

# ASSOCIATION OF GRADUATES

## UNITED STATES AIR FORCE ACADEMY

### BOARD OF DIRECTORS MEETING February 20-21, 2009 MINUTES

**Board Members Present:** Jim Wheeler '64, Chair; Mike Banks '92, Secretary; Steve Finch '65; Mike Flynn '95; Allison Hickey '80; Bob Munson '73; Terry Storm '61; George Van Wagenen '67

**Board Members Participating By Phone:** Pat Rosenow '76, Vice Chair; Steve Dotson '63

**Board Members Absent:** Bill Stealey '70, Treasurer; Kevin Carmichael '77

**AOG Staff Present:** William 'T' Thompson '73, President & CEO; Alton Parrish, CFO; Marty Marcolongo '88, Director of Alumni Relations; Ruth Reichert, Executive Assistant; Jason Finkle, Database & Website Administrator

**Members and Invited Guests Present:** Brig. Gen. Samuel D. Cox '84, Commandant of Cadets; Dick Sexton '60, President, Class Advisory Senate; Howard Jack Fry '67, Finance Committee; Dick Rauschkolb '70; Mike Jensen '84; Wayne Kellenbence '78; Rip Blaisdell '62; Jeffrey Mielke '80; Roger Carleton '67

#### **I. Call to Order/Welcome and Remarks by Chairman**

The Chairman, Jim Wheeler, called the meeting of the Association of Graduates Board of Directors to order at 0900, Friday, 20 February 2009.

The Chairman opened the meeting with remarks about the schedule and important topics for the meeting. He highlighted the time the Board would be spending on the financial issues of the AOG.

Jim Wheeler announced that the Commandant of Cadets, Brig. Gen. Samuel D. Cox, would be addressing the Board later in the meeting.

#### **II. Pledge of Allegiance**

Terry Storm led the Board in reciting the Pledge of Allegiance

#### **III. Approval of Consent Agenda**

Jim Wheeler asked the Board to approve the Consent Agenda if there were no changes.

**MOTION:** Director Flynn moved to accept all items as presented. Director Van Wagenen seconded the motion. The motion passed unanimously.

A. October 24-25, 2008 Meeting minutes were accepted as presented.

B. December 16, 2008 Teleconference minutes were accepted as presented.

**IV. Approve Agenda**

The Agenda was approved as presented.

The Chairman informed the Board that Director Boisture had tendered his resignation due to personal and professional reasons. His term would have ended this summer. The Chairman thanked Director Boisture for his more than 8 years of service to the AOG Board. The Board now consists of 12 members.

**V. Creation of Ends for the AOG**

Director Munson led the discussion of the development of the AOG Board Ends. Director Munson said that Ends will help lead the AOG and provide guidance to the CEO. Director Munson led a review of how the Ends process will work. The Ends document is a living document that should be continuously updated as the AOG changes. The Board has accepted the policy manual and now needs to add the Ends to complete the process. The Board discussed the need to develop the cost component of each End. Director Hickey suggested a need for prioritization of the Ends in order to provide appropriate guidance to the CEO for finite resources and efforts to apply to each. The prioritization discussion was tabled until a later discussion, but then subsequently not adopted. Director Munson described the process to develop the Ends. The process included extensive discussions with the Board, staff, and membership, and a review of the graduate survey.

The Board reviewed the Ends document and made appropriate changes.

**MOTION 1:**

Director Storm moved to approve the Ends document and it was seconded by Secretary Banks. The motion was later withdrawn.

**MOTION 2:**

Director Dotson moved to table the above motion and it was seconded for discussion by Director Van Wagenen.

2 votes were in favor to suspend (Directors Dotson and Finch), 6 were against, and the motion was defeated.

Director Storm withdrew motion 1.

**MOTION:**

Director Flynn moved to suspend the agenda and focus the work on finishing the Ends document. It was seconded by Director Hickey. This motion failed (2 votes in favor: Directors Flynn and Hickey).

*The Ends Discussion was halted and resumed after the Investment Committee Report.*

**VI. Guest Speaker – Brig. Gen. Samuel D. Cox '84, Commandant of Cadets**

General Cox was introduced to the Board members. He gave the Board an update on the Cadet Wing and the graduating Class of 2009. He also briefed the Board on several USAFA programs and needs of the programs. He pointed out that currently there are 82 Cadet Clubs which never have enough funds because only 25% (of annual request) is funded by USAFA. After his presentation he took questions from the Board.

The Chairman thanked General Cox for taking time out of his busy schedule to speak to the Board and welcomed him back anytime.

