

ASSOCIATION OF GRADUATES
UNITED STATES AIR FORCE ACADEMY 

BOARD OF DIRECTORS MEETING
2 December 2011
Approved Meeting Minutes

Board Members Present: Terry Storm, '61, Chair; Brian Binn, '72, Vice Chair; Bob Munson, '73, Secretary; Howard Jack Fry, '67, Treasurer; Vic Andrews, '66; Rip Blaisdell, '62; Roger Carleton, '67; Bruce Wright, '73; Steve Beasley, '93; Mark Rosenow, '03; Kathleen Rock, '98; Bebe O'Neil, '83; Kevin Chilton, '76; Dick Sexton, '60, President, Class Advisory Senate.

Board Members Absent: Frank Schmuck, '88

AOG Staff Present: William 'T' Thompson, '73, President & CEO; Gary Howe, '69, Exec. VP; Alton Parrish, CFO; Marty Marcolongo, '88, Senior VP for Business Development; Bob McAllister, Senior VP for Communications; Jack Mueller, '70, Director of Information Systems; Hadassa Muñoz, Executive Assistant.

Members and Invited Guests Present: Gen (Ret) Steve Gen Lorenz, '73, President & CEO USAFA Endowment; Col. Tamra L. Rank, '83, Vice Superintendent; Dick Rauschkolb '70; Garry Dudley '68, VP Class Advisory Senate.

- I. Call to Order**
The Chairman, Terry Storm, called the meeting to order at 0900 hrs MDT, Friday, 2 December 2011.
- II. Moment of Silence & Pledge of Allegiance**
- III. Notified Absences & Introductions**
The Board Chair asked each member of the Board and AOG staff in attendance to give a brief introduction for the new directors.
- IV. Approval of Consent Agenda**
The Chair pointed out that the consent agenda included the provisional minutes of the Board meeting on 12 August, 2011 as well as provisional minutes of the Board special meeting on 17 November, 2011. No objections being noted. Director Andrews moved to approve the consent agenda as presented. Motion seconded by Director Carleton, and was passed unanimously (Atch 1, 2)
- V. Approve Agenda**
The Chair offered the agenda to the Board for suggested changes; the Board accepted the agenda as written.

VI. Committee Updates

A. Nominating Committee:

1) The Board moved to executive session to executive session iaw Art V. Sec 8c of the bylaws to consider the nomination of Gen (Ret) Kevin P. Chilton for appointment as a Director. When The Board returned to open session; Nominating Committee Chair Beasley offered the following motion, seconded by Director Wright:

MOTION: The AOG Board of Directors appoints General Chilton to serve as appointed director position through May 2015.

The motion passed unanimously. Gen Chilton joined the meeting as a Director. The Board now has one appointed vacancy remaining, vacated by the election of Steve Beasley to an elected position.

2) Committee Chair Beasley introduced a discussion of the role of the Nominating Committee. The Bylaws state that the Board must give guidance to the committee on the skills, talents and capabilities desired by the Board. The Committee must then nominate at least twice as many candidates as there are vacancies for the upcoming election. Additionally, any member can have their name placed on the ballot by petition of 25 members without review or consideration by the Nominating Committee.

The question at hand is whether the Nominating Committee should provide a list of candidates that the Board would then provide to the membership as their recommended slate.

The Board Chair noted that the Board had done a good job of guiding the Nominating Committee and properly defining Board needs. Director Rock stated that the AOG should continually strive to better represent the graduate community and that by the AOG "endorsing" candidates this sends a mixed message to the graduates about the AOG and implies a form of "picking favorites" that the board should not be engaged in, hence diminishing its credibility. Director Andrews noted that no Board recommendations had been provided to the members in the last two elections and that the current Board is the result. Director Chilton, after asking for Bylaws clarification, noted that although petition candidates must be placed on the ballot, "without consideration or review by the Nominating Committee," that would not preclude the Nominating Committee from recommending one (or more) to the Board for endorsement or recommendation. CEO Thompson emphasized that any qualified candidate with signatures from 25 AOG members will be able to run for Director; so that, even with a policy for the Board recommending its choice of candidates, makes for a fair process. Director Beasley noted that he was a petition candidate, not a Nominating Committee candidate, and was elected.

