

# ASSOCIATION OF GRADUATES

## UNITED STATES AIR FORCE ACADEMY



### BOARD OF DIRECTORS MEETING

August 7-8, 2009

### Meeting Minutes

**Board Members Present:** Jim Wheeler, '64, Chair (succeeded by Terry Storm); Pat Rosenow, '76, Vice Chair (succeeded by Brian Binn); Bill Stealey, '70, Treasurer (succeeded by Jack Fry); Vic Andrews, '66; Brian Binn, '72; Rip Blaisdell, '62; Roger Carleton, '67; Steve Dotson, '63; Bob Munson, '73; Mark Rosenow, '03; Terry Storm, '61; George Van Wagenen, '67

**Board Members Participating By Phone:** Allison Hickey, '80 (*Friday only*)

**AOG Staff Present:** William 'T' Thompson, '73, President & CEO; Gary Howe, '69, Senior VP; Alton Parrish, CFO; Joe Swaty, Managing Director of Development; Bob McAllister, Managing Director of Communications; Ruth Reichert, Executive Assistant; Jack Mueller, '70, Director of Information Systems

**Members and Invited Guests Present:** Dick Sexton, '60, President, Class Advisory Senate; Howard Jack Fry, '67, Finance Committee; John Coulahan, '87 (Friday); Wayne Kellenbence, '78 (Friday); Jeffrey Mielke, '80 (Friday);

**Committee Members Participating By Phone:** Richard Abramson, Chair, Investment Subcommittee

- I. Call to Order**

The Chairman, Jim Wheeler, called the meeting of the Association of Graduates Board of Directors to order at 0800 hrs MDT, Friday, 7 August 2009.
- II. Pledge of Allegiance**

Mark Rosenow led the Board in reciting the Pledge of Allegiance
- III. Election of Chair for 2009-2011**

MOTION: The first order of business was the election of the new chair, and Director Van Wagenen moved to nominate Director Storm, seconded by Vice Chair, Pat Rosenow. The motion passed unanimously.
- IV. Selection of Officers (Vice Chair, Treasurer, Secretary)**

MOTION: Chair Storm asked for the motion to amend the FMIP to say the Treasurer is Chairman of the Finance Committee to match the AOG's Bylaws. The motion was made by Director Stealey, seconded by Director Binn, and it passed unanimously.

MOTION: Chair Storm asked for a motion to appoint Brian Binn as Vice Chair, Bob Munson as Secretary, and Jack Fry as Treasurer. The motion was made by Jim Wheeler, seconded by George VanWagenen, and it passed unanimously.

## **V. Committee Assignments**

MOTION: Director Carleton moved to amend the proposed 2009 Appointments by adding Director Andrews to the Audit Committee; the motion was seconded by Director Stealey and passed unanimously.

MOTION: Director Stealey moved to approve the FY2009 Appointments for USAFA AOG Officers and Directors as amended, seconded by Director Dotson. The motion passed unanimously. (See attachment 2.)

## **VI. Resolution**

Director Munson offered a resolution, seconded by Pat Rosenow, commending the service rendered by the outgoing Chairman and Directors. Chairman Storm asked about including Directors who previously served; this was accepted as a friendly amendment by Pat Rosenow, seconded by Director Stealey, and accepted without argument. The amended motion offered was as follows:

### RESOLUTION:

Whereas, in the last two years the Board of Directors has made the largest improvements in governance since the inception of the organization as well as successfully managed the transition of AOG leadership;

Whereas, the Association of Graduates of the US Air Force Academy has demonstrably improved as an organization and successfully managed a significant downturn in the economy, all while maintaining services to the Academy, members, graduates and friends;

Resolved, that this Board commends James Wheeler, USAFA Class of 1964, for his dedicated service as Chairman of the AOG Board of Directors from July 2007 to August 2009.

Resolved, that this Board commends William S. Finch, USAFA Class of 1965; Kevin Carmichael, USAFA Class of 1977; Michael Banks, USAFA Class of 1992; and Michael Flynn, USAFA Class of 1995; W. William Boisture, USAFA Class of 1967; James Sanchez, USAFA Class of 1990; Frederick Gregory, USAFA Class of 1964; Martin France, USAFA Class of 1981; and Ralph Edward Eberhart, USAFA Class of 1968; for their selfless and dedicated service as Directors on the AOG Board of Directors.

The motion passed unanimously.

The Chair asked Director Munson to prepare letters to all outgoing directors for him to sign.

