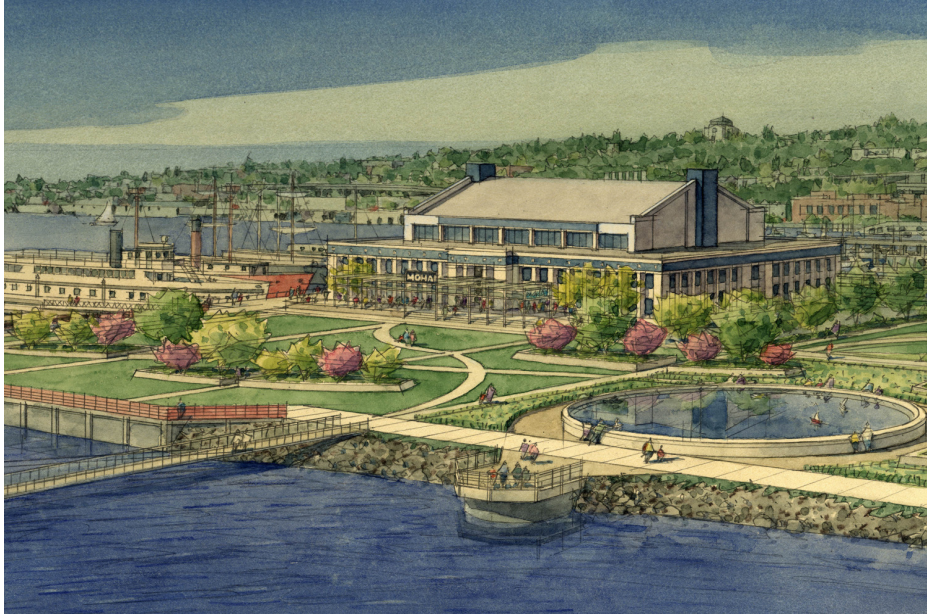

MOHAI at Lake Union Park

Overview of Capital Campaign

CAMPAIGN CASE STATEMENT



The Campaign for MOHAI at Lake Union Park

What makes Seattle home to you? Is it the place of your birth? Or the birthplace of your parents—or your children? Is it where you went to school—or where you came to start a new life or build a business? Perhaps it's simply watching the sunset on Puget Sound over snowcapped mountains, realizing that there's no place in the world you'd rather be.

Few regions evoke such a powerful sense of place in the hearts and minds of residents. And for generations, the Museum of History & Industry (MOHAI) has been the keeper of that sense of place, sharing the inspiring stories of the men and women who built this region, and forging a deeper understanding of our unique history.

Each year, thousands of young people first discover the story of our region at MOHAI - and develop the critical learning skills necessary to become informed, engaged citizens. Each year, MOHAI prepares teachers to take history into the classroom and out to the community. Each year, thousands of longtime residents and newcomers alike explore award-winning exhibits highlighting the events that profoundly shaped us. And every year MOHAI works to preserve the vanishing evidence of who we are and where we've been, with a collection of over four million priceless historic photographs, artifacts, oral histories and more.

But despite a growing demand for MOHAI's services, and an expanding audience of students and families, MOHAI faces daunting challenges at its current location. The present site in an out-of-the way neighborhood is difficult to access and easy to overlook. The building itself, now outdated, presents numerous functional challenges for both new exhibits and public programs. And perhaps most significantly, the facility faces almost certain demolition with the eventual widening of SR 520—adding special urgency to the search for a new location to fulfill MOHAI's expanding mission.

The Vision: A New MOHAI

Today MOHAI is poised to transform itself at a dramatic and highly visible new location—the Naval Reserve Armory at Lake Union Park. In this landmark structure MOHAI will reach a greatly expanded audience and assume a central place in the community’s cultural landscape. Here at water’s edge MOHAI will be at the crossroads of past and future – a site where history unfolded every day, now the center of an emerging campus of cultural attractions.

The time is right for a re-imagined museum where history becomes a powerful tool for envisioning the future. In recent decades, the Puget Sound area has undergone unprecedented change—an exploding population, an increasingly complex economy, and deepened connections to the global community. But with so much change, we run the risk of forgetting our heritage, and young people lose sight of the values that make Seattle special. MOHAI at Lake Union Park will create a dynamic new opportunity to explore two centuries of change and envision the path forward.

