



BOARD OF DIRECTORS MEETING

5 February 2016 Meeting Minutes

Approved

Board Members Present: Roger Carleton '67, Chair; Vic Andrews '66, Vice Chair; Robert Munson '73 Secretary; Jack Fry '67, Treasurer; Mike Torreano '70; William Looney '72; Larry Fariss '75, Larry New '76; Steve Mueller '79; Drew Miller '80; Cathy McClain '82; Tamra Rank '83; Garry Dudley '68, President, Class Advisory Senate.

Board Members Attending via Teleconference: Kathleen Rock '98 and Mark Rosenow '03.

Board Members not Present: Wally Moorhead '69 and Will Gunn '80.

AOG Staff Present: William "T" Thompson '73, President & CEO; Gary Howe '69, Executive Vice President, Alton Parrish, CFO and Senior Vice President for Finance; Marty Marcolongo '88, Senior Vice President for Business; Corrie Grubbs, Vice President for Corporate & Association Relations; Beth Wade, Director of Business Operations; Troy Surratt, Director of Web Communications; Emma Ross, Executive Assistant; Johnny Bollman, Help Desk Specialist.

Members and Guest Present: Colonel Carolyn Benyshek '87, Director of Admissions; Dr. David LaRivee '80; Dick Raushkolb '70; Bruce Mitchell '75; Brian Binn '72, Chief, Development and Alumni Affairs.

I. Call to Order

Chairman Carleton called the meeting to order at 0830 hours MDT, Friday, 5 February 2016.

II. Approve Agenda

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

III. Consent Agenda Approval.

There were no changes or objected offered to the Chairman Carleton's request.  
MOTION: Director Carleton moved to accept the minutes of 4 Dec 2015 (Atch 1), motion passed unanimously.

IV. Staff Report

A. Quarterly Financial Update

Senior Vice President for Finance and CFO Alton Parrish presented the quarterly financial report from December 31, 2015 (Atch 2).

#### B. Career Services/Mentor Program

Senior Vice President Marcolongo provided an update from the last meeting on the Mentorship Program. Because the data management software being used by all five service academy alumni associations was outdated, West Point spearheaded the process to obtain new software. They chose Symplicity, Inc. as the software vendor. The initial idea was to create a single website, called SACCentral, which would take the place of the JSAJE and iSABRD. Currently, each associations' individual career webpages push people into the SACC website. For networking and mentoring purposes outside of the joint program, West Point uses Linked In and Navy uses their proprietary Alumni Mentoring Program. Our AOG elected to procure a "spoke" website external to the SACCentral "hub", which will allow us to have our own branding and provide both mentoring and career services all in the same platform.

After explaining the mentorship program, SVP Marcolongo introduced Beth Wade-Divelbiss, Director of Business Operations, to provide a demonstration of how it works.

Chair Carleton asked "what kind of communication/vehicle will we use to get this information out to the graduate community?" Beth replied, "We are currently working with the Naval Academy Alumni Association and the WestPoint AOG to work on a communication plan to launch the platform. I will be the lead on the project as a liaison to the Executive Committee to the SACC Board. I am also working with communication directors to develop a comprehensive marketing plan for all the grads so they get a standard message and are pushed to the same platform." The plan is to launch the program in May 2016, enroll 940 alumni by May 2017, with a goal of 1440 alumni by May 2018. The cost for the AOG Spoke website will be \$4100/year, vice the Navy website cost in excess of \$35K/year.

#### C. AOG Honorary Membership

At the request of the Board Chair, EVP Howe provided information on the Honorary Membership program. Developed in the late 1970s, it was originally limited to 2- "living" members, then it expanded to 25 in 2002. To date, 34 honorary memberships have been awarded. 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 submitted by anyone but must be endorsed and submitted by a member of 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 Board vote has always been conducted by secret written ballots collected and counted by the Secretary. One "no" vote blackballs the nominee. No record is kept of rejections.

#### D. Survey of AOG Membership

CEO Thompson announced the rollout of a new survey which will focus on member's perceptions of the AOG and designed to make the AOG a better resource for members. The last survey done was 10 years ago. The CAS had planned to send out a survey as well, but it was agreed that the CAS would only survey the Senate members as not to collide with the survey the AOG is sending. The AOG will use Qualtrics, the world's leading research insights platform for surveys. Look for early springtime rollout.

