

**PROVISIONAL MINUTES
ASSOCIATION OF GRADUATES
BOARD OF DIRECTORS SESSION
Friday, February 8, 2008
&
Saturday, February 9, 2008
Doolittle Hall**

Friday, February 8 – Closed Meeting

Board Members Present: Jim Wheeler '64, Chair; Pat Rosenow '76, Vice Chair (only attended the afternoon portion of the meeting); Bill Stealey '70, Treasurer; Steve Finch '65; Fred Gregory '64; Steve Dotson '63; Allison Hickey '80; Mike Flynn '95 (via phone); James Sanchez '90; George Van Wagenen '67; Kevin Carmichael '77; Terry Storm '61.

Corporate Officer Present: Michael Banks '92, Secretary

Board Members Absent: Bill Boisture '67

AOG Staff Present: Gary Howe '69, CEO; Jack Mueller '70, Director of Information Technologies.

USAFA Staff Present: Johnny Whitaker '73, Director of Communications USAFA/CM; Lt. Col. Andra Kniep '93, Dir. USAFA/CC Action Group; Capt. D'Anne Spence '99, USAFA/CC Aide-de-Camp; Nancy Burns, Chief, Development and Alumni Programs USAFA/CMA.

I. Chairman's Welcome

At 9:00am MST, the Chairman opened the meeting by welcoming Lt. Gen. John Regni '73, USAFA/CC, to address the Board. The Chair asked the Board to approve moving to a closed session per Gen. Regni's request.

II. Motion to Adjourn to a Closed Session

Director Dotson offered a motion to move to executive session in accordance with the by-laws (Article XII, Section 2.f). Director Gregory seconded the motion and the Board approved unanimously to move to closed session.

III. Superintendent's Meeting

The attached slides show the information presented to the Superintendent during the meeting. The AOG Board of Directors state that the slides represent the collective opinion of the direction of the AOG ([see attachment 1](#)).

IV. Adjournment

The meeting was adjourned at 12:15pm MST and was resumed at 6:30pm MST to allow for committee meetings. The USAFA Staff left after the Superintendent's briefing. Dick Sexton '60, President, Class Advisory Senate, joined the meeting.

V. Fundraising

The Board considered a request from Bart Holaday to publish a letter in Checkpoints announcing and explaining the formation of the USAFA Endowment. The Board determined that a joint letter at a later date from both the AOG and the Endowment would best serve the collective interests of both organizations.

VI. Information for Minutes

Vice-Chair Rosenow offered a motion that was seconded by Director Finch to release the above information in the minutes. The motion passed.

VII. Adjournment

The closed meeting was adjourned at 8:45pm MST.

Saturday, February 9

Board Members Present: Jim Wheeler '64, Chair; Pat Rosenow '76, Vice Chair; Bill Stealey '70, Treasurer; Steve Finch '65; Fred Gregory '64; Steve Dotson '63; Allison Hickey '80; Mike Flynn '95 (via phone), James Sanchez '90, George Van Wagenen, '67; Kevin Carmichael '77; Terry Storm '61.

Corporate Officer Present: Michael Banks '92, Secretary

Board Members Absent: Bill Boisture '67

AOG Staff Present: Gary Howe '69, CEO; Leslie Frank, VP Finance/CFO; Ruth Reichert, Administrative Assistant; Swamp Fox, Director of Alumni Programs & Special Projects; Jack Mueller '70, Director of Information Technologies; Marty Marcolongo '88, Director of Alumni Relations; Bob McAllister, Director of Communications; Jeff Mielke '80, Director of Development/Director of Planned and Class Giving.

Others Present: Dick Sexton '60, President, Class Advisory Senate; Wayne "Bees" Kellenbence '78; Jon Shaffer '59; Will Honea '64; Mike Jensen '84; Jesse "Trip" Ashe, '86; Vic Thuotte '73 ; Terry Drabant '65; George Pollard, '72.

I. Chairman's Welcome

The Chairman welcomed the members and introduced the four new directors appointed to the Board since the October 2007 meeting. He also introduced the new CEO, Gary Howe. The Chairman noted the successful meeting with the

Superintendent and the briefing presented by Bart Holaday '65, Chairman of the USAFA Endowment.

II. Approve Agenda

The Board reviewed and approved the agenda.

III. Minutes Approval

The AOG approved the following provisional minutes:

- a. October 27, 2007
- b. December 5, 2007
- c. January 14, 2008

IV. Conflict of Interest Statements

The Board Secretary entered into the record that he received conflict of interest statements from the four new directors (Carmichael, Hickey, Stealey and Storm).

V. Board Forum

The staff presented the new Board bulletin board system recently implemented to allow more efficient discussion among Board and committee members.