The New MOHAI Experience

The new MOHAI at Lake Union Park is a three-part project that will include the restoration and remodeling of the Armory building; the creation of entirely new exhibits and program spaces; and an increased endowment to ensure long-term sustainability.

The experience begins with the Armory itself—an Art Deco landmark originally built in 1940 to train reservist recruits as war clouds gathered in the Far East and Europe. The unique design is an inherent part of the 50,000 square foot building’s appeal—built to resemble a ship, complete with simulated bridge, tank room and other one-of-a-kind features, it will be fully restored, upgraded and made ADA accessible.

Inside, visitors will experience a range of artifact-rich exhibits that transform the soaring central atrium into a lively, engaging great hall, while dazzling iconic objects “float” above the space in mid-air. On the mezzanine, a chronological story of the region unfolds, complemented by a special gallery that will showcase national and international traveling exhibits. A history-themed café will serve park and museum visitors, while a glass canopy provides shelter for outdoor programs and events.

The region’s K-12 students and teachers will be among MOHAI’s core audiences, with curriculum-aligned activities integrated into every aspect of the museum experience. Throughout the year, special programs will bring history alive with lectures, hands-on activities for families and provocative changing displays.

And the excitement inside is just the beginning. MOHAI at Lake Union Park will be just steps away and work in close partnership with historic ships, heritage organizations like the Center for Wooden Boats, and the park itself with its breathtaking views of Lake Union, Queen Anne and Capitol Hill. Proximity to downtown, Seattle Center, the SAM Sculpture Garden and other destinations will put the new MOHAI “on the way” to nearly every kind of cultural experience in Seattle.

Project Budget

The Naval Reserve Armory at Lake Union Park is a revered landmark and as such its careful stewardship is a city priority. Accordingly, the City of Seattle, in an agreement that is expected to be finalized in early 2009, will partner with MOHAI to restore this irreplaceable building and bring it to contemporary standards of accessibility and safety. Transforming the interior into a one-of-a-kind museum experience will be the responsibility of MOHAI and its community partners.

Uses of Funds

Item	Cost
Institutional Dev/Project Expenses	\$3,450,000
Shell and Core Improvements	\$19,232,720
FFE, Tenant Improvements	\$8,876,355
Endowment	\$8,000,000
Exhibits and Media	\$15,158,674
Capacity Building Campaign Initiatives (Collections Management and Development)	\$657,831
Campaign Expenses	\$1,750,000
Project Reserves	\$2,163,387
Operating Reserve	\$1,320,000
TOTAL	\$60,608,967

Sources of Funds

Source	Goal	Grand Total
Montlake Compensation Proceeds and Relocation Assistance, Tax Credits,	\$15,258,059	
MOHAI @ LUP Capital Campaign	\$25,000,000	
Sales of Historic Tax Credits	\$4,693,077	
MOHAI Board Jumpstart Capacity Building Fundraising to Fund Collection Management and Development (Completed)	\$657,831	
Proceeds of Sale of 800 Pike Investment (In hand)	\$15,000,000	
TOTAL		\$60,608,967

What It Will Take

In order for this vision to be realized, MOHAI needs the assistance of the community. Your support is critical to the successful transformation of the Armory Building into a very special museum where the past finds new life, where we come together to learn from our diverse history, explore our shared future, and discover once again the special power of place that makes this region unlike any in the world.

MOHAI: A Regional Cultural Institution

No institution is better suited to bring us together to learn from our past and explore our shared future than MOHAI. Through award-winning exhibits, national traveling shows, and an innovative educational program, MOHAI equips visitors of all ages to gain an understanding of history as a resource for making better decisions.

For generations, MOHAI has served as the guardian of—and gateway to – the region’s past, the organization that preserves and shares the stories, artifacts and images that illustrate how this frontier settlement became a thriving metropolis that captured the imagination of the nation.

Every year, MOHAI is a significant destination for schoolchildren, serving between 10,000 and 15,000 students annually. MOHAI shares with audiences of all ages powerful exhibits, including blockbusters from such leading institutions as the Smithsonian, the Library of Congress, the National Constitution Center and more. And MOHAI has built an unrivalled collection of more than four million irreplaceable artifacts from our collective past.

MOHAI was the first (and still among the few) history museums in Washington State to achieve accreditation by the American Association of Museums, a prestigious honor that recognizes MOHAI’s high professional standards and its use of “best practices” in the field. It has received a wide variety of leadership awards and grants, and was recently listed among 60 “museums that matter” by *Museum* magazine.

