

Board of Directors Quarterly Meeting
Saturday, August 11, 2007

Directors Present: Jim Wheeler '64, Board Chair; Pat Rosenow '76, Vice Chair; Bill Boisture '67, Treasurer; Ed Eberhart '68, Steve Dotson '63, Steve Finch '65, Marty France '81, James Sanchez '90, Mike Flynn '95, George Van Wagenen '67,

Corporate Officer: Michael Banks '92, Secretary

Director Absent: Fred Gregory '64

AOG Staff Present: Jim Shaw '67, President /CEO; Gary Howe '69, Vice President Alumni Relations; Mark Hille '97, Leslie Frank, Bob McAllister, Jimmy Martello '00, Teri DeBellis, Pearl Gary, Jack Mueller '70, Swamp Fox

Others Present: Dick Sexton '60, President Class Advisory Senate, Vic Thuotte '73, Nominating Committee; Rob Mishev '99, Nominating Committee, Wayne Kellenbence '78, Will Honea '64

I. Call to Order

Jim Wheeler, Board Chair, called the meeting to order at 8:08 A.M. MDT.

Jim Shaw made introductions of AOG Staff and visitors.

The Chairman welcomed everyone; noted for the record that Director Fred Gregory '64 had participated with the Board on Thursday and Friday but due to a death in the family had had to leave prior to the Board Meeting. Next, the Chair invited Will Honea '64, representing the AOG Reunification Committee (ARC), to make a short presentation. Will offered a few remarks about the dissolution of the ARC and presented a check representing the residual funds of the ARC to the AOG. The Chairman accepted the gift on behalf of the AOG and thanked Will and the ARC supporters for fulfilling their promise to gift all residual ARC funds to the AOG. The Chair also noted that this event symbolically closed an exciting chapter in the AOG history while signaling the beginning of a new era for our AOG as the Association moves forward with the membership and the Board focused on the future.

OPENING REMARKS:

A. Board Officers: The Chair reported that at a Special Board Meeting on August 9, 2007, the Board elected Pat Rosenow as Vice Chair, Bill Boisture as Treasurer, and Michael Banks as Secretary.

B. Staff Visit: The Chair noted that he had spent Wednesday with the AOG Staff reviewing AOG Operations and was impressed with the commitment and hard work of everyone to deliver truly outstanding service to AOG members and the Academy.

C. Board Activities: The Chair expressed his appreciation to the Directors who were able to come in early for the Board Meeting. Working as a Strategic Planning Committee, the Directors in attendance spent a day and a half assessing strategic options for the AOG and exploring the current AOG fund raising challenges. The Chair offered special thanks to Fred Gregory for his work as facilitator and discussion leader for the strategic planning sessions and to Bill Boisture and Steve Dotson for their work to provide background information and briefings related to various fund raising topics.

D. Communication from the Superintendent: The Chairman informed the Board that he had received a letter from the Superintendent extending best wishes to the Board for continued AOG successes. In addition, General Regni has invited the Chairman and the CEO to participate in a meeting on 31 August among the chairmen and presidents of all of the private organizations that support the Academy. The purpose of the meeting is “to share the Academy vision and hear ideas on how we, as a team, can take our Academy to the next level of excellence.”

II. APPROVE AGENDA

The Board reviewed and approved unanimously the proposed agenda for the day.

III. REVIEW/APPROVAL/DISPOSITION OF JULY 1, 2007 MINUTES

MOTION: Steve Finch moved to approve the July 1, 2007 Teleconference meeting minutes. Steve Dotson seconded the motion. The motion passed unanimously.

IV. OLD BUSINESS

A. Selection of Fall Board Meeting date.

The Board discussed two possible dates for the fall Board Meeting: October 27 and November 17. Several Board Members noted that it is inappropriate to schedule the fall meeting according to the football schedule and meetings should be planned enough in advance to allow Directors sufficient notice to arrange their schedules. It was also suggested that Board materials be sent to the Directors prior to the meeting.