**VII. Approval of Consent Agenda**

**Minutes of the June 25, 2009, teleconference**

The Chair noted that the June 25, 2009 Teleconference Minutes had been sent out and no comments were returned from the previous Board members. The minutes will be entered into the record as written as no question or objection was offered. Since the majority of this Board did not participate in that meeting, it will be noted that the minutes are factually correct.

**VIII. Approve Agenda**

The Chair offered the agenda to the Board for suggested changes; hearing none he declared them approved.

**IX. Presentation of New IRS Form 990 Requirements**

Greg Papineau of BiggsKofford, the AOG's independent auditors, explained the changes to the revised IRS form 990 (see attachment 3) which will bring more transparency to non-profits such as the Association of Graduates. He emphasized that the senior management team at the AOG has been proactive and is taking this issue very seriously.

**X. Strategic Issues**

**a. Schedule for Fall 2009 Meeting**

The Chair asked the Directors to take a look at the Board meeting schedule for the next 12 months; the next Board meeting is planned for November 13-14.

MOTION: Due to scheduling issues, the next Board meeting will be on November 20-21, instead of November 13-14 as previously agreed upon. The May Board meetings will take place on Friday and Saturday of the first week in May, and the August 2011 meeting will be on the 2<sup>nd</sup> Friday and Saturday of the month. (See AOG Board Meeting Calendar at attachment 7.)

The motion was made by Director Andrews, seconded by Director Carleton and passed unanimously.

**b. Conflict of Interest Policy and Statements**

All Directors read the Conflict of Interest policy and provided a signed statement.

**c. Board Appointment Discussion**

A suggestion was made to consider appointing the Board Treasurer and Chair of the Finance Committee, Jack Fry, to the Board and to also consider appointing a representative from the USAFA Endowment and the Athletic Foundation. Consideration should also be given to making appointments that increase diversity.

Pat Rosenow requested that the topic of reimbursing directors for travel to board meetings be reconsidered by the Governance and Finance committees.

Director Stealey asked to vote for it right now; Director Wheeler asked to table it at the moment, but use it as a recruiting tool later. Director Binn added that the Bylaws indicate that Board members must be able to attend meetings and that a Bylaw amendment might be necessary to implement reimbursement. He asked for a legal opinion and said that the Governance Committee will review.

Director Munson considered travel reimbursement to be a side issue and asked that this Board start thinking about to what purpose appointed Directors be used in the next two years. He listed four possible purposes: 1) bring in specific expertise, 2) expand Board diversity, 3) build political/organizational alliances, and/or 4) build a fund-raising Board. His opinion was that building diversity was the task of the voting membership rather than a Board obligation.

In reference to the Board appointment discussion, Director Binn added that it will be difficult to appoint people before November; however Director Wheeler said that the Board did not have to act in November. The Chairman confirmed and suggested that the committees get started first. Directors Andrews and Binn will come up with a plan

The CEO said that director reimbursement was not in this year's budget. The Board asked the CEO to put it in the budget for next year, for newly elected directors, effective with the directors who were just elected. Director Binn reiterated that a Bylaws change might be required.

## **XI. Policy Manual Amendments**

### **a. Changes to Policy 4.9 Board Committee Structure**

Chairman Storm had offered a rewrite to Policy 4.9 in the Board Policy and Procedures Manual at the last meeting, and then withdrew the motion to allow further modification and review. The Governance Committee review showed no conflict with the Bylaws. With modifications, the proposed Policy 4.9 was returned for consideration.

MOTION: Director Wheeler moved to approve Policy 4.9 as amended (Atch 11). The motion was seconded by Director Binn and passed unanimously.

### **b. Add Policy 4.2.3 BOD Motion-to-Vote Process**

MOTION: Director Munson moved to add Policy 4.2.3 BOD Motion-to-Vote Process: "Additions and changes to the written policies and procedures of the Board will be made allowing for full and careful consideration by the Directors. Unless waived by Board motion, the Board will follow the process diagrammed at Table 1." Add table 1, which diagrams the process as a page insert after Policy 4.2. See Atch 12

Discussion and debate centered on what motions would this amendment cover and if it would limit the Board's ability to change their policies and procedures outside of this process. The sense of the Board was that it wanted to limit this procedure to the FMIP

and Policy and Procedures Manual, and that the Board could suspend this process by simple majority vote. Director Blaisdell offered a friendly amendment, and Director Munson accepted, to add the following to the diagram notes at the bottom: “This process can be suspended by a majority vote of the Board.”