PROJECT AND CAMPAIGN BUDGET

Uses of Funds

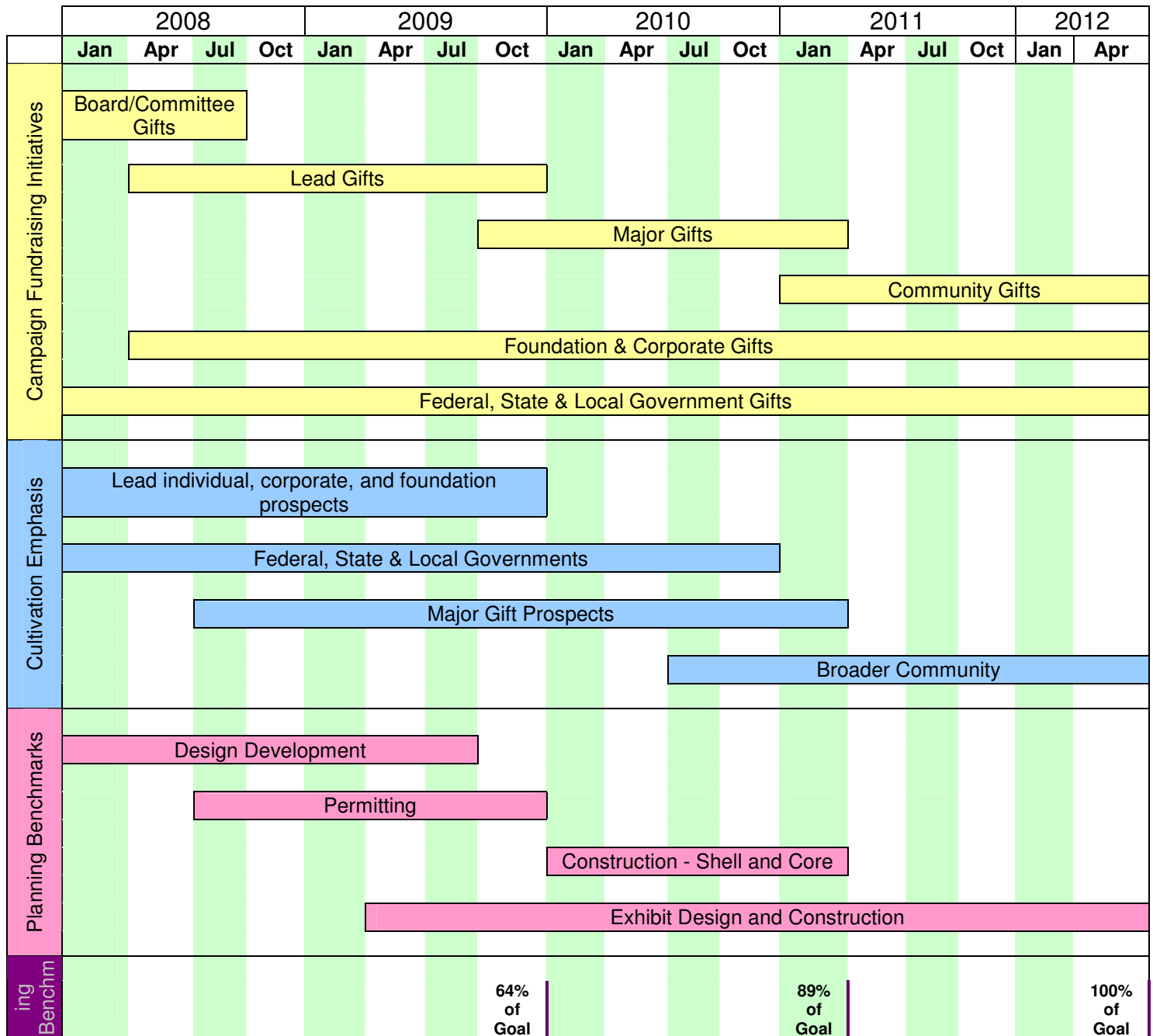
Item	Cost
Institutional Dev/Project Expenses	\$3,450,000
Shell and Core Improvements**	\$19,232,720
FFE, Tenant Improvements	\$8,876,355
Endowment	\$8,000,000
Exhibits and Media	\$15,158,674
Jumpstart Capacity Building Campaign Initiatives	\$657,831
Campaign Expenses	\$1,750,000
Project Reserves	\$2,163,387
Operating Reserve	\$1,320,000
TOTAL	\$60,608,967

