

# ASSOCIATION OF GRADUATES

## UNITED STATES AIR FORCE ACADEMY



### BOARD OF DIRECTORS MEETING

3 August 2012

#### 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; Bebe O'Neil, '83; Frank Schmuck, '88; Dick Sexton, '60, President, Class Advisory Senate.

**Board Members Attending via Teleconference:** Kevin Chilton, '76; Kathleen Rock, '98; Mark Rosenow, '03; Steve Beasley, '93

**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; Corrie Grubbs, Vice President, Alumni Affairs, Hadassa Muñoz, Executive Assistant,

**Members and Invited Guests Present:** Gen (Ret) Steve Lorenz, '73, President & CEO USAFA Endowment; Brig Gen Gregory J. Lengyel, Commandant of Cadets USAFA, Col Robert "Shark" Garland, Commandant, Air Force Weapons School, Mike Torreano, '70, Richard Raushkolb, '70

- I. Call to Order**

The Chairman, called the meeting to order at 0900 hrs MDT, Friday, 3 August 2012.
- II. Moment of Silence & Pledge of Allegiance**
- III. Notified Absences & Introductions**

The Board Chair welcomed each member of the Board and notified the Board that Directors Kevin Chilton, '76; Steve Beasley, '93; Kathleen Rock, '98; and Mark Rosenow, '03 would be joining via teleconference
- IV. Approval of Consent Agenda**

There were no objections to the minutes of the Board meeting for 4 May 2012. (Atch 1)
- 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. Governance Committee**

Chair Brian Binn, i.a.w. the Bylaws requirement, compared the AOG Board of Directors Governance Policies against the recently updated AOG Bylaws and found little disagreement/conflict between the two documents, except for Policies 1.0, 2.6, 4.7, and 4.9.

Board Chair Storm tasked Board Secretary Munson to propose wording changes to the Policy Manual discrepancies as motions to the Board for consideration at the next meeting.

### **B. Nominating Committee**

Director Rosenow informed the Board that he has been in regular contact with committee chair Director Beasley with regard to collecting candidates for the Board elections even though he is deployed overseas. Committee Chair Beasley informed the Board (later in the meeting) that they had approximately 35 names they were considering for the candidate pool from recommendations and from past candidates. They will contact those possible candidates and expect to have enough candidate names at the next Board meeting to fill a slate. Executive VP Howe informed the Board that we are on schedule for the upcoming 2013 Board of Directors election.

### **C. Finance & Investment Committee**

Treasurer Fry asked the Board if his read-ahead questions with the quarterly financial report were helpful; the Chair responded that it was and that CFO Parrish' notes/comments also made it easier to make sense of the financial execution.

### **D. Heritage and Traditions Committee**

Director Vic Andrews introduced Mike Torreano,'70, who presented to the Board the second phase of the SEA Pavilion to complete the interior of the pavilion. He briefed the Board on the history of the decision for the Class of '70 to undertake the Pavilion project. The pavilion already attracts visitors, and the Class of '70 is now ready to embark on finishing the interior. The interior will consist of a three 'pillars' which, using maps and monitors, will tell 1) the history of the Vietnam war, 2) Air Force operations in that war, and 3) graduate involvement and achievements in the war. The first part of this project is to be completed by the Air Force-Navy Football weekend, and the last pillar will be ongoing and will rely on input from the graduate community. This project is paid for and made possible by an anonymous donor.

MOTION: Director Andrews moved, and Director Binn seconded, that the Board approve this briefed phase of the construction of the interior of the SEA Pavilion. The motion passed unanimously.

### **E. Awards and Recognition Committee**

Director Rock reviewed her proposal to the Board for the formation of an Awards and Recognition Committee. Governance Chair Binn noted that the Bylaws allow the formation of additional standing committees and that these are approved as Policy

Manual changes. Secretary Munson said that the Board could approve this committee at this meeting by suspending the Motion-to-Vote policy; Board Chair Storm commented that this was appropriate as everyone was aware of this since the last meeting and that the proposed charter had been sent out as a read-ahead for this meeting.

MOTION: Director Munson moved, and Director Wright seconded, that the motion-to-vote policy be suspended to consider Director (Rock's?)Wright's motion at this meeting. This was approved unanimously.

