effort, but it is not difficult, and that it will also involve not just enrolling, but retaining students. Matthew added that the plan includes ways to communicate, both specifically and collaboratively. There was a discussion and brainstorm about how board members can participate. Cathy said a board member could host an evening with accepted students. In terms of relaying Sterling's unique story, Jake suggested a video showing a college student packing and getting ready for Sterling, which would be so different than your typical freshman list of needs.

Thad asked how does Admission know if they are reaching the right people. Tim said Pell grant eligible students, but also low need students, are desirable. A goal is to increase the conversion rate from applicant to student. The college will start to import zip codes from inquiries into a zip code tool, where you can see patterns and clusters, which can be cross-referenced with median incomes and other demographic information, to start building relationships in those areas. Bob Shelton asked if we have had any success with feeder schools, and Tim replied not where we will reliably get one or two students every year. John Elder said that since we are too small to have feeder schools, ask current students to write letters to prospective students. Another suggestion for accepted students is to send them a personalized ax handle, symbolizing that they will be doing something at Sterling.

11. **Evaluation:** Dave Stoner passed out a board meeting evaluation form for the Trustees to fill out. The group also went over the dates for the upcoming board meeting.

The meeting adjourned for the day at 4:00 pm.

Respectfully submitted,
Katie Lavin, Recording Secretary

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Executive and Finance Committee Notes October 17, 2014

Trustees present: Deborah Alfond, Eric Becker, Stephanie George Bless, Pete Chehayl, Matthew Derr, Cathy Donnelly, Bob Durand, John Elder, Melissa Fisher, Ken Gibbons, Ann Guyer, Jake Oudheusden, Bob Shelton, Tom Stearns, Dave Stoner, Julie Wormser

Staff present: Joel Collins, Katie Lavin, Tim Patterson, Sydney Flowers, Christian Feuerstein, Michael Heffernan

Cathy Donnelly as chair called the meeting to order.

Matthew started by saying it has been a remarkable year, and that there has been a change in culture and an abundance of optimism. He stated it has been exciting and eventful the last two semesters, especially physically on campus, and hopes that the board members notice that as well. The three deans are absent at the meeting since they are at an accreditation workshop since that will happen in April 2016. There is a wonderful set of leaders on the NEASC steering committee, and Matthew is delighted that Pavel Cenkl will chair that committee, with all of his expertise. Other staff changes include a new Buildings and Grounds Director, Kelly Jones, Laura Lea Berry as the Registrar, and Katie Lavin in the President's Office.

Matthew remarked that Sterling now has a state of-the-art fiber optic network and is upgrading computers. North House has been changed into student housing, and Penny Schmitt's house and 10 acres is college property and used as the President's House. An \$80,000 grant went to the restoration of Houston House, which includes a professional cleaning. Dave Stoner asked what the alternate use of space of the Post Office if it closes, and Matthew said it would need to be renovated, but probably used as storage for OE equipment, since the cost to renovate it as residential would be high. The work on Kane Hall has been slow, but done well by Headwaters. The gift of the Parsonage was welcome, and there are two faculty apartments there now.

Cathy asked if there were any questions, and Pete asked about the staff changes in Buildings and Grounds. Matthew replied that they reorganized the department with Kelly as the director, and Steve and Kelly paired together is a very experienced team.

Pete Chehayl began the finance part of the meeting by looking at the FY15 budget. He stated that if the discount rate decreased by $\frac{3}{4}\%$ and enrollment increased by 1.5%, there would be a tremendous yield to the bottom line. Dave Stoner noted that the plan to decrease the discount rate is opposite of what history shows. Matthew said that there is a plan in place. The cash flow problem prevented us from putting our best foot forward and caused us to make hard choices, like reducing Admission staff to pay for the website, which he regrets doing. The growth from 89 students to 122 is based largely on retention, not increasing financial aid. Matthew said that the discount rate won't be 50%, and can see coming up with a scenario where Sterling grows at a 38% discount rate. Tim noted that three students on either side of an enrollment goal can have a huge impact. Eric asked if Matthew's role will be more focused on enrollment now, instead of development as it has been. Matthew said the enrollment plan will have a Communication focus. Matthew said in the past, we have invested in a way for admission staff to reach out to potential students, but not to track it. We have a strong presence in print, person, and electronically to reach students, like the website, but no money to do Search Engine Optimization. Admission work and fundraising all require investment up front. Matthew said the difference this time around is the plan and adherence to it, and working with measurable strategies.

