



BOARD OF DIRECTORS MEETING

5 August 2021 Meeting Minutes

APPROVED

Board Members Present: Bob Lowe '71, Chair; Will Gunn '80, Vice Chair; Ginny Caine Tonneson '80, Secretary; Glenn Strebe '87, Treasurer; Hans Mueh '66; Garry Dudley '68; Mark Volcheff '75; Randy Helms '79, President, Class Advisory Senate; Brian Bishop '83; Mark Mavity '84; Nancy Taylor '01; Kendra Lowe '01; Emma Przybyslawski '10; Joseph Bledsoe III '11.

Board Member Present via Videoconference: Dennis Dabney '89; Andrew Hendel '09.

AOG Staff Present: Mike Gould '76, CEO; Marty Marcolongo '89, President/COO; Jennifer Harwig, CFO; Corrie Grubbs, Senior Vice President, Operations; Naviere Walkewicz '99, Vice President, Strategy and Business Development; Wyatt Hornsby, Vice President of Marketing and Communication (AFAF and AOG); Emma Ross, Executive Assistant; Tony Capistrano, IT Support Specialist.

Guests Present: Brig Gen Paul Moga '95, USAFA Commandant; Mark Hille '97, AFA Foundation President/COO; Capt Charles Crooks, Deputy Director, Commander's Action Group; SMSgt Eric Morales, Individual Mobilization Augmentee to CW Senior Enlisted Advisor.

Guests Present via Videoconference: Rod Hennek '75, Investment Subcommittee Chair.

I. Call to Order/Chairman's Welcome

Chair Lowe called the meeting to order at 8:15 a.m. MDT, Thursday, 5 Aug 2021.

II. Chair's Comments

Chair Lowe noted the agenda would be fast-paced. He welcomed Mark Mavity, our newest Director.

III. Consent Agenda

The consent agenda included the 14 May 2021 Meeting Minutes (Attachment 1).

MOTION: Director Tonneson moved and Director Gunn second to approve the consent agenda. The consent agenda was unanimously approved.

IV. Agenda

Chair Lowe discussed rearranging the schedule somewhat to ensure we had time for priority discussions and for the scheduled Heritage Trail walk. He noted that if we ran out of time for all committee reports, we would have a Zoom meeting to finish them.

MOTION: Director Tonneson moved and Director Strebe seconded to approve the agenda. The motion was unanimously approved. The approved agenda can be found in Attachment 2.

V. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 8:23 a.m. MDT to discuss a membership termination.

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

VI. Open Session

The Board went into open session at 8:37 a.m. MDT.

MOTION: Director Bishop moved and Director Helms seconded to defer a decision on the AOG membership of Lt Col Larry Brock, USAFR (Ret) until the next Board meeting. The motion passed by a vote of 14-1 (Director Volcheff against).

MOTION: Director Dudley moved and Director Gunn seconded to go back into executive session for CEO Gould to discuss AOG organizational and personnel changes. The motion was unanimously approved.

VII. Executive Session

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

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

VIII. Open Session

The Board went into open session at 9:20 a.m. MDT.

IX. Presentation by the USAFA Commandant, Brig Gen Paul Moga '95

Brig Gen Moga began by discussing the Honor Code situation and the "honor reset." He talked about several changes to the Honor Handbook such as removing references to

presumptions, timelines related to the toleration clause, and specificity about honor situations with pre-recognition fourth class cadets. Honor education has been closely reviewed and is now more developmental in nature. It has shifted from the honor process to focus more on the idea of living honorably. He then talked about the Class of 2025, which has similar demographics to previous classes. They have only lost 23 members due to attrition and medical turnbacks thus far. He noted that their fourth class year will look different from previous classes.

Brig Gen Moga spent the remainder of his presentation discussing his priorities to include: 1) expediting the Cadet Wing's return to a "better normal;" 2) re-instilling the importance of a warfighting mentality within the Cadet Wing, and 3) re-instilling certain traditions to regain a sense of pride in the institution such as attention to detail and standards of conduct and discipline. Chair Lowe mentioned that the AOG has resources to assist him when needed. Brig Gen Moga noted that there may be a need to bring in speakers because graduates can help cadets to understand the "why" of what they are doing. He concluded by answering questions from various Directors.