Source of Funds

Constituency	Goal	Grand Total	Secured to Date	Balance Remaining	Pct Remaining
Montlake Compensation Proceeds and Relocation Assistance	\$15,258,059	\$15,258,059	\$0	\$15,258,059	100%
Sales of Historic Tax Credits	\$4,693,077	\$4,693,077	\$0	\$4,693,077	100%
MOHAI @ LUP Campaign*					
Board	\$1,500,000		\$247,500	\$1,252,500	84%
Foundations	\$4,500,000		\$0	\$4,500,000	100%
Business	\$2,250,000		\$500,000	\$1,750,000	78%
Individuals	\$12,000,000		\$317,500	\$11,682,500	97%
Government**	\$2,000,000		\$0	\$2,000,000	100%
Community Campaign	\$2,750,000		\$0	\$2,750,000	100%
<i>Subtotal</i>	<i>\$25,000,000</i>	<i>\$25,000,000</i>	<i>\$1,065,000</i>	<i>\$23,935,000</i>	<i>96%</i>
Jumpstart Capacity Building Campaign*	\$657,831	\$657,831	\$657,831	\$0	0%
800 Pike Investment Campaign*	\$15,000,000	\$15,000,000	\$15,000,000	\$0	0%
TOTAL		\$60,608,967	\$16,722,831	\$43,993,362	72%

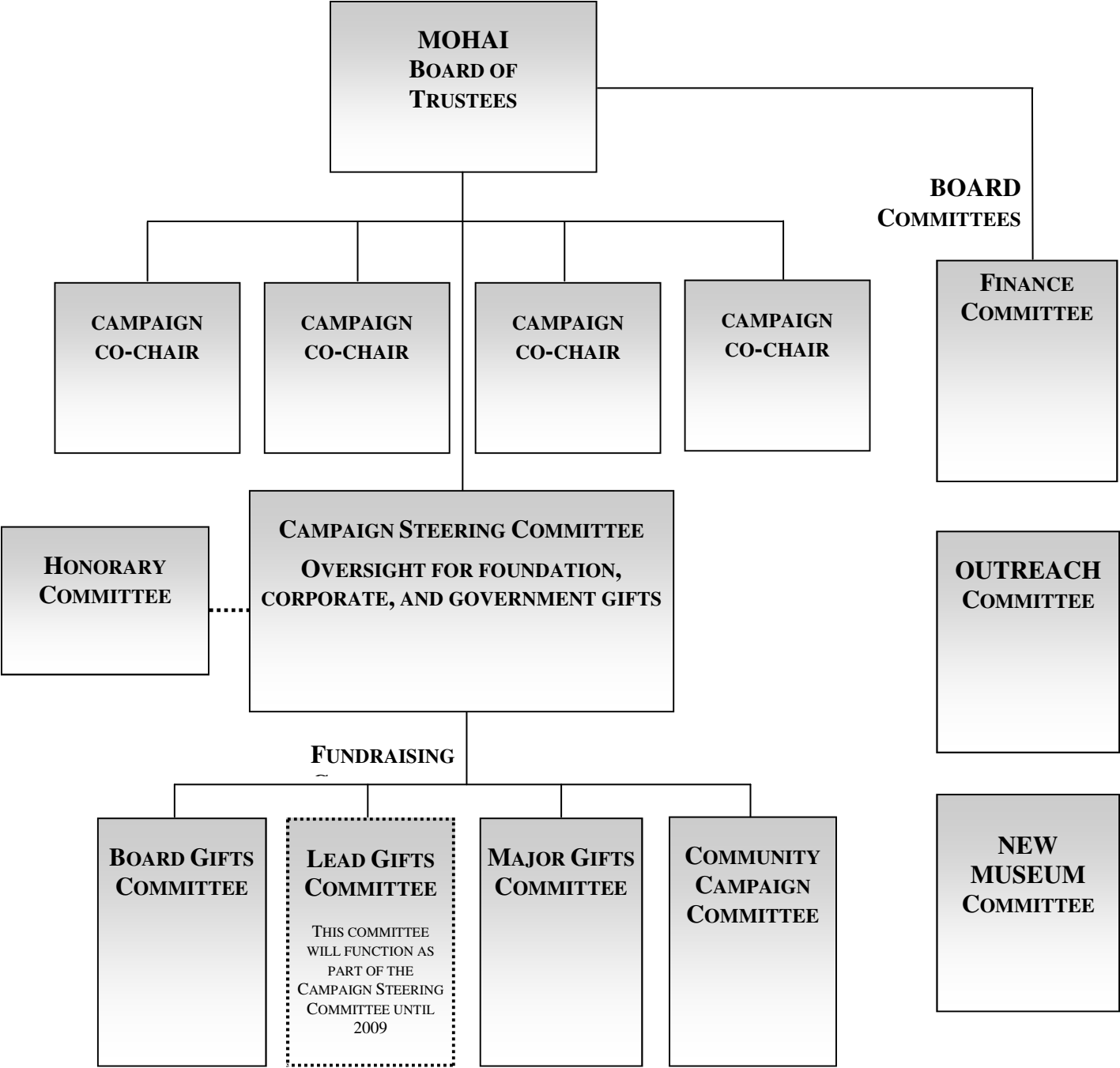
** \$335,000 pending with State of Washington