The motion was seconded by Pat Rosenow. The motion passed with 3 votes against it (Directors Van Wagenen, Hickey and Dotson)

**c. Add wording to Policy 2.9 Executive Limitations**

Director Dotson had offered this motion at the May Board meeting where it was sent to the Governance Committee for review. Director Dotson moved that the following motion be re-considered and it was seconded by Director Wheeler:

Add to Policy 2.9: To that end, the CEO shall provide a comprehensive report to all Board members on issues facing the AOG and on important developments at least once monthly during months without a scheduled Board meeting, including in particular any issues and developments concerning fundraising, financial matters and other matters of significant concern to the AOG.

Director Binn offered that current policy has adequate language directing the staff keep the Board informed; further that the Board hired the current CEO and the Board has to trust the CEO to do what he is supposed to do under these policies. Director Dotson didn't feel this was a trust issue, rather the motion requires the CEO to provide reports on a timely basis. CEO Thompson provided the background that the issue arose because the Board had not been informed of the contents of his regular article in the last Checkpoints which dealt with his thoughts on fund-raising models used at universities and sister service academies. He reiterated that he follows the reporting policies and does inform the Board, between meetings, of issues he feels merits the Board's attention. The Chair noted that Directors do have access to the CEO to ask questions and that the CEO has provided interim reports.

The motion was defeated 7-3 (Dotson, VanWagenen, and Stealey voted for) with one abstention (Pat Rosenow).

**XII. Guest Speaker Lt. Gen. Michael C. Gould, USAFA Superintendent - Closed Session**  
The Board went into closed session upon request of the Superintendent.

**XIII. Guest Speaker Troy Calhoun, Air Force Falcons Head Football Coach**  
Troy Calhoun gave some insights into Air Force Football recruiting and answered the Board Directors' numerous questions.

**XIV. Class Advisory Senate Update**  
Senate President Sexton discussed the new version 6.0 of the document *Moving Forward* (see attachment 4). Only the introduction was written by him, all other contributions came from members of the Senate through input from their classmates – a total of 13 pages. It represents a consensus document which is a clear message to the Board that a lot

has been done to address the harmonized fundraising issue. The Senate emphasized that it would not favor any particular fundraising model. In reference to the Navy Model that had been presented to the Senate by the CEO, the Senate emphasized that the AOG needs to maintain its independence and integrity.

Senate President Sexton mentioned the upcoming election of officers for the Senate in January 2010; Director Blaisdell added that Checkpoints magazine was an excellent way to recruit prospects for the senators.

MOTION: Director Munson moved, seconded by Director Wheeler, that the following response be made to the Senate recommendations contained in *Moving Forward*; a friendly amendment by Pat Rosenow to add an introductory paragraph was accepted:

“The AOG Board of Directors thanks the Senate for the thoughtful deliberations and hard work reflected in their recommendations.

The Board accepts, for consideration, the recommendation of the Class Advisory Senate outlined in *Moving Forward* 2009 – 2011.

The Board itself will consider the recommendations outlined under Section II. The BOD liaison to the Senate, with the Senate President, will be responsible for providing the Senate updates on BOD actions with respect to these recommendations.

The Board passes on to its CEO those recommendations in Section III, as they are largely AOG organizational ‘Means’. While the Board may not take nor direct such recommendations, it can consider them when performing its Executive Review function.”

The motion passed unanimously.

## **XV. CEO Report**

### **a. Financial Update**

The CEO presented the statements showing the AOG’s financial position, and the CFO continued with an explanation of the unaudited financial statements for the fiscal year ended June 30, 2009 together with a detailed management discussion and analysis. Director Dotson thanked the CEO for his efforts, and the CEO passed the thanks to the Managing Director of Development, Joe Swaty, and his staff for their aggressive fund raising calls campaign. (See attachment 5.)

### **b. Monitoring Reports**

The CEO briefed the Board on the following monitoring reports: Executive Limitations: Financial Condition and Activities, Asset Protection and Investment Management. The Board had no questions. (See attachments 6a-c.)

### **c. War Memorial**

The CEO asked the Board for a motion to add

- 1Lt. Roslyn L. Schulte, ’06, and
- Capt. Mark R. McDowell, ’05

to the Graduate War Memorial Wall.

MOTION: The motion to have them added was made by Director Pat Rosenow and seconded by Director Andrews. The motion passed unanimously.

Director Hickey added that they are having a fundraiser for Lieutenant Schulte.

