



**Board of Directors Teleconference
14 September 2008 Minutes**

Board Members Present: Jim Wheeler '64, Chair; Pat Rosenow '76, Vice Chair; Bill Stealey '70, Treasurer; Bill Boisture '67; Mike Flynn '95; George Van Wagenen '67; Allison Hickey '80; Steve Finch '65; Kevin Carmichael '77; Terry Storm '61; Bob Munson, '73

Board Members Absent: Mike Banks, '92; Steve Dotson, '63

AOG Staff Present: William "T" Thompson, '73, CEO; Gary Howe, '69, Sr. Vice President

I. Welcome

II. Board Instructions to the Nominating Committee

George Van Wagenen noted that at the August Board meeting, the "*Instructions to the Nominating Committee*" (Atch 1) were unclear and not yet approved by the Board. The last sentence of the instructions is potentially controversial. He noted that there is not much of a vetting process this time, and if it were left up to him, he would leave the last sentence in and would use a candidate questionnaire to accomplish the due diligence required.

He noted that just as we insist on AOG membership as a minimum qualification we should also insist on candidates who do not have issues of moral turpitude and who do not have a conflict of interest with the AOG.

MOTION: George Van Wagenen moved that the Board approve the Instructions to the Nominating Committee. If the Instructions are approved, he requested a legal opinion on the "questionnaire" idea and appropriate questions to ask the candidates.

Terry Storm seconded the motion except for the legal portion. Terry then withdrew his second. Bill Stealey amended the motion to remove last sentence in the instructions. Terry seconded. The motion passed with eight votes in favor (Boisture, Carmichael, Finch, Hickey, Rosenow, Stealey, Storm, Munson), one no vote (Van Wagenen) and one abstention (Flynn). The Chair did not vote.

III. Travel / Reimbursement Policy

The Chair brought forth the discussion by asking the two following questions:

[1] Should a policy be adopted to allow for reimbursement and, if 'yes,'

[2] What will that policy be?

Bill Stealey said there should be a policy to encourage younger graduates to participate as board members. However, reimbursement should be set at actual expenses up to \$500 per quarterly meeting, and only for graduates who are less than 20 years from graduation. Jim Wheeler questioned whether the policy should discriminate among Board members, but Bill reiterated that it should be only for “young” grads because the motivation for the policy was to get younger graduates to serve. Pat Rosenow agreed. Terry Storm asked about the possible prohibition of active duty people accepting gifts and Pat said that the policy is not applicable to this situation. Steve Finch said the Board should have a policy that applies to all directors equally. Pat opined that this is the wrong time for that given the AOG’s current financial situation. Allison offered that this policy could swing the board to mostly young people so she is in favor of it applying to all directors.

MOTION: Bill Stealey moved that all directors who are elected in 2009, or appointed after the 2009 elections, who are less than 20 years from graduation, may be reimbursed up to \$500 for actual expenses associated with attending each of four quarterly board meetings.

The CEO commented that little research had been conducted to see if this policy was even needed and the research that had been done suggested the policy was not. Bob Munson asked a previous nominating committee member whether there was a dearth of younger graduates running for the Board. The committee member said they had plenty of young candidates running, and that the problem was not in getting them on the ballot but getting them elected. Additionally, notwithstanding the Governance Committee’s interpretation to the contrary, the CEO opined that the bylaws require directors to pay their own expenses. A straightforward reading of the provision would conclude that reimbursement is prohibited. He also noted that no notice has been given of this meeting, no agenda posted or sent out and, hence, no opportunity for the membership to weigh in on what appears to be a controversial subject. The bylaws require these actions, to the extent possible. The CEO noted that his job is to advise the Board and his advice is that the Board is creating a potential problem for little apparent gain. He also made clear that he wants his reservations noted in minutes.

Bob Munson suggested that a vote be deferred until the next quarterly board meeting. Pat Rosenow stated that the motion should be defeated and then brought up again at the next quarterly meeting. It was clarified that a “no” vote would mean either a vote against or a vote to postpone.