A Note on Cash Flow Projections: As with any major capital campaign, donors to the MOHAI project will be offered the opportunity to pledge contributions which are payable over a multi-year period (typically three years, and not to exceed five years). Correlating construction costs with the flow of donations is critical to avoid extra financing costs or disruptions to project completion. The MOHAI campaign is based on the assumption that cash flow for the design and construction expenses will be covered in part by the \$15 million reserve currently on hand and by the additional cash flow of donations and pledge fulfillment during the project period, with the additional collateral support of the MOHAI endowment. An analysis of cash flow assumptions has been prepared as part of the due diligence effort.



Campaign Leadership and Strategy

CAMPAIGN LEADERSHIP ORGANIZATIONAL CHART



CAMPAIGN COMMITTEE, BOARD COMMITTEE AND TASK FORCE CHAIRS

Campaign Co-Chairs	Phyllis Lamphere, Linda Johnson, Glen Milliman
Board Finance Committee	Gary Neumann, <i>Treasurer</i>
Board Outreach Committee	Phyllis Lamphere, Chair
Board New Museum Committee	Van Strom, Chair
Board Gifts Task Force	Gary Neumann, <i>Chair</i>
Campaign Lead Gifts Committee	Phyllis Lamphere, Linda Johnson, Glen Milliman, Co-Chairs
Campaign Major Gifts Committee	TBD, Chair
Community Campaign Committee	TBD, Chair

The Major Gifts and Community Campaign Committees will be formed according to the changing demands of the campaign and the phase in which they occur. In general, committee formation and recruitment of chairs will begin four to six months in advance of the beginning of each fundraising phase – so major gifts committee formation will begin in the second quarter of 2009 and the community campaign committee recruitment in the third quarter of 2010. At this point the campaign steering committee, which provides comprehensive oversight, is nearly full and is serving as the lead gifts committee.

CAMPAIGN LEADERSHIP AND PROJECT TEAM

BOARD OF TRUSTEES

Jerry Vandenberg <i>Co-President</i>	Sandra Boyd
Maggie Walker <i>Co-President</i>	Adrian Hanauer
Jeff Peace <i>Chairperson</i>	Linda Johnson
Aaron Kornblum <i>Vice President</i>	David Jones
Phyllis Lamphere <i>Vice President</i>	Eileen A. Kato
Don Rule <i>Vice President</i>	Susan B. Lindsay, PhD
Jim Rupp <i>Vice President</i>	Hubert Locke
Van Strom <i>Vice President</i>	Nancy McReynolds
Marcia Williams, PhD, MPH <i>Vice President</i>	Clint Miller
Gary Neumann <i>Treasurer</i>	Roger Oglesby
Delney Hilien <i>Secretary</i>	Jim Schlueter
Miller Adams	Bill Stafford
Andrew Bor	Kenton Thurman
	Angela Veksler
	Col. Carl B. Lind <i>Director Emeritus</i>
	James Bell <i>Ex Officio Trustee</i>
	Chuck Fowler <i>Ex Officio Trustee</i>

CAMPAIGN STEERING COMMITTEE

Phyllis Lamphere, co-chair
Linda Johnson, co-chair
Glen Milliman, co-chair
Carol James
Maggie Walker
Bruce Blume
Gary Neumann
Penny Peabody
Dr. David Davis
Dottie Simpson

