

ASSOCIATION OF GRADUATES
UNITED STATES AIR FORCE ACADEMY 

BOARD OF DIRECTORS MEETING
8-9 August, 2008 MINUTES

Board Members Present: Jim Wheeler '64, Chair; Pat Rosenow '76, Vice Chair; Mike Flynn '95; George Van Wagenen '67; Steve Finch '65; Steve Dotson '63; Terry Storm '61; Allison Hickey '80 (via Telecom, 9 August session only)

Board Members Absent: Bill Stealey '70, Treasurer, Bill Boisture '67; Kevin Carmichael '77

Corporate Officer Present: Michael Banks '92

AOG Staff Present: Gary Howe '69, CEO; Teri DeBellis, Executive Assistant; Ruth Reichert, Executive Assistant; Jasmine Valencia, HR

Members and Invited Guests Present: Dick Sexton '60, President-Class Senate; Randy Jayne '66, Heidrick & Struggles; Bob Edmonds '79, Heidrick & Struggles; Peter Nagel, Peter B. Nagel P.C., attorney; Bob Munson '73; Lou Michels '77; Jack Fry '67 (9 August Session); George Pollard '72 (9 August Session)

I. Call to Order/Welcome and Opening Remarks by Chairman

Jim Wheeler called to order the meeting of the Association of Graduates Board of Directors at 1310, Friday, 8 August 2008. Jim opened the meeting with introductions of the Board members and guests.

Jim Wheeler reviewed the agenda for the meeting and stated that the primary focus of this session was the report from the CEO Search Committee and presentation of the candidate for the new CEO.

II. Pledge of Allegiance

Board members, staff, and guests rose and said the Pledge of Allegiance.

III. Approval of Consent Agenda

A. Minutes 9-10 May 2008 Meeting

The Board discussed the minutes from the 9-10 May 2008 meeting. Steve Dotson requested the following change in section VI. K., second sentence:

The list of candidates has been narrowed to seven from the ~~over 30 that applied~~ 42 considered.

MOTION: Steve Dotson moved to accept the minutes from the 9-10 May 2008 meeting as amended. Terry Storm seconded the motion. The motion passed unanimously.

B. Minutes 22 June 2008 Teleconference

The Board discussed the minutes from the 22 June 2008 teleconference.

MOTION: Terry Storm moved to accept the minutes from the 22 June 2008 teleconference. Steve Dotson seconded the motion. The motion passed unanimously.

C. Minutes 29 June 2008 Teleconference

The Board discussed the minutes from the 29 June 2008 teleconference.

MOTION: Terry Storm moved to accept the minutes from the 29 June 2008 teleconference. Steve Finch seconded the motion. The motion passed unanimously.

D. Fred Gregory Resignation

MOTION: Steve Dotson moved that the Board accept Fred Gregory's resignation from the Board. George Van Wagenen seconded the motion. The motion passed unanimously.

MOTION: Pat Rosenow moved that the Board send a letter to Fred Gregory, signed by the Chairman, stating that the Board thanks him for his service. Terry Storm seconded the motion. The motion passed unanimously.

IV. Approval of Agenda

Jim Wheeler asked if anyone had any items to add to the agenda. There were none. The agenda accepted and approved.

V. Presentation of Candidate for CEO

Jim Wheeler asked for a motion to move the meeting into Executive Session.

MOTION: Steve Dotson moved that the meeting move into Executive Session based on Article XII.2.A of the bylaws for the presentation of the Candidate for CEO. George Van Wagenen seconded the motion. The motion passed unanimously.

The Board of Directors, along with Gary Howe, Jack Mueller, Randy Jayne, Bob Edmonds, Bob Munson, Lou Michels, Dick Sexton, and Peter Nagel remained in Executive Session

Steve Dotson, chair of the CEO Search Committee, briefed the Board on the search process. The committee had 42 candidates express interest in the CEO position. The CEO candidate was then presented to the Board.

VI. Guest Presentation: Director & Officer Insurance Briefing (Open Session)
The meeting returned to Open Session for D & O Insurance briefing.

