

ASSOCIATION OF GRADUATES

UNITED STATES AIR FORCE ACADEMY



BOARD OF DIRECTORS MEETING

4 May 2012

Approved Meeting Minutes

Board Members Present: Terry Storm, '61, Chair; Brian Binn, '72, Vice Chair; Bob Munson, '73, Secretary; Howard Jack Fry, '67, Treasurer; Vic Andrews, '66; Rip Blaisdell, '62; Roger Carleton, '67; Bruce Wright, '73; Kathleen Rock, '98; Bebe O'Neil, '83; Frank Schmuck, '88; Mark Rosenow, '03; Dick Sexton, '60, President, Class Advisory Senate.

Board Members Attending via Teleconference: Kevin Chilton, '76

Board Members Not Present: Steve Beasley, '93

AOG Staff Present: William 'T' Thompson, '73, President & CEO; Gary Howe, '69, Exec. VP; Alton Parrish, CFO; Marty Marcolongo, '88, Senior VP for Business Development; Bob McAllister, Senior VP for Communications; Jack Mueller, '70, Director of Information Systems; Hadassa Muñoz, Executive Assistant, Corrie Grubbs, Vice President, Alumni Affairs, Wayne Taylor, Director of Programs

Members and Invited Guests Present: Gen (Ret) Steve Lorenz, '73, President & CEO USAFA Endowment; Lt Gen Michael C. Gould '76, Superintendent; Maj Charles E. Gilliam, '99, Aide-de-Camp to the Superintendent

- I. Call to Order**

The Chairman, called the meeting to order at 0900 hrs MDT, Friday, 4 May 2012.
- II. Moment of Silence & Pledge of Allegiance**
- III. Notified Absences & Introductions**

The Board Chair welcomed each member of the Board and notified the Board that Directors Kevin Chilton, '76 would be joining via teleconference and Steve Beasley, '93 would be absent.
- IV. Approval of Consent Agenda**

Consent agenda approved the minutes of the Board meeting for 3 February 2012. (Atch 1)
- V. Approve Agenda**

The Chair offered the agenda to the Board for suggested changes; the Board accepted the agenda as written.

VI. Committee Updates

A. Governance Committee

1. Governance Policies Review for Compliance with 2011 Bylaws

Committee Chair Binn informed the board that the review is ongoing.

2. 2013 Election Guidance for Nominating Committee

Executive VP Howe provided the Board with the 2011 guidance to the Nominating Committee. The Board reviewed the 2011 Guidance and the board approved same guidance for 2013. (Atch 2)

3. Election Rules & Timeline

Executive VP Howe presented the 2013 Election Rules, Policies and Procedures and the 2013 Timeline (Atch 3 & Atch 4) which has been coordinated with Survey and Ballots Systems. He also presented the information that will go in the June edition of Checkpoints (Atch 5) and will be placed on the web at that time.

B. Nominating Committee

The Board discussed whether it was feasible for Director Beasley to Chair the Nominating Committee while assigned in Iraq. Director Andrews, former Nominating Committee Chair, asserted that the committee's duties can be done by telephone and email. Director Rosenow, Vice Chair of the Committee, said that he would be able to assist Director Beasley and that the duties of the committee would be fulfilled.

C. Finance & Investment Committee

Committee Chair Fry presented the 2013 budget (Atch 6), which had been reviewed by the Finance and Investment Committee, to the Board. Director Fry, in his review, made a number of points which included that the budget assumed 6% growth in investments. He also mentioned that the budget included \$14,400 for director travel should the Board decide to approve covering this expense.

MOTION: Committee Chair Fry moved to approve budget. Director Wright seconded. The motion passed unanimously.

D. Heritage and Traditions Committee

1. New Graduate War Memorial Form.

Exec VP Howe showed the new form and AOG process for considering candidates for inclusion on the Graduate War Memorial. The staff will gather all necessary information and make recommendation to the Heritage Committee and the Board using the new form as a guide. The AOG will forward the details and recommendation to the Committee and then to the Board by email. If there are no objections then the recommendation will be considered as approved. The form will be kept on file permanently.

MOTION: Director Andrews moved to approve the process and form, Director Wright seconded and the motion passed unanimously.

2. Lt Justin J. Wilkens, '09 – War Memorial

Executive VP Howe presented the recommendation to approve Lt Justin J. Wilkens, '09 for the placement on the War Memorial. According to the information obtained, the circumstances of his death qualify him to be placed on the wall. There were no objections from the Board.

3. Nominations for the Heritage and Traditions Committee

Committee Chair Andrews asked the Board to consider three new members for the Heritage and Traditions Committee.

MOTION: Director Andrews moved to appoint the following new members to the Heritage and Traditions Committee: Richard Rauschkolb '70, Chad Polumbo '06, and Jeremy Siegel '93 Director Wright seconded. The motion passed unanimously.

