



BOARD OF DIRECTORS MEETING

13 October 2023 Meeting Minutes

APPROVED

Board Members Present: Brian Bishop '83, Chair; Cathy Almand '90, Vice Chair; Ginny Caine Tonneson '80, Secretary; Hank Hoffman '63; Hans Mueh '66; Garry Dudley '68; Bob Lowe '71; Lee Krauth '72; William Carpenter '73; Randy Helms '79, President, Class Advisory Senate; Christian Evans '08; Emma Przybyslawski '10; Nathan Dial '10; Joseph Bledsoe III '11; Jennifer Walters '11.

AOG Members Absent: Glenn Strebe '87, Treasurer.

AOG Staff Present: Mike Gould '76, AOG/AFAF CEO; Mark Hille '97, AOG/AFAF President; Katie Willemarck, Joint CFO; Naviere Walkewicz '99, SVP, Alumni Relations and Business Development; Kelly Banet, SVP Development; Wyatt Hornsby, AOG/AFAF VP of Marketing and Communications; Emma Ross, Executive Assistant and Board Support; Jillian Wood, Special Assistant to the President and Board; Tony Capistrano, IT Support Specialist; Eli Alvarado, IT Support Specialist.

Guests Present: Brig Gen Gavin Marks '96, Commandant of Cadets; Lucky Ekman '63; Jim Coons '63; Ski Wagasky '72 (CAS).

I. Call to Order/Chairman's Welcome

Chair Bishop called the meeting to order at 8:01 a.m. MDT on Friday, 13 October 2023. He talked about the Young Alumni Excellence Award, which will be presented at the Navy game. Director Walters, one of the recipients, will be unable to attend the game, so Chair Bishop presented the award at the meeting. Director Almand briefly discussed an event the Dallas-Fort Worth chapter hosted at six different venues. Over 300 graduates attended to hear an Institute for Future Conflict (IFC) presentation. CEO Gould noted that the Rampart Chapter also had an IFC presentation with excellent attendance and high praise for the work the IFC is doing with cadets.

II. Consent Agenda

The consent agenda included the 11 August 2023 Meeting Minutes (Attachment 1); Quarterly Financials (Attachment 2); and CEO Monitoring Reports 2.8 Compensation and Benefits, 2.10 Program/Events/Services, and 2.11 Official Opinions or Recommendations (Attachment 3).

MOTION: Director Tonneson moved and Director Evans seconded to approve the consent agenda. The motion was unanimously approved.

III. Agenda Approval

MOTION: Director Tonneson moved and Director Przybyslawski seconded to approve the agenda. The motion was unanimously approved. The approved agenda is in Attachment 4.

IV. AOG Update (Attachment 5)

a. CEO Briefing

CEO Gould highlighted the reunions and the work the AOG has done in conjunction with the Superintendent's staff. The feedback has been very positive and highlights the great work the AOG staff is doing. He noted that there is an AOG/AFAF all-hands meeting every quarter, which helps with cross-talk. The staff is coalescing in a very positive way. Chair Bishop had a meeting with the Superintendent to establish a relationship with that office. CEO Gould held the remainder of his remarks for the Doolittle Campus ground-breaking ceremony which took place in the afternoon.

b. President's Report

President Hille began by thanking the group for his new CEO position starting in January. He then discussed three of the reasons why we should have optimism and confidence. First, we have a dynamite team – the most talented team he has worked with. Second, we will continue to enjoy the vision and perspectives of CEO Gould in his new role. And finally, the AOG can continue to count on the Board of Directors.

c. Awards Presentation

SVP Walkewicz provided an update on the Academy Awards concept. At the August meeting, the Board agreed to a broader award concept without diminishing the importance of the Distinguished Graduate Award. She provided three different courses of action (COAs) related to that and the pros and cons of each.

- COA 1 involves an All Awards Night where the Distinguished Graduate Award would be included along with the other awards.
- COA 2 is an All Awards Weekend where the Distinguished Graduate Award would be given at a separate ceremony, but during the same weekend as the other awards.
- COA 3 involves a stand-alone Distinguished Graduate Award which would be presented during the third weekend of August. The other awards would be presented during the Long Blue Line Weekend, with the exception of the Sullenberger Award, which would be tied to the National Character and Leadership Symposium (NCLS).

The AOG prefers COA 3, but could implement any of the three options. They would like to award the first mid-career award in 2024.

MOTION: Director Lowe moved and Director Hoffman seconded that we accept Course of Action 3.

Discussion: There was a short discussion about whether the AFAP had any awards and how we might get them more involved. The motion was unanimously approved.

d. Communications

VP Hornsby began by noting that at the August meeting, the AOG was asked to look at ideas for developing a vehicle for graduates' opinions and perspectives. He reviewed the current AOG vehicles for graduate perspectives and concluded that the AOG does not have the existing capacity to manage a new publication. To do so would mean reassigning staff members, thereby shifting priorities or hiring a managing editor. He reminded the group that we had a Communications Policy Task Force which, on 4 January 2023, recommended that the Board not change the AOG's communication policies, procedures, or approach. He discussed the keys of success for a publication, which included an editorial board, editorial framework and standards, staffing, and budget. He then discussed what an editorial board does and the pros and cons of that. He provided three different options.

- Option 1: Increase the *Checkpoints* Letter to the Editor word count and continue linking to graduated-published articles in *ZoomiEnews*.
- Option 2: Create a podcast (which is already underway) with a moderated discussion format; *Checkpoints* online-only perspectives; and dedicate some pages of *Checkpoints* to perspectives on issues.
- Option 3: Create a stand-alone perspectives publication and explore the fit for some topics in the *Journal of Character and Leadership Development* (which is not the AOG's call). A standalone opinion publication would cost \$115,000-\$185,000 per year for a print publication and \$70,000-\$80,000 for a digital format.

A discussion ensued about the different options to include the idea that a relatively few graduates are seeking to amplify their voice on a particular issue, whether allowing anonymous inputs would allow active duty members a voice, and what it is that we are trying to fix. The AOG will explore options on the left side of the scale (graphic in Attachment 5) and what, if any items in Option 1 to implement.

e. Board Schedule

Ms. Wood presented the recommended schedule of Board meetings to include meetings in April, July, and October. She explained the rationale for the dates. The Chair still can still have a virtual meeting(s) somewhere in between the October and April meetings, if needed. Chair Bishop recommended the April meeting (of odd

years) should be a goodbye to existing directors and the July meeting would be the first one for new Board members.

MOTION: Director Krauth moved and Director Almand seconded to accept the board schedule as presented. The motion was unanimously approved.

V. Committee Updates (also in Attachment 5)

a. Finance and Investment Committee

In the absence of Committee Chair Strebe, Director Evans discussed the committee's meeting to review the budget and blending of the AOG and AFAP staffs. CFO Willemarck then provided an overview of the budget. We are up \$518,000 (14%) in revenue and are maintaining operating expenses. Merchandise is an area of success, while advertising and sponsorships are heavy areas of focus as far as finding sponsors and what people want to buy in terms of advertising. Personnel costs are down for the AOG but we allocated expenses in this budget for the first time ever. Personnel costs for the AOG/AFAP combined are only up 1%. She mentioned that historically the AOG has taken \$22,000 from the AFAP for operating expenses, but we are now growing our revenue for this.

There was a short discussion about travel expenses and professional development for the AOG directors. CFO Willemarck noted that we could include recurring professional development within the current budget. Chair Bishop requested volunteers to look at continuing Board training. Directors Bledsoe, Dudley, and Lowe offered to come up with a plan for this.

MOTION: The Finance and Investment Committee moved to approve the 2024 budget. The motion was unanimously approved.

b. Nominating Committee

Committee Chair Przybyslawski began her presentation by reviewing the tasking and the plan the committee had come up with as far as having all decades represented on the Board. She noted that the Governance Committee was scheduled to review the portion of the Bylaws which address the election. She highlighted key dates with the goal of executing the plan in August 2024. In response to a comment about the number of people on the Board compared with another USAFA non-profit organization, Chair Bishop explained how we go through the appointee selection process. He also explained the history of the AOG membership approving the Board to make changes to the Bylaws.

MOTION: The Nominating Committee moved that the AOG and Board of Directors take the necessary steps to ensure a Board structure with at least one director from each USAFA decade (1959-60s through 2010s).

Discussion: There was a lengthy discussion on representation across the decades. Several directors made a point of noting that for a variety of reasons, the younger graduating classes do not vote at the rate of the older graduating classes. Others noted that despite this, our job was to represent all graduates. The consensus was that while we want the Board to have representation from across the decades, the issue is how we go about doing that (e.g., appointing graduates from younger decades).

MOTION TO AMEND: Director Tonneson moved and Director Dial seconded to amend the motion. The motion was unanimously approved.

AMENDED MOTION: The Nominating Committee moved that the AOG and Board of Directors develop a Board structure with at least one director from each USAFA decade (1959-60s through 2010s). The motion was unanimously approved.

c. Audit Committee

Director Dudley is working with the AFAF Audit Committee to decide what a potential Information Technology infrastructure audit might cover and how to proceed.

d. Potential New Committee

Director Evans provided background pertaining to the recent AOG survey and the fact that young graduates are disengaged. He noted that there is a swell of interest from younger graduates, but they do not feel there is a platform to show they care. There has been an excellent turnout at the Young Alumni meetings. They want to be engaged with the AOG and their classmates, but in a way that works for them. It is incumbent on the AOG to figure out how to engage the younger graduates who are in a different life situation than older graduates. Director Dial noted that there was excellent turnout at a recent Omaha event, with most attendees indicating this was the first AOG function they had ever attended. We need to figure out how to capitalize on their enthusiasm. Young graduates want to engage, but they don't know how. SVP Walkewicz noted that if we provide the right experience, attendees find it to be worth the money.

MOTION: Director Evans moved and Director Przybyslawski seconded to establish a Next Generation Subcommittee with the primary goal of fostering greater engagement and participation from alumni who graduated in the year 2000 and onward.

Discussion: A discussion ensued about AOG events not meeting the expectation of attendees, graduates being disrespectful of the Superintendent, and how affinity group committees can be successful. The group also talked about the purpose of Board committees and whether this was a Board function or an AOG staff function. It was determined that there needed to be a central focus to build an infrastructure to address younger graduate engagement and the best way to do this was to form an

AOG Young Alumni Advisory Council with Board participation as determined by the AOG staff.

MOTION TO AMEND: Director Tonneson moved and Director Dial seconded to amend the motion. The motion was unanimously approved.

AMENDED MOTION: Director Evans moved and Director Lowe seconded to have the staff establish a NextGen Advisory Council with the primary goal of fostering greater engagement and participation of alumni from historically under-engaged class years. The motion was unanimously approved.

e. Governance Committee

Committee Chair Almand explained that the committee reviewed Articles III and IV as part of a complete review of the Bylaws by May 2024. Changes to Bylaws Articles III and IV were as follows (changes are annotated with strikethroughs and new wording is in italics).

ARTICLE III. Membership

- Section 1. Graduate Members: Graduate membership is granted to all graduates of the Academy *who opt in*. Graduate members are eligible to vote in elections and for all benefits established by the Board.
- Section 2. ~~Life Graduate Members: The life graduate membership program is no longer offered. Cadets are eligible for all membership benefits but may not vote in elections.~~ *Family Members: Family membership, sometimes referred to as Parent membership, is an annual membership available to families of cadets. Upon graduation, if membership remains current, parents and families retain specific benefits but may not vote in elections.*
- Sections 3-5 were renumbered as follows: Section 43. Associate Membership, Section ~~54~~. Affiliate Membership, and Section ~~35~~. Honorary Membership.
- Sections 6-7 had no changes.
- Section 8. Membership Dues: All members, except for Graduate and Honorary members, are required to pay applicable dues. Dues for *Family*, Affiliate, and Associate members are established by the CEO.
- Section 9: Termination or Denial of Membership:
 - a. and c. had no changes.
 - b. Membership for *Family*, Associate, and Affiliate Members shall lapse at such time or times as the Board establishes for failure to pay dues.