Director Beasley reviewed the wording of the recommended policy change with the Board to include that the Nominating Committee would "[f]rom the list of all qualified candidates provide, for Board approval and recommendation to the membership, a slate of candidates that best offers the skills, talents, and capabilities needed."

MOTION: Committee Chair Beasley moved to change Policy 4.9 of the Policy Governance regarding the Nominating Committee (Atch 3). The motion was seconded by Director Andrews and passed unanimously.

3) MOTION: Committee Chair Beasley moved, and Director Andrews seconded, that the Board approve the Nominating Committee members for 2011-2013: Steve Beasley '93 as Chair, Mark Rosenow '03, Jennifer Cummings '93, Constantine Tzavaras '85, Sue Ross '83, James Moschgat '77, and Alex Archibald Jr. '67. The motion passed unanimously.

B. Audit Committee:

1) CEO Thompson introduced the AOG's auditor, Mr. Papineau, and noted that the committee had put out the audit to bid, considered applications from a number of firms, and then based on those bids, chose to continue with BiggsKofford.

Mr. Papineau reported that the firm had given the AOG an unqualified report, "the highest level of assurance we can issue". BiggsKofford's job is to express an opinion on the financial statements. This Board then has the fiduciary responsibility to review the financial statements and accept them if the Board agrees with the auditor's opinion. Mr. Papineau then reviewed the financial statements (Atch 4) for the Board.

MOTION: Director Blaisdell moved to approve the audit as presented, seconded by Director Carleton. The motion passed unanimously.

2) MOTION: Director Blaisdell moved, and Director Carleton seconded, that the Audit Committee membership will consist of Director Blaisdell as Chair, and as members Ev Vaughn, Vic Andrews, Barry Blackman, Wil Honea, and Jack Fry. .

C. Governance Committee

1) In the review of the Class Advisory Senate recommendations in "Moving Forward 2011-2013" Director Binn expressed appreciation for the Senate's work. In Director Binn's review most of the Senate recommendations were more applicable to the AOG staff's Strategic Plan, which is more geared to day-to-day management. Building chapters, friend raising, financial issues, etc. are more applicable to the staff's responsibilities. The Board Chair commented that, as the Senate sent a report to the Board, the Board should formally reply. Director Binn said the Governance Committee will draft a reply and send it to the CEO and Board for review.

2) The Governance Committee will undertake a review of Board policies to ensure that they were in accordance with the revised bylaws, starting with the first section.

D. Joint Coordinating Committee

In accordance with Bylaws Section 8d, the Board went into executive session to receive the report on the status of negotiations with respect to the follow-on Memorandum of Understanding with the USAFA Endowment. With the conclusion of the discussion, on

return to open session, the following motion was reported out, as offered by Director Munson and seconded by Director Beasley:

MOTION: The AOG Board directs its negotiators to seek an MOU agreement with the USAFA Endowment in which the AOG's Long Blue Line Endowment remains an asset with the AOG as it was when the USAFA Superintendent made it one of his top strategic gift priorities.

The motion was passed unanimously.

E. Treasurer's Report

1. Finance & Investment Committee Report

Director Jack Fry informed the Board that the Committee voted to recommend continuing reporting the financials in cash basis as well as GAAP basis. The Chair asked if there were any objections by Directors to continue reporting in both GAAP and cash basis, and hearing none, he concluded that the Board would continue financial reporting as it has been doing. Director Fry reported that the AOG reserve, that had the goal of building up to \$1M by 2015, had already exceeded that goal. The Finance and Investment committee will now consider the question of what to do with the excess money and make a recommendation to the Board at the next meeting.

2. Compensating Directors for Travel (Motion to Amend Policy 4.7)

Director Fry reported that he had looked into the impact of reimbursing directors for travel, as well as the impact of holding meetings outside of Colorado Springs. His analysis was that compensation for travel could impact the budget by as much as \$60,000 per year. He noted that, in a recent Wall Street Journal article, only 26% of non-profits reimburse directors for travel. His sense was that the Board should not take on the added cost in mid-year; if it is done, it should be done in the start of the fiscal year. Further, investments this year have not performed well enough to put the AOG in a healthy position.