MOTION: Pat Rosenow moved to accept October 27, 2007 as the date of the next board meeting. Bill Boisture seconded the motion. The motion passed unanimously.

Jim Shaw suggested confirming a perpetual date for the fall meeting.

ACTION: Jim Wheeler asked for the Staff to come up with a proposal to include the number of Board meetings per year and the months in which the meetings should be held.

B. Appointment of the Chair of the Campaign Steering Committee

In accordance with the Bylaws, the Chairman recommended that the Campaign Steering Committee remain active and that Bill Boisture be appointed Chairman of the CSC.

MOTION: Steve Dotson moved to accept the recommendation to continue the Campaign Steering Committee and to appoint Bill Boisture as Chairman. Ed Eberhart seconded the motion. The motion passed unanimously.

V. PRESIDENT’S REPORT

A. Quarterly Financial Budget

Leslie Frank, AOG Chief Financial Officer, reported the fourth quarter (April – June 2007) results to the Board, followed by discussion. Income from giving was significantly below plan. This shortfall was partially offset by excellent investment performance and cost savings from not filling staff positions which are authorized, but which are vacant at this time.

Jim Shaw and Mark Hille, Director – Major Gifts, gave a Development update. The Board discussed annual giving and changes in the Annual Fund. The Board discussed that several major donors have put their giving on hold pending resolution of the current uncertainty within the AOG related to the possible realignment of AOG fund raising programs.

B. Operating Plan Revision

In anticipation of continued reduced income from giving , the CFO presented a revised budget to the Board. Bill Boisture, Chairman of Finance Committee and Treasurer, discussed the reasons for the changes in the budget and outlined actions being taken to minimize expenses going forward and reduce demands on the AOG cash reserves.

MOTION: Steve Finch moved to approve the revised budget. Steve Dotson seconded the motion. The motion passed unanimously.

C. Board Oversight of Future Cash Provision

To more closely monitor the use of cash reserves the Board asked the CFO to provide monthly updates of performance against the revised plan and to project the impact the annual gift program to the Academy on the financial position of the AOG so that the Board may make decisions regarding these commitments if required.

D. Recent Successes

The CEO reported that there has been a marked increase in website activity related to Basic Cadet Training for the Class of 2011. There was discussion about the WebGuy

feature on the website and the possibilities of increasing revenue through some commercialization of the AOG website.

ACTION: Investigation of ways to increase revenue through limited commercialization of the AOG website is referred to the Alumni Relations Committee and the Class Advisory Senate for review.

E. Upcoming Events

The CEO reviewed the calendar of upcoming AOG and USAFA events with the Board.

VI. COMPLETION OF CONFLICT OF INTEREST STATEMENTS

There was a review of the legal guidance for disclosing potential conflicts of interest from Directors. Conflict of Interest Statements were distributed to the Board for review and signature. Ed Eberhart stated that if any Director feels they have a conflict of interest, they need to disclose it to the Board immediately and not wait for the annual review. The Conflict of Interest Statements will be entered into the record during the October 27, 2007 Board Meeting.

VII. COMMITTEE/SENATE/COUNCIL REPORTS

A. Class Advisory Senate

Dick Sexton, President of the Class Advisory Senate (CAS), presented the Senate Election results to the Board and discussed recent CAS activities. Jim Wheeler noted that the Board considers the Senate to be a valuable communications tool for the Board and the membership. The Chair also remarked that he felt the CAS could initially be of service to the Board with regard to AOG Membership Expansion, AOG Chapter Development, the upcoming Bylaws Review, and in the assessment of future possible fund raising alternatives.

Ed Eberhart suggested enhancing the role of the President of the CAS as a part of the Board. It should be more substantive than 'will attend' Board meetings in order to recognize the value of having the President officially involved with the Board.

ACTION: The Chair asked the Governance Committee to consider this suggestion for possible future action in conjunction with the Biennial Bylaws Review.