ARTICLE IV. Corporate Officers

- Section 1. Corporate Officers: The corporate officers of the AOG are the Chief Executive Officer (CEO), who reports to the Board, the President, and the Chief Financial Officer (CFO), who reports to the CEO. *The Board may separate the positions of CEO and President or allocate duties under one role as it deems appropriate.* The CEO may recommend that the Board appoint other senior staff members as corporate officers. The CEO shall be a non-active-duty graduate member who is a salaried employee of the AOG. *At the direction of the Board, a corporate officer may serve as an officer and/or director of another USAFA related non-profit.*
- Section 2. Selection of the CEO: ~~The CEO is recommended by a Board appointed selection committee.~~ *The Board, with discretion to appoint a selection committee, makes a recommendation for CEO.* The CEO recommendation must be approved by a two-thirds vote of the entire Board and signed to a contract negotiated by the Board or its agent. Contract renewal does not require a selection committee process but must be approved by a majority of a quorum of the Board.
- Section 3 had no changes.

MOTION: The Governance Committee moved that the Board approve the changes to Bylaws Articles III and IV as presented.

Discussion: There was a suggestion to annotate administrative versus substantive changes. The motion was approved unanimously.

Committee Chair Almand then discussed a request from an AOG member for membership data so that he might contact other members for the purposes of a Bylaws change. The committee discussed the Colorado criteria for releasing membership names and decided it was best if this matter was referred for legal review, which had just been sent back to the AOG the previous day.

MOTION: Director Almand moved and Director Dudley seconded to move into executive session to discuss a request from a member to release membership names. The motion was unanimously approved.

VI. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 9:39 a.m. MDT.

MOTION: Director Tonneson moved and Director Dudley seconded to come out of executive session. The motion was unanimously approved.

VII. Open Session

The Board went into open session at 10:21 a.m. MDT. Chair Bishop asked the AOG to update the Board Support Policy. While we wait for the travel policy, any Director requests for travel should be approval by Chair Bishop.

VIII. Class Advisory Senate Update

Director Helms noted that Janet Edwards, Director of USAFA Mortuary Affairs, will be speaking at the next CAS Meeting. The Commandant will speak in January. He talked about how the CAS provides feedback up the chain. He noted that the CAS has been a part of enhancing the reunions beyond the three weekends the Academy designates and supports. They are meeting at the end of the reunion season to make suggestions on improvements to the reunion process. There are two issues for the next meeting. First, how do they grow CAS representative engagement? One of the issues is that the Bylaws state that the CAS shall meet at least annually, but they currently meet four times a year. A second issue is whether there is a requirement for CAS representatives to participate to be a representative for their class, and if so, what that participation should be.

IX. Brig Gen Gavin Marks '96, Commandant of Cadets

Brig Gen Marks began by providing information on the summer programs. He then discussed various training initiatives, but focused the majority of his talk on his priorities. His first priority is a culture of profession of arms to include standards in appearance and peer accountability. His second priority is training. We need a change to be relevant to the nature of war. They will transition to a four class training system which, among other things, will train upperclassmen on how to be good supervisors and then assess them on it. His third priority involves what it means to be in the profession of arms to include strength of body, mind, and character. He then talked about the honor code and how it should be developmental in the application of sanctions, as well as some of the policies they have instituted in response to sexual harassment and sexual assault.

MOTION: Director Tonneson moved and Director Carpenter seconded to go into executive session to discuss an honorary membership. The motion was unanimously approved.

X. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 12:34 p.m. MDT.

MOTION: Director Bledsoe moved and Director Tonneson seconded to come out of executive session. The motion was unanimously approved.

XI. Open Session

The Board went into open session at 12:41 p.m. MDT.

MOTION: Director Mueh moved and Director Bledsoe seconded to make Chief Master Sergeant (Retired) Bob Vásquez an Honorary AOG member. The motion was unanimously approved by all Directors in attendance, as well as the Director who was not at the meeting and was subsequently contacted.

XII. Adjournment

The meeting was adjourned at 12:46 p.m. MDT.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary

Atch:

1. 11 August 23 Approved Meeting Minutes
2. Quarterly Financials
3. CEO Monitoring Reports
4. Approved Agenda
5. Board Meeting Slide Deck



BOARD OF DIRECTORS MEETING

11 August 2023 Meeting Minutes

APPROVED

Board Members Present: Brian Bishop '83, Chair; Cathy Almand '90, Vice Chair; Ginny Caine Tonneson '80, Secretary; Glenn Strebe '87, Treasurer; Hank Hoffman '63; Hans Mueh '66; Garry Dudley '68; Bob Lowe '71; Lee Krauth '72; William Carpenter '73; Emma Przybyslawski '10; Joseph Bledsoe III '11; Jennifer Walters '11.

Board Members Present via Videoconference: Christian Evans '08; Nathan Dial '10.

AOG Members Absent: Randy Helms '79, President, Class Advisory Senate.

AOG Staff Present: Mike Gould '76, AOG/AFAF CEO; Mark Hille '97, AOG/AFAF President; Katie Willemarck, Joint CFO; Naviere Walkewicz '99, SVP, Alumni Relations and Business Development; Wyatt Hornsby, AOG/AFAF VP of Marketing and Communications; Emma Ross, Executive Assistant and Board Support; Tony Capistrano, IT Support Specialist; Jillian Wood, Special Assistant to the President and Board; Kelly Banet, SVP Development.

Guests Present: Brig Gen Linell Letendre '96, Dean of the Faculty; Maj Melissa Ken, Executive Officer to the Dean; Lucky Ekman '63.

I. Call to Order/Chairman's Welcome

Chair Bishop called the meeting to order at 8:15 a.m. MDT on Friday, 11 August 2023.

II. Consent Agenda

The consent agenda included the 12 May 2023 Meeting Minutes (Attachment 1).

MOTION: Director Tonneson moved and Director Bledsoe seconded to approve the consent agenda. The motion was unanimously approved.

MOTION: Director Almand moved and Director Dudley seconded to approve the minutes. The motion was unanimously approved.

III. Chair's Comments

Chair Bishop allowed Director Hoffman and Lucky Ekman to talk about the Class of 63's 60th reunion, which was currently underway. They discussed the quality and diversity of the class and the importance of being respectful. Chair Bishop built upon the theme of respect and noted that the strength of our ability to act is to have unity as a Board. He then talked about travel policy and how last year we exceeded the travel budget. The

desire is to attend meetings in person. However, when our travel budget is empty, we should stop travelling. He suggested that we check to see whether the sponsor (such as a Parent's Club) will pay for travel when a Board member attends.

IV. Agenda

MOTION: Director Tonneson moved and Director Dudley seconded to approve the agenda. The motion was unanimously approved. The approved agenda is in Attachment 2.

V. AOG Update (Attachment 3)

a. CEO Briefing

CEO Gould noted that the AOG has been doing some great things in programs and services. He asked the Board to look at these areas to see if they are having the desired impact.

b. CEO Monitoring Reports

CEO Gould reported compliance with the required monitoring reports: 2.5 Asset Protection and 2.6 Investment Management. He noted that the AOG has adequate coverage for events like wildfires.

c. President's Report

President Hille talked about the vision and mission to highlight the AOG's influence and impact. He reviewed the five strategic imperatives. There are detailed metrics associated with each and the AOG is making notable progress on them. He then talked about the steady financial performance over the past quarter. The AOG has had several key events over the past quarter to include hosting 2,500 parents and families during in-processing in Doolittle; the Long Blue Line Weekend and Leadership Conference; and events in San Francisco, Chicago, Los Angeles, and Minnesota. They also are hosting the Class of '63's reunion, and as part of the events, they dedicated the Challenge Tower to Gen Ron Fogleman '63. President Hille noted that the new AOG/AFA Foundation administrative building will be called Wecker Hall after Bill Wecker '63, a Distinguished Graduate. They hope to move in by the Spring of 2025. The AFA Foundation surpassed the \$270 million campaign goal 18 months early. CEO Gould talked about the trepidation about such a high goal when they initially launched the campaign. Despite achieving the goal, he noted that the participation rate is not where it should be. This is something they will continue to work on.

The AOG and Foundation are preparing for a single employer plan, effective in January 2024. In June, the AOG and AFA Foundation Executive Committees reviewed the plan. President Hille is now asking for the Board's endorsement of it. Both organizations have consolidated several functions and have looked for other

areas of consolidation, such as a single pay function. The reality is that there are two separate payroll systems, which is untenable as the AOG and AFA Foundation are trying to consolidate. The transition cost for moving to the more streamlined model is approximately \$40,000. After 2023, it will be cost neutral or will realize a little bit of savings, but the real benefits are in time and efficiency. He showed an organizational chart to illustrate the changes, noting that it will not have any impact on the governance of the AOG or AFA Foundation.

Director Hille then discussed the four changes to the AOG/AFA Foundation Cooperative Operating Agreement to include a clarification of personnel cost sharing, clerical updates to the staff structures, the identification of a single employer model, and the dissolution provision (Attachment 4).

MOTION: Director Bledsoe moved and Director Dudley seconded to approve the changes to the AOG/AFA Foundation Cooperative Operating Agreement.

Discussion: Several directors commended the AOG leadership on seeing these changes come to fruition. The motion was unanimously approved.

President Hille then talked about participation in several key projects. The Foundation is considering a new goal for the campaign of around \$300 million. Director Strebe reminded the Board that when we evaluate the CEO it is important to remember that we have hit the goal (\$270 million), and whatever we achieve above that is an added bonus. Similarly, external communications will emphasize that we have met the goal. Post-campaign, they want to endow several of the AOG programs, such as *Checkpoints* and next-of-kin support. He then talked about capital management projects and how they are gently pushing back on the Academy when they turn to the AOG/AFA Foundation to fund functions that should be funded by the government. Next, he talked about the idea of the AOG providing a forum to allow different perspectives. Moderating it has significant editorial risks.

SVP Walkewicz then gave a short update concerning engagement. They are looking at the 47% of graduates who are “inwardly proud” (as identified in the recent survey) and how the AOG can do things that make a difference to them. They also are looking at key times of impact for cadets and the Prep School and the lessons they have learned from the Young Alumni.

d. Quarterly Financial Update

CFO Willemarck provided the quarterly financial update. The total operating revenue is currently 2% under budget. The AOG has had a banner year for merchandize sales. There are no concerns about meeting the revenue budget at the end of the year and they will be slightly under expenses by the end of the year. This is not an area of concern. They budgeted \$2 million from investments for operating costs, but are very conservative in how they do that. She noted that they normally include the Moller Trust in the endowed investments in December, but they are now

counting it quarterly. We are in a strong financial position and are up \$1.5 million in investments in the 5-year look. There was a short discussion on grants, operating costs, and corporate sponsorships.

e. Branding Update

VP Hornsby discussed the brand assessment and plan. Because we have a joint mission and vision between the AOG and AFA Foundation, now is the time to rebrand. As one of the considerations on being relevant and impactful, he talked about a forum to allow graduates to discuss their opinions and perspectives. He noted that if we undertook this effort, we need to consider our reputation, the appearance of taking sides, and excellence in editorial management, staff time, and resources. He noted the importance of grounding ourselves in communication and the fact that they are almost ready to launch a podcast. He also showed current USAFA logos and a potential AOG/AFA Foundation logo. Rebranding will take 12-18 months, and they want to have stakeholder input throughout the process. A short discussion ensued about the podcast and how the AOG brand gets synergy off the USAFA branding.