Pete continued and stated that the total revenue increases in FY15 budget \$375,000 from last year. This is a significant increase, while total expenses increase by only \$95,000. There is a 2% salary increase for faculty and staff. FY13 the operational deficit was \$940,000, in FY14 was \$875,000, and projected for FY15 is \$600,000. This is a continuing trend of revenue increasing while expenses stay flat or increase slightly. There was a brief discussion on capital giving. Dave mentioned that he feels overwhelmed by all of the numbers and he feels frustrated, and asked is there something that can change so it is presented differently? Matthew agrees that something is missing, and will work with the committee to revise this.

Matthew said the history of Sterling is interesting to him, with the challenges of cash flow and fundraising; now is the moment to hit the reset button. He introduced the million dollar gift and noted that it will allow for a \$300,000 working capital fund to smooth out the peaks and valleys of cash flow. The gift is real estate, so not sure when it will be realized into cash. Matthew described how he and Pete asked the bank for an additional \$300,000 loan, with a two year maturity, paid off when real estate is sold. Tom asked how we use the annual line of credit (LOC). Matthew replied we follow the institutional cycle annually, but this additional LOC goes for a two year period. Dave asked if this new gift would be restricted, and Pete answered no, it can be used for operations.

*Pete made a motion to adopt the following resolution: **RESOLVED**, that the Executive Committee is given the authority to negotiate and finalize the terms and conditions of a \$300,000 loan from Union Bank. Dave seconded it. Motion carried. Ken Gibbons abstained.*

Pete stated that audited financial statements are available to the board. The auditors report gave a clean opinion with no material weaknesses in internal controls, and no significant deficiencies. Matthew said Deb Clark deserves some recognition in her role.

The meeting was adjourned by Cathy Donnelly at 3:15 pm.

Respectfully submitted,
Katie Lavin, Assistant to the President

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Advancement Committee Notes
October 17, 2014

Trustees present: Matthew Derr, Melissa Fisher, Eric Becker, Marian Burros, Ken Gibbons, Dave Stoner, Julie Wormser, Deborah Alfond

Staff present: Sydney Flowers, Micki Martin

Committee Chair, Melissa Fisher, welcomed everyone to the meeting and congratulated the Advancement staff for the successful year in fundraising.

Discussion:

President Derr stated that FY 14 was a very successful fundraising year. He stated that net assets grew substantially (contributing factors included the Peter Alfond Foundation, the Parsonage and the Schmitt house). He briefly discussed annual fund challenges, noting that the participation rate looks high due to employee/student giving and that he would like to see alumni, parents (alumni & current), and trustees giving more. He said that he would like to build on the momentum and move into campaign mode, and that multi-year pledges will be important for the campaign.

Melissa discussed the research she has been working on regarding board responsibilities. She stated that she reached out to nine other colleges and had good conversations with three of them. A report on her findings was included as an addendum in the board meeting material. A lengthy discussion was had on levels of trustee giving.

Melissa suggested that every board member agree to give at a pre-determined level. She said that with pre-defined levels of giving, board members would know what was expected of them and the advancement staff would have more time to cultivate/solicit new donors. She said that the goal is to get all board members to give at their highest level. She stated that board expectations are different at every college and it is up to the College's board of trustees to decide what Sterling's level should be.

Julie stated that it is important to give boundaries of expectation and that monthly giving is a good way to go.

Melissa also stated that commitment follow-up was very important.

Matthew stated that he would like the trustees to make a giving commitment for the life of the campaign. He said that it was important to create a sense of order and to understand the relationship between the Board and the College. He also said it was an opportunity for the Advancement and Trusteeship Committees to work together.

Dave asked Matthew how the Advancement Committee could help him. Matthew stated that he needs the Advancement Committee to review the campaign information, solidify their commitment, and be ready to talk with other trustees by the January meeting.