X. Presentation by the AFA Foundation President/COO, Mark Hille, '97

Mr. Hille began by talking about how both the AFA Foundation and AOG are after the same thing – engagement with graduates, family, and friends. They raised \$33 million toward the comprehensive campaign last year and have a goal this year of \$35 million. He noted that the AFA Foundation is back on the road and although there are still uncertainties related to COVID-19, he believes they are still in good shape. Class giving, annual giving, and graduate participation rates are up this year, and the AFA Foundation has been able to fill some of their vacancies.

He then talked specifically about the *Defining our Future* campaign. The goal is to raise \$270 million for critical Academy priorities and for the strategic needs of supporting organizations. The campaign also aims to increase awareness, engagement, and participation among Academy graduates, parents, and friends; enhance institution pride among all stakeholders; and cultivate an understanding among Academy faculty and staff on the role and impact of private support. There will be launch events taking place this fall at the Academy and in other locations throughout the country. He talked about the campaign roadmap and how they assess how they are doing toward raising money. The campaign has already raised almost \$165 million to date and they expect to raise an additional \$74.6 million through additional gifts, annual giving, class giving, and from related organizations. This leads to a gap of approximately \$30.6 million. He concluded by talking about campaign priorities and the goals of specific projects. He noted that we need to be aware of cultural dynamics in terms of challenges to unity so that they do not become a major barrier.

XI. Strategic Focus Committee

Director Dudley reviewed the progress of the committee in the absence of Committee Chair Dabney (who joined the meeting later). He talked briefly about the committee

charter which had previously been forwarded to the Directors. Chair Lowe would like for the committee to help keep the focus of the Board meetings at the strategic level and is looking for the committee to help determine the strategic imperatives. There was a short discussion on whether the current draft of the charter reflected those responsibilities, and it was decided that the committee will review the charter and flesh out the strategic imperatives for an upcoming Zoom meeting.

XII. AOG Update

a. CEO Review of AOG Performance

CEO Gould discussed the AOG/AFA Foundation joint strategic plan which he had previewed at the May Board meeting (Attachment 3). His presentation included the joint vision and mission as well as the elements which power them. He noted that it was important to ensure that the plan aligns with the Strategic Focus Committee. They are currently working to develop metrics to measure how the AOG and AFA Foundation are doing.

Next, he provided an update on the North Gate Visitors Center. They hope to have the rating from Standards and Poor by the end of August so the bonds can be closed in late September or early October. At that point, the AOG would have to have a letter of credit for \$6 million. The Board previously had approved a \$6 million guarantee as a backstop for debt service payment on the hotel project. The money would be taken from AOG investments.

CEO Gould then talked about how the Communications staff had worked with USAFA/CM on recent communications from the Superintendent related to Critical Race Theory and the Honor Code as well as with the AFAAC on their communications. He noted that when the Superintendent sends out letters, the AOG gets bombarded with opinions from graduates on both sides of the various issues. The AOG maintains a position of encouraging dialogue and opinions, but they do not take a stance of being for or against the issue. The AOG consolidates the feedback from the graduates to make it easily digestible and sends it to the Superintendent. Director Helms noted that the Class Senators also receive feedback, which they forward to the AOG. Graduates sending emails receive automatic feedback from the AOG so they know that their comments have been received, but CEO Gould thought it might be worthwhile to provide them additional feedback so they know what was sent to the Superintendent and the percentages for or against the issue. A discussion ensued about graduate feedback, particularly in relation to the Academy's response to the civilian professor versus Space Force's response to the commander who expressed different viewpoints on Critical Race Theory.

b. CEO Monitoring Reports

CEO Gould reported compliance with the three required monitoring reports: 2.5 Asset Protection; 2.6 Investment Management; and 2.14 Annual Audit. In response

to a question concerning the annual audit, CFO Harwig explained that a correction was made in the last audit dating back to a reporting issue in 2007 with the Moller Fund. She noted that the issue had been rectified and was not a major finding. CEO Gould then showed a short video on the Doolittle campus and Heritage Trail master plan.

c. Membership Update

President/COO Marcolongo provided courses of action (COAs) to implement AOG membership for all graduates (Attachment 4).