Director Wright, on follow-up from the last Board meeting, said that in his inquiries there should be benefit to having a meeting in the DC area, that there would be venues for it, that speakers would be accessible, and that there would be great opportunity for follow-up social event. CEO Thompson followed that in his opinion there is little of interest to draw members to a BOD meeting in DC but that a social event would likely be of great interest and draw participation. Director Binn agreed that a BOD meeting would be of little interest, and that we should consider expense, but there would be great benefit to drawing in both members and senior AF leadership to an AOG event of some sort. Director Andrews also agreed that there would be little interest in a BOD meeting, but the Board needs to do more outreach and just sending three or more Directors to DC for an event would 'get more bang for our money'. CAS President Sexton noted that even with all the members in Colorado there are only two present at this meeting.

MOTION: Director Munson moved, and Director Andrews seconded, to change paragraph 1 of Policy 4.7 "Director's Individual Responsibilities" of the BOD Policies and Procedures Manual to read:

1. Attendance - As Board contemplation, deliberation and decision-making are processes which require interaction, collaboration and participation; attendance at Board meetings is required of Board members. Directors are responsible for travel to and from Colorado Springs at least four (4) times each year and able to afford the time away from his/her profession to attend these meetings and for related work.

Director Rock stated that by offering compensation for travel this would further expand the pool of interested graduates willing to participate on the AOG board. CAS President Sexton added that the Senate consensus was that compensating directors would be the right thing to do, providing that the AOG could afford it. Director Beasley was happy to pay for travel but that the motion's wording would put him out of compliance when he could only attend via tele-conference. Director Binn countered that current rules allow attendance by phone, and Director Chilton offered that another sentence could clarify that. Director Rosenow added that if compensation was considered the motion should take effect after the next Board election with the new Board. The Chair asked if the motion could be re-stated and offered at the next meeting.

Director Chilton moved that the motion be tabled, and Director Beasley seconded. The Board approved tabling the motion unanimously.

F. Distinguished Graduates Committee

Director Carleton informed the Board that the Committee, from a pool of 17 nominees, finalized the selection of two candidates for the 2011 Distinguished Graduate Award. CEO Thompson and Director Carleton will meet with the Superintendent to obtain his approval prior to formal announcement. He also requested for the Board's assistance in 2012.

Chairman Storm added that the AOG also sponsors the '50th Class Reunion Award.' Each class that reaches that milestone gets to select one classmate it wants to honor at their 50th reunion. CEO Thompson added that the selected individual is recognized with a medal that they wear at Academy events and that a board will be placed in Doolittle Hall with their names.

Director Andrews asked if awards like this should be a Heritage Committee function; CEO Thompson stated that it would be for the Board to decide. The Chair asked that Directors Andrews and Carleton, CEO Thompson, and VP Howe discuss the question and make a recommendation to the Board.

G. Heritage & Traditions Committee

Director Andrews reviewed the proposed Heritage Trail Policy for the Board that was written with key help from Andi Biancur '60. The Policy contains a description of the trail, defines appropriate themes for memorials, describes the process for design and approval, and defines property rights and obligations. A key provision is that any donor of an addition to the trail will be asked make a donation to the Heritage Preservation Fund that will provide maintenance in perpetuity. Director Chilton pointed out that policy suggests that the AOG will act as the donor's agent in the fundraising process, which would seem to conflict with the Endowment's role in fundraising.

MOTION: Director Chilton moved, and Director Carleton seconded, that the Board approve the Heritage Trail Policy (Atch 5), amended by striking the word ‘fundraising’ from page 5 of the policy. The motion passed unanimously.

VII. Guest Speaker: Col Tamra L. Rank ’83, Vice Superintendent

Col Rank briefed the AOG Board on current issues that the Academy, and particularly Harmon Hall staff, has been addressing over the latter part of this year.

VIII. Endowment Report: CEO Gen Steve Gen Lorenz ’73

Gen Lorenz reported that, for the year, the Endowment had raised \$15,426,000. His three priorities are raising money, getting the Academy to come up with a hard strategic vision that will give him something to sell, and getting all the disparate fundraising groups at the Academy together as a team. Acknowledging that the MOU negotiations were progressing and that some agreements had been reached, he went on to say that he will be giving up one fundraising body. That body would cost roughly \$134,000 while each developer is roughly worth \$334,000 in funds raised. His intent is to present to his Board a future concept for a Capital Campaign with the goal to raise \$150 million. He also reported that he made a pitch to the AFAAA to be their fundraising organization.