Eric stated that it was good research to see what other boards were doing. He also said that the board needs clarity.

Matthew stated that he needs the board to become leaders. He hopes to galvanize the Advancement Committee to be able to communicate with other board members.

Discussion was then had on the campaign. Matthew stated that the campaign is composed of annual giving, capital giving and planned giving. He stated that he would like the committee to review the proposed campaign and then present it to the board and have it adopted in January.

Other discussion included communicating that there is the annual fund, capital campaign and planned giving; identifying donors; grant proposals; and what the focus should be. Suggestions included what makes Sterling distinctive - “green” companies and the Work College.

Melissa suggested that we refer to the campaign as “Nourish the Roots - The Campaign for Sterling” and not a capital campaign because it will be confusing.

Julie stated that it was important that Sterling reach the goal that will be set for the Campaign and that Sterling does not want to fail in reaching that goal. Julie suggested that we lower the goal amount of the Campaign to \$8 million.

Matthew stated that he plans to meet with Melissa and Sydney to create a document that will outline the expectations of the board and what the board is going to be asked to do. He also briefly discussed creating a campaign committee.

The meeting was adjourned by Melissa at 5:00 pm.

Respectfully submitted,
Micki Martin, Director of Advancement Services

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Enrollment Committee Notes October 17, 2014

Trustees present: Stephanie Bless, Ann Guyer, Jake Oudheusden, and Tom Stearns

Staff members present: Tim Patterson, Katie Lavin, Christian Feuerstein, and Steve Giddens

Student present: McKenzie McCann

Stephanie opened the meeting by stating that Wendy was unable to make the meeting so she will be chairing it. She then introduced McKenzie to talk about student roles in Admission.

McKenzie explained her position as the Admission Coordinator, who trains the eleven tour guides. There are also two Admission Ambassadors who reach out to prospective students. Ann asked if McKenzie notices any trends among prospective students, and asked about what they are saying. McKenzie stated that she talks to people who don't want a "big college" experience, older students, people who have interest in small-scale agriculture, who are attracted to a unique program in Outdoor Education, and are looking for hands-on learning. She continued on to say that she gets different questions from parents and students on tours. Students ask more being in the moment questions about what they are seeing, and parents ask safety questions and inquire about post-college opportunities and graduation rates. Jake asked if it was easier to talk about the campus due to recent upgrades and changes in the buildings. McKenzie replied yes, and that she uses tours to exemplify progress and explains to participants what it will look like eventually. Jake asked if we are doing a good job and presenting the other majors here since there are so much ag-related parts of the tour. Tim answered that the tours are geared towards what students want to see and their interests.

McKenzie left the meeting and Tim stated that the last time the committee met in May 2014, things looked good when there were one-third more applications and accepted students than the previous year. But, yield from that was down dramatically and some students did not show up for registration. Ann questioned why the rate of acceptances and no-shows was high. Tim said there was an email issue at one point which resulted in the loss of one student, and the college is working on more effective communication between registration and faculty during hand off from Admission.

He said we'll get another chance at it for Spring and Fall 2015, with more resources for Admission and not taking shortcuts. He stated we are in a good position with a great recruitment plan, great staff, a great looking campus, and administrative support from all departments. Tom asked if the department learned what they needed about issues from this past year, especially regarding the common application. Tim said it is a mixed answer, and to invest in yield activities with less reliance on solicited requests. If the discount rate hadn't increased, we wouldn't have had as many students as we have. We won't beat our competitors in financial aid, but we can match them.

Stephanie suggested going over the Recruitment Plan, and copies were passed around. Tim summed it up by saying it involves "all hands on deck", and branding Sterling as the only college of its kind. Christian added that we are redefining the landscape by saying "we are it". Tim said the current Admission Office is great as it is, and this plan puts Communication, Advancement, and President's Office to work to reinforce the message.

Stephanie remarked that it is nice to see those pieces of having students and faculty involved. Jake said he was excited to hear Sterling talk about branding! When he was here, it was "talk about your experience" instead of a branded message. Christian said the goal is for any Sterling advocate to be consistent and be on brand. Christian shared how

most colleges' view books are generic, depicting a student with a backpack, but we need to be storytelling, since nobody has story like we do. Tom said it is great to have a plan, but to be careful of the word "brand" and adopting a word of "the Man", and to think about how to use that word internally.