- COA 1 entails continuing to study the membership recommendation pending resolution of the hotel backstop and potential shutdowns due to the COVID-19 delta variant.
- COA 2 provides full membership to all graduates with equal benefits to include voting and printed *Checkpoints* for all members.
- COA 3 provide full membership to all graduates with equal benefits and electronic *Checkpoints*.
- COA 4 provides full membership to all graduates with equal benefits, except printed *Checkpoints* for all former paid Life Members.

The AOG recommended COA 4. A lengthy discussion ensued, with questions about whether we could save money by having members opt in for the printed version of *Checkpoints*, whether something else could be substituted for *Checkpoints* for the former Life Members, how current parent payments for their cadet's membership might be handled, the importance of messaging, the impact on the Bylaws, and whether there should be a comment period for graduates to provide input. Chair Lowe took a sense of the Board to determine which COA seemed the most appropriate. COA 1, 2, 3, and 4 received one vote, no votes, 11 votes, and 3 votes, respectively.

The discussion then focused on whether the AOG should survey the membership. Several Directors pointed out that we have been talking about membership for all graduates for the past two years and members already have a venue for providing feedback to the Board. It was noted that there had not been an official motion to go toward Membership for all graduates.

MOTION: Director Mueh moved and Director Przybyslawski seconded that we proceed toward AOG membership for all graduates. The motion was unanimously approved.

MOTION: Director Dudley moved and Director Mueh seconded that we proceed with COA 3. The motion was approved by a vote of 12-3 (Directors Gunn, Tonneson, and Mavity against).

MOTION: Director Dudley moved and Director Mavity seconded that we provide graduates with a public comment period on membership for all graduates. The

motion failed by a vote of 4-10 (Directors B. Lowe, Strebe, Mueh, Dudley, Helms, Bishop, Taylor, K. Lowe, Hendel, Przybyslawski, and Bledsoe against).

President/COO Marcolongo noted that we need to have the financials and Bylaws changes prior to coming up with an actual implementation date. Chair Lowe would like this information by Labor Day and CEO Gould agreed that this would allow an implementation date of 1 January 2022. CEO Gould then brought up the fact that the one thing graduates agree on is that they like *Checkpoints*. He suggested that we relook COAs 3 and 4 to see if there is a different way to address *Checkpoints*.

MOTION: Director Bishop moved and Director Dudley seconded that we relook COAs 3 and 4 to further consider *Checkpoints* after we get the financial review and the Bylaw review related to membership for all. The motion passed 12-3 (Directors Mueh, Przybyslawski, and Bledsoe against).

d. Quarterly Financial Update

CFO Harwig provided the quarterly financial update (Attachment 5) as well as additional details on the question previously raised about the Moller Trust (Attachment 5). In 2007, the AOG became the beneficiary of the Moller Trust. At the time, they did not receive the required documentation or book an asset on the financials to record the AOG's beneficial interest in the trust. In 2020, CFO Harwig noticed this and obtained the information needed to put it onto our balance sheet. We receive \$2.8 million each year in disbursements from the trust. She discussed where we will see that as an adjustment to net assets. Going forward this will be considered investment income.

Returns have remained strong this fiscal year (YTD Realized/Unrealized Gain \$3.84 million). There have been increased contributions from estate gifts, and merchandise sales have remained strong, resulting in an AOG revenue of 11.01% over budget. COVID-19 restrictions have led to the cancellation of social gatherings and travel, resulting in expenses at 3.32% below budget.

XIII. Presentation by Rod Hennek, Investments Subcommittee Chair

Subcommittee Chair Hennek began his virtual presentation by talking about the impact of the market and the economic recovery (Attachment 6). The subcommittee continues to monitor inflation and interest rates. Strong earnings are expected to bring valuations up. There is currently \$7.14 million in the short-term portfolio and \$52.97 million in our total account, which was up 7.47% for the quarter and 12.01% for the fiscal year to date. The one-year return is 37.62%, which represents a very strong performance. Because we are able to move money and asset allocation, we currently have \$52.97 million versus the \$47.87 million balanced index. We have exceeded the benchmark in seven of our last 10 years. We have been fairly static in asset allocations over the last four quarters with approximately 32.7% currently in international equities and 43.48% in domestic equities.

We are trying to get diversification in our international investments, but we consistently rank in the top quartile and beat the S&P 500 in our domestic equities.