BOARD GIFTS TASK FORCE

Gary Neumann
Jeff Peace
Delney Hilen

BOARD FINANCE COMMITTEE

GARY NEUMANN, TREASURER
ROGER OGLESBY
SUSAN LINDSAY
VAN STROM

BOARD OUTREACH COMMITTEE

PHYLLIS LAMPHERE
HUBERT LOCKE
EILEEN KATO
BILL STAFFORD
NANCY McREYNOLDS
AARON KORNBLUM

BOARD NEW MUSEUM COMMITTEE

VAN STROM
CAROL JAMES
DAVID JONES
PHYLLIS LAMPHERE
SUSAN LINDSEY
CLINT MILLER
ROGER OGLESBY
JEFF PEACE

LEAD GIFTS COMMITTEE
SEE STEERING COMMITTEE ABOVE

MAJOR GIFTS COMMITTEE
TBA, second quarter 2009

COMMUNITY CAMPAIGN COMMITTEE
TBA, third quarter 2010

PROJECT TEAM

The Collins Group:

Kate Roosevelt, CFRE, Vice President
Jim Hopper, CFRE, Senior Consultant
Mandi Moshay, Project Coordinator

MOHAI Staff:

Leonard Garfield, Executive Director
Angela Beard, Director of Development

Key Consultants:

Kathy Scanlan, Cedar River Group
Mike Stanley, Seneca Group
Andrea Weatherhead, Weatherhead Experience Design Group
Sam Miller, LMN Architects

CAMPAIGN FUNDRAISING PLAN SUMMARY

SPECIFIC STRATEGIES BY CONSTITUENCY

BROAD SUPPORT IS REQUIRED FOR SUCCESS

A balanced campaign relies on leveraging several different natural constituency groups with specific goals, strategies and leadership for each. The goal is to make personal contacts in order to maximize each gift commensurate with the donor's commitment to the organization's future. Progress against goals will be evaluated throughout the campaign with adjustments made as opportunities and campaign strategies are more fully formed. Fundraising goals from the following broad constituent groups reflect the total amount of gifts to be secured throughout the campaign by specific fundraising committees:

- MOHAI Board of Trustees/Staff
- Individuals
- Corporations
- Foundations
- Community Campaign
- Government

Strategies for constituent groups are listed below, including the volunteer resources needed for each strategy, and a current assessment of each:

Board/Staff (\$1.5 Million)

February to September 2008

Strategy: Significant stretch gifts from MOHAI's Board of Trustees and senior management team will set the tone for the overall campaign. A gift from every board member signals the organization's commitment to the campaign vision and relays confidence that the fundraising effort will be successful. In fact, several foundations and corporations will not fund a capital campaign until 100 percent board giving has been achieved. To motivate stretch giving and a \$1.5 million combined goal:

- The goal will include current board members and key staff to stretch support from those closest to the organization
- Prospective donors will be encouraged to make five-year pledges to maximize their gifts (how does this fit with the cash flow assumptions?)
- The campaign will emphasize the importance of 100 percent participation
- All board members, regardless of gift level, are respected for their gift

Volunteer Leadership: The Board/Staff Campaign is being led by a volunteer committee comprised of board members and key staff.

Individuals: Leadership Gifts: >\$100,000 (\$8 Million)

April 2008 to December 2009

Strategy: In line with national fundraising trends, the campaign can expect to receive the majority of its gifts from individuals, who are the greatest source of wealth. The campaign is being designed within a tiered-fundraising model. As such, we want to secure the largest gifts early in the campaign, to ensure adequate funding is in place when construction begins. Initial solicitations will focus on gifts of \$500,000 and greater, while donors at lower levels are receiving ongoing cultivation.

Prospective donor groups include:

- Seattle philanthropists
- Long-time MOHAI supporters
- Former board members
- Heritage Guild members
- Advisory Council members
- Leading civic leaders
- Multigenerational families, where appropriate, to emphasize the campaign's significant impact on the community and families

Volunteer Leadership: For the first year of the campaign, Lead Gifts will be solicited by the Campaign Steering Committee. At the end of the first year, at the time when emphasis may shift to Major Gifts, a specific Lead Gifts Committee who will support the campaign at a lead gift level as well as assist in securing gifts from others at a lead gift level may be separated out from the Steering Committee.

Individuals: Major Gifts: \$10,000 – \$99,000 (\$4 Million)

October 2009 to March 2011

Strategy: Individuals will be personally solicited to make gifts of \$10,000 to \$99,999.