CEO Gould then dismissed the AOG staff to discuss his future. His contract goes through the end of 2023, and he proposed moving to a new “Executive Vice Chairman of the AOG and Foundation” position. He would work half-time in an advisory position and handle things that detract from day-to-day activity. He has already briefed this idea to the AFA Foundation Executive Committee and they unanimously approved it. He will brief the full Foundation Board tomorrow. There was a discussion about the new position and how long CEO Gould would stay on, his successor, as well as a more general concern about AOG succession. Later in the meeting the Board went into executive session to discuss this idea. (The motion below was made following this discussion.)

MOTION: Director Mueh moved and Director Lowe seconded that beginning on 1 January 2024 Mike Gould vacates the single CEO role and assumes a new position of Executive Vice Chairman of the AOG and Foundation. Mark Hille assumes the position of President and CEO of both organizations. The motion was unanimously approved.

VI. Committee Updates (also in Attachment 3)

a. Governance Committee

1) Bylaws

Committee Chair Almand provided an update on the Bylaws review, which included a proposed schedule for the complete review of the Bylaws by May 2024. For this meeting, the Governance Committee reviewed Article 1. Many of the changes were to align the Bylaws with the updated wording of the mission

and vision and to update it to align with current AOG policy. Changes to Bylaws Article 1 were as follows. (Changes are annotated with strikethroughs and new wording is in italics):

ARTICLE I. ~~Purpose~~ *Vision, Mission, Guiding Principles*

Section 1. Vision: ~~The Association of Graduates (AOG) is the primary organization of United States Air Force Academy (USAFA) graduates and friends of the Academy, dedicated to supporting the Academy mission of building leaders of character for the Air Force and the nation, and providing service and support to graduates, friends, and cadets. To be an Association of influence and impact, supporting the Academy's enduring mission of developing leaders of character for the nation, and providing a lifetime of service to the Long Blue Line.~~

Section 2. Mission: ~~To pursue our vision and to serve and support the United States of America, the United States Air Force, the United States Air Force Academy, and the graduate community by:~~ *To serve graduates, preserve the heritage of the Academy and Long Blue Line, and support USAFA in its mission to develop leaders of character for the Air Force, Space Force, and nation. We do this by:*

- a. [No change]
- b. Providing leadership, communication, and support to all Academy graduates and friends of the Academy ~~and~~ *while* promoting camaraderie among them.
- c. [No change]

Section 3. Guiding Principles:

- 1. Offer membership to all USAFA graduates at no cost.*
- 2. Provide an appropriate forum to address graduate perspectives.*
- 3. Support the Long Blue Line throughout their lifetime.*
- 4. Foster supportive relations with USAFA and the U.S. Air Force while maintaining neutrality towards and refraining from comment on policy decisions of either organization.*
- 5. Foster supportive relations with non-profit entities that contribute to Academy programs consistent with the AOG's Guiding Principles, stated herein, and work closely and collaboratively with the Foundation including, as agreed by the AOG and the Foundation, sharing staff, officers, facilities, resources and participating in joint AOG/Foundation committees.*

ARTICLE II: Definitions

Section 3. Member: Any graduate *who has opted into AOG membership*, and certain others; who have ~~paid dues and~~ satisfied all other membership

requirements as determined by these Bylaws and the Board of Directors (the Board).

Section 6. Replacement Directors: ~~AOG graduate members appointed to the Board of Directors pursuant to the requirements set forth in Article V Section 13e to fill elected or appointed director positions.~~ [Delete]

Section 76. Membership Benefits: All offered/advertised services of the AOG, *which may be updated periodically. Benefits may vary by type of membership.*

MOTION: The Governance Committee moved that the Board approve the changes to Bylaws Articles I and II as presented.

Discussion: There was a lengthy discussion about Guiding Principle 4 concerning adding wording about constitutionality, the mission and vision, and the ability to disagree. It was pointed out that Guiding Principal 2 answered the concerns of Guiding Principal 4. The motion passed by a vote of 14-0 with Director Krauth abstaining.

2) Governance Policies

Committee Chair Almand reviewed the schedule for the Governance Policies. They will be reviewed in their entirety every two years. She then discussed the suggested changes to Category I.

~~PURPOSE: The Association of Graduates (AOG) is an engaged, unifying force of United States Air Force Academy (USAFA) graduates chosen to serve our Nation.~~ *PURPOSE: The Association of Graduates (AOG) is an engaged, unifying community supporting the Long Blue Line and the Academy's enduring mission of developing leaders of character for the nation.*

MOTION: The Governance Committee moved that the Board approve the changes to Governance Policies Category I as presented. The motion was unanimously approved.

3) Governance Models

Next, Committee Chair Almand discussed how the Governance Committee reviewed the characteristics of the various governance policy models for non-profits. She discussed the pros and cons of each type of model. The committee thought that the Policy Board Model was the most appropriate for the AOG. This is the model under which the AOG Board currently operates.

4) Access to Board Meetings

The final Governance Committee topic was access to Board meetings. Currently the Bylaws state: "All Board meetings shall be open to all members who are able

to attend in person” (Article IV Sec 8). Committee Chair Almand discussed the pros and cons of having open meetings and options to consider. There was a lengthy discussion about this topic to include the idea of providing quarterly reports, key updates in *Checkpoints*, the fact that President Hille writes out all of his comments for the Board, and the fact that the Board Minutes are available. It was also noted that recording the meeting might put our active duty Board members at risk. The Governance Committee had recommended that Chair Bishop designate a task force to further explore access to Board meetings and transparency, but the sense of the Board was that a task force was unnecessary and that we should leave the policy as is.

b. Investments Subcommittee

Subcommittee Chair Hennek provided the Investment Report as of 20 June 2023. He noted that the market has recovered and that we have had a better year than last year. Market value is now \$53.9 million. Almost 40% of funds are in domestic stocks. In July, they liquidated \$1.46 million in anticipation of needing to spend it prior to the end of the year. The money is from the Moller Trust and is for the stadium and the Superintendent’s top 30 priorities. He noted that we are behind in our benchmark because of a difficult year in 2022.

c. Finance and Investment Committee

Committee Chair Strebe talked about the Financial Management and Investment Policy (FMIP) and how they had cleaned up some language.

MOTION: The Finance and Investment Committee moved for the Board to approve the Financial Management and Investment Policy. The motion was unanimously approved.

d. Nominating Committee

Committee Chair Przybyslawski presented ideas for the Board to consider to help shape the next election by getting better member engagement and diverse candidate interest. She showed percentage of participation by class and then the comparison to national averages. For the next election, SBS recommends including text for voting, increasing the time for voting, and having links to candidate biographies and standardized candidate questions and answers. She talked about election challenges and then presented two ideas for consideration. The first was an all-decade representation. She explained how this would impact the current Board. The second idea was a Board endorsement model which included three different methods: 1) open ballot, 2) hybrid endorsements, and 3) a slate created by the Board. The directors discussed the pros and cons of each idea, but did not reach consensus. Chair Bishop commented that the reason he wanted this presentation was so that the Board had time to consider the ideas well in advance of the next election. He asked the Nominating Committee to take the ideas they had heard in the discussion and refine both options.

e. Award Presentation

SVP Walkewicz presented the idea of an Academy Awards Night, which would replace the Distinguished Graduate Award Night and encompass a broader slate of awards. It would take place in Arnold Hall in 2024 and at Hotel Polaris in 2025. The Jabara Award, Young Alumni Excellence Award, Distinguished Service Award, and Distinguished Graduate Award, as well as three new awards (mid-tier, STEM, and athletic) would all take place during the singular event. Holding the event in August works because the cadets are back and there are no athletic events. She wants to work with the Nominating Committee on the details. A discussion ensued concerning asking the Distinguish Graduates their thoughts because this would water down the top award. CEO Gould commented that it was all in how the presentations are done. On the other hand, it would increase the importance of the Young Alumni Award. Chair Bishop asked the AOG to continue planning for this.

f. Graduate War Memorial Policy

The Board had previously reviewed the Graduate War Memorial policy to see if the wording needed clarification, but had not come to a definitive conclusion. SVP Walkewicz asked that it be deferred to the next meeting. Chair Bishop commented that his sense from the last meeting was that we had made a small change to the lead-in portion of the policy but that we did not need to change the three criteria because they were broad enough to cover many situations. The directors unanimously agreed.

VII. Class Advisory Senate Update

Director Almand provided the CAS update in the absence of Director Helms. The presentation from Col Michael Cornelius, Prep School Commander, was well received. Upcoming speakers for future meetings included CCLD, BGen Marks, and Janet Edwards from Mortuary Affairs. The CAS thinks the AOG is doing a good job on tailoring the reunions to meet the desires of each class.

VIII. Brig Gen Linell Letendre '96, Dean of the Faculty

Chair Bishop had asked the Dean to address how USAFA is teaching without indoctrinating. Brig Gen Letendre began by reviewing the mission and vision of the Academy and then discussed the DF strategic plan and the curriculum. She talked about the majors and minors that were added in response to the needs of the Air Force and Space Force. She then talked about civil discourse. The classrooms have become more of a dialogue. They now have perspective-taking exercises which start that early in a cadet's career.

During the question period, a director relayed alleged incidents related to Critical Race Theory which had been told to him by a cadet. The Dean noted that they do they teach Critical Race Theory along with other theories. In response to the alleged incidents, she

wondered whether the cadets had brought the incidents forward as she had not heard of them. She noted that the Academy just added a cultural climate position who will be reporting directly to her. Chair Bishop asked how we could help her to address the stories we hear from families and cadets. She said the cadets should use their resources. Other questions were related to USAFA assignments for active duty members, post graduate studies, and accrediting bodies.

IX. Chair's Comments

Chair Bishop had asked VP Hornsby to investigate an opinion publication. VP Hornsby's research revealed that the Coast Guard Academy and the Naval Academy do not have such a forum. He noted that considerations for such a publication must address: 1) mission relevance, 2) balance, 3) a factual foundation, 4) ethics and transparency, and 5) strong writing standards. To do all that, we would need to take a look at staffing and budget resources. It would need to be on par with the excellence of *Checkpoints*. President Hille pointed out that regardless of the vessel, it would still require the additional resource and support. An extensive discussion ensued about the pros and cons of an additional forum. Items discussed included the input the AOG and BOD has received from STARRS and their impact, the issue of transparency, whether writing to *Checkpoints* provided timely enough engagement, how many donors have pulled away, whether active duty members would be able to speak freely, and the resources required to support such a forum given the number of graduates asking for it. The sense of the Board was to not task the AOG to continue to investigate this option; however, Chair Bishop asked the AOG to continue their research at a very strategic level and to report on it at the October meeting.

Next, Chair Bishop brought forward the idea from the staff for the AOG Board to have three meetings in alignment with the AFA Foundation's meetings. It would be more efficient for the staff. He noted that right now the Bylaws say we will have four meetings, although we have the prerogative to do a Zoom for the fourth. A short discussion ensued about the spacing of the meetings, whether we could move some of the meeting to the day prior, and the benefits of moving closer to the Foundation. President Hille will look into this.

There was a short discussion about whether all of our material that refers to the Air Force should say Air and Space Forces. If the change is applicable, it would be an administrative change.

MOTION: Director Tonneson moved and Director Dudley seconded to go into executive session to discuss AOG staff issues.

X. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 4:37 pm MDT. (The motion resulting from this discussion was shown in Section V. e.)

MOTION: Director Krauth moved and Director Dudley seconded to come out of executive session. The motion was unanimously approved.

XI. Open Session

The Board went into open session at 4:45 pm MDT.