MOTION: Director Tonneson moved and Director Mavity seconded that we go back into executive session to discuss committee assignments.

XIV. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 2:21 p.m. MDT.

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

XV. Open Session

The Board went into open session at 2:24 p.m. MDT.

XVI. Task Force Discussions

a. Minority, Diversity, and Inclusion Task Force

At the previous Board meeting, Director Gunn was tasked to assess the need for a Minority, Diversity, and Inclusion Task Force. He indicated that he has received input that there are a large number of minority graduates who are not participating in chapter events. Similarly, some minority graduates have commented that the AOG is not their organization. Director Gunn noted the importance of soliciting ideas on how to increase engagement of minorities in alumni matters. He proposed that the task force exist for only a year with an interim report.

MOTION: Director Gunn moved and Chair Lowe seconded that the Board establish a Minority, Diversity, and Inclusion Task Force consisting of Board members and non-Board members in order to develop recommendations for increasing AOG and chapter participation and engagement among graduates who are members of racial and ethnic minority groups.

Discussion: Chair Lowe wanted Director Gunn (working through USAFA) to see if there was a way to leverage more interest in cadet candidates. Director Gunn talked about the importance of minorities seeing other minorities. A discussion ensued about the fact that while there is anecdotal information, there is not much data as to why there is a lower level of engagement. Several Directors wondered whether we really needed a separate task force for minority engagement and whether having a task force look at cadet candidates was something the AOG Board should be addressing. The discussion then turned to the fact that minority engagement was actually a subset of the bigger issue of graduate engagement, which would also include young alumni engagement, and perhaps engagement from other groups as

well. The group talked about whether it would make sense to address this as part of the Strategic Focus Committee. Director Gunn tabled the motion until the AOG has collected more data on graduate engagement. VP Walkewicz hopes to have some data by January.

b. Young Alumni Engagement Task Force

Director Hendel provided an update on the recent activities of the task force. They met with Rachel Blocher '18, the AOG Alumni and Constituent Relations Coordinator, to review all programs targeting young alumni. They are looking for additional members and are serving as a focus group for the AOG in relation to young alumni programs, services, marketing, and engagement. He then talked about social media such as the USAFA Alumni Careers and Networking Facebook group. A discussion ensued on what the focus of the task force should be and whether the actions above were consistent with the roles laid out in the Governance Policy. Several Directors talked about how young alumni engagement could be a strategic priority for the Strategic Focus Committee.

MOTION: Director Dudley moved and Director Volcheff seconded to fold both the minority and young alumni engagement task forces under the Strategic Focus Committee. The motion was unanimously approved. Directors Gunn, Hendel, and Bledsoe will be added to that committee (Attachment 7).

c. Hotel Task Force

Task Force Chair Strebe reiterated the points made earlier by CEO Gould that they are on hold right now as they wait for the rating from Standards and Poor so that the bonds can be closed in September or October. Director Dudley pointed out that the skydiving portion (indoor jump facility) is no longer part of the structure.

XVII. Committee Updates

a. Nominating Committee

Committee Chair Volcheff talked about the goal of having a pool of candidates for committee assignments. Director K. Lowe noted the importance of having a description of what each committee assignment entails and the time required to serve on that committee. Committee Chair Volcheff then discussed a vacancy on the Nominating Committee that was caused due to a member resigning for professional reasons.

MOTION: The Nominating Committee requests the Board approve Karen Ruben Santos Miller '13 to fill a vacancy on the Nominating Committee. The motion was unanimously approved.

b. Finance and Investment Committee

Committee Chair Strebe discussed the historical investment portfolio. There is \$27 million that is restricted out of the \$60.2 million in the investment portfolio as of July 2021. He then provided the conceptual framework for changes in the Financial Management Investment Policy (FMIP) to give it a more macro perspective (Attachment 8). He talked through the existing policy allocations and the fact that they have a minimum, strategic target, and a maximum. In the proposed changes, commodities and Master Limited Partnerships will be eliminated as they are not needed. Cash/Short-term/Reserve will combine the short-term portfolio and AOG reserve into one category, and all minimums will be dropped. The committee plans to present the changes to the FMIP at the October Board meeting.

c. Other Committees

Due to time constraints, the following committees will provide their reports at a future Zoom meeting: Governance Committee, Audit Committee, Heritage and Traditions Committee, Awards and Recognition Committee, Distinguished Graduate Award, Joint Strategic Planning Committee, Joint Resolution Committee, Joint Finance Committee, and Joint CEO Evaluation and Compensation Committee.