E. Award Task Force (ATF)

Director Rock presented the ATF report (Atch 7). Director Rock noted that the ATF recommended that the emphasis for the criteria for approving Honorary Memberships be changed from service to the Academy and the Air Force to service to cadets, graduates and the AOG with service to the Academy and the Air Force being implicit in those actions. The members of the Task Force recommended that the Board consider two new awards, an Alumni Achievement and AOG Distinguished Volunteer awards.

After some discussion the Board elected to first consider the ATF's recommendation to establish a committee to manage AOG awards, and then consider the recommendations for the awards separately. Governance Chair Binn added that the Bylaws permit the Board to establish standing committees. A discussion ensued about whether this committee should stand alone or be a subcommittee of the Heritage and Traditions Committee. Director Chilton noted that for each proposed award the new Award Committee should create the process for issuing the award, the frequency of the award, the number of recipients in a cycle, what the award consists of and how it will be presented, and the budget impact.

MOTION: Director Rock moved, and Director Schmuck seconded, to establish a separate Awards and Recognition Committee to make recommendations on the award of Honorary Membership and any other awards that the AOG may establish. The committee shall be composed of five to six people with the committee chair being a Board Director. The motion was approved with one Director opposed (Blaisdell).

MOTION: Director Rock moved, and Director Andrews seconded, that the Board approve criteria for awarding AOG honorary membership as follows: "Honorary membership may be awarded to non-graduates who have conspicuously and generously supported cadets, graduates and the AOG with their time, talent and/or treasure over an extended period of time. Nominations for honorary members can be written by anyone but must be endorsed and submitted by a member of the Board. It is the responsibility of

the Board member to make the case to the Board. The Award Committee will review and make a recommendation to the Board. Nominations will be considered by the Board in closed session. A vote will be taken by secret ballot and must be unanimous by a quorum of the Board.” The motion passed unanimously.

The ATF reviewed the 50th Class Reunion Award and recommended that the policies and procedures developed by the AOG staff be approved.

MOTION: Director Andrews moved to approve the AOG policies regarding the 50th Class Reunion Award, and Director Rock seconded. The motion passed unanimously.

The Board Chair asked the ATF to continue serving as the interim committee, with Director Rock as chair, and to provide the Board at its next meeting with committee policy and process as well as recommendations for the Alumni Achievement Award and the AOG Distinguished Volunteer Award.

VII. Other Board Actions

1. Honorary Membership

In accordance with Art V, Section 8 of the Bylaws, the Board went into Executive Session to discuss Honorary Membership Nomination and the CEO Contract. After resuming open session the board announced the unanimous vote to approve Brig Gen Benjamin B. Cassidy, Jr for Honorary Membership.

2. CEO Contract and Compensation

The Board remained in executive session in accordance with the Bylaws and discussed the performance assessment of the CEO. Once out of executive session the following motion was offered:

MOTION: Director Andrews moved, and Director Carleton seconded, that the Board approve the award of a \$25,000 bonus to its CEO based on his performance over the last year. This amount is based on meeting or exceeding performance measures established by the Board and is within the provisions of the current contract. The motion passed unanimously.

3. Change to AOG Board Policy Manual

Per the Motion-to-Vote process, the Board considered the following motion offered by Director Munson and seconded by Director Carleton:

MOTION: Add a new Ends Statement that reads “Organizations that have the same mission as the AOG, in whole or part, rely on the leadership, resources and support of the AOG”

The Chair reviewed that this motion’s genesis came from discussions around CEO performance, but that he preferred his recommended wording.

MOTION: Director Rosenow moved, and Director Carleton seconded, that the offered motion to add a new End Statement be amended to read “Organizations that have the same mission as the AOG, in whole or part, receive leadership, resources and support from the AOG”

In the discussion that followed Director Fry preferred that there not be a new End Statement for every action we want the CEO to do; he considered the current Ends Statements as being adequate for this purpose. He preferred that the current policies be vetted by the Governance Committee. Director Binn agreed that the Board be cautious about adding Ends without taking time to approach changes holistically. The CEO had concerns about resources to execute this End and whether other organizations would even want AOG leadership and help. The Chair agreed that the Board doesn't need to add another Ends statement. To a question from Director Blaisdell, Director Munson said that ‘other organizations’ included all the 501(c)(3)s that support the Academy. He added that a new Ends Statement would empower the CEO to work with other organizations, though he would have to weigh any costs against resources needed to accomplish the other Ends.

The Board unanimously declined to pass the motion.

MOTION: Director Munson moved that the initial motion be tabled until the Governance Committee reviews the Policy Manual and makes recommendations to the Board for changes. The motion passed unanimously.

VIII. Senate Update

Director Sexton reported that 42 of 53 classes now have Senate representatives, while 11 of 53 still have not chosen senators. He announced that, if there are no BOD objections, that he will consider the Class president to be that class' senator unless the class takes action to appoint a different representative. The Senate has no particular controversial issues being considered.