XII. Adjournment

The meeting was adjourned at 4:46 p.m. MDT.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary

Atch:

1. 12 May 23 Approved Meeting Minutes
2. Approved Agenda
3. Board Meeting Slide Deck
4. Cooperative Operating Agreement

Financial Statements
For the year to-date ending September 30, 2023 (Unaudited)
Management Discussion and Analysis

Statement of Financial Position (Page 3)

The enclosed financial results for the year to-date ended September 30, 2023, were prepared in accordance with generally accepted accounting principles (GAAP).

The total assets of the organization were \$113.55 million, a decrease of approximately \$2.04 million (1.77%) from \$115.59 million as of September 30th of the previous year. The decrease is the result of the decrease in investments and the beneficial interest in the value of the Moller Trust however, the Moller Trust earnings have been booked through August 31, 2023.

Total net assets without donor restrictions of \$34.01 million reflect: funds that the Board has designated [about \$1.34 million] as the operating reserve; designated funds to support restricted purposes, where the Board has discretion to modify the support in the future; the value of fixed assets owned; as well as the balance of the funds supporting operations. Total net assets decreased year over year due mainly to the decreased value of the Moller Trust.

Operating Statement of Activities (Page 4)

Overall, we have a net income of \$1,255,677 through the first nine months of the year, largely due to \$3.0 million in investment gains.

Revenues (Highlights Page 4)

- **Merchandise** has had higher sales than expected. Our new merchandising team has increased the level and quality of our store, which is reflected in our revenue growth.
- **Advertising and Sponsorships** are lower than budget due to sponsorship sales. We currently have two team members focused on additional sales for the remainder of the year.
- **Reunion Services** are lower than budget due to timing of payments from Armed Forces Reunions.
- **Miscellaneous Income** is lower than budget due to the timing of the royalty income for graduation announcements.

Expenses (Highlights Page 4)

- **Benefits** were lower than budgeted due to attrition.
- **Professional Services** were higher than budget due to the timing of the \$30K paid for the LOC for the Visitor Center Hotel Project and Dawson contract being covered by operating funds instead of the Building Endowment.
- **Merchandise Cost of Sales** was higher than budget due to higher sales and higher price point of new merchandise selections.

Investment Income (Highlights Page 4)

Performance reporting for the long-term portion of the portfolio for the fiscal year showed gains as the market began to recover from the instability of the previous year. Net allocated investment gains to operations for the fiscal year were **\$3,007,775**, consisting of: investment interest and dividends received and reinvested of **\$435,965** and unrealized (market) and realized gains of **2,571,810**.

Schedule of Investments (Page 5)

Investment sector values on September 30, 2023, were reflected in the supplemental schedule on page 5 and compares the actual allocation of investments in different investment types to the target percentage. Our investment mix is in accordance with the FMIP targets as outlined on Page 5.

Schedule of Capital Additions (Page 6)

The schedule on page 6 shows capital purchases for the year and reflects the expenditures by operations and restricted funds, in comparison to the approved fiscal year budget.

Statement of Financial Position

As of September 30,
(Unaudited)

<u>Assets</u>	2023	2022
Cash and Cash Equivalents	\$ 622,821	\$ 553,841
Merchandise Inventory	434,363	368,651
Pledges and Accounts Receivable	293,707	57,936
Prepaid Expenses	111,025	124,315
Total Current Assets	1,461,916	1,104,743
Investments	52,692,189	45,872,872
Beneficial Interest in Trust	55,823,652	64,854,207
Fixed Assets	14,269,668	
Less: Accumulated Depreciation & Amortization	(10,745,265)	3,809,917
Other Assets	44,364	(48,579)
Total Assets	\$ 113,546,524	\$ 115,593,160
 <u>Liabilities:</u>		
Accounts and Other Payables	\$ 220,665	\$ 305,959
Agency Deposits	1,441,283	1,285,276
Deferred Income and Unearned Life Memberships	2,095,301	2,179,476
Other Liabilities	47,000	-
Total Liabilities	3,804,249	3,770,711
 <u>Net Assets:</u>		
Unrestricted – AOG Operating Reserve	1,338,455	1,338,455
Unrestricted-designated – for Short-term Purposes	290,520	290,520
Unrestricted-designated – for Endowments	4,478,049	5,766,984
Invested in Property and Equipment	3,524,403	3,809,917
Unrestricted-undesignated	24,379,675	21,913,398
Total Without Donor Restrictions	34,011,102	33,119,274
With Donor Restrictions	75,731,173	78,703,175
Total Net Assets	109,742,275	111,822,449
Total Liabilities and Net Assets	\$ 113,546,524	\$ 115,593,160

Operating Statement of Activities

 For the Year to Date ended September 30, 2023

 (Unaudited)

	YTD Actual	YTD Budget	Variance	PY YTD
Revenues				
Donations and Contributions	\$ 210,415	\$ 214,150	\$ (3,735)	\$ 210,735
Membership Dues	614,418	635,175	(20,757)	632,964
Merchandising	790,738	450,186	340,552	696,479
Member Services	13,472	11,250	2,222	11,830
Advertising and Sponsorships	458,561	538,312	(79,751)	394,344
Reunion Services	116,691	210,000	(93,309)	174,065
Administration Fees	29,731	28,000	1,731	27,781
Conferences	152,536	160,000	(7,464)	157,958
Royalties	113,631	120,320	(6,689)	104,871
Football Tickets and Tailgates	63,283	108,750	(45,467)	20,153
Activities and Social Events	52,917	20,260	32,657	28,695
Miscellaneous Income	6,678	36,000	(29,322)	44,870
Grant from Air Force Academy Fdtn	850,000	850,000	-	800,000
Air Force Academy Fdtn Svc Agreement	202,081	186,185	15,896	188,488
Transfers from/(to) Restricted Funds	24,191	62,500	(38,309)	22,272
Total Revenues	<u>3,699,343</u>	<u>3,631,088</u>	<u>68,255</u>	<u>3,515,505</u>
Operating Expenses				
Salaries and Wages	2,178,442	2,146,599	31,843	2,048,815
Payroll Taxes	171,144	179,512	(8,368)	151,731
Benefits	283,012	346,157	(63,145)	297,925
Grants from Unrestricted Funds	1,926	-	1,926	59,422
Board Governance Costs	91,170	60,920	30,250	76,534
Professional Services	420,975	322,379	98,596	410,252
Professional Printing	170,375	164,475	5,900	131,282
Postage and Shipping	97,928	104,702	(6,774)	84,672
Merchandise Cost of Sales	477,228	265,610	211,618	415,127
Insurance and Bonding	34,784	52,630	(17,846)	34,695
Employee Travel and Meals	124,346	84,431	39,915	56,466
Social Events and Meetings	221,936	205,180	16,756	128,958
Office Supplies	63,391	30,515	32,876	52,526
Advertising and Corporate Promotion	49,041	52,359	(3,318)	19,335
Office Expenses	292,330	307,737	(15,407)	285,810
Employee Training and Education	11,002	7,625	3,377	1,464
Facilities Expenses	325,143	288,225	36,918	285,031
Depreciation and Amortization	437,267	457,688	(20,420)	427,941
Total Operating Expenses	<u>5,451,440</u>	<u>5,076,744</u>	<u>376,697</u>	<u>4,967,986</u>
OPERATING SURPLUS/(DEFICIT)	(1,752,098)	(1,445,656)	(306,442)	(1,452,481)
Other Income and Deductions				
Investment Interest & Dividends	435,965	718,077	(282,112)	279,937
Realized/Unrealized Gains/(Losses)	2,571,810	803,291	1,768,519	(10,942,628)
Gain on Disposal of Fixed Assets	-	-	-	2,150
Total Other Income and Deductions	3,007,775	1,521,368	1,486,407	(10,660,541)
NET SURPLUS/(DEFICIT)	\$ 1,255,677	\$ 75,712	\$ 1,179,965	\$ (12,113,022)

Schedule of Investments

For the Year to Date ended September 30, 2023
(Unaudited)

	Amount	%	Target	Max
Cash/Short-term	\$ 8,167,608	15.50%	5.0%	20.0%
U. S. Equities (value & growth)	19,795,369	37.57%	42.5%	50.0%
International Equities	12,294,103	23.33%	27.5%	50.0%
Emerging Markets	2,572,251	4.88%	5.0%	10.0%
Real Estate/REITs	2,330,523	4.42%	5.0%	15.0%
Fixed Income	4,397,661	8.35%	10.0%	20.0%
Alternatives	3,134,415	5.95%	5.0%	20.0%
Investable Cash and unsold stock	259	0.00%	-	10.0%
TOTAL	\$ 52,692,189	100.00%	100.0%	

Schedule of Capital Additions

As of September 30, 2023
 (Unaudited)

	Actual	Annual Budget
<i>Paid with operating funds:</i>		
Merchandise Area Improvements	\$ 8,324	\$ 100,000
Building Maintenance	16,435	50,000
Freezer Replacement	10,024	5,000
Fencing Improvements	-	5,000
Merchandise Point of Sale Equipment	-	6,500
Water/Drinking Fountains	-	4,500
Desktop/Laptop Computers	33,261	35,000
Office Furniture	19,671	
Assembly & Library AV Improvements	240,965	-
	328,680	206,000
<i>Paid with restricted funds:</i>		
Distinguished Graduate Recognition	24,192	125,000
	24,192	125,000
TOTAL	\$ 352,872	\$ 331,000

MONITORING REPORT

POLICY EFFECTIVE DATE: 13 October 2023

POLICY TYPE: Executive Limitations

POLICY: Compensation and Benefits

POLICY NUMBER: 2.8

POLICY DESCRIPTION:

With respect to employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the CEO shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, he or she may not:

- 1. Change his or her own compensation and benefits, except as a change in benefits is consistent with a package for all other employees.**

REPORT:

The CEO's total compensation is directly approved by the Board of Directors, and agreements with the CEO are approved and signed by the Chair of the Board. There have been no requests or orders to change the CEO's compensation without approval of the Board.

- 2. Promise or imply anything other than "at-will" employment.**

REPORT:

The Human Resources Director completes the in-processing for new employees and communicates to each new hire that their employment with the organization is "at-will". Furthermore, each employment agreement with each new hire specifically states that "employment may be terminated at-will by either party..."

- 3. Establish current compensation and benefits which deviate materially from generally accepted salary ranges within the industry and geographic area/region for employees with similar experience, expertise, and responsibilities.**

REPORT:

For fiscal year 2022 (January 1, 2022, to December 31, 2022), the CEO and the senior management team approved a general salary and wage market adjustment of 3.0% and merit adjustment for selected employees ranging from of 2.00% to 3.00% for most employees (excluding the CEO), except for staff who received recent adjustments prior to the beginning of the new fiscal year. All adjustments were in line with the general not-for-profit industry adjustments in Southeast Colorado as identified by available compensation and human resource

surveys. The Board approved the compensation and benefits budgeted as part of its overall budget approval.

4. Create obligations over a longer term than revenues can be safely projected, and in no event longer than one year.

REPORT:

There have been no new obligations established that would exceed expected revenues to be generated. Any such contracts would, at a minimum, include a cancellation clause in case of default or non-performance.

5. Establish or change retirement benefits so as to cause unpredictable or inequitable situations.

REPORT:

There have been no changes to benefits offered to employees in 2022. During the Calendar 2021 plan year, the Association of Graduates passed, or was deemed to pass, all discrimination tests for the Form 5500 filing.

Compliance Status: In Compliance

MONITORING REPORT

DATE: 13 October 2023

POLICY TYPE: Executive Limitations

POLICY TITLE: Programs/Events/Services

POLICY NUMBER: 2.10

POLICY DESCRIPTION:

With respect to the programs/events produced and services provided by the AOG, the CEO shall not fail to ensure that these programs/events/services meet or exceed industry standards for excellence in programming, safety and participant/audience amenities.