XVIII. Class Advisory Senate Update

Director Helms pointed out that the CAS is our communication tool. Comments from graduates that the CAS receives are sent to Chair Lowe and CEO Gould to be used in updates to the Superintendent. He showed the CAS webpage and where to find the CAS Minutes. He concluded by noting that the Athletic Director gave an excellent presentation at the last CAS meeting and invited the Directors to attend the upcoming CAS meetings.

XIX. Chair's Comments

Chair Lowe reminded the Directors that they are funded to attend four events (including in-person Board Meetings) per year. SVP Grubbs will provide a list of potential activities. He showed the potential Board meeting dates and commented that he would like to align the fall Board meeting with the AFA Foundation so that we can have a joint activity and attend a football game. Our February Board meeting is intended to be virtual, but the National Character Leadership Symposium (NCLS) is around that time, so he is considering whether there is a way to align them. Local Board members can use the boardroom to attend virtual sessions. He commented that we will have a joint function with the AFA Foundation Board during our 22 October Board Meeting. He then expressed our appreciation for President/COO Marcolongo and his contributions in that position. He asked SVP Grubbs to talk about the Distinguished Graduate selection process at a future meeting as he has heard that the AOG's and USAFA's operating instructions are a little different. He concluded his comments by reminding the Directors of the dinner tonight and optional activities tomorrow to include the Acceptance Parade,

brunch, Center for Character and Leadership Development (CCLD) tour, groundbreaking of the Madera Cyber Innovation Center, and Distinguished Graduate dinner. He reminded the Board to think of creative ideas for the Heritage Trail.

XX. Adjournment

Chair Lowe adjourned the meeting at 3:50 p.m. MDT for a Heritage Trail tour.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary

Atch:

1. 14 May 2021 Meeting Minutes
2. 5 August 2021 Agenda
3. CEO Update
4. Membership Presentation
5. Quarterly Financial Update
6. Investment Subcommittee Update
7. Committees of the Board
8. Finance & Investment Committee Presentation



BOARD OF DIRECTORS MEETING

14 May 2021 Meeting Minutes

APPROVED

Board Members Present: Cathy McClain '82, Outgoing Chair; Bob Lowe '71, Incoming Chair; Will Gunn '80, Vice Chair; Ginny Caine Tonneson '80, Secretary; Glenn Strebe '87, Treasurer; Hans Mueh '66; Garry Dudley '68; Mark Volcheff '75; Randy Helms '79, President, Class Advisory Senate; Brian Bishop '83; Dennis Dabney '89; Kendra Lowe '01; Andrew Hendel '09; Emma Przybyslawski '10; Joseph Bledsoe III '11.

Board Member Present via Videoconference: Nancy Taylor '01.

AOG Staff Present: Mike Gould '76, CEO; Jennifer Harwig, CFO; Corrie Grubbs, Senior Vice President, Operations; Emma Ross, Executive Assistant; Nick Johannsen, Web Developer; Tony Capistrano, IT Support Specialist; Ryan Hall, Photography and Video Production Specialist.

AOG Staff Present via Videoconference: Michele Bergeman, Vice President, Alumni and Constituent Relations; Ruth Reichert, Executive Assistant to the CEO, AOG & AFA Foundation; Jeff Holmquist, Director of Strategic Communications.

AOG Staff Absent: Marty Marcolongo '88, President/COO.

Guests Present: Lt Gen Richard Clark '86, USAFA Superintendent; Mark Kuykendall, Chief, Executive Communications; Capt Kelly Griffith, Aide de Camp to the Superintendent.

I. Call to Order/Chairman's Welcome

Chair McClain called the meeting to order at 8:27 a.m. MDT, Friday, 14 May 2021.

II. Chair's Comments

Chair McClain talked about the opportunities for the new Board and then asked the Directors and AOG staff to introduce themselves.

III. Consent Agenda

The consent agenda included the 19 February 2021 Meeting Minutes (Attachment 1) and the 5 April 2021 Special Meeting Minutes (Attachment 2). The consent agenda was unanimously approved.

