

# ASSOCIATION OF GRADUATES

## UNITED STATES AIR FORCE ACADEMY



### BOARD OF DIRECTORS MEETING 8 August 2014 APPROVED Meeting Minutes

**Board Members Present:** Roger Carleton,'67, Chair; Vic Andrews,'66, Vice Chair; Bebe O'Neil,'83, Secretary; Jack Fry,'67, Treasurer; Mike Torreano,'70; Bruce Wright,'73; Drew Miller,'80; Larry Fariss,'75; Robert Munson, '73; Cathy McClain, '82; Kathleen Rock, '98; Dick Sexton,'60, President, Class Advisory Senate.

**Board Members Attending via Teleconference:** Mark Rosenow,'03

**Board Members not present:** Kevin Chilton,'76; Steve Beasley,'93

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

**Members and Guests Present:** Lt Gen Michelle D. Johnson'81, Superintendent USAFA; Gen (Ret) Steve Lorenz, USAFA Endowment; Steve Simon,'77, USAFA Graduate/Donor Liaison, Development and Alumni Affairs; Garry W. Dudley'68; Dick Rauschkolb'70; Gary Dahlen,'70

#### **I. Call to Order**

The Chairman called the meeting to order at 0830 hours MDT, Friday, 8 August 2014.

#### **II. Consent Agenda Approval**

MOTION: Director O'Neil moved, and Director Munson seconded, that the Board approve the meeting minutes for 2 May 2014, 28 June 2014 e-vote and 21 July Special Board Meeting Minutes. (Attachment: 1, 2 & 3)  
Motion passed unanimously.

#### **III. Approve Agenda**

There were no changes offered by the Board to the Chair's agenda.

#### **V. IV. Secretary Report**

Nothing to report.

## **VI. Staff Report**

### **A. AOG Update**

CEO Thompson gave the Board a synopsis of where the AOG is in regards to the Operations Plan spanning years 2010-2015. There are four major areas in which the AOG has seen growth and record levels in all categories and associated metrics. It was a great year!

1. Communications- Sr. VP Bob McAllister briefed the status of the communication network. Social Media has seen tremendous growth over the last year; Twitter, LinkedIn, Facebook, improved from 2013 with 12,000 hits (website queries) to over 27,000 hits, in 2014. Comparisons were made between USAFA and sister service Academies, USNA and USMA that show the AFA has surpassed other Academies in 2014. Also, a comparison was made between the AFA and a sample of other civilian institutions, state schools as well as MWC schools. In FY 2014, the Air Force Academy surpassed all, which is an impressive feat, given the relative alumni base. The on-line store revenue process was briefed. Merchandise and online donations saw improvements; 40% improvements attributed to online store purchases and online donations measured nearly a 20% increase year over year. The website functionality was increased as well as marketing presence for ease of user interface. Web presence is measured in 3 areas: page views, unique visitor, and duration of access. Each area has seen solid growth in all three categories. The AOG website, Checkpoints, Zoomie News, 7258 are all included in the web presence audit.

Director Fry – requested a breakdown for online donations and whether there is a breakdown of giving to the USAFA Endowment or the AOG. The AOG staff can research and provide specifics.

2. Communications Recognition and Awards: The AOG received 10 awards in 2010, 13 awards received in 2013, including the coveted ‘Sweepstakes’ award, which is considered the overall best communications department. Director Fariss asked why our communications is so much improved. The response is that social media is much more prevalent than in the past. The online content is comprehensive and robust in its information. Updates occur frequently, giveaways and discounts attract visitors, and ease of access is extremely convenient for the user. Board Chair asked if there had been any negative comments received through those outlets. McAllister explained that with the help of Troy Surratt, they monitor all comments and the negative ones have been very minimal, 99% have been positive. Occasionally, comments are posted to vent about Academy issues. Bob McAllister assured the board that the communications department makes it a point to stay close to those values and maintain transparent communications. With the global reach of social media, it keeps troops up to date in theaters worldwide. Director Fry asked about ‘chat rooms’ that were hosted by Zoomie Nation. The chat room was closed 10 years ago due to very little traffic as users gravitated to other options, like Facebook. CEO told the board that between 180 colleges and universities, Checkpoints won best magazine. Our communications network is considered elite with respect with social media.
3. Sr. VP for Communications, Corrie Grubs – Alumni Affairs

FY2013 had a goal of 75 Chapters and exceeded that with currently 80 Chapters in FY2014 which was the goal for FY2015 (met goal a year earlier). Ambassador Program saw growth as well by 6%, from 100 to 106 in the last year. Reunions had a 20% increase in attendance.