Programs/events produced, and services provided are high quality and are seen as such by attendees/consumers. The AOG has received numerous letters and emails praising the quality of the programs/event/services. Doolittle Hall is considered to be one of top five function venues in Colorado Springs. All required safety protocols are complied with. Complaints about programs/events are rare.

Accordingly, he or she may not:

- 1) Fail to produce and implement operational planning to ensure that the event(s)/services are well organized, and are safe for all attendees.**

Report:

Programs/Events are operationally planned by a professional AOG Alumni Relations and Events staff and briefed to the CEO (or President) prior to implementation.

- Timeline/Flow of Events/Scripting (as applicable) are submitted in writing.
- Proper AOG manning is assigned based on duties; numbers; and duration.
- Standard safety protocols required by event venues are followed.

Examples of Events

- On-campus events
 - Board Director/Class Advisory Senate Meetings
 - In-processing Events (Ice Cream Social)
 - Heritage Days
 - Reunions
 - Chapter/Affinity Group Events
 - Parents' Weekend Events (WebGuy Social)
- Off-campus events
 - Reunions (Hotel Events)
 - Chapter Events (Away Games, Founders Day, etc.)
 - Away Game Tailgates (Commanders Classic)
 - Chapter Events (Founders Day)

- Virtual events
 - ZoomieBrief Platform (Senior Leader Calls)
 - Sabre Society Series
 - Board Director/Class Advisory Senate Meetings

2) Fail to design logistical plans which comply with all applicable legal requirements and which facilitate crowd comfort, safety and enjoyment of the event(s).

REPORT:

Programs/Events are logistically designed and planned by staff and briefed to CEO (or President) prior to implementation.

- a. Legal/Safety requirements are satisfied by adhering to applicable guidance and venue guidelines.
- b. Crowd comfort and enjoyment of the events are satisfied by both pre-planning and on-the-scene adjustments, as necessary, by the AOG Alumni Relations and Events staff.
Examples of Events (See Number 1)

3) Fail to purchase supplies for resale to members, when appropriate, leverage group buying power.

REPORT:

Materials are purchased for resale to members primarily through the merchandise department

- a. Breakpoints are examined and negotiated to lower costs
 - Bulk purchases are accomplished when feasible and economically appropriate. (Ex. AOG store merchandise; lanyards for reunions)

4) Fail to provide appropriate support and financial management functions, as specified in Memoranda of Understanding (MOU) or other agreements.

REPORT:

- a. Support and financial management are carried out as agreed in memoranda and agreements.

Compliance Status: In Compliance

MONITORING REPORT

DATE: 13 October 2023
POLICY TYPE: Executive Limitations
POLICY TITLE: Official Opinions or Recommendations
POLICY NUMBER: 2.11

POLICY DESCRIPTION:

With respect to DoD, USAF or USAFA policies that do not materially impact the AOG, the CEO will not render an official opinion or recommendation on such matters, unless formally cleared to do so by the Board of Directors.

Report:

The CEO has rendered no official opinion or recommendations on such matters.

Compliance Status: In Compliance

Board of Directors Meeting Agenda
12-13 October 2023

12 October 2023

5:00 – 6:30 p.m.

Board of Directors Reception

Eisenhower Golf Course, Tavern 34
123 Golf Drive
USAFA

13 October 2023

7:15 – 7:55 a.m.

Breakfast – Library, Doolittle Hall

8:00 a.m.

- I. Call to Order/Chairman's Welcome
- II. Moment of Silence & Pledge of Allegiance
- III. Notified Absences & Introductions
- IV. Consent Agenda Approval
 1. 11 Aug 2023 Meeting Minutes
 2. Quarterly Financials
 3. CEO Monitoring Reports
 - a. 2.8 Compensation and Benefits
 - b. 2.10 Program/Events/Services
 - c. 2.11 Official Opinions or Recommendations
- V. Agenda Approval

8:15 a.m.

- VI. CEO Remarks
- VII. Committee Updates
 1. Finance Committee
 - a. Budget Approval
 2. Nominating Committee (*Dir. Przybylski*)
 3. Governance Committee (*Dir. Almand*)
 - a. Governance Policy, Assign Cat 2
 - b. Assign Calendar/Schedule Review

- c. Dr. Sturman Letter Recommendation
- 4. Audit Committee (*Dir. Dudley*)
 - a. IT Infrastructure
- 5. Motion to Establish Committee (*Dir. Evans*)
- 6. Class Advisory Senate Update (*Dir. Helms*)

VIII. Staff Update (*President Hille*)

- 1. President's Report
- 2. Awards Plan (Naviere)
- 3. Prospective Publication (Wyatt)
- 4. Proposed Board Schedule (Jillian)

11:00 – 11:20 a.m.

Guest Speaker: Brig. Gen. Gavin Marks '96, Commandant of Cadets, USAFA

11:30 a.m. – 12:15 p.m.

Staff Update Continued

12:15 – 12:50

Lunch – Library

12:50 p.m.

Adjourned

1:00 p.m.

Groundbreaking

2:00 p.m.

Board Directors Informal Discussion (McDermott Conference Room)

6:00 p.m.

Joint Board Dinner:

The Club at Flying Horse

1880 Weiskopf Point

Colorado Springs, CO

14 October

2:00 - 4:00 p.m.

AOG Tailgate

Falcon Alley (Directly East of Stadium)

5:00 p.m.

Wyoming v. Air Force Falcons

ASSOCIATION OF GRADUATES
UNITED STATES AIR FORCE ACADEMY



Board of Directors Meeting

13 October 2023

Call to Order

Board Chair Opening Remarks

Moment of Silence & Pledge of Allegiance

Notified Absences & Introductions

Consent Agenda Approval

1. Board Meeting Minutes, 11 August 2023
2. Quarterly Financials
3. CEO Monitoring Reports
 - a. 2.8 Compensation and Benefits
 - b. 2.10 Program/Events/Services
 - c. Official Opinions or Recommendations



Committee Updates



Finance Committee

Budget

Operating Statement of Activities
FY 2024 Budget vs FY 2023 Forecast

	2024	2023	\$	%	2023
	Budget	Forecast	Variance	Variance	Budget
Revenues					
Donations and Contributions	\$ 225,000	\$ 216,190	\$ 8,810	4%	\$ 216,580
Membership Dues	1,042,158	911,159	130,999	14%	936,399
Merchandising	900,000	877,930	22,070	3%	650,000
Member Services	15,000	18,472	(3,472)	-19%	15,000
Advertising and Sponsorships	682,350	511,205	171,145	33%	605,000
Reunion Services	313,000	291,732	21,269	7%	313,900
Administration Fees	58,000	57,731	269	0%	56,000
Conferences	315,000	292,536	22,464	8%	300,000
Royalties	134,044	125,214	8,830	7%	127,660
Football Tickets and Tailgates	246,000	150,204	95,797	64%	194,125
Activities and Social Events	48,650	45,431	3,219	7%	20,685
Miscellaneous Income	36,000	3,364	32,636	970%	36,000
Transfers from/(to) Restricted Funds	103,996	100,000	3,996	100%	62,500
Total Revenues	4,119,198	3,601,168	518,030	14%	3,533,849
Operating Expenses					
Salaries and Wages	2,697,449	2,817,687	(120,238)	-4%	2,806,879
Payroll Taxes	226,179	228,595	(2,416)	-1%	234,975
Benefits	441,314	399,746	41,568	10%	431,406
Board Governance Costs	54,950	102,838	(47,888)	-47%	75,000
Professional Services	409,613	449,004	(39,391)	-9%	363,872
Professional Printing	225,235	172,458	52,777	31%	213,755
Postage and Shipping	147,730	133,313	14,417	11%	139,408
Merchandise Cost of Sales	481,749	534,494	(52,745)	-10%	383,500
Insurance and Bonding	46,080	55,218	(9,138)	-17%	70,480
Employee Travel and Meals	169,739	134,370	35,369	26%	106,158
Social Events and Meetings	353,700	232,807	120,893	52%	295,235
Office Supplies	39,760	48,145	(8,385)	-17%	36,555
Advertising and Corporate Promotion	50,050	58,743	(8,693)	-15%	60,770
Office Expenses	421,529	387,196	34,333	9%	400,769
Employee Training and Education	28,765	13,502	15,263	113%	9,500
Facilities Expenses	444,168	410,918	33,250	8%	377,840
Depreciation and Amortization	540,000	597,210	(57,210)	-10%	610,688
Total Operating Expenses	6,778,010	6,776,244	1,766	0%	6,616,790
Operating Income (Loss)	(2,658,812)	(3,175,077)	516,265	-16%	(3,082,941)
Investment Income					
Investment Interest & Dividends	829,657	657,143	172,514	26%	957,491
Realized/Unrealized Gains/Losses (net)	1,078,629	4,317,430	(3,238,801)	-75%	1,071,054
Total Investment Income	1,908,286	4,974,573	(3,066,287)	-62%	2,028,545
Other Income and Deductions					
Subsidy from Foundation	419,300	850,000	(430,700)	-51%	1,084,185
Allocation of IT & Facilities Expenses	375,834	240,800	135,034	100%	-
Total Other Income and Deductions	795,134	1,090,800	(295,666)	-27%	1,084,185
NET Income (Loss)	\$ 44,608	\$ 2,890,296	\$ (2,845,688)	-98%	\$ 29,789

Motion to Approve the Budget

MOTION: The Finance Committee moves that the Board approve the 2024 budget as presented.



Nominating Committee

Election Preparation

EMMA PRZYBYSLAWSKI '10
HANS MUEH '66
TRAPPER CARPENTER '73
NATE DIAL '10
JOE BLEDSOE '11

Agenda

- ❑ Tasking Revisit
- ❑ Board Intent: Motion
- ❑ What's next?

Tasking

- May 2023 Board Meeting request for committee to create a wholistic overview of the last election
 - Hot wash of last election
 - Begin to explore how the board can shape the next election to get better member engagement and diverse candidate interest
 - Present informative potential future courses of action from the committee for further investigation and analysis

Committee Game Plan

- 13 October 23: Board vote on intent to have all-decade representation
- February 24: Governance Committee scheduled to review Articles V and VI
 - Depending on intent vote, could necessitate by-law change
- February 24:
 - Nominating Committee formulates initial implementation plan (with staff if possible)
- May 24:
 - Nominating Committee iterates on implementation plan based on board feedback from Feb meeting (with staff if possible)
- August 24:
 - Nominating Committee working with non-director committee members to execute implementation plan amongst committee and with staff
- October 24:
 - Nominations rolling in for assessment of implementation success
- Winter 24-25: Election!

Motion to Approve Election Criteria

Motion: The Nominating Committee moves that the AOG and Board of Directors take the necessary steps to ensure a Board structure with at least one director from each USAFA decade (1959-60s through 2010s).