The motion failed with seven no (Boisture, Hickey, Rosenow, Storm, Van Wagenen, Wheeler, Munson), three yes (Carmichael, Finch, Stealey) and one abstention (Flynn). The Chair voted. This topic will be added to the agenda for the next quarterly meeting.

VI. AOG Development Program / JWG Update

Kevin Carmichael distributed a discussion paper concerning the way ahead with the USAFA Endowment. He said that the piece offers a global approach.

Terry Storm asked what had been done about presenting the five projects approved at the last meeting. Kevin stated that he hadn't done it because of this paper. Terry stated that the original proposal should go forward and the paper should be considered at the next meeting. Kevin noted that his thought was to present the paper to the Board now, with an oral explanation, so that the board will be ready to discuss at the next quarterly meeting. The Chair stated that the original proposal will be presented to the UE and that this paper will be added to the agenda for the next quarterly meeting

V. Comprehensive Capital Campaign

Variations of a five-step plan have been offered for Board action concerning concluding the Comprehensive Campaign. An action plan needs to be adopted to:

- [1] evaluate the disposition of funds collected and to review donor communications; and
- [2] determine status of Phase I; and
- [3] decide what comes next.

Bob Munson stated that the AOG staff should respond to this and should present a proposal at the next Board meeting. Bill Boisture thanked Kevin Carmichael for his work. He said, however, that the Board has not made a decision on its strategic direction, thus, the staff can only make some general recommendations. There are broad implications to this question. If you cancel the campaign, the question "What's next?" needs to be addressed. This is the strategic question that the board must answer. It cannot be put off anymore. The question remains whether the board is prepared to spend money on raising large amounts of money. The development committee has never been populated and it was supposed to give direction to the staff and provide an increased ability to raise funds.

MOTION: Allison moved that the Board:

1. Formally close the Phase I of the Comprehensive Campaign and communicate its results to the membership.
2. Communicate to the membership that the Board is doing an in-depth review of the Campaign Case Statement before deciding next steps.
3. Post a notice with the Case Statement on the AOG website that contains the information in #1 and #2 above.
4. Conduct a review of funds received during the Campaign and take appropriate stewardship steps including informing the donors of the current status and plans for their funds.

5. Continue the current Sabre Society and Annual Fund activities with modification as the Staff may recommend

Allison withdrew the motion. The Board directed the staff to do the homework for the October Board meeting with the intention of bringing the issue to a vote. Allison requested telephone access to October meeting.

Bob Munson asked if the CEO had any thoughts on this topic. “T” replied that the issue should be addressed at the next board meeting. Additionally, he stated that he saw nothing so critical on tonight’s agenda that couldn’t be discussed at a quarterly meeting. He stated that while these telephone meetings between quarterly meetings were authorized, the intent of the Bylaws was that they should be used only for very pressing matters that can’t wait until the next meeting. It’s appropriate for the Board to have “discussions”, but since motions have been made and passed, this becomes a formal board meeting and such meetings should be restricted to emergencies.

VI. Board Meeting Schedule

Bill Stealey had suggested that the meeting scheduled for December be moved to October 24 & 25 to allow directors to attend a football game. A previous poll had been taken and the poll was 8-5 in favor of moving the Board Meeting to 24-25 October. The next two scheduled dates for Board Meetings are 20-21 February and 8-9 May 2009. Several directors noted that the schedule is laid out a year in advance to allow directors to plan their attendance and make appropriate airline arrangements. It also allows members to plan on attending. Changing the meeting date with five weeks notice unfairly causes some directors to miss meetings they had planned to attend.

MOTION: Bill Stealey moved to have meeting on 24 & 25 October rather than 5-6 Dec. George Van Wagenen seconded. The motion passed with six votes in favor (Carmichael, Flynn, Rosenow, Stealey, Van Wagenen, Wheeler), four votes no (Boisture, Hickey, Munson, Storm), one abstention (Finch). This change in meeting dates will not count toward the prohibition of missing two consecutive meetings.

VII. Adjourn

The meeting adjourned at 2000 hours.

Attachments

1. Nominating Committee Instructions – change noted