Membership saw a 4% increase, from 25K to 26K members. “T” – compared to Navy & Army, we lack percentage of members, however Army has a different program. Also compared to other big schools where the average is approximately 18% of memberships in alumni associations, we are doing well. LMAG (Life Membership at Graduation offered to cadets) – has been re-established and is doing very well. Early classes have high membership rates and percentage of enrollment of entering classes is improving with the class of 2017 showing a 64% enrollment in the AOG. The CEO stated that the AOG is constantly trying to get new members. It is costly for a small percentage of net gain of increased memberships. The Naval Academy has about 89% members in their alumni association. However, the mission of the Naval alumni organization is to serve the Naval Academy and membership is a conduit for that service. The cost of increased membership utilizing a subsidized approach was approximately \$40K for 130 memberships. Why the disparity between the Naval Academy and the AFA? The discussion revolved around the idea that AFA grads want to know what the AOG can do for them versus what the grad can do for their institution as is the case for the USNA graduate. Director Torreano posed the question as to how better focus the grad community on giving back to the institution as opposed to asking what the institution can give to the grad. Director Miller proposed surveying the grad community that are not members for their rationale and address those issues. Director Wright stressed the importance of promoting pride in the Air Force and the Air Force Academy and that it may take some time. Director Wright stressed the importance of promoting pride of the Air Force and the AF Academy.

4. Sr. VP of Business Operations – Marty Marcolongo

There was a 30% increase in sales, with an added \$42K in royalties (USAA Credit Card) for FY2014. Doolittle Hall Rental saw an 18% increase from \$81K to \$96K. Service Academy Career Conferences were conducted in four cities last year, and revenue increase from \$250K to \$267K in 2014. Graduate Register – 4215 copies sold, and ‘A Year in Blue’ DVD - \$75K worth sold. To Recap the revenue totals: in FY13 \$2.4M revenue with a budget of \$2.6M, and in FY14 \$2.8M revenue with a budget of \$2.6M.

5. CFO and Sr. VP for Finance Alton Parish

Financial Reserve Fund was required per Board direction three years ago, with the initial target of \$1M which was increased a year ago to \$1.5M. That goal was met as of August 2014. The monies are in stable, low-cost Vanguard funds.

CEO Summary: Overall it’s been a great year to the AOG (2014) and this year (2015) as well. He explained to the board that the AOG has pretty much reached the top and to expect slower future growth. Revenues will most likely not see continued large growth year over year as we approach some market maturity. Director Fry pointed out that we are predicting a loss in next year’s budget of 10% for revenues.

**B. Quarterly Financial Update**

CFO Alton Parrish briefed the Board on the statement of financial position for the AOG as of 30

June 2014 (Attachment: 5)

**C. Mazet Status**

The USAFA Endowment has received three distributions from the Mazet estate. There is currently a disagreement between how to distribute funds. 34% of the distribution was made to the AOG in accordance with the MOU. There was a change to the Mazet will that is at the center of discussions between the UE and the AOG, and the costs associated with legal representation in adjudicating the will.

**D. Bennett Estate Update**

The AOG EVP was selected as the executor of the Bennett estate. Gary Howe has been managing the specifics. There are no major issues with proceeding with distributions as much of the estate is in trust. The AOG was bequeathed funds to use as they see fit, with a consideration given to the Soaring Program as per the donor's request.

**E. CLES Endowment**

The BOD put away \$400K in 1988 to support a cadet program, Cadet Leadership Enrichment Seminar. Each semester, the staffs: wing, group, squadron, go through a training program to support functional leadership. The endowment for CLES has grown to over \$600K. Currently, there is a request from the Behavioral Sciences Department, which is the custodian of CLES, to use those funds to expand to other programs like the AOC first year program. This program is run jointly by the AFA and UCCS. Annual payout to the AFA is between \$17-\$20K. LtCol Sellers posed the question to rewrite the CLES agreement to other Beh Sci initiatives to include an AOC leadership conference, USAFA major, and an AOC master's program. The CLES Agreement states it may be amended only during AOG existence only by a written resolution by the AOG board in consultation with the Air Force Academy. There is no request to expend additional funds. The Chairman stated that there needs to be additional information provided over both the CLES agreement language and clarification on funds dispersed that have yet to be spent. The F&I committee will review, in concert with the AOG and the AFA, proposed language changes to the CLES agreement. **(Parking Lot)** Director Fariss commented that the CLES endowment's original intent was cadet leadership programs and not AOC development. Director Andrews quoted the CLES agreement as to changes are allowed with BOD approval.