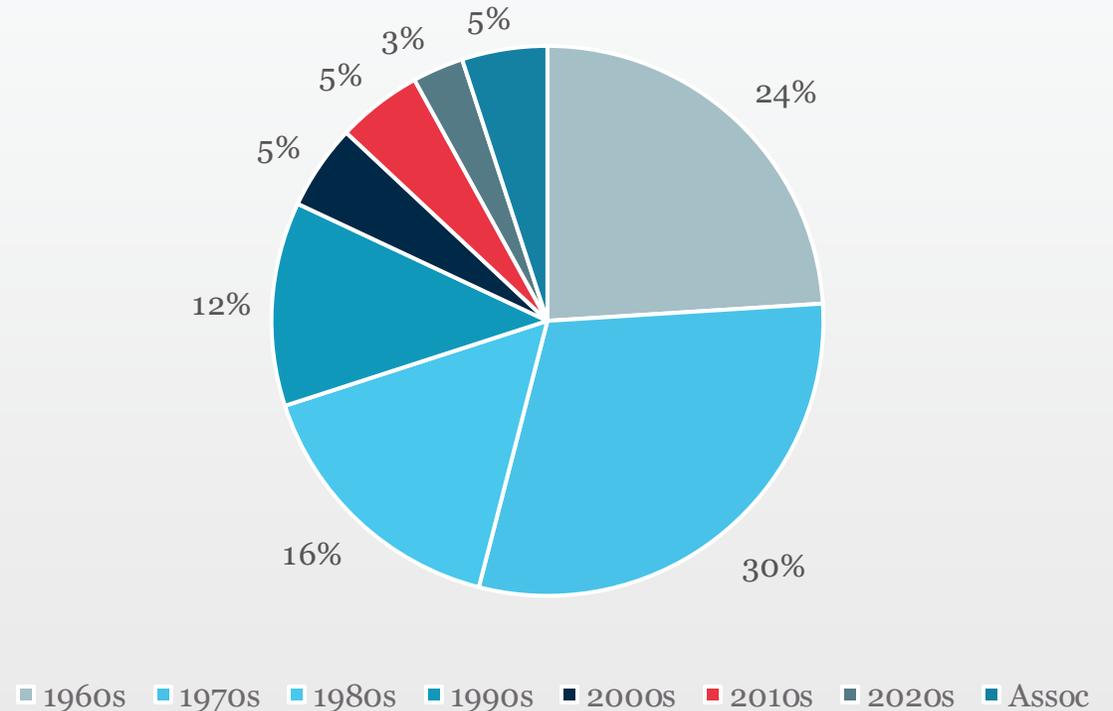
What's next?

- Potential implementation plan COAs to be presented next meeting
- Governance Committee to present potential by-law changes based on Article V and VI upcoming review

2023 Election

- Election
 - 2/6/23 – 3/6/23
 - Participation: 35,640 eligible voters; 6,292 voted → 17.6%
- Special Election
 - 4/10/23 – 4/24/23
 - Participation: 35,740 eligible voters; 4,950 voted → 13.85%

% Participation by Class Decade



2023 Election Comparison

SBS – National Elections

Average Voting Participation (5K – 50K voters): 15.85%

Comparable # of members (25K – 50K) – response rate is 8.98%

AOG

Average voting participation 2015 – 2023: 21.44%

AOG (no bylaw change) average: 15.76%

SBS Recommendations for 2025

Include text voting

Increase voting time from 30 to 60 minutes

Links to candidate bios and standardized candidate Q&A

Election Challenges

- False expectation on members to research all candidates and make an informed decision
- Board skillset gaps not readily apparent outside of published desired skillsets and traits (generic)
- Shaping election must be thoughtful and sensitive to optics to membership
- Bylaws will likely need to be changed with certain COA choices
- Building cross-decade representation in a member-voting election system while getting the skillsets needed

So, we would like to present two ideas as board consideration...

Big Idea #1: All Decade Representation

- Gain cross-decade representation on the board by structuring the election differently:
 - No more than 3 directors per decade on the board
 - If there are 3 directors in a decade, that decade cannot have a candidate on the ballot
 - The top voted candidates will be prioritized based on which decade they come from and needs of the board
 - Desired Board Attributes: can use Big Idea #2 Board Endorsement as a way to cross-check attributes and use appointed positions to get the skillsets needed

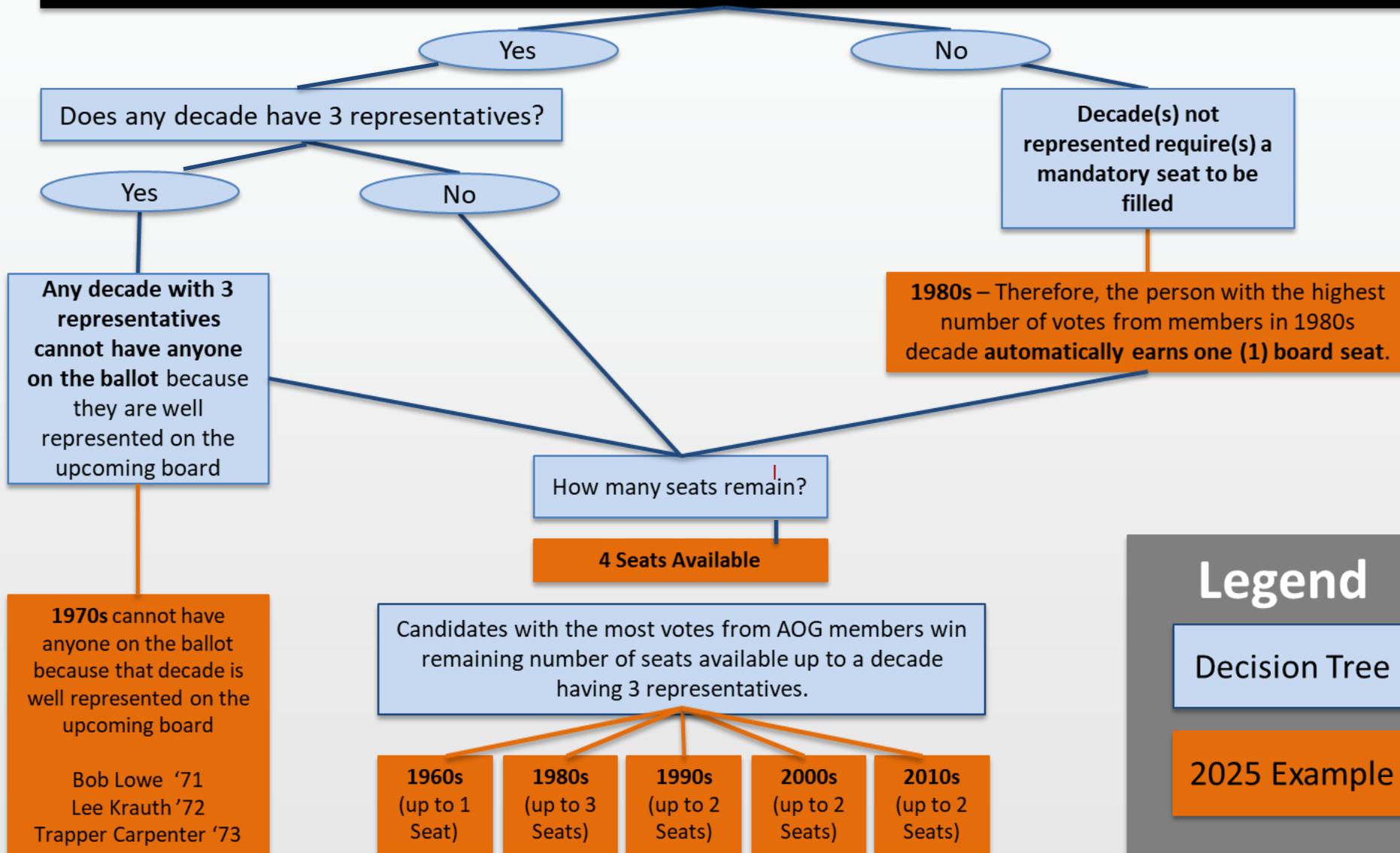
2025 Election Example



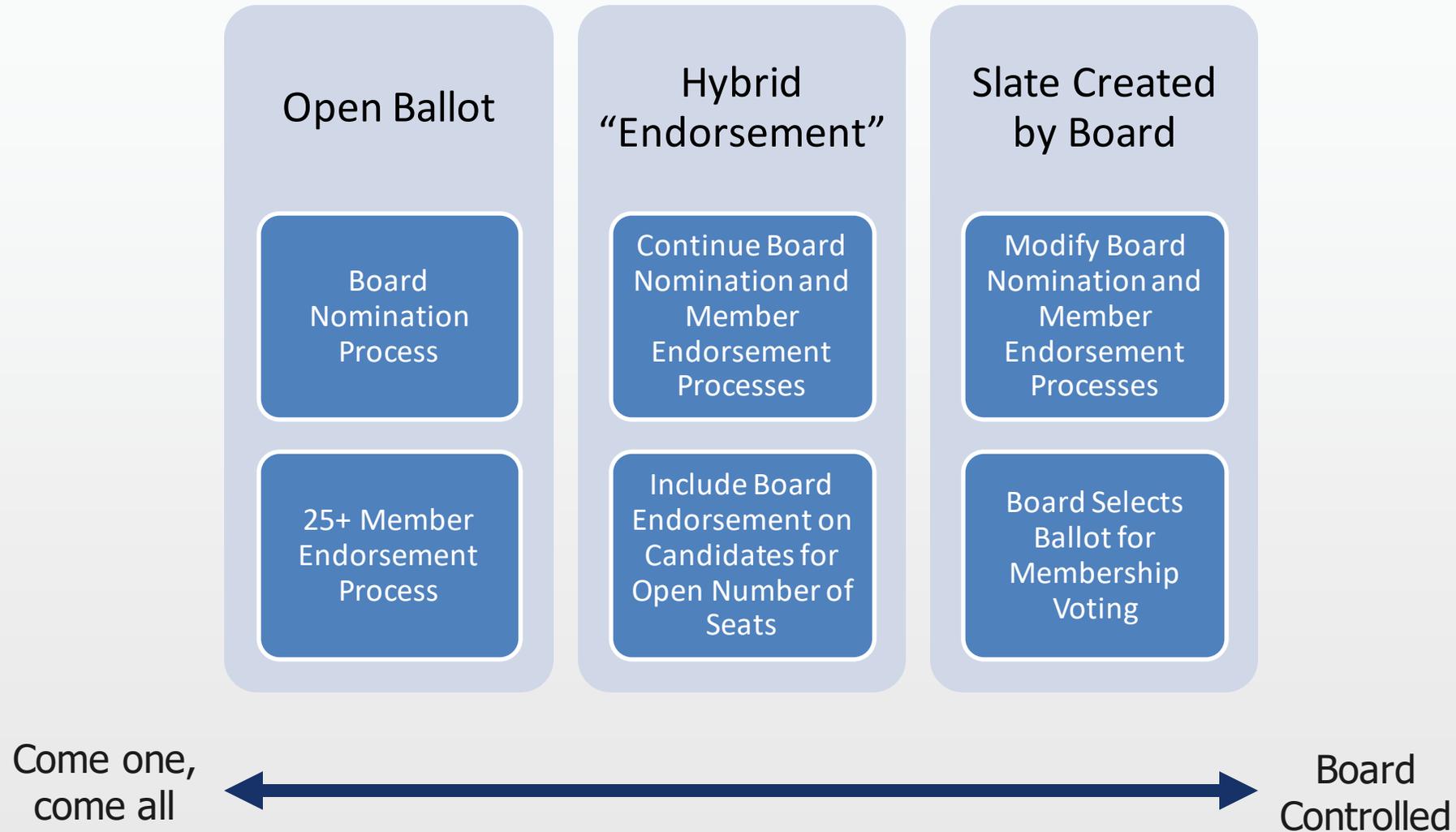
Class Decade	# Directors	# of Vacancies in 2025 Election
1960s	3	1
1970s	3	0
1980s	3	3
1990s	1	2
2000s	1	2
2010s	4	2

2025 Election Example

Is every decade (60s, 70s, 80s, 90s, 2000s, 2010s) represented in subsequent year's 2-year board cycle?



