

ASSOCIATION OF GRADUATES

UNITED STATES AIR FORCE ACADEMY

BOARD OF DIRECTORS TELECONFERENCE DECEMBER 16, 2008 PROVISIONAL MINUTES

Board Directors Participating: Jim Wheeler '64, Chairman; Bill Stealey '70, Treasurer; Michael Banks '92, Secretary; Bill Boisture '67, Steve Dotson '63, Michael Flynn '95, Steve Finch '65, Allison Hickey '80, Robert Munson '73, Terry Storm '61 and George Van Wagenen '67

Board Directors Absent: Pat Rosenow '76, Vice-Chair; and Kevin Carmichael '77

AOG Staff Participating: William "T" Thompson '73, President and CEO; Gary Howe '69, Sr. Vice-President; Leslie Frank, Vice-President for Finance; Alton Parrish, Controller

Guest Participant: Dick Sexton '60, President Class Advisory Senate

I. Chair Welcome

The AOG Board of Directors convened a conference call on December 16, 2008 at 1700 MST. The Chairman welcomed the attendees to the conference call, reviewed the agenda, and thanked everyone for their availability during the holiday season. He also thanked Leslie Frank for her service to the AOG and wished her well as she prepares to relocate to Florida at the end of the year.

II. Agenda

A. Audit Committee – Director Van Wagenen discussed the activities of the Audit Committee since the October 2008 Board Meeting. The FY2008 Audit Report was formally presented to the Audit Committee on 11 December. The auditors found no major issues. The Audit Report will be provided to the full Board for acceptance at the February Board Meeting. A summary balance sheet is attached. The changes in account balances are primarily the result of a decrease in donations received by the AOG and the generally poor investment environment.

B. Carver Model: Board Ends – The Chairman updated the work that Director Munson had done since the last board meeting. It was announced that Director Munson will head a Board Task Force to facilitate the transition to the Carver Governance Model. A Board Workshop will be scheduled in conjunction with the February Board Meeting on this topic.

C. Discussions with other USAFA Fundraising Organizations – Consistent with Board guidance provided at the October Board Meeting, the CEO has had several conversations with other USAFA fundraising groups, including the USAFA Endowment and the future Athletic Department 501-c-3. A small Graduate Advisory Group has been enlisted to work with the organizations to identify common areas of interest.

D. Board Election – Director Van Wagenen, Chairman of the Nominating Committee, detailed the schedule for the elections. The list of Director Candidates will be published January 15, 2009.

E. Financial and Investment Committee Report – The AOG invested in a Hedge Fund associated with Madoff several years ago. The amount of the investment was approximately \$1.7 million. It is expected that the bulk of the investment has been lost due to the fraud recently revealed. The investment was being carried on the AOG books at \$2.4 million. While the loss to the Madoff Fraud impacted the AOG it has not affected our ability as a going concern.

1. The Finance Committee is reviewing the FMIP to further limit our exposure to these types of funds. The Board asked the Finance Committee to craft a message to update the membership on the Madoff investment.
2. The AOG Board voted unanimously to appoint Alton Parrish as a custodian of the Fidelity Funds managed for the AOG.

III. Adjournment – The meeting was adjourned at 1815hrs MST.