**d. Communications Update**

The CEO introduced the “kNew” campaign, and Managing Director of Communications, Bob McAllister, followed with an overview of the new comprehensive campaign “Building a Better Academy”. The main goal is to educate and inform constituents with the keynote being “everything we do supports the Academy”. The repackaging will refresh communications and show a vibrant organization which is making a difference for the Academy. Bob McAllister explained that the Academy depends on the AOG to get messages out, and the AOG has a lot of vehicles and venues that other organizations do not have. Checkpoints magazine is the only publication which tells the Academy story that leaves the Academy and will have – among other new features – a new layout and a new look. The electronic newsletter, ZoomiEnews, which will also be even more user friendly than it already is, is sent to 33,000 subscribers with an open rate of 52%, compared to an open rate of 20-25% of the Colorado Springs Chamber of Commerce’s newsletter according to Director Binn. Annapolis has just launched their electronic newsletter, and no numbers are available at this moment. The communications department is developing an Alumni Guide, which will be attached to Checkpoints, showing all the AOG’s services, events, etc. The AOG will produce advertisements for the KAFA cadet radio station, and the Falcon Sports Network will mention the Association of Graduates at all their venues. The AOG website had 4.5 million hits since June 1st of this year. 26,000 grads are registered users of ZoomieNation. 350 groups have been established.

Senate President Sexton added that the Senate is also a good communications vehicle, and Director Wheeler gave kudos to Bob McAllister and his staff for all their excellent work.

The campaign will be about one year long, however, there won’t be a budget increase, which was appreciated even more by the Directors.

**e. AOG Operations Update**

1. Operation “Ends” Committee: The CEO has formed an “Ends Planning Committee” to “operationalize” the Board’s Ends. The Committee consists of the following members: CEO Thompson Senior VP Howe CFO Parrish AOG Directors Swaty, Marcolongo, and McAllister; BOD Directors Hickey and Munson; and Senate President Sexton.
2. Development: The CEO asked the Board for 100% financial participation; he also showed a “giving” analysis of other service academy boards which showed significant financial support.
3. Falcon Alliance: The AOG is planning to reach out and engage the Colorado Springs community by offering a way to access and support the Academy through membership in the AOG.
4. “Champion Cities” Program: Our 41,000 graduates are scattered around the world and the AOG is studying where the greatest concentrations of graduates are with the purpose of identifying the 10-12 “Champion” cities and allocating resources accordingly. This program will focus on fund-raising support from members in those cities.
5. Distinguished Graduate Award: The DG Award Task Force consists of the Dean of Faculty, General Born; Falcon Foundation President, Cubero; BOD Director Hickey; AOG CEO Thompson and AOG Senior VP Howe. The committee is

studying the Distinguished Graduate Award process and ceremonies for possible revision.

6. Navy – Congressional Country Club Donor Event, 2 Oct.: The AOG and USAFA Endowment Boards of Directors are having a joint donor event at the Congressional Country Club in Bethesda, Maryland in conjunction with the Air Force – Navy game. Sponsored by Mr. Richard D. McConn, this joint event will be the first direct collaboration between the AOG and the UE.
7. USAA: The AOG has signed a major 5-year agreement with USAA to be the premier AOG sponsor. The agreement became effective on 1 July 2009.

## **XVI. Committee Updates**

### **a. CEO Evaluation**

In a closed session, Director Dotson briefed the Board on the CEO evaluation that had been conducted earlier this year. He noted that the CEO had met the goals of his Bonus Contract and that a new contract needs to be negotiated for 2009-2010.

Chair Storm asked to create a CEO Evaluation Task Force consisting of Directors Binn, (chair), and Pat Rosenow and Carleton. Director Dotson agreed to serve as consultant. The Board agreed unanimously.

MOTION: Director Wheeler moved, seconded by Director Stealey, to appoint Directors Binn, Pat Rosenow, and Carleton to meet with the CEO, with Director Dotson as a consultant and negotiate the agreement with the CEO regarding his contract for FY10. The committee will write the contract and send it to the Board electronically for confirmation. The motion passed unanimously.

### **b. Finance Committee Report**

Finance Committee member and now Treasurer, Jack Fry, gave an update of the Financial Management & Investment Policy (FMIP) with proposed changes. The Chair reminded the Board that they had approved one change already to make the Board Treasurer the Chair of the Finance Committee.

MOTION: Steve Dotson moved, and Jim Wheeler seconded, that the FMIP Section 1.5, fifth paragraph, be changed as follows: “The Committee will have an Investment Subcommittee to assist in investment oversight. The Subcommittee will be composed of at least one member of the Committee and other individuals the Committee may deem necessary to a maximum of five members. . . .” The motion passed unanimously.