#### E. Approve Election Timeline and Rules

EVP Howe proposed a timeline to the board for 2017 Board Elections with voting dates being 3 February – 3 March, 2017 and the application deadline 3 October 2016. There will be 5 Board vacancies for the 2017 Elections. The rules, policies, and procedures are the same as the last election and voting will be by electronic ballot only. The advertising for this will be in Zoomienews/7258, February 2016 to January 2017. The application deadlines for Checkpoints magazine are March 2016, June 2016, and September 2016 (Atch 3).

MOTION: Director Andrews moved, and Director Carleton seconded, that the Board approve the timeline dates for the 2017 Board Election. The motion passed unanimously.

#### F. CEO Monitoring Report: Policies 2.2, 2.7, 2.11, and 2.14

CEO reported he was in compliance with all of the above.

#### V. Committee Updates

##### A. Approval of Committee Re-Alignment

Chairman Carleton presented the Board with his proposal to change the committee make-up in order to bring the Nominating Committee into compliance with the Bylaws and to shift a number of assignments.

MOTION: Director Mueller moved, and Director Fry seconded, to approve the Director's assignments to committees as proposed (Atch 4). The motion passed unanimously.

##### B. Audit Committee

Director Torreano announced that the IRS Form 990 has been submitted and the public disclosure part has been posted on the website (Atch 5).

##### C. Finance and Investment Committee

1. Director Fry briefed the Board on the Committee's recommendation for the AOG's 101 restricted funds. Of these, 79 are recommended to continue as

designated with four of those funds to be split into restricted and Board designated per recommendation of the latest audit. Of the 27 left, the committee with staff have recommended that nine be closed with funds transferred to the Academy for immediate use, seven to be consolidated with six others, four split into restricted/unrestricted (Board designated) assets, and the final four changed with other actions (complete list at Atch 6).

MOTION: Director Fry, on behalf of The F & I Committee, moves that the Board accept the recommendations of the Finance Committee, the AOG staff, and the Academy representatives on their review of Restricted Funds and send them to the CEO for action. The CEO will provide the Board with a report on the AOG's action on these recommendations at the next Board meeting. Specific actions are at Atch 6 and 7). The motion passed unanimously.

2. With the passing of Richard Abramson, Director Fry reported that Rod Hennek, with 31 years in the investment world, will be the new Chair of the Investment Sub-Committee. They are looking for a new member to join that committee. As an FYI, Rod Hennek has contacted the CEO of the investment company that held a portion of our funds in the Madoff fund; they have gotten funds released back to them and are having an audit to determine how much the AOG should get back from that loss..."don't expect much."
3. Director Fry recommended that the rest of the Bennett estate monies that have been released, approximately \$785K, be apportioned between the Long Blue Line Endowment and Fund. Director Andrews noted there had been other proposals for the funds and Chairman Carleton responded that the CLES fund can be used for Heritage needs and the Long Blue Line Fund can be used by the CEO for staff requirements.

MOTION: Director Fry moved, on behalf of the F&I Committee that the remainder of the Bennett estate funds, approximately \$785K, be allocated as follows: 75% to the Long Blue Line Endowment corpus and 25% to operations in the Long Blue Line Fund. The motion passed unanimously.

All Bennett monies that have been released have been now designated; the estate executor still holds \$83K to pay bills.

#### D. Distinguished Graduate Award Committee

Director McClain reported that Gen. Greg "Speedy" Martin '70 and Mr. Paul Madera '78 have been selected as this year's Distinguished Graduates and will be honored at the 1 April Founders Day award dinner.

#### E. Nomination Committee

Director New reported that the Board will provide the nomination criteria, using recommendations from the Committee, at the next Board meeting.

## F. Governance Committee

Director McClain reminded the Board that Director Moorhead had the responsibility for reviewing Chapter 2 of the Policy Manual. Two meetings ago the Board approved to increase the AOG Reserve fund to \$2M; the only change to be made to Chapter 2 is to reflect that increase.

MOTION: Director McClain moves, and Director Fariss seconds, that the Board's policy manual, section 2.6 A. be changed to read: "Maintain the AOG Reserve at not less than \$2,000,000, and shall not..." The motion passed unanimously.

## G. Heritage and Traditions Committee

1. Director Mueller proposed, as requested in the last meeting, a Heritage Initiatives Fund to a) overcome "friction" in getting projects started and b) as seed money for appropriate heritage projects. In the committee's concept, this seed money would be paid back by the class that raises funds for approved projects.