Big Idea #2: Board Endorsement





Governance Committee

Governance Policy, Assign Cat 2
Assign Calendar/Schedule Review
Dr. Sturman Letter Recommendation

Bylaws Review: Article III

ARTICLE III. Membership

Section 1. Graduate Members: Graduate membership is granted to all graduates of the Academy **who opt in**. Graduate members are eligible to vote in elections and for all benefits established by the Board.

~~**Section 2. Life Graduate Members:** The life graduate membership program is no longer offered. Cadets are eligible for all membership benefits but may not vote in elections. **DELETE**~~

Section 2: Family Members: Family membership, sometimes referred to as Parent membership, is an annual membership available to families of cadets. Upon graduation, if membership remains current, parents and families retain specific benefits but may not vote in elections.

ARTICLE III. Membership cont.

Section 43. Associate Members: Associate membership has been awarded in the past to non-graduates who were identified by the Chief Executive Officer (CEO) as friends of the Academy. Associate members pay annual dues or have become life associate members. Associate members are eligible for all the benefits of membership and may vote in accordance with Article III, Section 7. New associate memberships are no longer offered by the AOG.

Section 54. Affiliate Members: Affiliate membership may be awarded to non-graduates who have been identified by the CEO as friends of the Academy. Affiliate members pay annual dues or can become life affiliate members by paying a lifetime fee. Affiliate members are eligible for all the benefits of membership but may not vote in elections.

Section 35. Honorary Members: Honorary membership may be awarded to non-graduates who have rendered outstanding and conspicuous service to the Air Force, the Academy and/or the AOG. Honorary members must be recommended by a member of the Board and receive at least 80 percent acceptance of all Directors. Honorary membership is restricted to 25 living persons. Honorary members will not pay dues and will be eligible for all the benefits of membership but may not vote in elections.

ARTICLE III. Membership cont.

Section 8. Membership Dues: All members, except for Graduate and Honorary members, are required to pay applicable dues. Dues for **Family**, Affiliate, and Associate members are established by the CEO.

Section 9: Termination or Denial of Membership:

b. Membership for **Family**, Associate, and Affiliate Members shall lapse at ~~such time or times as the Board establishes~~ for failure to pay dues.

Bylaws Review: Article IV

ARTICLE IV. Corporate Officers

Section 1. Corporate Officers: The corporate officers of the AOG are the Chief Executive Officer (CEO), who reports to the Board, the President, and the Chief Financial Officer (CFO), who reports to the CEO. **The Board may separate the positions of CEO and President or allocate duties under one role as it deems appropriate.** The CEO may recommend that the Board appoint other senior staff members as corporate officers. The CEO shall be a non-active-duty graduate member who is a salaried employee of the AOG. **At the direction of the Board, a corporate officer may serve as an officer and/or director of another USAFA-related non-profit.**

ARTICLE IV. Corporate Officers cont.

Section 2. Selection of the CEO: ~~The CEO is recommended by a Board-appointed selection committee,~~ **The Board, with discretion to appoint a selection committee, makes a recommendation for CEO. The CEO recommendation must be** approved by a two-thirds vote of the entire Board and signed to a contract negotiated by the Board or its agent. Contract renewal does not require a selection committee process but must be approved by a majority of a quorum of the Board.

Motion to Approve Changes to Bylaws

MOTION: The Governance Committee moves that the Board approve the changes to Bylaws Articles III and IV as presented.

Graduate Membership Data Discussion

Background: The AOG has received a request for membership data from an individual who is a member.

Status: No action pending legal review (in process)



Young Alum – Next Gen Subcommittee

Problem: Grads Are Disproportionately and Under Engaged

26%

Engagement in graduate survey amongst Millennials and Gen Z (those graduating in 2000 and later) is lower than any other generational segment

- Reveals a lack of interest in the AOG amongst USAFA graduates ages 22-45

55%

Younger grads do not feel drawn to the traditional AOG model that National/Geo Chapters offer per the Persona Demographics in the graduate survey

- Foreshadows the AOG faces potential irrelevance in 20-30 years if engagement remains status quo

85%

Long Blue Line receptions reveal that grads want to engage with their alma mater differently per survey during Omaha, San Francisco, & Dallas/Ft. Worth

- Illustrates face to face networking opportunities are events graduates from the 2000s gravitate towards.
- Demonstrates the AOG needs to create activities tailored to the Next Generation's needs/desires

Solution: NextGen Subcommittee

CAS Update (Helms)

Guest Speaker: Ms. Janet Edwards, Director USAFA
Mortuary Affairs

Issues to discuss at next CAS meeting:

1. How do we grow CAS rep engagement?
2. Is there a requirement for CAS reps to participate? What should that be



Staff Update (Hille)

Presidents Report

Awards Plan

Prospective Publication

Proposed Board Schedule



Award Presentation – Walkewicz

Academy Awards Concept
A New Way Ahead

Academy Awards Concept

August Board Meeting Recap

- Directors agreed on a “consolidated awards” concept
- Concern with limiting prestige of DG by adding additional awards

Desired Outcome

- Increased awareness, engagement and connection between the Long Blue Line and Academy

Options for New Concept

	COA 1:	COA 2:	COA 3:
	<p>All Awards Night</p> <p>Same Night w/ DG (3rd weekend of Aug)</p>	<p>All Awards Weekend</p> <p>Same Weekend w/ DG (Lunch/dinner +/- one day)</p>	<p>DG Standalone + Long Blue Line Weekend Awards</p> <p>DG remains on 3rd Weekend of August as lifetime achievement award; all other awards presented Long Blue Line Weekend</p>
PROS	<ul style="list-style-type: none"> • All awards consolidated to a well attended event 	<ul style="list-style-type: none"> • All awards consolidated to attach to well attended event • May draw new attendees 	<ul style="list-style-type: none"> • Protects prestigiousness of DG event • Embedded in programming of LBL Weekend (cadet and USAFA Sr Ldr participation) • Affords future expansion of awards
CONS	<ul style="list-style-type: none"> • Shared evening for all awardee; may impact prestigiousness and focus of DG award • Longer event • Format will need to be revisited and streaming capability considered. 	<ul style="list-style-type: none"> • Additional programming for separate awards event • No additional USAFA programming; may not be enough to draw new attendees in comparison to prestige of DG event 	<ul style="list-style-type: none"> • Not all awards consolidated into a single award night.

Academy Awards Concept

A New Way Ahead

Next Steps

- Board Selects COA
- AOG Board Nomination Committee partnership (selection criteria, committee members and process)
- USAFA Approval and updated MOU

Timeline

- October 2023: Board & USAFA approval, MOU and Mid-Tier Award finalized
- October 2023-March 2024: Nomination Committee partnership with AOG staff and work for new awards
- April 2024: Marketing of new awards begins



Perspective and Opinion Publication Analysis - Hornsby

Ask of the Board Chair

Audit existing resources

Pros and cons

Possibilities/options

Budget



Communications Focus

Tell the story of our Academy, our graduates and the Leader of Character mission with our words and actions.

Enhance and safeguard brand and reputation

Share story of Academy and graduates in diverse and effective ways

Maintain readiness for successfully navigating crises and adverse developments



Current State

- ✓ Letters to the editor – Checkpoints
- ✓ Occasional invited guest perspectives – Checkpoints
- ✓ Inclusion of grad news in ZoomiEnews

SPECIAL FEATURE

DISTINGUISHED GRADUATES

SHARE PERSPECTIVES ON WARFIGHTER PREPARATION AT THE AIR FORCE ACADEMY

Checkpoints reached out to five Distinguished Graduates of USAFA to gather their perspectives on recent news reports about the current state of their alma mater. Over the next several pages, the magazine team has printed their respective responses to the ongoing conversation. We lead off with a question-and-answer piece by Gen. (Ret.) Mark Welsh '76 and Col. (Ret.) Gail Colvin '80.



Gen. (Ret.) Mark Welsh '76
was a 2018 USAFA Distinguished Graduate honoree. He served as the 20th chief of staff of the Air Force from 2012 to 2016.



Col. (Ret.) Gail Colvin '80
was a 2000 USAFA Distinguished Graduate honoree. Her first job, upon assignment here at USAFA, was commandant for culture and customs. Since 2011, she has served as the Academy's director of staff as a colonel.

Q You are about to read a question-and-answer piece with Gen. (Ret.) Mark Welsh '76 and Col. (Ret.) Gail Colvin '80. When you read the piece, I think you will find it more interesting than you expect. We hope you can share that news with us.

GRAD CONNECTIONS • LETTERS • FEEDBACK

STATE OF MIND

Feedback, insight and fun from Falcon Nation



Letter Guidelines

CHECKPOINTS welcomes the feedback of our readers. The editorial staff reserves the right to limit the number of letters on a particular topic, decide on the publication of letters, and edit letters for length and accuracy. Letters may include corrections, clarifications or criticisms of specific content. To be considered for publication, letters must:

- Directly reference content that was published in **CHECKPOINTS** magazine within the past two issues.
- Be 200 or fewer words in length.
- Include the writer's full name, phone number and graduation year (if an Academy graduate) and be emailed to editor@usafa.org.

Letters will not be published if they:

- Contain information that is promotional in nature.
- Are anonymous.
- Contain personal attacks.

Checkpoints • September 2023 • 11

several Academy grads who have contributed to the Thunderbird mission were most interesting.

The Class of '64 had three Thunderbird pilots back in the F-4E days: Nels Running #2, Jerry Boh #4, and Al McAnor #7. #2. It was a distinct honor to be a part of the Thunderbird team.

—T. Allan McKris, Class of 1964

Sweet Rides Part II

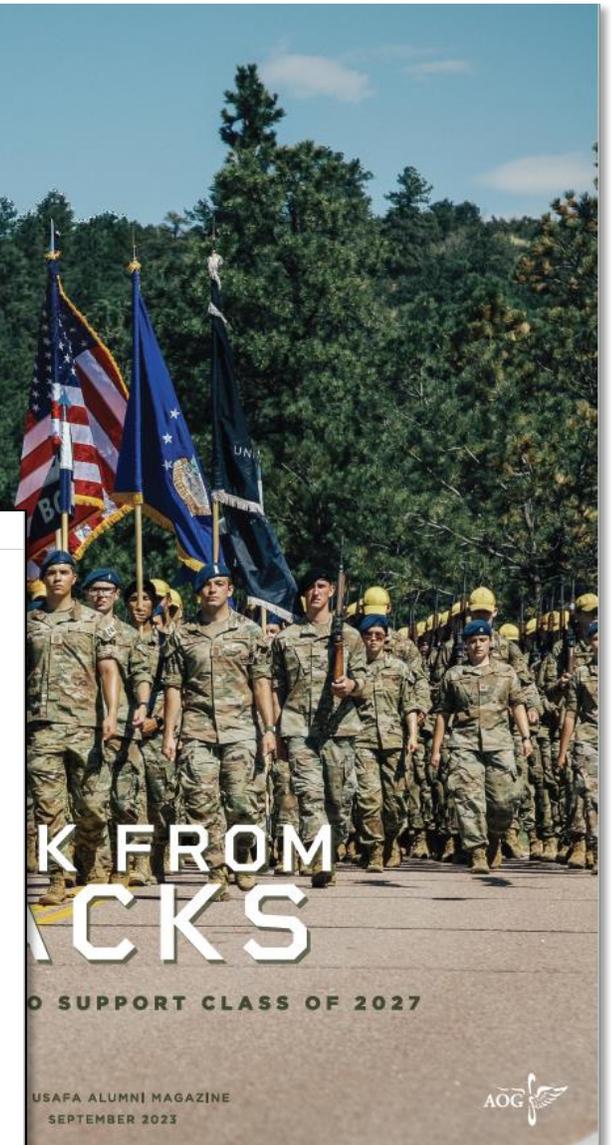
I really enjoyed the "Sweet Rides" article in the March 2023 issue of *Checkpoints*.