Gary Howe introduced Andy Cobb from CB Insurance, who briefed the Board on D&O Insurance (Executive Liability).

The meeting returned to Closed Session after the insurance briefing until 1730 Friday afternoon.

VII. Presentation of Candidate for CEO (Continued)

A. CEO Decision

The meeting re-adjourned in Closed Session at 0800 Saturday, 9 August for the discussion of the CEO contract.

In open session, Jim Wheeler recognized Randy Jayne and Bob Edmonds from Heidrick & Struggles in appreciation for all their hard work on the search for a new CEO. Jim further thanked Steve Dotson and the rest of the CEO Search committee for their long hours of work on the search process.

The Board Chair then asked for a motion to vote on the selection of the Search Committee's candidate for CEO.

Steve Dotson offered the following motion:

MOTION:

Whereas: The search for a new President /CEO of the Association of Graduates has been arduous and has taken nearly one year to complete;

Whereas: That search, after consideration of 42 graduate candidates, has resulted in the selection of a highly experienced, highly seasoned, professional executive;

Whereas: Negotiations with that executive to fashion a contract between the Association of Graduates and that executive have been protracted, keenly conducted, and highly professional,

Whereas: Those negotiations have resulted in a fair, carefully considered, highly detailed contract – including an employment agreement, an incentive compensation agreement and a relocation agreement – mutually acceptable to the Board of Directors of the Association of Graduates and the highly seasoned

professional the Board has selected to be the next President/CEO of the Association of Graduates;

Resolved: That the Board of Directors of the Association of Graduates approves the contract negotiated on its behalf by Directors Dotson, Finch, Storm and Van Wagenen with William L. Thompson, Class of 1973, to make William L. Thompson the next President/CEO of the Association of Graduates, effective on 15 August 2008.

George Van Wagenen seconded the motion. The motion passed unanimously.

Kevin Carmichael and Bill Stealey, who were not in attendance, previously stated for the record that they were in favor of the selection of William Thompson as the new CEO.

Jim Wheeler, on behalf of the Board and the membership, expressed appreciation to Gary Howe for stepping in as CEO, for his continuity, and for the efforts of the staff.

Jim Wheeler and William Thompson signed the contract.

William Thompson thanked the Board and the Search Committee and said that he was happy to be here and looked forward to getting to work.

Steve Finch offered a motion of gratitude to the CEO Search Committee and to all of the graduates who applied for the position. Allison Hickey seconded the motion, and all approved.

B. Board Vacancies

Jim Wheeler recommended Bob Munson '73, and Mike Banks '92, to fill the unexpired terms of James Sanchez '90 and Fred Gregory '64 until 30 June, 2009 at which point they could stand for re-election.

MOTION: Steve Finch moved to accept the nominations of Bob Munson '73 and Mike Banks '92 to fill the unexpired terms of James Sanchez '90 and Fred Gregory '64 until 30 June, 2009. Steve Dotson seconded the motion. The motion passed unanimously.

VIII. CEO Report I

A. Report of Finances

Terry Storm gave the Financial Summary Report of behalf of Bill Stealey. Leslie Frank then gave the CFO Report. She showed a comparison of change in the projections and budgets since May 2007. The net result for FY08 was a loss of \$351,000. The major loss factor was investment loss. The overall performance of

the investment portfolio was better than major indices. Annual fund donations results were as planned. However, many pledged major donations were unfulfilled. The program to offer discounted four-year memberships to the Class of 2012 parents was well received and resulted in \$300,000 surplus in dues. The spending of the association during FY08 was slightly below budget.

She gave a brief overview of the new financial software, *Financial Edge* that the AOG is now using. The installation should be complete by the fourth quarter of FY08. All transactions for FY08 will be inputted into the system. There are almost 14,000 accounts currently in use and more than 400 funds managed. She stated that the finance staff went through extensive training on the new software.

Credit was given to the staff, Finance Committee and the Investment Subcommittee for their work.