The proposal sparked an animated discussion. Director Andrews offered his support saying that his class wanted to do a heritage project but had no money to put plan to paper; this proposal would provide a 'loan' to do just that, but he questioned that a class would have to provide matching funds. Director Mueller offered that the rule be flexible and that common sense could be used in the decision to use these funds. USAFA/CMA rep Brian Binn recommended that a plan for the Heritage Trail be drawn and approved. To a question from Director Fry, he said that while the Endowment would be charged with fund-raising for a project, the AOG could still provide the Academy with funds to do preliminary work such as site studies. Director Fry followed with the question as to how the AOG would get the money back and said that the plan would put AOG money at risk. Director Mueller acknowledged there would be risk and said that the committee and the AOG would have to study any proposal, assess the risk, and provide that information to the Board. CEO Thompson disagreed that there is a problem with getting classes started on heritage projects; he pointed out that the Endowment had steered classes into supporting the Holaday Athletic Center and the Center for Character and Leadership buildings. He acknowledged the importance of needing a plan first, to incentivize classes, and said that giving money to classes for projects is approaching the problem backwards. Classes should be giving funds to support the Academy and the AOG. He closed by saying that the Heritage Trail is a long term program and that the Board should wait for classes to come forward. Director Mueller responded by saying the plan is about partnering with classes to do just that. Director Fariss added that a plan and seed money would go hand-in-hand in attracting classes to decide on a heritage project. Directors Rank, Torreano, and Dudley pushed for the Board to do something in support of heritage projects. Director Fry offered that there were many ways to skin this [financial] cat, drawing funding from a number of potential donor funds. After a discussion on using the Heritage Preservation Fund vice a new Heritage Initiative Fund, Chairman Carleton closed the discussion by saying it would not likely make a difference...and if it did the Board could make a change in the future.

MOTION: Director Mueller moves, and Director Torreano seconds, that the Board directs establishing a Heritage Initiatives Fund to be funded initially with \$200,000, that would be used in accordance with the fund description provided at Atch 8. The Board directs that the Finance and Investment Committee will recommend the source of funds for approval at the next Board meeting. The motion passed 11-0 (Fry abstain, Miller absent).

2. Director Mueller followed with the consideration of Cmdr. John Price '06 for the War Memorial Wall who died in Afghanistan of suicide. The H&T Committee did not recommend approval, after a long discussion, as his death was not a result of hostile fire or exposure to hostile fire.
3. Director Mueller reported that the committee and directors had been discussing new wording for the policy on approving the names to be placed on the War Memorial Wall, to allow the H&T Committee to make recommendations to the Board in accordance with the Bylaws.

MOTION: Director Mueller moves, and Director Looney seconds, that the 5 Feb 2010 Graduate War Memorial approval process be changed as follows: All requests to place names on the Graduate War Memorial will be vetted by AOG staff. The AOG's request and recommendation, with pertinent information, will then be passed on to the Board Chair and the Heritage and Traditions Committee for consideration. The Heritage Committee will deliver its recommendation to the Board for a decision, which will be provided in accordance with the Board Chair's timing but not later than the next Board meeting.

Director Mueller pointed out that the committee recommendation could be done in five days. Secretary Munson added that, though the Chair was responsible for the timing, there was agreement that the decision by the Board be done in 10 days in most cases which is what has been the case since 2010. So with approval 1) the Chair could call for an electronic vote, giving the H&T Committee time to provide recommendation; this Board has shown it can approve names in five days, and 2) it becomes a BOD vote rather than a 'NATO approval.'

The motion passed unanimously.

#### H. Awards and Recognition Committee

VP Grubbs briefed on the Selection Committee's recommendation for the Young Alumni Excellence Award for approval. The Selection Committee was made up of 5 Graduates; Dave Connaughton '65, William "T" Thompson '73, Martha Jones '82, Kathleen Rock '98, and Christopher Rouse '99. A total of 100 points were possible for each candidate; Education 0-5 points; Awards/Recognition 0-20 points; and Statement 0-75 points. The recommendation for recipients are: Chelsea Cooper '11, Robert Switzer '04, Chris Mulder '01, and Thomas Synovec '09. On February 10, 2016, the award winners will be notified then posted to the website on March 7, 2016.

MOTION: Director New moved, and Director Miller seconded, that the Board approve Chelsea Cooper '11, Robert Switzer '04, Chris Mulder '01, and Thomas Synovec '09 for the Young Alumni Excellence Award. The motion passed unanimously.