VI. Committee Reports

a. Finance Committee

(see attachment 2)

The Finance and Investment Committee met Friday, February 8. The Financial Management Investment Plan (FMIP) is currently being reviewed to ensure compliance with the by-laws. The AOG had slightly better than expected contributions to the annual fund and the matching gifts program when compared to the revised budget approved by the Board in October. Investment earnings are substantially behind budget, while other aspects of income are on budget or slightly better. Expenses were substantially in line with the revised budget. The staff will continue to operate under the guidelines of the budget approved in October.

Director Dotson stated that it is critical that the AOG improve revenue generating ideas beyond fundraising. The Board tasked the Strategic Planning Committee to set up an Ad Hoc Task Force to identify revenue sources.

The AOG previously purchased an improved accounting software system. However, due to several issues, primarily related to staffing levels, the system has not been installed. The Board passed the following motion unanimously to support the hiring of a comptroller to support this project and future finance and accounting operations.

Upcoming work for the Finance and Investment Committee include presenting a proposed operating budget for FY 09 at the May 2008 Board Meeting, hiring a comptroller, evaluating consulting resources to support the installation of a new accounting system.

Motion: The board lift the hiring freeze and the staff expedite the recruitment for the comptroller position. (Offered by Storm and seconded by Dotson.)

The CEO requested that the Board authorize him to fill two soon-to-be vacant positions before they become vacant to allow a few weeks overlap between employees.

Motion: The CEO is authorized to override the budget constraints to fill two soon-to-be vacant positions. Motion was passed unanimously.

b. Governance Committee

The FMIP was reviewed to ensure its compliance with the by-laws. The review highlighted several items that were inconsistent. The report on the FMIP has been forwarded to staff and Finance Committee for their action.

Director Dotson offered the following motion and it was seconded by Vice-Chair Rosenow. The motion failed (9 to 2 Dotson and Finch Yes).

Motion:

Whereas: The Financial Management Investment Plan (FMIP) requires that, before the beginning of each fiscal year, the Board of Directors of the Association of Graduates of the U.S. Air Force Academy adopt an operating budget for that fiscal year.

Resolved: That any revision of any operating budget, approved by the Board of Directors of the Association of Graduates, of more than \$100,000 for projected revenues, or more than \$100,000 for projected expenses, shall require the approval of the Board of Directors -- before any operational or management actions pursuant to that revision of more than \$100,000 are taken.

The Board then discussed the need to provide the CEO some flexibility to deviate from the budget. Vice-Chair Rosenow offered the following motion and it was seconded by Director Stealey. The motion passed unanimously.

Motion: The CEO has the authority to make expenditures that exceed projected annual expenses in the most recent budget approved by the

Board by up to \$100,000. Once that limit is reached, however, the CEO must obtain Board approval for any greater level of annual expenditures.

The Board recognized that the AOG was already almost \$60,000 over the level for projected annual expenses in the budget approved by the Board in October. In an effort to allow the CEO more flexibility in budgeting, the Board offered the following motion to reset the starting point for the previous motion.

Motion: The baseline of the \$100K deviation is the level of projected annual expenses in the budget projection presented by the AOG staff as of February 2008. (Dotson offered, Van Wagenen seconded, and the vote passed 10 to 1. Storm voted against.)

The Vice-Chair then reviewed the committee's evaluation of the current Board travel reimbursement policy. The committee concluded that nothing in the by-laws precludes directors from being reimbursed for travel costs. However, the directors agreed that any change to the reimbursement policy should occur after the next election cycle. The Chair asked the Governance Committee to draft a policy statement for Board consideration.

The Vice-Chair discussed the Governance Committee's review of the confidential nature of matters presented to the Board in closed session. The Vice-Chair stated that matters discussed in closed session must be considered confidential by all directors and may only be discussed to the degree presented in the minutes of the closed session. Additionally, any deliberations in committee which the committee considers confidential may only be presented to the Board in closed session.

The Vice-Chair stated that the bi-annual by-law review was progressing. The committee was also looking at e-voting systems for the 2009 election.

c. Audit Committee

Director Van Wagenen reported that the Audit Committee had met with the Auditors on Friday, February 8, and no issues had been identified. He offered the motion to accept the audit report as provided and Director Storm seconded. The motion passed unanimously. The Board also stated that the audit should be completed, in the future, in a more timely manner.

d. Human Resources Committee

Director Dotson reported on the progress of the CEO search process. Randy Jayne '66 of Heidrick & Struggles offered his services pro bono to conduct the search. Director Dotson also challenged each director to

identify a potential candidate. He also discussed the recruitment and interview process. Applications are being accepted through 31 March 2008, and the committee is on track to hire a new CEO by mid-summer 2008.

e. *Alumni Relations Committee*

Director Flynn discussed the revised program to allow graduate members access to the Cadet Area. The AOG staff will conduct tours of the cadet area for AOG members upon request. Requests must be made at least 48 hours in advance to assure availability. The member must be present for the tour. Details will be placed on the AOG website.

The Graduate Dependent Scholarship Committee responsibilities have been subsumed under the Alumni Relations Committee. The committee reaffirmed continuance of the program under previously established policies and asked the staff to assemble a selection committee and conduct the selection process for 2008. The staff will report the results at the May 2008 Board meeting.