**F. CEO Monitoring Reports**

**a. CEO Monitoring Report: Policies 2.4, 2.5, 2.6** (Attachments: 6, 7 & 8)

The CEO briefed the Board on the following quarterly monitoring items: Financial Condition and Activities, Asset Protection, and Investment Management summarizing that he remained within the Executive Limitations set by the Board in its Policy Manual. The CEO is in compliance with the above. There was a comment made that because there was money in the bank there was no need to sell investments. May need AOG and BOD review of the language of Policy 2.4, although AOG actions were perfectly acceptable.

**VII. Committee Updates**

**A. Finance & Investment Committee**

Another good year, investment accounts started the FY with \$27.6M and ended with \$32.6M. Investment performance registered at 18.7% for the year, with a balanced index of 17.5% with a time weighted return of 7%; a great year overall. The investment committee will review the earnings from the Superintendent's discretionary funds to determine if a slightly more aggressive investment strategy may be in order to produce more income. The Long Blue Line Fund, unrestricted, undesignated monies, had a surplus this year and the AOG didn't need to sell investments for operations. \$320K net surplus. The Long Blue Line Endowment, funds split between the UE LBL and the AOG LBL showed a great increase this year. The F&I committee will do a bi-annual review of the FMIP, investment policies, budgeting reviews, restrictions to Policy 2.4, and overall investment standards.

The AOG was the beneficiary of some funds from the Mazet estate. The discussion revolved around how to apportion that fund. Director Fry feels the money should be deposited into the Long Blue Line Endowment. The CEO states that the monies should be split 75%/25% as has been past practice. The CEO feels that split would provide resources for operations. The Long Blue Line endowment is a true endowment in that the principle is not available, only the earnings. A split would provide some financial flexibility for AOG operations.

Motion: Director Fry moves and Director Miller seconds that the proceeds from the third Mazet distribution be deposited into the Long Blue Line Endowment. 10 Directors voted yes, 2 Directors voted no. Motion passes.

## **B. Audit Committee**

Director Torreano – Engagement Letter

## **C. Awards & Recognition Committee**

- i. Proposal to add the DG Committee as a standing sub-committee
- ii. Young Alumni Achievement Award (YAAA) – Not required to be AOG member.
  - Takes about 15 years or less to be considered. Parallel with civilian college/university
  - High level of accomplishments in military service or civilian career.
  - Be of high character and integrity.
  - Up to 12 nominees/selected annually. (any number up to 12?)
  - Any peer can nominate - no need to be a grad.
  - Advertise via communication network and Chapters
  - Selection committee of 5, 1 BOD member, 1 active duty office, AOG CEO
  - Applications (on-line) due end of Nov, Jan recommendations from the selection comm.
  - Website location for photo, personal statement, bio, summary of accomplishments
  - Presentation to award winners in conjunction with Founders' Day or Chapter events, or with DG presentations. (DG: flight, lodging, car provided) too costly.
  - Recognized in magazines, online communications.

## **D. Distinguished Graduate Award Committee**

There is a need to replace BG Evan Miller on the DG committee as he is PCS'ing. **(Parking Lot)**  
The plan to place the DG committee as a standing sub-committee of the Awards and Recognition is still active. Motion to be presented at December meeting. **(Parking Lot)**

## **E. Nominating Committee**

Motion: Director Munson moves and Director Andrews seconds to enter Executive Session to discuss graduate members being considered for the 2015 election.

Motion: Director Munson moves and Director Wright seconds that the Board approve the 2013-2015 Nominating Committee of the following:

- Robert Munson, '73 (Director, Chair)
- Col Steve Beasley, '93 (Director)
- Bruce Wright, '73 (alternate Director)
- Christopher Miller, '80
- Chad Polumbo, '06
- Randy Jayne, '66
- Edward Montgomery, '59
- Rich Mickelsen, '07 (alternate)

Motion passed unanimously.

#### **F. Governance Committee**

- 1) **Chapter 4 discussion** – Director Munson (all but 4.4) and Director McClain 4.4 (a&b) to review.  
**Chapter 2 Motions** – Director Torreano reviewed the proposed changes to the Executive Limitations. (See Attachment 9), most of which consisted of readability and syntax improvements, and non-substantive changes. After discussion the Board agreed to vote on the following motion:

Motion: Director Torreano moved and Director Munson seconded that the proposed changes to Chapter 2 (Attachment 9) be approved. Motion passed unanimously.