It brought back fond memories of my own experiences acquiring my first car in May 1975, especially the picture of the Class of 1977's pick-up in Pontiac. However, it was my class, '76, that did this first.

Our cars were arranged in the parking lot with the silver Firebirds in the shape of the Pontiac crest, with all the others in a U-shape around them.

We all got copies of this picture, and it hung on the wall of the local Pontiac dealer for years. I drove my car, along with Doyle Freeman and Aaron Gold in their, 800 miles that day to Doyle's house in Missouri.

—Col. (Ret.) Michael Frisano, Class of 1976



Current State (cont'd)

- Do not have existing capacity to manage new publication.
- Would need to reassign existing staff member(s), thereby shifting priorities, or hire managing editor.
- Would need to increase budget or shift dollars from something else to pay for printing a perspective publication (unless it's all-digital).



Communications Policy Task Force

4 January 2023

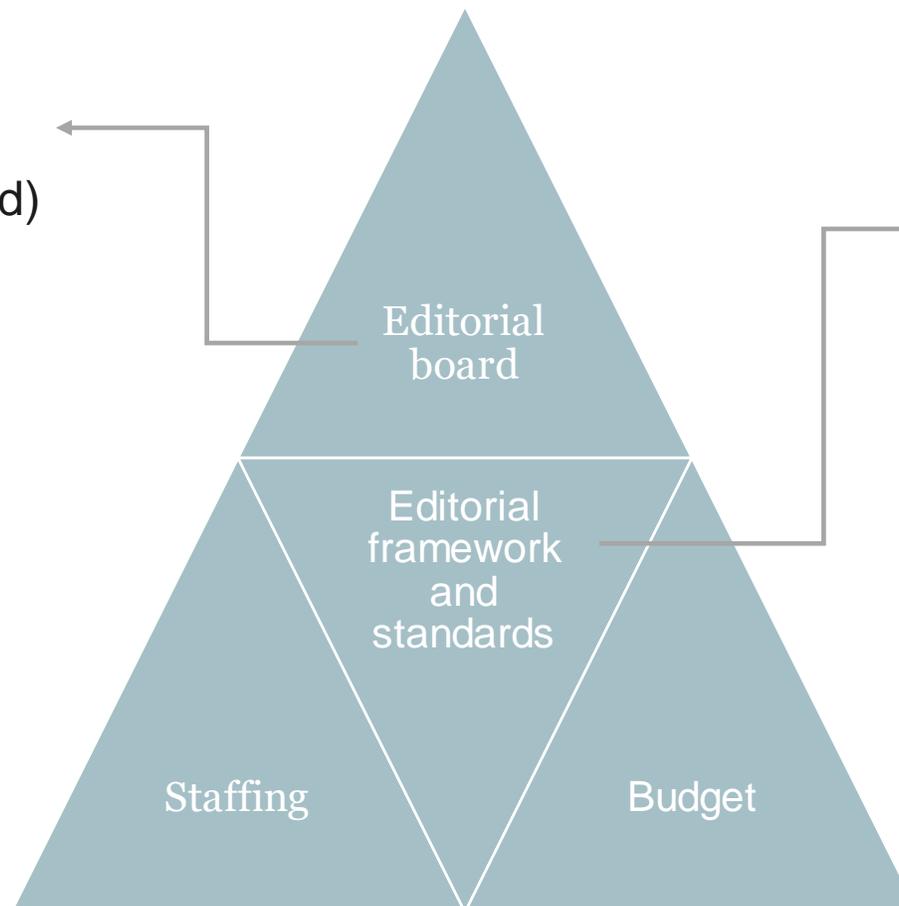
Will Gunn '80, Chair; Garry Dudley '68, Emma Przybyslawski '10

“This Task Force recommends that the Board not change the AOG’s communications policies, procedures, and approach. Colonel Ekman’s recommendation is based on the premise that the AOG can serve as a voice for the graduate community....”



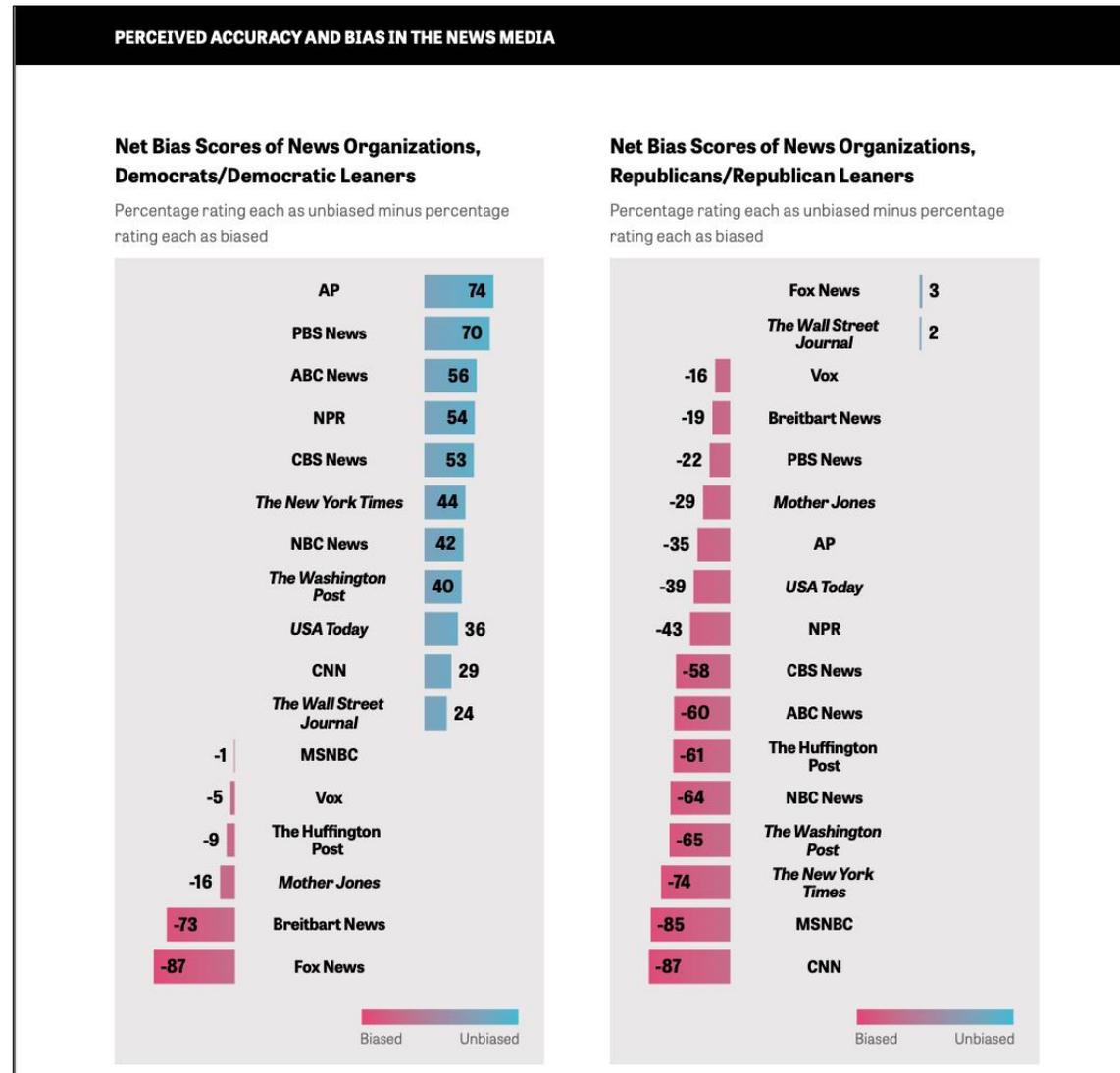
Keys to Success: Publishing Opinions

- Graduates
- Staff
- SMEs (as needed)



- Relevance
- Balance
- Fact-based
- Ethics & transparency
- Strong writing
- Value-add for readers

Struggle is Real



Source: Gallup and Knight Foundation ([link](#))

What Does An Editorial Board Do?

- Review submissions
- Advise on standards
- Enforce standards/take action (e.g., plagiarism)
- Identify topics of interest
- Tap on-call SMEs
- Attract authors
- Advise staff



Pros and Cons

Pros	Cons
Potential new avenue for grad engagement	May exclude grads in uniform, disproportionately affecting recent/young grads. Not a good look.
Perspectives could be helpful to grad community	Perception of AOG taking sides. Perception of imbalance. Are there viewpoints we might inadvertently miss and thus alienate?
Timeliness with important issues	“Alternative facts” phenomenon
Lots of potential contributors in grad community	Political environment very hot and divisive – may get hotter
Could provide constructive platform	Budget and staffing requirements



Options

Now / Light lift

- Increase Checkpoints letter-to-editor word count
- Continue linking to grad-published articles in ZoomiEnews (requires discretion)

Mid-Term – Medium Lift

- Podcast – explore moderated discussion format
- Checkpoints online-only perspectives
- Dedicate some pages of Checkpoints to perspectives on issues

Long-Term – Heavy Lift

- Explore perspective / opinion pub as brand-building opportunity (with rebrand process)
- Explore fit for some topics in JCLD (their call, not ours)

New Publication Estimated Annual Budget – Print

Item	Estimated \$
Managing editor (if full-time)	\$60,000 - \$70,000
Graphic designer/layout (tap existing staff or freelance)	\$5,000 - \$10,000
Printing and mailing – depends on how many issues/year	\$50,000 - \$100,000
TOTAL	\$115,000 - \$185,000



New Publication Estimated Annual Budget – Digital

Item	Estimated \$
Managing editor (if full-time)	\$60,000 - \$70,000
Web design (freelance)	\$5,000 - \$10,000
Web hosting on publication-friendly platform	\$5,000
TOTAL	\$70,000 - \$80,000

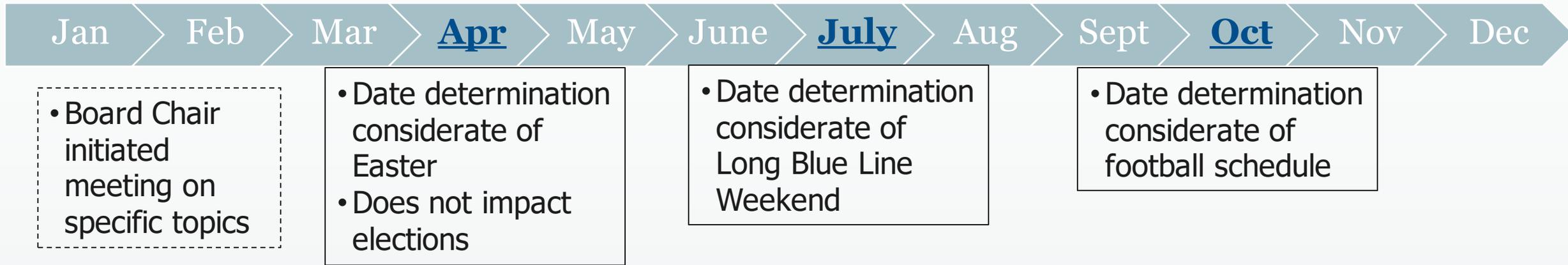




Thank You



Proposed Board Schedule – Wood



- April, July, and October dates allow for financial reporting on the previous quarter
- These dates eliminate travel requests during winter months
- Meeting schedule allows for more opportunities to combine board activities (dinners, joint meetings, ceremonies, etc.).
- Elimination of fourth meeting reduces expense; cost sharing between AOG and Foundation for joint events also reduces overall costs
- Technology easily allows for us to call the board together to discuss specific topics at the Board Chair's request