B. Human Resources Update

Gary Howe updated the Board on recent new hires. The AOG hired a new Major Giving Officer – Alainna Rankins, who replaced Alex Chavarria, and Paige Buoye was hired as the new Advertising Sales Manager.

IX. Strategic Activities

A. Policy Governance Manual Presentation/Discussion

MOTION: Terry Storm moved that the AOG Board of Directors formally adopt the John Carver Model of Board Governance and that, as the next step, the Board also adopt the Board Governance Policies and Procedures Manual in concept, pending review by our new CEO and formal adoption in December. George Van Wagenen seconded the motion. Discussion followed.

William Thompson recommended that director input on the policy manual should go to the Governance Committee as the first step in the process, and then the committee would take it to the Board. Jim Wheeler asked for a time line on getting the input to the committee. Terry Storm said two weeks. Pat Rosenow, Governance Committee Chair, said that the committee should look at the policy manual versus the bylaws. William Thompson said that some changes may need to be made to the bylaws to adopt the Carver Model. Terry Storm stated that this is a change in culture. Allison Hickey agreed. Steve Dotson asked about the financial section of the governance manual. Terry said that the Governance Committee should ask the Finance Committee and the staff for input.

The motion passed unanimously.

B. Board Guidance to Nominating Committee

Requirements to populate the Nominating Committee are two directors and five non-directors. The committee chair must be an elected director.

Jim Wheeler recommended George Van Wagenen to chair the Nominating Committee and asked for a volunteer to fill the second director position. Terry Storm recommended Bill Stealey for the second director seat.

MOTION: Steve Dotson moved that George Van Wagenen chair the Nominating Committee. Mike Flynn seconded the motion. The motion passed unanimously.

MOTION: George Van Wagenen moved that Bill Stealey fill the second director position contingent upon his acceptance. Steve Dotson seconded the motion. The motion passed unanimously.

MOTION: Steve Finch moved to allow the Nominating Committee Chair to appoint other committee members by 15 September and the Board can approve via e-mail. Terry Storm seconded the motion. The motion passed unanimously.

According to the bylaws the Nominating Committee should endorse twice as many fully qualified candidates as there are positions available, and they should endorse their candidates to the Board only and not to the membership. Mike Flynn suggested asking the endorsees to fill out a questionnaire to check their qualifications to serve on the committee.

MOTION: Steve Dotson moved that the Board not disclose the Nominating Committee endorsements to the membership. George Van Wagenen seconded the motion. The motion passed by a count of six votes for the motion and four votes against.

MOTION: Steve Dotson moved for the Board to reconsider the previous motion to not disclose endorsements. George Van Wagenen seconded the motion. The motion failed by a count of five votes for the motion and five votes against.

MOTION: Terry Storm moved that per the AOG bylaws, an endorsement by the Nominating Committee shall mean only that the candidates are qualified to run. Steve Dotson seconded the motion. The motion passed by a count of eight votes for the motion and two votes against.

C. 2009 Election Plan

Gary Howe briefed the Board on Election Rules and Policies.

Terry Storm said that for the 2009 election there are two election categories: 2-Year and 4-Year terms.

MOTION: Terry Storm moved that a candidate may run for either a 2-year or 4-year term. The top five 4-year term candidates and the top two 2-year term candidates will be elected. Steve Dotson seconded the motion. The motion passed unanimously.

MOTION: Steve Finch moved that the Nominating Committee, Governance Committee and staff should work together to finalize an election and campaign plan and present it to the Board for approval at the December meeting. Steve Dotson seconded the motion. The motion passed unanimously.

D. Alumni Relations Committee Report

Mike Flynn discussed the activities of the Alumni Relations Committee since the last Board meeting. The major focus of the last quarter was to continue building graduate business networking opportunities. This included online networking sites, USAFA Entrepreneur teleconferences, and planning for a “live” networking event.