#### **2) ENDS MOTION**

Director Munson asked the Board to consider five notional motions with regards to Chapter 1 of the Policy Manual, Ends Statements, and after discussion consensus was reached to the following two motions.

Director Munson moved and Director Rock seconded the following:

- a. Remove from Board consideration this currently tabled motion:  
“Organizations that have the same mission as the AOG, in whole or part, rely on the leadership, resources and support of the AOG.”

Director Munson noted that this motion was discussed three years ago and tabled. It now does not have support, but the motion needs to be administratively removed for the Board ‘Parking Lot’ for the record. Change sub End e. “The Academy community values and respects the AOG and its members.” to read: “The Academy community values, respects, and has a good working relationship with the AOG and its members”.

The original working motion was to remove this as an Ends statement, but the Board thought it

should be retained and expanded it. The Chairman recognized that the graduate community has reaped benefits due to the strong relationship between the AOG, the Academy, the Cadet Wing as well as the ABW.

The Board passed the above unanimously.

Motion: Director Munson moves and Director Fry seconds, that the Board Chair create and task a Fund Raising Task Force to examine current Board policies (policy manual, FMIP, MOU, etc.) discover roadblocks, brainstorm opportunities, consider potential consequences, and make recommendations on what this Board should do to increase income from donors in support of AOG programs. This Task Force will be charged to make an initial report and recommendations at the December 2014 meeting, followed by formal policy change recommendations at the Feb 2105 meeting.

Rationale: We have grown increasingly aware that the AOG is approaching the maximum income it can reasonably extract from business operations. At the same time, the Board agrees that we need to grow donor income to ensure AOG financial viability in the long term. The last MOU allows the AOG to become more active in this arena. The Board's TF will examine this opportunity and make recommendations on what Board policies are needed to add focus to this area while removing obstacles. Fundraising involves more than just the Board. The TF membership may include the CEO or his representative, as well as a representative from the Endowment. The membership should include the Treasurer as this TF deals with money policy. The membership should include a Governance representative because the committee will make policy recommendations. The Chairman recommends that Director Fry and Director Munson be co-chairs of this task force.

Motion passed unanimously.

Motion: Chairman Carleton moves and Director Fry seconds that as Director Bob Munson is leaving after the February 2015 meeting, recommend that Director Larry Farris be appointed to replace Director Munson on the JCC as the alternate.

Motion passed unanimously.

#### **G. Heritage & Traditions Committee**

Class of '65 & '70 Project Update, Amanda Hess, Heritage & History Projects Officer.

An interim board meeting was conducted in July to assist the Classes of '65 and '70 for approval for the concept of the Medal of Honor Memorial and the Plaza of Heroes. (SEA Phase III). Director Wright lauded the collaborative effort between the class representatives, the H & T committee, and the AOG. Director Wright also highlighted the efforts of Amanda Hess and the management of the project. The SEA Plaza of Heroes was broken down into several phases: Initiation (Jul-Sep '14), Planning (Oct-Mar '15) Execution (May-Sep '15) and Dedication (Oct '15). The first phase is in progress. The process involves three stakeholders which are USAFA, the Installation Facilities Board, and Civil Engineering. All are supportive of the project and timeline is intact.

#### **VIII. Director Submitted Topic**

**Mentoring Program update** – Director Miller briefed a Grad Mentoring Program focusing on recent

graduates. He conducted a survey to gauge the benefit of a mentoring program, the interest in participating in a mentoring program, and the percentage of grads willing to serve as mentors. The concept would be to match recent grads with those officers established with similar AFSC's, interests, and personal requests. Navy currently has approximately 800 officers involved in the formal mentoring program; 400+ act as mentors and fewer as protégées. There is a software program to archive many of the target demographics that is utilized by USNA. The cost is approximately \$20K for the survey and matching software. The need to roll out a program would require mentor lists and development training, a 'matching' protocol, software use or manual processes. Director Fry commented that mentoring is more critical at the junior officer level than with cadets. Matching is critical, development of mentors is critical. All have an associated cost. Director Sexton mentioned that there was a mentoring program, but without oversight and standardized communication, it lack cohesiveness and eventually disbanded. VP for Business Development, Bob McAllister, commented that it would be a very comprehensive and exhaustive process. The IT processes alone would be enormous due to identifying, selecting, training and developing, matching mentors and protégées, all while maintaining a high quality standard. Director Rock agrees it needs to be done correctly to be effective. The CEO sees a correlation to a published END and recognizes a potential benefit and has had discussions with previous Superintendants on the subject. Director Rosenow believes that this program could be a great untapped resource, but need programmatic review. Director Fariss is enthusiastic about a mentor program for junior officers. There is a need for a formal program; even a small number of self select mentors would be beneficial. Director Rock mentioned that a formal mentoring program would be another tangible way to show the grads how the AOG serves the graduate community.