VIII. NEW BUSINESS

A. AOG Board Resolution Member Appreciation and Promise

The Chair suggested that it would be appropriate for the Board to thank members for their participation in the election and to thank the former Board members for their service. The Board reviewed and discussed a draft AOG Board Resolution: *Member Appreciation and Promise*.

“Whereas, the Association of Graduates of the United States Air Force Academy concluded its biennial election of directors on 30 April 2007 in which 7,194 members (30.8% of the membership) participated and,

Whereas, the Board wishes to continue the Association’s programs and successes, and

Whereas, the Board wishes to increase graduate and membership participation in AOG programs and communications with the Board;

THEREFORE BE IT RESOLVED, the Board

- 1. Thanks the AOG membership for its participation in the 2007 elections;*
- 2. Thanks the former Directors for their selfless and outstanding service;*
- 3. Pledges to support the AOG’s vision, mission, and core purpose of fundraising as stated in the current Bylaws; and,*
- 4. Invites members to continue their communication with the Board and their participation in AOG programs.”*

MOTION: Ed Eberhart moved that the Board accept the resolution as submitted and edited. Steve Dotson seconded the motion. The motion passed unanimously.

B. Fund Raising

Bill Boisture proposed a Resolution on Private Fund Raising for Board consideration. A full discussion ensued among the Directors and the resolution was edited to reflect key points in the discussion. The text of the Resolution is as follows:

- 1. “The Board affirms its commitment to private fund raising as a core purpose of the AOG as outlined in the AOG By-laws Article X, Section 1 approved by membership vote.*
- 2. The Campaign Steering Committee (CSC) will continue as a Committee of the Board. This Committee will have responsibility for oversight of the development function and continuation of campaign operations.*
- 3. The Board is evaluating multiple options, including those in the Matrix developed by Steve Dotson (2 Aug 07,) for the organization and structure for private fund raising within the AOG. In concept, the Board has approved further development of an organizational structure and process, which meets the need of donors for continuity, permanence, and confidence while providing the proper level of oversight for the Board on behalf of the membership. The Board acknowledges the responsibility to communicate to the members as progress is made in this evaluation and is cognizant*

that, should its eventual decision require a change to the By-laws, this proposed change will be submitted to the membership for a vote.

4. *The Board acknowledges the formation of the United States Air Force Academy Foundation, Inc by a group of graduates as a 501(c)(3) non-profit for the purpose of private fund raising to support the Academy. Further, the Board is aware that a stated principle of this foundation is to seek a helpful and harmonious relationship with the AOG*
5. *The Board directs the CSC to explore the possibilities of partnering in a collaborative effort for private fund raising with the United States Air Force Academy Foundation. The CSC is directed to pursue a meeting as soon as possible and to seek to understand how the AOG and the United States Air Force Academy Foundation might work together for the benefit of the Academy, the cadets, and the AOG membership. The CSC is directed to render a written report to the Board NLT than 2 working days after the meetings are concluded, and the Board agrees to convene for consideration and evaluation of this report as soon as practical, but not later than 30 September 2007.”*

MOTION: A motion was made to accept the resolution as edited was made by Marty France. The motion was seconded by Steve Dotson and passed unanimously.

C. Class of 1960 Request

The Board discussed a letter from the President of the Class of '60, Andi Biancur, requesting the Board's reaffirmation of AOG on-going support for the Heritage Trail project.

MOTION: Steve Finch moved that the Board reaffirm the AOG commitment to the approved Heritage Trail project. Ed Eberhart seconded the motion. The motion passed unanimously.

ACTION: The CEO will send a letter to Andi Biancur notifying his Class of the Board's action

D. Staff and Committee Tasks

1. Recording and Broadcasting of Board Meetings

The Board discussed the possibility of recording/broadcasting Board meetings. Web casting was discussed along with costs involved. Jim Wheeler requested that the Staff provide all details to the Alumni Relations Committee for their review.