Individuals at this level will represent both those with a great familiarity with MOHAI and also those less familiar but are willing to invest in MOHAI's future. Of particular interest will be developing out major gift strategies for younger donors. This will help build MOHAI's donor base and build relationships that over the long term, could leadership-gift-level donors in future fundraising campaigns for MOHAI.

Volunteer Leadership: Major Gifts will be solicited by the Major Gifts Committee, comprised of MOHAI volunteers as well as members of the community at large who will support the campaign at a major gift level as well as assist in securing gifts from others at a major gift level.

Foundations: (\$4.5M)
April 2008 to June 2012

Strategy: The success of the foundation goal will be directly attributed to four things:

- Evidence of personal stretch commitments from the Board of Trustees;
- A solid, powerful and quantifiable case with evidence of responding to significant community needs with a cost-effective project;
- A powerful vision and;
- Most importantly, documented impact in serving diverse communities of people

Specific strategies will include building support from local and regional family foundations, leveraging relationships with individuals to build relationships with the funders. Furthermore, community campaign fundraising may benefit from a challenge grant from a larger national or regional foundation.

Volunteer Leadership: Support from foundations will be lead primarily by MOHAI staff, with volunteer assistance used to help open doors to foundations or individuals connected with foundations, as well as spokespersons for the campaign.

Corporations: (\$2.25 Million)
April 2008 to June 2012

Strategy: As the Museum of History & Industry, MOHAI tells the stories of the tremendous impact that industry has had on the Puget Sound. As they do with the annual History Makers Gala, corporations will want to participate in this campaign to celebrate their own history. Others will have a vested interest in the future of the South Lake Union area, to provide for cultural amenities and attract and retain employees. Still more corporate citizens have a vested interest in promoting a high quality of life for all residents of the Puget Sound in order to build a healthy environment for successful business. This campaign will be positioned a worthy investment with a significant return to the community. Corporate participation will be solicited with the following areas of focus:

- **Corporate Gifts:** Large and mid-size corporations alike will be approached to support this project with a leadership gift.
- **Small Businesses:** Since 80 percent of all businesses in the country are “small” businesses, small businesses will be approached through unique strategies in the major gifts and community campaign

Volunteer Leadership: Gifts from businesses and strategies related to cultivating and soliciting businesses with face-to-face asks will be supported by members of the Lead and Major Gifts Committees, or may be divided into a special corporate gifts solicitation committee. Further a broader appeal to small business in the South Lake Union neighborhood may have unique task force leadership during the community campaign.

Community Campaign: (\$2.75M)
January 2011 to June 2012

Strategy: The community campaign phase is designed to close the campaign with maximum community participation, “ownership” by giving, an expanded donor base, larger membership base, and a new understanding of MOHAI’s mission and goals. This campaign may be leveraged by a challenge grant to drive the completion of the campaign on time and on budget. The community campaign will pair campaign fundraising with annual fundraising through a strategic, high touch, phone-mail campaign.

Volunteer Leadership: A Community Campaign Committee will strategize methods of securing broad based public support for the campaign. Smaller task forces may be convened to support specific fundraising activities.

Government:
February 2008 to June 2012 (\$2 M)

Strategy: Strengths for this project are the long-standing government relationships and MOHAI’s solid reputation. This project will solicit state and federal appropriations, as well as competitive state granting opportunities for cultural facilities. MOHAI has received previously \$5.7 million in support from the State, and will seek an additional \$1 million in competitive funding opportunities in 2010, and an additional \$1 million in federal support in 2009.

Volunteer Leadership: Support from government will be led primarily by MOHAI staff, with volunteer assistance used to help evaluate strategies, open doors to legislators, as well as spokespersons for the campaign.

CAMPAIGN ASSUMPTIONS

Fundraising will emphasize best practices of major gifts fundraising to build the momentum needed for success.

The campaign will be successful by acceptance and implementation of the best practices of major gifts fundraising. This means providing donors with all possible information, relying on donors to come to decisions about a gift as a result of this information, and developing relationship with donors to help ensure a continuing dialogue between MOHAI and the donor. Every donor will be treated as his or her own campaign with strategies, approaches, and information specifically designed around that individual's interests and values.

Despite current economic and political conditions, donors will still support well-conceived, significant projects that correspond to their values.