Motion: Director Miller moved, and Director Munson seconded, to direct the AOG to test and implement a normal cadet mentoring program.

Motion to Table: Director Munson moved to table the motion, seconded by Director O'Neil, pending an AOG review of resources, cost, and manpower requirements necessary to implement. Motion to table passed (Director Miller abstained).

## **IX. Endowment Update**

2014 is a rebuilding year. The Endowment just hired 8 new employees, professional fund raisers, in a very competitive environment. The biggest fundraising effort is for the Planetarium. The need is at \$4M and we currently have \$1.25M. This year the UE has raised \$4.5M on a \$10M total goal. Director Torreano asked about the relationship between the USAFA Endowment and the AOG. Both the CEO's were in agreement that there is a great working relationship between both organizations. Other noteworthy issues are the 'Comprehensive campaign' push for coordinated fund raising and getting an agreement with the AFAAC. Director Wright encouraged the UE to be unabashed about asking for resources to make the military strong, trained and capable. The recent bad press has affected major individual donors. Corporate donors have not been affected.

## **X. Guest Speaker, Lt Gen Michelle D. Johnson'81, Superintendent**

Lt Gen Johnson provided an update to the AOG Board and reiterated that the AFA is doing great things. The Class of 2014 graduated 997 cadets. 459 went to pilot training, 516 to support career fields, in 95% of the active bases. The career field that lacked full staffing was RPA's, CISO's and Air Battle Managers. The Class of 2014 set an example of cadet leadership and accountability for other classes to model. The

incoming basic class of 2018 saw 1206 enter; 30 were lost during BCT for a variety of reasons. The Class of 2018 is impressive with a 3.85 GPA average in high school, 80% were high school athletes, and 22% intercollegiate athletes. The focus remains on producing future leaders of character and integrity. The 4-Class system is still the format wherein upper classes engage in mentoring the underclassmen. We are committed to the core values of the Air Force, inclusion, competitive excellence, professional culture, and producing leaders of character. Although still working through budget constraints, we have a strategic plan to meet the goals, not just in the cadet wing, but Air Force wide. Where the AOG can help is to engage with alumni, engage with the local community as the hometown team. We need to support culture, climate, maturity and responsibility with clear expectations and accountability from the cadets up through senior staff.

## **XI. Senate Update**

Col. Hawkins, the 10th ABW CC was the guest speaker at the CAS meeting and briefed over the base changes and updates, and the improved interface with the cadet wing. The hard copy of the graduate register was discussed. Tom Moses commented that the deceased graduates are located in a separate section and not in their class section. Only 4000 copies were available, which is the preference for the earlier graduate classes. The more recent graduates prefer an electronic version. The next edition will have all graduates and their information located in their associated class section. The online PDF version is updated as information is received wherein the hard copy is updated every four years. The CAS presidency term ends on 12/31/14 and Director Sexton will turn over the reins. Gary Dudley, Class of '68, was nominated for President. Nominations and volunteer names can be submitted to Director Sexton. The CAS schedule is being reworked for the next two years. Director Fry lauded Director Sexton's excellent leadership in creating a credible and effective resource in the CAS.

## **XII. EXECUTIVE SESSION**

Entered at 1540 MDT.

## **XIII. Adjourn**

The Chair thanked the Board directors and AOG staff for their efforts. The CEO, on behalf of the AOG staff, thanked the Chair for his service. The Board will meet next on December 5, 2014. The meeting adjourned at 1640 (MDT).

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

Respectfully submitted,

Hadassa Muñoz, Recorder

Bebe O'Neil, Secretary

Attachments:

- |   |                               |
|---|-------------------------------|
| 1. APPROVED Minutes for 2 May 2014            | 5. Monitoring Report 2.4      |
| 2. 28 June 2014 e-vote                        | 6. Monitoring Report 2.5      |
| 3. 21 July 2014 Special Board Meeting Minutes | 7. Monitoring Report 2.6      |
| 4. Quarterly Financials                       | 8. Financial Report Funds     |
|   | 9. Chapter 2 Proposed Changes |