**VII. Investment Committee Report**

Richard Abramson, Chairman of the Investment Sub-Committee, gave his report to the Board via teleconference. He presented information on the current investment portfolio of the AOG. (*See Attachment 1*)

**Resolution:**

Director Finch moved that it be resolved, that, while the AOG Board of Directors regrets the recent losses in the asset portfolio, it recognizes the expertise and dedication of the members of the Investment Sub-Committee and commends them for their efforts. Director Storm seconded. The motion carried with 7 votes for and 1 vote against (Director Dotson).

*The Ends Discussion continued with the following motion:*

**VIII. MOTION to Approve Ends:**

Director Finch offered a motion to approve the Ends as prepared in the motion below. It was seconded by Director Munson.

The Ends Task Working Group presented their work on Ends to the Board for discussion, recommendations, and approval. After deliberation, amendments and better understanding this Board determined:

- A. Policy Manual 1.0 be changed to replace the current section with the following Global End, second level and third level Ends:

The Association of Graduates of the US Air Force Academy exists for the benefit of the USAFA and its graduates, to the extent of its resources.

- 1. So that graduates and cadets value AOG membership, the AOG provides communication, professional development, services and benefits to its members as well as the graduate community and friends.
  - a. AOG members are informed.
  - b. AOG members have access to and use AOG services and benefits.
  - c. AOG has events that build camaraderie among graduates and friends.

- d. Chapters, non-member graduates, and friends have access to AOG services and benefits when it supports the mission of the AOG.
- 2. AOG members, graduates and friends support USAFA and its cadets.
  - a. Selected USAFA programs are requested of and supported by the AOG.
  - b. Donors have choices, among AOG services and USAFA programs, for their monetary and non-monetary gifts.
  - c. Donors have a choice of giving methods under a financially sound program.
- 3. The AOG preserves and promotes the heritage and traditions of the USAF Academy and the contributions of its graduates.
- 4. The USAFA and USAF rely on, value and respect the AOG and its members for their knowledge, capabilities and support.

B. The Board recognizes the importance of, and will promptly address: priorities, costs, Chapter definition and support, and definition of the AOG benefits to be accorded to non-member graduates.

**MOTION:**

Director Dotson moved by phone to amend the motion with ‘the financial health of the AOG’ (*under B; after ‘will promptly address: ...’*). Director Van Wagenen seconded the motion. 5 members were in favor of the amendment with 3 votes against it (Directors Munson, Hickey, and Rosenow).

The motion passed as amended.

Director Storm ended the Ends Discussion with a dialogue on the priorities for the AOG. He reminded the Board members that the budget comes from these priorities: USAFA Support, Member Support, Heritage and Influence. The conclusion was that the Board would not presently rank these priorities, recognizing that they are all inextricably linked.

**IX. Finance Committee Report**

Jack Fry presented the Finance Committee’s report to the Board with an emphasis on ongoing actions. After his report he proposed to make the slides available to the Senate in condensed form before their April meeting. Director Storm and Director Hickey will assist in this action.

*The Friday meeting adjourned at 1730 (MST).*

*The Board re-convened at 0807 (MST) on Saturday.*

**X. Recognizing Departing Board Member**

**Resolution:**

Director Storm moved that it be resolved that, upon his resignation from the Board of Directors for personal business reasons, the directors thank Worth W. Boisture Jr. for his eight years of dedicated service to our members and the Academy. Director Banks seconded. The resolution passed unanimously.

**XI. Finance Report**

The CFO, Alton Parrish, presented the AOG's financial report. He offered the Operations Income Statement for the first six months of the fiscal year and explained the Management Discussion and Analysis (MD&A). He also presented the Projected Budget for the remainder of the year. Director Hickey asked for a comparison of previous year positions for comparison and trend analysis. CFO Parrish provided this information (see attachment 3). It is our goal to end the year with a balanced budget.

**XII. Audit Report**

The Audit Committee Chair, Director Van Wagenen, presented the Audit Committee report. The Chairman recommended having the next audit report available at the fall Board meeting. Director Finch requested to receive the audit within 90 days after the end of the fiscal year and to have it available by the end of September.

**MOTION:**

Director Van Wagenen moved to accept the audit that had been presented. Director Storm seconded the motion. The motion passed unanimously.

**XIII. Election Update**

The Nominating Committee Chair, Director Van Wagenen, announced that the ballots will go out on/around 16 March 2009 and are due back by 30 April 2009. The results will be posted by 5 May 2009. Members who have e-mail addresses will receive a message directing them to a secure website; members without e-mail addresses will receive a paper ballot.