MOTION: Steve Dotson moved, and Rip Blaisdell seconded, that the Board approve the following committee assignments: “Finance and Investment Committee consists of Howard J. (Jack) Fry as Treasurer & Chairman, Roger E. Carleton, Robert S. (Steve) Dotson, John W. (Wild Bill) Stealey; and Investment Subcommittee of Richard Abramson as Chairman, Howard J. (Jack) Fry, William Jennings, and Roderick Hennek”

The motion passed unanimously

The Board discussed their concerns that the document was unfinished. Treasurer Fry stated that the current FMIP is still being reviewed and more changes will be presented at the November meeting.

**XVII. Richard Abramson, Investment Subcommittee**

Richard Abramson gave the Board a detailed investment report via teleconference and slides. (See attachment 10).

MOTION: Treasurer Fry moved to have Louis Kingsland added to the Investment Subcommittee. The motion was seconded by Director Binn and passed unanimously.

**XVIII. Organizational Design and Functioning**

Director Dotson gave a presentation on “How Successful Organizations Function” (see attachment 9).

**XIX. Motion on Air Force Model**

Bob Munson had placed a motion on the agenda for Board consideration that provided guidance for the CEO in his negotiations with the USAFA Endowment. As the discussion was to review LtGen Gould’s presentation (which he asked to be closed) as well as negotiation details, the Board went into Closed Session. Upon returning to Open Session, the following motion was made:

MOTION: Bob Munson moved and Pat Rosenow seconded the amended motion: “To serve the best interests of the Air Force Academy, the Board instructs its negotiators to work with the other non-profit organizations that support the mission of the Air Force Academy to move toward the fund raising model that has been most successful for most other major universities and our sister services academies: a fund-raising and friend-raising organization; formally linked together; strategic direction from a single source; and with common senior management be agreed to as soon as possible.

The CEO can seek interim agreements that are in accordance with the AOG By Laws, achieve the Board Ends and move toward the interim objective above.

Any such agreement shall not result in:

1. a short or long term loss of service or benefit to the Air Force Academy or
2. transfer or risk to assets, intellectual property, information, and business activities without adequate compensation.”

The motion was approved unanimously.

Pat Rosenow, in concluding, noted that the negotiators are working on behalf of the Board and would return any agreements to the Board for approval. The Board would consider its responsibilities to the membership before agreeing to implement an agreement and send it to the membership if it felt that to be appropriate.

**XX. Unscheduled Business**

MOTION: Director Andrews moved that the Nominating Committee consist of the following voting members: Pat Russell, Will Honea, Randolph Royce, Alexander Archibald. The motion was seconded by Director Wheeler and passed unanimously. (See attachment 8 for the current committee list.)

Senate President Sexton extended an invitation to all members of the Board to attend the next Senate Meeting at Doolittle Hall on October 14, 2009, at 2000 hrs.

Director Wheeler mentioned that the AOG should consider hosting another Graduate Leadership Conference. He also noted that the Board should try to form a closer relationship with the USAFA Board of Visitors.

Director Stealey commented that the Board has “Ends”, but no measurements for achieving the “Ends”. The CEO commented that the “Ends” Planning Committee would address this issue.

In response to a question about Chapter development, the CEO added that the AOG will be adopting aspects of the West Point model in reference to building chapters.

**XXI. Closing Comments from the Chair**

The Chairman thanked the CEO and the AOG staff for all their work. He reminded the Board that the next Board meeting will be November 20 – 21, 2009.

**XXII. Adjournment**

The meeting adjourned at 1210 hrs (MDT).

Respectfully submitted,

Ruth Reichert, Recorder  
Robert Munson, Secretary

**Attachments:**

Attachment 1:	Board Presentation Slides
Attachment 2:	FY2009 Appointments for USAFA AOG Officers and Directors
Attachment 3:	BiggsKofford Presentation Slides
Attachment 4:	Senate Letter <i>Moving Forward 2009 - 2011</i>
Attachment 5:	Financial Reports June 2009, Management Discussion & Analysis
Attachment 6a:	Monitoring Report 2.4
Attachment 6b:	Monitoring Report 2.5
Attachment 6c:	Monitoring Report 2.6
Attachment 7:	AOG Board Meeting Calendar
Attachment 8:	Board Committee List
Attachment 9:	Organizational Design and Functioning – Steve Dotson
Attachment 10:	Investment Subcommittee Report – Richard Abramson
Attachment 11:	Policy Manual 4.9 change
Attachment 12:	Policy Manual 4.3.2. change