MOTION: Director Rock moved, and Director Carleton seconded, that the Board establish a standing Awards and Recognition Committee and approve its charter as presented to the Board for inclusion in the Board's Policy Manual (Atch 2), as well as to establish the Alumni Achievement Award (Atch 3).  
This was approved unanimously.

**F. Audit Committee**

Chairman Blaisdell reported that the committee approved the choice of Biggs Kofford to perform this year's audit, which will start in September, with the report to the Board this December.

**VII. Senate Update**

Director Sexton reported that the Senate had their best-ever attended meeting last month to hear the Honor Staff's (LtCol Huntley and C1C Travis, Wing Honor Chair) presentation, which was perhaps the most comprehensive briefing given to the Senate. It dispelled a lot of misconceptions and misunderstandings that graduates had. Director Binn added that a number of graduates had stated objections to involvement by staff in what was felt should be a 'cadet run code', but that they understood that there had to be 'checks and balances'. They also heard that there was a court-ordered requirement for due process that was one factor in the current process. A number of Directors asked and discussed ways that this information could go out to the wider graduate community, such as presentations at reunions. CEO Thompson stated that the Cadet Wing Honor Chair is included with the Superintendent and his Senior Staff at reunion briefs. Director Munson told the Board that graduates could voluntarily participate in the honor process either as a Squadron Professional Ethics Advisor (SPEA) or as a Senior Honor Mentor. Director Carleton added that graduates could teach honor to the Basic Cadets during their summer training, which is one of the most rewarding experiences a graduate can have.

**VIII. AOG/USAF A Endowment Joint Coordinating Committee/Joint Finance Committee Updates**

**A. JCC**

Director Carleton reported that the AOG Board's JCC representatives met for three hours to bring new member Director Chilton up to speed and to discuss where the MOU parties stood at present. Quite a bit of this time was focused on a discussion of unrestricted funds, executing the task of the Joint Finance Committee, and the Long Blue Line agency agreement. CEO Thompson discussed the agency agreement for the LBL endowment which would allow, per the MOU agreement, the Endowment to raise money for the LBL

endowment and hold the fund though it would still belong to the AOG. The agreement is still not signed as the Endowment's legal advisors had problems with the language; the two parties brought in their auditors and worked out a method which, while it would not be under an agency agreement, would allow the AOG to still keep the fund on their books. Director Fry pointed out to the Board that there are now two LBL endowments, one which is the one being discussed and an endowment completely held and managed by the AOG. The LBL fund held by the Endowment will be invested by them and can pay the AOG up to 5% per year; after five years the fund can be brought back under AOG management.

**B. JFC Status**

The Board of Directors entered a prolonged discussion prompted by their concern over the lack of action on the part of the Joint Finance Committee. To orient the discussion, the Board Secretary quoted the AOG/Endowment MOU: The JCC will "Review AOG, Endowment and Academy support requirements and associated fundraising goals provided by the CEOs. If necessary, work with the CEOs and the Academy to provide the priorities for the coming year to the Boards for approval. [The JFC will] Establish a process by January 1, 2013 to determine budget requirements of both the AOG and the Endowment and recommend to both Boards the most efficient and effective use of annual fund gifts beginning in 2014."

Treasurer Fry said that the intent was to develop a method for allocating unrestricted funds beyond a simple formula. The AOG JFC and JCC desires to do a bottom up review of both organizations' finances to use as the basis for financial discussions. With eight months gone, and only five to go, he wasn't sure the MOU target could be met. The CEO pointed out that that the AOG was increasing the numbers of members and taking advantage of other business opportunities, but he predicted that in the near term income growth would level off as the opportunity potentials were realized. Future potential growth could be realized from fund raising, and that particular business option was not currently available to the AOG. He urged the Board to start the process of developing a long range vision for the AOG and decide where it wanted the organization to go. Director Carleton agreed, saying that the Board's larger issue was 'where do we want to end up with our partnership with the Endowment?' Director Binn also agreed that AOG growth was limited by the current model and that the incomes available to the AOG were adequate for sustainment but not significant growth. Director Blaisdell pointed out that the JFC did not have a charter to set strategic goals and without a commitment from the Endowment on a strategic plan, the JFC can't meaningfully discuss finances. Similarly, Director Wright said that both organizations needed to get together, whether as a joint Board or have selected influential members on a committee, and to develop a long term (five year) strategic plan. This needed to be done before the JFC could move forward. Director Sexton added that a continuing recommendation from the Class Senate was that both organizations needed to move closer together, and that the Senate will most likely continue to recommend that the AOG work to a closer formal relationship. Director Munson offered that the AOG's JFC reps could start by meeting with the Endowment CEO to discuss moving forward. Director Wright suggested that the Chair send a letter to his Endowment counterpart asking him to provide representatives that could join with AOG reps to develop a strategic vision. Director Andrews offered that the JCC could

develop its recommendation on how to proceed to present to the Board ‘in parallel’, and that it could do so electronically before the next Board meeting.