Donors continue to support projects that correspond to their interests and values. While some donors are delaying written pledges until market conditions improve, they remain committed to organizations that work hard to garner support. MOHAI's track record suggest success in reaching donors: its quiet Jump Start campaign, which laid the foundation for the capital campaign by building increased collections management and fundraising capacity, succeeded in raising over \$650,000 in five months from MOHAI Trustees in 2007. To date the quiet phase of the capital campaign, in advance of an agreement with the city, has garnered over \$1 million in early gifts and pledges, prior to a campaign launch. And the museum has a \$15 million cash reserve on hand to fund the campaign as a consequence of its earlier work securing a future site in downtown Seattle, which will now be directed toward the Armory project.

High-level volunteers will lead the fundraising effort as campaign chairs and primary solicitors.

This campaign will attract high-level volunteers willing to join board members in providing visible, effective leadership and in cultivating and soliciting donors. To date, members of Seattle's philanthropic community, representing both new technology backgrounds as well as old Seattle families, have joined the steering committee as both members and co-chairs. Members include past leaders and lead donors to the recently completed Seattle Aquarium, Seattle Park Foundation, and Seattle Art Museum campaigns. While The Collins Group, fundraising counsel, and staff will participate in all fundraising activities, the campaign will succeed because of these leaders' enthusiastic and active volunteer participation.

Gifts from all sources will require personal meetings for cultivation and solicitation.

Volunteers will be required to meet with all categories of donors, whether they are individuals, corporations, or foundations. To communicate the importance of the project most effectively, volunteers will need to make their case in person, giving them the ability to respond to the potential donor's questions, demonstrate the strong leadership for the campaign, and know directly the potential donor's response.

Solicitors will request specific amounts.

Most donors expect and appreciate requests for a specific amount. Every effort will be made to make respectful requests based on careful research and preparation.

Board gifts must come first.

MOHAI's Board of Trustees must demonstrate the importance of this campaign through 100% participation and personally significant stretch gifts. This level of commitment signals the project's credibility and the unequivocal commitment of MOHAI's leadership. The board campaign will conclude in the fall of 2008, and is already (August 2008) at the 80% participation level. Many of the current MOHAI trustees also gave generously to the Jump Start campaign (100% board participation) and the previous campaign for 800 Pike Street.

The campaign must create credible benchmarks and challenges to motivate action by volunteers and donors.

Fundraising benchmarks will be tied to project benchmarks and challenge grant periods throughout the campaign to create credible urgency and momentum (see chart).

MOHAI has a wide range of supporters who admire its programs; they will be the most likely initial donors.

While the campaign will undoubtedly unearth new donors, the first people to support the campaign will already be familiar with MOHAI. Identification, cultivation, and solicitation of new prospects will require time and should be undertaken by MOHAI's current leaders.

Public awareness efforts create an excellent environment in which to raise funds; they do not attract money on their own.

Through the efforts of the Board Outreach Committee, MOHAI will have a creative and far-reaching public relations campaign to build awareness of the capital campaign. These efforts will not attract additional dollars without aggressive and continuing volunteer, staff, and campaign counsel efforts.

MOHAI will recognize donors with naming opportunities or other permanent marks of their gifts.

MOHAI will find appropriate ways to recognize gifts. While most people do not give gifts solely because of recognition, it provides a powerful incentive for raising gift levels. As with all major capital campaigns, MOHAI will honor donors and provide on-going recognition of significant community gifts. These forms of recognition are likely to include donor walls, printed materials that recognize donors, and possible naming opportunities for discrete elements of the MOHAI program. Naming policies will be reviewed with the City of Seattle to make sure they are consistent with the spirit and legal parameters established by the City.

PR/MARKETING STRATEGY

MOHAI has engaged WONGDOODY, a well respected Seattle marketing and communications firm, to work with the campaign to develop and implement a full range of marketing and communication strategies. Working in concert with campaign counsel (Collins Group) and the campaign steering committee, WONGDOODY will conduct focus groups to test messages, develop a compelling case statement to use in fundraising communications, and develop a campaign logo and collateral materials including brochure and website. Specific deliverables include a Communications Plan (Fall 2008), Case for Support (Fall 2008), Campaign Theme (Fall 2008), Campaign Design Package (Fall 2008), Campaign Newsletter Template (Fall 2008), and Major Gift Brochure (Fall 2008). Later materials include Website, PowerPoint, and Campaign Mementos (2009-2010).