Approximately 15 graduates participated in the Class of 2012 BCT Honor Education Lessons by sharing their experiences living with the Honor Code as cadets, Active Duty Officers, and in the civilian workplace. These lessons were conducted over a several day period. Most graduates participated in multiple class sessions. Overall feedback from the cadets, graduates, and USAFA leadership was very positive. These lessons were organized by the USAFA Character and Leadership Development Center. The AOG leveraged its infrastructure to support the training by sending emails to graduates and encouraging them to contact the Character and Leadership Development Center POC if they were able to volunteer.

The Alumni Relations Committee’s focus for the next quarter will be a comprehensive review of the AOG’s product and service offerings to determine what, if any, modifications or additions would be valuable to the membership.

The Board discussed on how to prioritize the resources to support Alumni Relations. Allison Hickey discussed using a survey tool to better understand the graduates’ needs.

A separate Heritage Committee of the Board of Directors was established at the May 2009 Board Meeting. Mike Flynn was tasked to identify Directors to serve on this committee. During the 22 June 2008 teleconference, Steve Finch was nominated to Chair the Heritage Committee and George Van Wagenen was nominated as an additional Director to serve on the committee.

E. Heritage Committee Report

Steve Finch gave a report on the Heritage Committee. The Committee is focused on getting the Class of 1980 project to honor female ATOs approved and implemented. The plaques will be displayed in Arnold Hall and Doolittle Hall.

Steve Dotson requested the Heritage Committee to review the War Memorial criteria.

F. Governance Committee Report

Pat Rosenow discussed the committee's activities. The bi-annual review is complete. The subcommittees made many recommendations that fall under Colorado requirements and other compliance questions such as Sarbanes-Oxley. The bylaw change recommendations will be coordinated with the CEO, staff, and Class Senate. The goal is to put comprehensive changes out for approval during the 2011 election. The comprehensive bylaw change will accommodate the Carver model of Strategic Policy Governance approved by the Board of Directors.

G. Strategic Planning Committee Report

Allison Hickey plans to use the appointment of the new CEO to be a catalyst for jump starting the strategic plan. The goal is to have the committee launched by mid-September, and have something for the Board by December. The Chair pointed out that the Board needs to have something in place for the 2009 Board.

H. Joint Working Group Report

Terry Storm gave a progress report on the Joint Working Group (JWG) on behalf of Kevin Carmichael. The report included the proposed future actions with the USAFA Endowment (UE), and reviewed JWG agreements. William Thompson asked what the AOG's goal is in its relationship with the UE. Jim Wheeler said that after the project is selected then clear roles and responsibilities will be defined.

MOTION: Terry Storm moved to present a list of potential projects and determine a pilot project between the Association of Graduates and the USAFA Endowment. Steve Finch seconded the motion. The motion passed unanimously.

X. Operations

A. CEO Report II

i. Development Update

Jeff Mielke gave the Board a report on the Annual Fund, fundraising efforts and an update on current projects.

ii. Alumni Relations

Gary Howe gave the Board a report on Alumni Relations. He discussed how the AOG is now offering parents discounted four-year membership which will include access to WebGuy Insider, 16 issues of *Checkpoints*, ZoomiEnews,

and discounts on merchandise. He reported changes to member benefits, including pricing and tours. He also reported on Chapters.

iii. Communication Highlights

Gary Howe gave the Board a Communications update. The June edition of *Checkpoints*, highlighting the 50th class received very positive feedback. The Independent Portal for WebGuy is complete and has increased traffic to the website and revenue. The web advertising for Doolittle Hall rental is complete and has increase rental and revenue. The cadet radio station-KAFA- is worldwide on the AOG web site. The 2008 Register of Graduates on-line version was announced in ZoomiEnews. There were only three complaints. Improvements to web site are ongoing.

B. Class Advisory Senate Update

Dick Sexton discussed the Senate's review of chapters and what their needs are in completing the mission.

XI. Unscheduled Business

George Van Wagenen asked the Board to give him their recommendations for the Board and Nominating Committee.

XII. Adjournment

The meeting adjourned at 1455.

XIII. Next Meeting 5-6 December 2008

Attachments:

8-9August Board Presentation