VI. Guest Speaker: Colonel Carolyn Benyshek '87, Director of Admissions

Col. Benyshek briefed, in detail, the current admissions process and challenges that her office faces each year. As an example she detailed how applicants are different today: many high school graduates are academically unprepared for any college, candidates are more diverse and their economic status is broader. To comply with the Title X requirement that academies must bring in students from all states and territories, the Academy relies on the assistance of 1300 ALOs, recruiters, congressional staffers, Parents Clubs, high school counselors, the AOG, etc. Admissions also takes advantage of sponsors summer seminars, academic forums, Falcon visitation, spring break cadet outreach, etc. In the admissions process a composite score is derived from: academics, weighted 50%, extracurricular activities 20%, and 30% of the score from selection panels that consider candidate fitness from ALO/teacher evaluations/LORs/etc. The composite score is combined with medical status for an overall accept/reject decision. Of 9700 applicants, 6000 met grade/SAT criteria and 2400 were qualified in all areas. Barriers to appointment: lack of nomination, drug/alcohol abuse, tattoos that exceed standards, misconduct, lack of fitness, or being overweight.

VII. Guest Speaker: Col (ret) David LaRivee '80 PhD

Col LaRivee brief the Academy's 'Pathways to Excellence' program. The purpose is to pursue new ideas that contribute to commitment and maturity of cadets, at acceptable risk. Their process looks at programs at the Academy, looks outward to find potentially better ideas, evaluates those ideas, and institutionalizes changes that demonstrate success. There are four lines of initiatives: Systems, such as cadet order of merit; Skills, such as the ROTC semester exchange; Structure, such as a revised order of calls; and Supervisors, as in expanding permanent party professional development.

VIII. Senate Update

Director Dudley reported that Senator Tom Fleming '69 is leading a committee to produce a Moving Forward document of recommendations for the BOD. They are currently surveying the Senators. President Gary Dudley is working to expand the CAS' Executive Committee. Scott Land '81 is looking into improving the use of technology and social media; they are looking at Confluence now. They have surveyed the Senator on how they prefer to communicate. All of the temporary committees report their finding and recommendations to the Executive Committee. The Executive Committee will take our recommendations for action to the full Senate.

IX. Support of Comprehensive Campaign

MOTION: Director McClain moves, and Director Andrews seconds, that this Board support the CEO in developing a plan to resource and actively engage in all aspects of the Endowment fundraising, that this Board support the CEO in smartly moving out on the plan, and that this Board insist that the CEO and at least one AOG Board member sit on the Endowment's Campaign Steering Committee.

Director McClain offered that our organization is 'tightly lashed' to the Endowment's campaign and has dedicated resources to support it and thus it is prudent that we be at the table planning with them.

The motion was approved unanimously.

CEO Thompson noted that the letter the Endowment sent to the Superintendent which asked for agreement to use \$300K of AFAF funds that the MOU allotted to the superintendent, should have had approval from the Boards as that was an agreed use of those funds in the MOU. CMA representative Binn added that he had told the Endowment before the letter went out that the use of those funds was a joint Board decision. Chairman Carleton said that this matter was for the Chairs to discuss and resolve.

X. Executive Session

In accordance with the Bylaws section V. 8d, the Board went into executive session to discuss the AOG's role in the upcoming Comprehensive Campaign.

XI. Secretary Report and Tasks

1. The AOG staff recommended to the Board that the name of Capt Jordan Pierce '10 be added to the War Memorial Wall on 13 Nov 2015 via email. There were no objections to this recommendation by Board members.
2. Director Fariss was charged with reviewing Chap 3 of the Board's Policy Manual
3. Bylaws review will be delayed as there is a likelihood that the entire set of Bylaws will have to be rewritten prior to Feb 2017 if there is agreement to change the structure of the AOG and Endowment relationship.

XII. Adjournment

Chairman Carleton thanked everyone for their work and participation and reminded the Board of the next meeting on May 13, 2016. He advised everyone to be prepared for the possibility of two day meetings in May and August. He adjourned the meeting at 1730.

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

Respectfully submitted,

Emma Ross, Recorder

Bob Munson, Secretary

Attachments: 8

1. BOD meeting 4 Dec 2015
2. Quarterly Financial Report 31 Dec 2015
3. 2017 BOD Elections Timeline
4. BOD Committee Assignments
5. 2015 IRS Form 990
6. Finance Committee Recommendations on Restricted Funds' Changes
7. Finance Committee Complete List of Restricted Funds' Status
8. Heritage Committee Proposal for Heritage Initiatives Fund