IX. Endowment Update

General Lorenz updated the Board on current Endowment activities. He emphasized that the Endowment is emphasizing and developing the concept of bequests, where graduates and other friends of the Academy agree to donate a portion of their estates. He encouraged the Directors to be leaders and include the Academy in their wills. Another initiative is to get more graduates to be members of the AOG. Jerry Bruni '70 has provided a matching gift of \$25,000 as part of a membership challenge to bring in life members. The long term goal is to raise \$1.5m to bring in 2500 new life members. The Endowment has raised \$12m for the CCLD building fund from donors to augment the \$27.5m available in government military construction monies. The Air Staff is now working the issue and the expectation is that it will go forward with an RFP and break ground, hopefully, this fall. Gen Lorenz continues to support the Long Blue Line Endowment; he recently gave a speech to US Bank and applied a portion of the honorarium to the LBL Endowment.

X. Guest Speaker: Lt Gen Michael C. Gould '76, Superintendent

The Superintendent briefed the Board on a variety of projects that the Academy would like to see completed including the CCLD

XI. Special Presentation:

- Director Wright briefed the Board on “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense”.
- 2012 USAF Senior Leadership Perspectives

XII. AOG/USAF Endowment Joint Coordinating Committee

In accordance with the first AOG-Endowment MOU, the Joint Coordinating Committee is charged with determining the use of 25% of the 2011 monies, above \$1.9M, pledged to the Annual Fund, which came to \$13,714. The Endowment and the AOG, with the approval of the Superintendent, decided to allot those funds to a Distinguished Graduate display in Fairchild Hall. The Display is in the final stages of planning and approval and has a target date of 1 August 2012 for installation. Funding for the project is available.

XIII. Staff Report

A. Quarterly Financial Update

Senior Vice President for Finance and CFO Alton Parrish presented the quarterly financial statements showing the AOG’s financial position, and continued with a page-by-page explanation of the financial statements, using both Generally Accepted Accounting Principles (GAAP) and cash statements; together with a detailed management discussion and analysis of all significant line items. (Atch 11)

B. CEO Monitoring Report: Policies 2.1, 2.3, 2.9

The CEO briefed the Board on the following monitoring reports: Treatment of Members and other Constituents, Financial Planning and Budget, Board Awareness and Support. The CEO is in compliance with all of the Board’s Executive Limitations (Atch 8, 9 &10).

C. AOG Operations Update

1. Graduate Dependent Scholarship Report

Wayne Taylor, Director of Programs, presented the results of the 2012 Graduate Dependent Scholarships. After evaluating 75 applications, the selection review committee recommended that the Board approve awarding twenty \$500 scholarships.

MOTION: Director Blaisdell moved, and Director Fry seconded that the Board approve the award of 20 scholarships as recommended by AOG staff. The motion passed unanimously.

2. New Reunion Policy

EVP Howe briefed the Board on the new Reunion Scheduling policy that will take effect for the 2013 reunion season. The primary changes include the addition of 5, 15 and 55 year reunions, new methods for selecting reunion dates, and procedures for accommodating graduates after the 55th reunion. These policies and procedures will be coordinated with the Academy.

3. WebGuy

Senior VP Marty Marcolongo updated the Board on the WebGuy Program. From a humble blog-type information site in 2004 the program has expanded extensively every year. The site now boasts approximately 600,000 photos, as well as multimedia presentations, that cover all aspects of cadet life that parent members wish to see. Baseline income from this enterprise started at \$22k in 2002 with parent membership and increased to over \$188k last year when the program changed its model to a four year Class Club. Parents of Class of 2016 basic cadets this year will pay \$20.16 for affiliate membership and unlimited access to WebGuy. This is expected to grow cumulatively over the next three years as four year memberships accumulate.

4. Graduate Display in Fairchild

President and CEO William "T" Thompson updated the Board on the AOG's Graduate Display in Fairchild Hall, which has been approved by the Dean, and provided concept pictures to demonstrate what it will look like.

XIV. Unscheduled Business

Directors O'Neil and Schmuck, airline pilots, proposed asking graduate airline pilots to donate "buddy passes" to support AOG operation and/or cadet travel needs. The CEO, a former airline pilot, noted that there are numerous administrative difficulties with this idea. The Board concluded that Directors Schmuck and O'Neil should work with the AOG staff to see if this proposal is feasible.

XV. Adjourn

The Chair thanked the Board directors, AOG staff, and Senate representative for their efforts. The Board will next meet on August 3, 2012. The meeting adjourned at 1610 hours (MDT).

Note: portions of the minutes have been rearranged from time sequence to topical sequence.

Respectfully submitted,

Hadassa Muñoz, Recorder
Robert Munson, Secretary

Atch:

1. [Minutes of the 3 February 2012 Board meeting](#)
2. [2013 Election Guidance to the Nominating Committee](#)
3. [2013 Election Timeline](#)
4. [2013 Election – Rules, Policies and Procedures](#)
5. [Checkpoints Election Notification](#)
6. [FY 2013 Operating Budget](#)
7. [Award Task Force Report 6 May 2012](#)
8. [CEO Policy Compliance Report 2.1](#)
9. [CEO Policy Compliance Report 2.3](#)
10. [CEO Policy Compliance Report 2.9](#)
11. [Quarterly Financials](#)