

ASSOCIATION OF GRADUATES

UNITED STATES AIR FORCE ACADEMY

BOARD OF DIRECTORS MEETING

May 8-9, 2009

MEETING MINUTES

Board Members Present: Jim Wheeler '64, Chair; Mike Banks '92, Secretary; Pat Rosenow '76, Vice Chair (arrived on 8 May at 1130); Bill Stealey '70, Treasurer; Steve Dotson '63; Steve Finch '65; Mike Flynn '95; Bob Munson '73; Terry Storm '61; George Van Wagenen '67

Board Members Participating By Phone: Allison Hickey '80

Board Members Absent: Kevin Carmichael '77

AOG Staff Present: William 'T' Thompson '73, President & CEO; Gary Howe '69, Senior VP; Alton Parrish, CFO; Marty Marcolongo '88, Director of Alumni Relations; Joe Swaty, Director of Development; Bob McAllister, Director of Communications; Ruth Reichert, Executive Assistant; Jack Mueller '70, Director of Information Systems

Members and Invited Guests Present: Dick Sexton '60, President, Class Advisory Senate; Howard Jack Fry '67, Finance Committee; Rip Blaisdell '62 (Saturday); Roger Carleton '67

Members Participating By Phone: Mark Rosenow '03 (Saturday only)

- I. Call to Order**

The Chairman, Jim Wheeler, called the meeting of the Association of Graduates Board of Directors to order at 1005 hrs MDT, Friday, 8 May 2009.
- II. Pledge of Allegiance**

Terry Storm led the Board in reciting the Pledge of Allegiance
- III. Welcome and Remarks by Chairman**

The Chairman welcomed the Board members to their last Board meeting of this term. He thanked the departing Directors Finch and Flynn for their service. He highlighted three major events: The changes in the Board's composition after the election, the appointment of a new Superintendent, and the Athletic Department's new 501(c)3 organization. The Chairman added that a Board teleconference might be necessary before the end of June.
- IV. Approval of Consent Agenda**

Jim Wheeler asked the Board to approve the Consent Agenda if there were no changes.

The Consent Agenda failed to pass because of an amendment to the minutes from the February 2009 Board meeting.

V. Approve Agenda

MOTION: Director Finch moved, and seconded by Director Flynn to approve the agenda as presented by the Chairman. The motion passed unanimously.

VI. Schedule for Fall 2009 Meeting

MOTION: Director Stealey moved, and seconded by Director Flynn to schedule the Fall 2009 Board meeting from November 13-14. The motion passed unanimously.

VII. Election Results

Senior Vice President Howe presented the election results from the recently concluded 2009 elections. There were 3118 valid ballots received with a 12.9% participation rate. The Board discussed the low participation rates. There was concern expressed about the perceived lack of interest by the younger graduates. The CEO discussed the role of the Nominating Committee and recommended the next Board may want to re-evaluate that committee's role. The lack of diversity of the Board was expressed as a concern.

MOTION: Director Finch moved to certify the election results as presented. Director Flynn seconded the motion and it passed unanimously. The Secretary will certify the results.

VIII. CEO Report

The CEO briefed the Board on the following monitoring reports: Treatment of Members and other Constituents; Financial Planning/Budgeting; Board Awareness and Support. He noted that the orientation for the new directors will be on August 6. The 2009 Graduate Dependent Scholarships were presented to the Board. 18 scholarships totalling \$20,000 were issued from 105 applications. Director of Communications, Bob McAllister, gave a detailed communications update including appointee assistance through the Appointee CD, *Parent Handbook*, *Contrails*, Web Guy, and website updates. He stated that a printed *Register* would be offered for sale in 2010 and every 4th year thereafter.

The Board Chair offered to participate in the orientation for the new Board members in August, and Directors Storm and Munson will brief about the Carver model.

Director Hickey recommended that the AOG stay in contact with Graduate Dependent Scholarship awardees after their graduation from college.

Vice Chair Rosenow joined the meeting.

IX. Class Advisory Senate Update

Senate President Sexton discussed the current events within the Senate. They are attempting to schedule a briefing by other USAFA fundraising organizations. Part of the next meeting will be dedicated to discussing the next version of "Moving Forward". He also discussed the procedure for selecting senators. The Class Senate is interested in establishing a good working relationship with the incoming Board.

X. Closed Session

The AOG Board of Directors resumed after lunch in closed session. The Senate President, Dick Sexton, and newly elected Board member, Roger Carleton '67, were invited attendees. Director Finch stressed that all non-board attendees had the same obligation for confidentiality as the Board members.

The Board reviewed the following items in closed session:

- CEO evaluation by Director Dotson
- Fundraising & Relationships

XI. Finance Report

The CFO and CEO presented the budget for FY2009-10 to begin July 1, 2009. The CEO recommended approval of the budget as presented.

MOTION: Director Finch moved to approve the budget which was seconded by Director Storm. The motion passed unanimously.

Director Finch thanked the AOG for the clarity and quality of the 2010 budget.

XII. Finance Committee Report

Finance Committee member, Jack Fry, gave an update of the Financial Management & Investment Policy (FMIP). The Board discussed their concerns that the document was unfinished. The Board was told that the current FMIP is still being reviewed and more changes will be presented at the August meeting.

MOTION: Director Stealey moved and Director Storm seconded:
Approve the updated draft FMIP (5/1/09) as presented by the Finance Committee. The Board directs the Finance Committee to review Pooling of Funds, suitable investments, SPG bylaws compliance, responsibilities of the Finance Committee, and other relevant issues.

The motion passed 8 to 3 (against: Directors Rosenow, Finch and Dotson).

The Friday meeting was adjourned at 1700 (MDT).

The Board re-convened at 0805 (MDT) on Saturday, May 9th.