Ann asked questions about the number of contacts with a prospective student. Tim said it depends on the time of year. Ann gave an example of Simmons College who had a student in Admission that established a great personal relationship with her daughter. Tom asked what other similar colleges are doing, and it is great to consider the competition's strengths and weaknesses. Tim said he is impressed with what College of the Atlantic is doing, and not impressed with Green Mountain College, as they are in turmoil and we're more authentic than them.

Christian explained the search piece as a four-fold self-mailer with a perforated card. The college will identify parameters (like SAT scores, income, and interests) and purchase desirable names from the College Board, and market to those prospective students. They are about \$1 to mail total (piece, name purchase, and postage), and altogether will cost \$15,000. Ann asked if this is the first time using this format, and Tim replied yes. Ann asked how this compares with what we've done before. Tim answered that the option before was send the view book, and an a prospect would opt in, which Sterling will still be doing. Tom suggested planning to measure efficacy for a time period over the years, and Tim agreed that consistency for measurable returns is critical. Ann added that the market changes, and what worked 3-5 years ago might not now.

Stephanie stated that we should wrap things up. Tim said that we will have early indicators in January for what Fall 2015 will look like. Tim also recognized Steve for doing a tremendous job for the Admission department.

With no other business to discuss, the meeting adjourned.

Respectfully Submitted,
Katie Lavin, Assistant to the President

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Program Committee Notes
October 17, 2014

Trustees present: John Elder (chair), Cathy Donnelly, Bob Shelton, Pete Chehayl, and Bob Durand
Staff present: Michael Heffernan, David Gilligan, Charlotte Rosendahl, and Laura Lea Berry

The meeting was called to order by John Elder at 3:30 pm.

Technology

Michael Heffernan, the Director of Information Technology, attended the meeting to update the committee on the College's IT infrastructure investments. Upgrades have been made to the network cabling throughout campus. Much of the new cabling has been run through heavier grade plastic conduit to decrease the risk of damage due to frost and excavation. Simpson Hall has been brought back online, and we have also added two additional buildings to the network. The wireless connection across campus is stronger due to the installation of new routers in several locations. Michael noted that we may need to replace some of the aging equipment in the server room soon. Faculty and staff are receiving new laptop or desktop computers. The Committee discussed cellular technology on campus. Michael felt that some students appreciate the lack of service while others would like to have service on campus. Members of the Committee wondered whether there is a role for the board in contributing to this conversation. The Committee felt the issue should be left to the community and encouraged the Community Council to take up the conversation.

Global Field Studies Report

Charlotte Rosendahl and David Gilligan shared the recent work of the Global Field Studies task force. 2015 offerings include a course in Chiapas, Mexico; the Sierra Nevada Mountain Range; Labrador, Canada; Scandinavia; and James Bay, Canada. The field studies program will serve about 50 students per year and will have an operating budget of approximately \$110,000. Members of the Committee were happy to hear of the new fee structure that will allow equal access to field programs and will give students the opportunity to select a field course based on what serves their educational goals rather than making a decision based on cost.

Several members of the Committee expressed strong support of international experiences for students. Pete Chehayl shared the positive experience of his son, Daniel, during Sterling's Mountain Cultures semester in Ladakh and Sikkim. The committee felt that we should continue to look for opportunities to travel beyond where we currently do. Some suggested connecting with board member Tom Stearns about his experiences in Belgium and the Netherlands. Others felt that Advancement may be able to assist in fundraising to offset the cost of travel.

Long Term Focus and Operations

The Committee would like to contribute to the re-accreditation process. They would like to have more information about the timeline and the process. Bob Durand expressed interest in having a greater understanding of each major and what our students pursue. Bob Shelton raised the question of whether other majors being buried under the Sustainable Ag major. He expressed concern that we are presenting ourselves as an Ag-focused institution. Several members of the committee wondered how are we supporting and recruiting for the other majors. How can we build momentum and notoriety in the other areas?

The meeting adjourned at 5:00 pm.

Respectfully submitted,

Laura Lea Berry, Recording Secretary