Board Secretary Munson, when asked to summarize the discussion, responded that the minutes would relate that the JFC had not had its first meeting, and that the Board was concerned about the lack of JFC progress eight months after the MOU was signed. The Chairman closed the discussion by reporting that he would raise this issue with Endowment Chair, Paul Madera, and would get back to the Board.

**IX. Honorary Membership Nomination**

In accordance with Art V, Sections 8, 9 and 10 of the Bylaws, the Board went into Executive Session to discuss Honorary Membership Nomination. The Board also considered the contract renewal terms for its CEO. After resuming open session the Board Chair announced that the Board had unanimously approved that Janet Edwards be offered Honorary Membership in the AOG.

**X. Staff Report**

**A. Quarterly Financial Update**

Senior Vice President for Finance and 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 a detailed management discussion and analysis of all significant line items. (Atch 7)

**B. CEO Monitoring Report: Policies 2.4, 2.5, 2.6**

The CEO briefed the Board on the following quarterly monitoring items: Financial Condition and Activities, Asset Protection, and Investment Management (Atch 4, 5 & 6). He summarized the reports as saying he remained within the Executive Limitations set by the Board in its Policy Manual.

**C. AOG Operations Update**

**1. Chapters**

Vice President for Alumni Affairs Corrie Grubbs updated the Board on the current status of the Chapters program. She reported that in 2010 there were 33 chapters and that since setting the goal of 80 chapters by the end of their five year plan, there are currently 71 chapters in existence including 2 recent overseas chapters (Kandahar and Guam). There are two staff members who are charged with Chapter development, and they also spend quite a bit of time energizing and incentivizing chapters. One big incentive is the Distinguished Chapter Award, which requires a chapter is to accumulate 2000 points. Points are awarded for chapter activities such as holding a Founders Day event, other meetings/lunches/events/, networking events, sending representatives to AOG conferences, supporting Parent’s Clubs, helping USAFA team/clubs when they are in the local area, engaging with cadets and cadet candidates, etc. The next Chapter Presidents’ conference is 27-29 Sept over the Homecoming weekend; Directors are encouraged to attend.

## **2. Falcon Center Final**

CEO Thompson reported that the AOG graduate presentation displays are being installed in Fairchild Hall over the next two days. It will expose our distinguished graduates to cadets as they congregate in the lectinar area during classes. Per Director Chilton's suggestion, future displays will be annotated with "AOG member since ..." under each picture.

## **XI. Endowment Update**

General Steve Lorenz, the USAFA Endowment CEO, provided a quarterly update to the AOG directors. He provided a comparison between academies and noted that USAFA has a low donor participation rate compared to other academies, which is changing. The thrust is to develop a 'habit of giving' in graduates; for example over 100 new lieutenants in the class of 2012 pledged over \$200K. He then showed a Checkpoints page in which each graduate class giving is compared. He also showed the status of the major fundraising goals for the Endowment: CCLD, Endowment Director's fund, Endowment Fund, Deferred Giving, and LBL Endowment. He asked the AOG Board to step up and encourage graduates to participate in Academy development by giving themselves. Donors can give to any number of programs; there are currently 151 funds in place, or they can be initiated as an as-yet-unnamed program. The Endowment will establish 2013 annual goals in November, and those goals will depend on how many fundraisers the Endowment will have on staff.