The committee is studying the suggestion to establish an Honor Advisory Committee. Mike Flynn will contact Jon Shaffer '59, author of the suggestion, and report out at the May meeting.

The Heritage Committee was absorbed into the Alumni Relations Committee. The staff requested that a Heritage Sub-Committee be established immediately, because there are several pressing policy issues that require immediate attention. Mike Flynn said he would take action to form the committee.

f. *Development Committee*

Director Carmichael discussed his initial meetings with the development staff. His focus is on filling out the Development Committee. There was also discussion regarding the Fund Raising Advisory Committee (FRAC). Consensus during the meeting indicated there really was no need for this committee.

g. *Class Advisory Senate*

Dick Sexton provided a thorough update of the CAS activities. He also described a second white paper that was being provided to the Board ([CAS White Paper "Moving Forward"](#)).

VII. Closed Session

The Chairman asked the Board to move to a closed session to discuss a director issue. Director Dotson motioned to move to a closed session in accordance with the by-laws (Article 12, Section 2.g).

Director Sanchez announced his intention to resign at the end of the meeting.

The closed meeting was adjourned.

VIII. New Business (Vice-Chair Rosenow and Director Flynn departed the meeting)

a. CEO Report

The CEO presented his report ([see attachment 3](#)).

1. Reestablishing a centralized file system, finishing the policy and procedure book and effecting a reorganization of staff and functions are the CEO's three goals.
2. Reorganization has begun. Process included:
 - Task Review: Ask employees for suggestions for efficiency
 - Structure Design: Design an appropriate structure without considering current employees
 - Populate Structure
 - Transition/Settle in and refine duties and positions
 - Job Descriptions: Write for new positions
 - Mountain States Employers Council Review: Create personnel structure (levels and titles) and determine appropriate salary ranges
3. New structure creates a CFO/VP, Business Activities, and a VP, Operations. It retains the vacant authorizations for VP, Development, and VP, Communications, for reactivation at a later time.
4. It streamlines functions, combines data entry and customer service under a single supervisor, reduces the number of people involved with events, and devotes more resources directly to member and alumni services.
5. [Upcoming events.](#)
6. Matching Gifts: Amanda Brown has reinvigorated the matching gift program and is on-track to achieve \$200,000, our best year ever. That will be more money from fewer companies and donors than ever before.

7. Development Update. Presented by Jeff Mielke '80, Director of Development, the slides are self-explanatory.
8. The CEO has been in contact with the USAFA Endowment to determine areas of potential cooperation/collaboration. He has also been in contact with Survey & Ballot Systems to begin planning to conduct the 2009 elections electronically.
9. Blue Alliance purchased an ad in the next Checkpoints.
10. Corporate Sponsorship Program has begun with packages from \$2,500 to \$24,000. The first Silver Package (\$21,000) has been sold.
11. Chapter Outreach has been increased. The CEO is offering to speak anywhere where any audience of 30 – 50 graduates can be assured. Southern California may hold its first ever Founders Day Dinner on 29 March 2008.
12. Status of ongoing projects is shown on the slides.

b. Approve Committee Assignments

Director Finch moved to approve the attached committee roster ([see attachment 4](#)) and was seconded by Director Dotson. The motion passed unanimously.

c. Strategic Planning Committee

Director Finch moved to create a Strategic Planning Committee and appoint Director Hickey as the Chairwoman. The charter of the Committee:

The committee is responsible for reviewing any current strategic plans and associated strategic planning processes of the AOG, USAFA and AF. In addition, the committee will ensure the CAS review is included in its review. The committee will develop a new AOG strategic plan and ongoing assessment process that is aligned to the current Air Force and USAFA strategic plan, but also includes any unique AOG vision, mission, goals and objectives. The committee will make every effort to include key stakeholders in the review and update process. The committee will ensure that the new strategic plan and process includes action plans and performance metrics that can be used to manage achievement of the goals and objectives to the achievement of the desired vision. The committee will also ensure that the new process is documented to ensure continuity and cyclical updates and

assessments. The committee will investigate a method to report the results of the ongoing strategic planning process to all stakeholders. At the May 2008 meeting the committee will report a framework for completing the strategic planning process.

d. Recording Meetings

Director Dotson offered the following motion and it was seconded by Director Stealey. The motion failed 7 to 2. (Dotson and Finch voting Yes.)

Motion: *Whereas:*

The recording of open sessions of AOG Board meetings will aid communication with members of the AOG and will ensure accuracy in minutes of open sessions of AOG Board meetings.

Be it resolved:

That all open sessions of AOG Board meetings shall be recorded, beginning with the AOG Board meeting in May 2008, and such recordings shall be made available to AOG members at cost.

e. Strategic Communications

The Board asked Director Stealey to work with the staff to communicate the positive steps the Board took during the meeting.

IX. Adjournment

The Board adjourned the meeting at 3:15pm MST.