To a question on the Long Blue Line Endowment, Gen Lorenz responded that he could better raise funds if there were specific programs under that umbrella. He gave the example that a graduate or class might choose to endow Checkpoints to that every cadet would receive a copy while they are at the Academy. He also pointed out that the other service academies encourage their graduates to bestow estate bequests to their alumni association endowments.

X. Staff Report

A. Quarterly Financial Update

CFO Alton Parrish presented the quarterly financial statements showing the AOG’s financial position, and continued with a page-by-page explanation of the financial statements, using both ‘Generally Accepted Accounting Principles (GAAP)’ and cash statements; together with discussion and analysis of the more significant line items (Atch 6). Overall, operations followed budget expectations while the AOG investment position declined with the significant drop in the stock market in this quarter.

B. CEO Monitoring Report: Policy 2.8, 2.10

The CEO briefed the Board on the following monitoring reports: Compensation and Benefits; Programs/Events/Services. The CEO is in compliance with all of the Board’s Executive Limitations (Atch 7). Director Andrews requested to have the policies marked “in compliance” to standardize them.

C. AOG Operations Update

The CEO briefed the Board on key activities in the last quarter:

1. The AOG hosted Tuskegee airmen and movie star Cuba Gooding Jr. In addition the AOG received permission to host advanced showing of the movie “Redtails” to all cadets and staff at the Academy which was done at the Hollywood theater over two days. Cuba

Gooding Jr. was generous with his time with staff, at the football game, as well as making a service announcement for the AOG.

2. The AOG now has 65 chapters and in discussion with 18 other interested groups which represents tremendous growth. We had our first Chapter president's conference in Doolittle Hall with presentations by the Superintendent and briefings by our staff. The Chapters had plenty of time to interact with each other; the event ended with a banquet. Distinguished chapter awards were presented to New England, DC, Texas/Dallas, Colorado Springs, and Las Vegas.
3. Graduates now have access into the USAFA "Superintendents Area" as the AOG got the Academy to approve a new Alumni Badge which is just like a military ID for the purposes of entry. To date 65 graduates have obtained the badges.
4. The AOG has nearly reached agreement with the Dean to place a graduate recognition display in Exemplar Hall in Fairchild Hall near the lectinars. The AOG will rotate the displayed graduates every six months. The organization will put up a display of all former Board Chairmen in Doolittle Hall, visible to cadets who attend meetings here. We are looking into having a display of graduate four star generals in Fairchild Hall. The intent of all these efforts is to get names and faces of these graduates in front of cadets.
5. The AOG hosted eight reunions this year, a very busy time for the staff. The feedback has been very positive. We now have a group of senior grads looking into what the AOG should do for reunions after the 50th.
6. The AOG is working with the Endowment, as well as other organizations, to become more closely aligned. For the most part we are operationally joined and working closely together in large part due to the efforts of Gen Lorenz.

XI. Senate Update

Senate President Sexton briefed the Board on the last Senate meeting. Gen Lorenz and CEO Thompson attended and presented on their current issues. The most controversial issue concerned the planned new Center for Character and Leadership Development building (CCLD), with opinions varying widely in terms of support and opposition. The key point here again was that there was a tremendous lack of knowledge surrounding this project and that the Senate served to inform its members and, by extension, the membership. The CAS President has learned that once the graduates get informed they will, in large part, support the Academy's initiatives and programs.

XII. Admin Items

Director Howe reminded the Board that on Feb 2, 2012 at 06:00PM, there will be an event for Honorary AOG Membership for Ed Ladouceur retired Catholic Chapel choir director.

XIII. Adjournment

Chairman Terry Storm reminded the Board that the next meeting will be 3 February 2012. The meeting was adjourned 4:45 pm.

NOTE: Some minutes have been rearranged from time sequence into topical sequence.

Respectfully submitted,

Hadassa Munoz, Recorder
Robert Munson, Secretary

Atch 1: [Minutes of the Board of Directors meeting, 12 August 2011](#)

Atch 2: Minutes of the Board of Directors meeting, 17 November 2011

Atch 3: [Motion to change Policy 4.9 of the Policy Governance Manual regarding the Nominating Committee](#)

Atch 4: [AOG Report of Audit 2011](#)

Atch 5: [Heritage Trail Policy](#)

Atch 6: [AOG Quarterly Financial Update](#)

Atch 7: [CEO Monitoring Report](#)