2. Access to the Cadet Area for Graduates

The Staff was tasked to investigate ways to provide graduates access to the Cadet Area and to provide the information to the Alumni Relations Committee for consideration.

3. Improved Board Communications

The Secretary stated his opinion that the Board and Staff need to be more efficient in their coordination of documents between Board meetings. One option suggested was to use Microsoft Sharepoint software to facilitate communications. The Staff was tasked to work with the Governance Committee to explore possible ways to improve coordination.

4. Increasing Revenues

Steve Dotson proposed that specific ideas be developed to increase revenues over those shown in the revised operating plan (see Section V. B. above) for FY 08.

Jim Shaw accepted the proposal for action by the Staff.

The Board also discussed target dates for the above four actions to be completed, and the consensus was that specific proposals should be ready for the next meeting of the Board, which could come as early as the end of September.

E. Campaign Steering Committee Membership

Bill Boisture, CSC Chairman, recommended James Sanchez; Director, George Van Wagenen; Director, Mike Loh; '60, and Carl Janssen; '68, as CSC members.

MOTION: Bill Boisture moved to approve his nominations for committee membership contingent upon Carl Janssen's acceptance. Steve Dotson seconded the motion. The motion passed unanimously.

F. Committee Composition

The Board discussed Committee membership and decided that all prior members of a Board Committee will remain on that Committee until replaced.

Rob Mishev '99, addressed the Board regarding non-directors who are interested in committee membership. After limited discussion, a consensus emerged that Committee Chairs should be responsible for populating their own committees and providing their recommendations for membership to the Board for approval. The Chair asked for a motion to confirm the Board's intentions.

MOTION: Pat Rosenow moved for the Committee Chairs to populate their own committees. Steve Dotson seconded the motion. The motion passed unanimously.

IX. ADJOURNMENT AND MOVE TO EXECUTIVE SESSION

The Chairman recommended that the Board move to Executive Session to discuss the following issues:

- A. AOG Personnel Review

- B. Proposed Name for the Graduate War Memorial
- C. Staff Succession Planning
- D. Academy Policy for Naming Academy Facilities

Ed Eberhart stated that he would like to discuss two additional items.

- E. AOG Communications with the Superintendent
- F. Appointed Board Directors

At 1:10PM the Board voted unanimously to adjourn and continue into Executive Session to discuss these topics.

X: EXECUTIVE SESSION

Directors Present: Jim Wheeler '64, Board Chair; Pat Rosenow '76, Vice Chair; Bill Boisture '67, Treasurer; Ed Eberhart '68, Steve Dotson '63, Steve Finch '65, Marty France '81, James Sanchez '90, Mike Flynn '95, George Van Wagenen '67,

Corporate Officer: Michael Banks '92, Secretary

Director Absent: Fred Gregory '64

AOG Staff Present: Jim Shaw '67, President/ CEO (Departed the session during the discussion of Staff Succession Planning).

The Board voted unanimously to release the following items from the executive session:

A. Additional Name for the War Memorial

Jim Shaw presented documentation to support adding Michael Butler '76 to the War Memorial.

MOTION: Ed Eberhart moved to approve the addition of Michael Butler '76 to the War Memorial. Steve Dotson seconded the motion and it passed unanimously.

ACTION: The Board tasked the Heritage and Tradition Committee to review and recommend updates to the criteria for adding graduate names to the War Memorial.

B. Appointed Board Members

MOTION: The Board moved in accordance with the Bylaws to task the Nominating Committee to present potential candidates to fill one or both of the open Appointed Director Seats. The motion passed unanimously.

C. Adjournment

The Chairman adjourned the Executive Session at 2:55pm (MDT) with the unanimous consent of the board.

Approved
Michael Banks
Secretary

Attachments:

1. Board Slides
2. Quarterly Financial Statements
3. Letter from Class of '60