To a question about the Athletic Assn. 501c3, General Lorenz responded that the Academy had projects they wanted to fund, but that the 501c3 paperwork is not completed at present. So the Endowment is currently supporting planning efforts to raise funds; one example is for increasing the number of box seats at the stadium. As far as the status of the CCLD, the Academy has put out requests for bids on the different parts of the construction project; the responses are not in yet. Asked about the recent Donor Summit, General Lorenz said that about 110 attended staff briefings, ate at Mitchell Hall, toured the Academy and summer training, and had a reception at the Superintendent's quarters. Chairman Storm added that the summit had improved over last year's. Director Andrews further said it was well organized, that some of the attendees were parents of cadets, and that many there knew little about the Academy after being away for many years, but attended because they wanted to learn.

## **XII. Guest Speaker Col Robert Garland**

Col Robert "Shark" Garland, Commandant of the Air Force Weapons School was introduced to the AOG Board of Directors by Director Bruce Wright. Col Garland brought the Board up-to-date on the history of the Weapons School, starting in 1949 to the large, dispersed, and comprehensive school that exists today. His 45 minute discussion focused on the leadership philosophy and training that 'patch wearers' receive today.

## **XIII. Guest Speaker Brigadier General Gregory Lengyel, Commandant of Cadets**

General Lengyel introduced himself to the Board and gave his background (Texas A&M grad, Special Ops rotary wing pilot), gave an update on the Cadet Wing as it closed out summer training, and provided some 'new guy observations' with areas that he would work on as Commandant. His first experience as Commandant was preparing to receive

the Class of 2016 while responding to the Waldo Canyon fire. While he had observed that the Academy had much better programs and facilities, “cadet life is cadet life...and when you throw a bunch of people of that age group together and put them in uniforms and dormitories, that experience is pretty similar.” The performance of the cadets during the summer was impressive; for every problem or challenge they were presented with, they ‘performed better than I could have dreamed of, or better than I could have done.’ For the future he has to downsize the Wing to 4000 cadets; his line is that no cadet will be dis-enrolled if they meet standards...and standards will not be changed. General Lengyel characterized himself as a ‘good order and discipline guy’, and he believes that the Wing should follow not just the orders they like but all orders and that the upper class and cadet chain of command should lead and enforce accountability. He cited General Schwartz’ last meeting with Academy staff and his message that the Academy had to find the right balance between the military and academic aspect of what goes on at the Academy; General Lengyel believes that the Academy has everything in place to emphasize the warrior ethos, but ‘we just have to tweak the execution a little bit.’ Some immediate changes will be to have the cadets attend meals together to the extent allowed by the schedule of calls, as well as wearing blues four days per week. Director Carleton was representative of the Board’s response as he congratulated the Commandant ‘for putting pride back into this institution.’

**XIV.    Unscheduled Business**

Director Munson, on behalf of Director Chilton, asked the Board if there was any interest in Board action to get the AOG to reach out to alumni who did not graduate (DNG); Gen Chilton’s interest was sparked by one of his DNG classmates who was passionate about the Academy. Director Munson related that there were quite a few of his DNG classmates that attend reunions, and they donate to class gifts at the same participation rate as their graduate classmates. CEO Thompson pointed out that these individuals can join the AOG as affiliate members and often do so when they attend reunions. However, the AOG really doesn’t have the data or details on non-graduates to individually seek them out. Director Andrews was of the opinion that as an ‘association of graduates,’ rather than an alumni organization, we should not make connecting with non-graduates an AOG emphasis item. Chairman Storm related that his class made a concerted effort to bring in classmates who did not graduate at their last reunion, and that the classes should be the focus for drawing in these classmates. Director Binn suggested that the Chapters could be a conduit for bringing non-graduates in to the AOG. Other outreach methods offered for this were class scribes and Class Advisory Senate. At the end, the Board took no action on the question.

**XV.    Adjourn**

The Chair thanked the Board directors, AOG staff, and Senate representative for their efforts. The Board will next meet on December 7, 2012. The meeting adjourned at 1630 hours (MDT).

Note: portions of the minutes have been rearranged from time sequence to topical sequence.

Respectfully submitted,

Hadassa Muñoz, Recorder  
Robert Munson, Secretary

Atch:

1. [Minutes of the 3 February 2012 Board meeting](#)
2. [Awards and Recognition Committee Charter](#)
3. [Alumni Achievement Award Purpose and Criteria](#)
4. [CEO Policy Compliance Report 2.4](#)
5. [CEO Policy Compliance Report 2.5](#)
6. [CEO Policy Compliance Report 2.6](#)
7. [Quarterly Financials](#)