Chairman Wheeler recommended extending an invitation to candidates to attend the May 2009 Board meeting. Board orientation will be in August.

**XIV. Class Advisory Senate Update**

Dick Sexton, Class Advisory Senate President, gave a brief update to the Board. The last Senate meeting was on January 14<sup>th</sup>, 2009, where CEO 'T' Thompson gave a very useful briefing to the Senate on the state of the AOG; Senior Vice-President, Gary Howe, gave a services update including a comparison with our sister service academies; Director Van Wagenen talked about the Nominating Committee; Jack Fry informed on the Finance Committee; and Director Storm briefed the Senate on the Carver Model. Dick Sexton reminded the Board that the Senate is a communications tool to keep connected with the graduate community, and to advise the Board. He also announced that the next Senate meeting will be in April and the next executive committee meeting in March. He would appreciate help in explaining the Carver Model to the Senate and extended an invitation to Director Munson to help with this task.

Director Hickey stated that the Board needed to do a better job of interacting with the Senate. The Senate President is also seeing a drop in participation from classes.

The Chairman thanked President Sexton for his update and pointed out the evolving positive relationship between the Class Advisory Senate and the Board.

## **XV. CEO Report**

- A. 'T' Thompson gave his CEO Report to the Board.
- B. The CEO addressed the Executive Limitation policies that govern his job. He provided Board Monitoring Reports which demonstrate compliance with these limitations and will continue to present these Monitoring Reports at each Board of Directors meeting.
- C. The CEO gave a personnel update: 8 positions within the AOG have been eliminated; 4 by not filling open positions and 4 by staff reductions. (Additionally, two members of the development staff resigned, and both of them were replaced.)
- D. The CEO then gave a USAFA Endowment update. He discussed the current fractious fundraising environment at the Academy and pointed out reasons why the different organizations should work together. The CEO then shared his research on the fundraising models of other universities including the roles of alumni associations and development offices. He demonstrated how the models at West Point and Navy, though with slightly different legal structures, approximated the models used at the other major universities. He offered that some version of the model used at Navy, which consists of a fundraising foundation and an alumni association in a closely coordinated overall system, could serve as a guide for a successful Academy model.

The CEO opined that a coordinated agreement would enhance the AOG's mission to support the Academy, serve the grads, and promote heritage. He also said, though, that if such an agreement could not be reached in the near term, the AOG would continue to move forward, and remain open to an agreement that supported the AOG's mission and was in the Academy's best interest.

The CEO emphasized that the focus is on the Air Force Academy; he read several reports where grads emphasized their passion for support to the cadets and cadet activities.

After the CEO's update, the session was open for questions and comments.

Director Dotson noted that while the system at Navy was effective during its most recent capital campaign by having raised over \$200 million, it does not appear to be efficient in normal operations. Financial information suggests that the Naval Academy Foundation spends about \$7 million a year to operate, but raises only about \$13 million a year in donations.

## **XVI. Comprehensive Campaign Status**

**MOTION:** Director Flynn moved that as a follow-up to Director Carmichael's report at the October 2008 Board Meeting, the Board directs the CEO to prepare an after action

report of the Comprehensive Capital Campaign which discusses the lessons learned, what worked well and what could have been improved, and an accurate accounting of the total costs, monies raised, and gifts provided to the Academy and AOG graduates. This report should be presented to the AOG Board at the May 2009 meeting.

Director Finch seconded the motion. The motion passed with 6 votes for and 2 votes against (Directors Munson and Rosenow).

Directors Flynn and Finch agreed to serve on an operations committee to produce the report as they were the only Board members who were serving at the time.

**XVII. Closing Comments from the Chair**

The Chairman thanked the Board and the AOG staff for all their work.

He reminded the Board that the next Board meeting will be May 8-9 in conjunction with the Jabara Award Banquet.

**XVIII. Adjournment**

The meeting adjourned at 1300 (MST).

**Attachments:**

Attachment 1: Investment Sub-Committee Report

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment1.pdf>

Attachment 2: Finance Committee Report

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment2.pdf>

Attachment 3-1: Financial Statements from CFO

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment3-1.pdf>

Attachment 3-2: Operating Income Statement

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment3-2.pdf>

Attachment 3-3: Operating Income Statement-Cash Basis

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment3-3.pdf>

Attachment 4: Board Slides

<http://www.usafa.org/about/Governance/MeetingMinutes/Feb2009/attachment4.pdf>