All directors were present except for Director Carmichael. Director Hickey was participating via teleconference and joined at 0845.

XIII. Approve February 2009 Provisional Minutes

MOTION to **amend** February minutes as presented by Director Dotson. His motion was seconded by Director Van Wagenen. And it passed unanimously.

MOTION to **approve** the amended February minutes by Director Dotson, seconded by Director Van Wagenen. The motion passed unanimously.

XIV. Falcon Foundation Request

The Board discussed the Falcon Foundation's request for transfer of funds that are presently held by the AOG.

MOTION:

Vice Chair Rosenow moved and was seconded by Director Stealey:

The AOG continues to follow its policy that it will maintain legal title and control of the assets given to it for the use and benefit of the Academy, and other beneficiaries, consistent with the terms of the original agreements, and will fully meet all of its responsibilities thereunder. The motion passed unanimously.

The CEO asked the Board to evaluate and discuss the Falcon Foundation request.

MOTION: Director Banks moved and was seconded by Director Storm:

The AOG recognizes and values the special relationship it has with the Falcon Foundation. The Board of Directors has reviewed the Falcon Foundation's request. The AOG reaffirms its current policies for managing funds held by the AOG. The Board understands the Foundation's concerns and confirms its desire to work with the Falcon Foundation to address their investment policy issues. The motion passed unanimously.

XV. CEO Report (continued)

a. USAFA Endowment Update

The CEO reported that the negotiations are in a temporary hiatus due to the pending changes to the Board composition, the appointment of a new Superintendent, and the pending approval of the Athletic Department's 501(c)3 foundation. He discussed his recent meeting with the Air Force Chief of Staff at the Pentagon and expects that there will be a follow-up meeting during graduation week. He explained the structure of the fundraising model used by all other universities. Director Hickey suggested reaching out to the Naval Academy's Board of Directors and Trustees to sit in on their Board meetings, which had already been considered by the CEO. It is in the best interests of the AOG and the Air Force Academy to find the best solution involving the other Academy non-profit organizations. The Board encouraged the CEO to proceed and offered cooperation and help.

b. New IRS Form 990

Senior Vice President Howe briefed the changes to the new IRS form 990. It enhances the transparency of the organization. He pointed out that Board committees should be keeping minutes for all meetings. There will be a more detailed briefing by BiggsKofford at the August Board meeting.

c. Building Leaders of Character for the Nation (BLCN) Campaign Report

The staff reviewed the status of the campaign report. Directors Finch and Flynn will offer edits to the final report and submit it to the CEO prior to June 30, 2009.

XVI. Revision of the Policy Manual

Director Storm presented changes to the Board policy manual. He highlighted modifications to Policy 4.9, Board Committee Structure.

MOTION: Director Storm moved and was seconded by Director Munson to approve the committee structure as presented. Director Dotson offered a friendly amendment that Director Storm accepted.

MOTION: After much discussion of the policy manual, Director Munson moved and was seconded by Director Storm to suspend the rules and act as a working group to modify section 4.9. The motion passed unanimously.

The Board resumed the session and Director Storm agreed to withdraw his motion.

Director Storm proposed redrafting policy 4.9 for coordination by the Governance Committee to ensure compliance with the bylaws. The directors also need to provide their input.

MOTION: Director Dotson moved and was seconded by Director Flynn to modify the CEO Executive Limitations to add financial controls to spending. The motion was defeated with 2 yes votes (Directors Van Wagenen and Dotson), and 8 no votes (Director Finch abstained).

XVII. CEO Evaluation

The CEO evaluation process was briefly discussed. The Board expects to have a conference call in mid-June to finalize the report. It was mentioned that there had not been a systematic process in the past.

XVIII. Interim Chairman

Director Van Wagenen stated that the Nominating Committee recommends that Chairman Wheeler serve as interim Chairman between July 1 and the meeting in August.

MOTION: Director Van Wagenen moved to approve the committee's recommendation and was seconded by Director Dotson.

After the Board voted to approve the motion, Director Hickey asked the motion be reconsidered due to a lack of discussion.

MOTION: Vice Chair Rosenow moved to reconsider and he was seconded by Director Banks. The motion to reconsider passed with 7 voting yes and 3 no.

MOTION: Director Finch moved and was seconded by Director Dotson to move to closed session. The motion passed unanimously.

MOTION: The Board reopened the session and Director Van Wagenen moved and Director Finch seconded approving the Chairman as the interim Chair. The motion passed unanimously.

XIX. Closing Comments from Board

Vice Chair Rosenow thanked Directors Finch and Flynn for their service. He highlighted the amount of time and effort the directors spent in directing the organization.

The Board Chair added that their service on the Board will be recognized with pavers in front of Doolittle Hall.

Director Flynn thanked the staff and membership for their support.

Director Storm thanked Directors Carmichael and Banks for their service and Director Banks for his excellent service as Board Secretary. Pavers will be placed in their honor.

XX. Closing Comments from the Chair

The Chairman thanked the CEO and the AOG staff for all their work.

He reminded the Board that the next Board meeting will be August 7-8 with an orientation for the new directors on August 6.

XXI. Adjournment

The meeting adjourned at 1155 hrs (MDT).

Attachments:

Attachment 1: Board Presentation

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment1.pdf>

Attachment 2: Management Discussion & Analysis

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment2.pdf>

Attachment 3a: FY 2010 Budget Operating Income Statement

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment3a.pdf>

Attachment 3b: FY 2010 Budget Operating Income – Cash Basis

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment3b.pdf>

Attachment 3c: Highlights of the Operating Budget

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment3c.pdf>

Attachment 3d: Highlights of the FY2010 Cash Budget

<http://www.usafa.org/about/Governance/MeetingMinutes/May2009/Attachment3d.pdf>