IV. Agenda

MOTION: Director Tonneson moved and Director Mueh seconded to approve the agenda as is.

Discussion: Director Volcheff raised the question asking if the Board agenda should include another review of the succession plan presented by the CEO since it was unclear from last Board meeting's CEO Monitoring Report which organization's succession plan was being presented. At the February 2021 meeting, it was decided that the Governance Committee would review paragraph 2.7 to ensure there was an emergency succession plan for both the AOG CEO and AOG President/COO. Director Tonneson noted that this would be addressed during the scheduled review of Chapter 2 (Executive Limitations). The motion was unanimously approved.

V. Election of New Board Chair

Chair McClain thanked Directors Lowe and Przybyslawski for running for Chair. She asked the Directors to vote for their selection via written ballot. Director Lowe was selected as the new Chair by a vote of 11-4.

VI. Election of Board Officers

Chair Lowe nominated Will Gunn as Vice Chair, Ginny Caine Tonneson as Secretary, and Glenn Strebe as Treasurer.

MOTION: Director Lowe moved and Director Mueh seconded that the slate of new officers be accepted. The motion was unanimously approved.

VII. Chair Comments

Chair Lowe thanked the Directors for their support and CEO Gould for hosting a social the previous evening. He also thanked Director Dudley and SVP Grubbs for obtaining the engraved terrazzo memento for Chair McClain. He noted that with the Bylaws change, the Board can be more agile and can make the administrative change to clarify that the President of the Class Advisory Senate is a Director. The Directors then completed their Conflict of Interest forms.

VIII. Presentation by the USAFA Superintendent, Lt Gen Richard Clark '86

Lt Gen Clark thanked the Board for their support and complimented Chair McClain on her service. He noted the importance of the Long Blue Line to the success of the Academy. He then talked in some detail about his priorities: 1) to develop leaders of character, 2) to defeat COVID-19 and not let it derail the mission, 3) to prepare leaders for future conflict, and 4) to demonstrate an environment of dignity and respect. As part of the discussion, he provided an update on AFSCs for the Class of 2021, statistics on the Class of 2025, an update on the Honor Code violations, cadet athletic and academic

accomplishment this year, and the fact that the Academy now has a Diversity and Inclusion Action Group. He also talked about the Institute for Future Conflict, the Madera Cyber Innovation Center, and the importance of emphasizing that we are the Academy for the Space Force. He answered several questions from Directors and concluded by noting the value of graduate involvement.

IX. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 10:15 a.m. MDT to nominate a replacement to fill the remaining two years of Director Boyle's term.

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

X. Open Session

The Board went into open session at 10:45 a.m. MDT.

MOTION: Chair Lowe moved and Director Gunn seconded that Mark Mavity, as the next highest vote getter in the recent election, fill the Director position vacated by Director Boyle. The motion was approved by a vote of 10-5 (Directors Strebe, Hendel, Helms, Przybyslawski, and Bledsoe against).

XI. Executive Session

The Board went back into executive session IAW Bylaws Article V Section 8 at 10:46 a.m. MDT to discuss a membership termination.

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

XII. Open Session

The Board went into open session at 11:13 a.m. MDT.

MOTION: Director Dudley moved and Director Tonneson seconded to delay the discussion on the membership of Lt Col Larry Brock, USAFR (Ret) until the next Board meeting. The motion was unanimously approved.

XIII. AOG Update

a. CEO Review of AOG Performance

CEO Gould discussed the Draft Pre-decisional Joint Strategic Plan which he created in collaboration with President/COO Marcolongo and AFA Foundation President/

COO Hille. He discussed the mission and vision of the two organizations, both separately and in collaboration, as well as the elements which power them.

He then talked about the Doolittle Hall Master Plan (Attachment 3) and the idea of creating a Doolittle Campus that is a home and inspiration for graduates, cadets and their families, the AOG and AFA Foundation staffs, and the public. Initial planning began in November 2020 and they have had subsequent meetings with Fentress Architects and Matrix Design to consider various options. The plan includes a renovation of Doolittle Hall, a new administrative building, and a development and expansion plan for the Heritage Trail. Key considerations include the fact that it should be compliant with Academy design standards, be complementary to other facilities in development, and preserve or create “view corridors.”

CEO Gould then provided an update on the comprehensive campaign (also in Attachment 3). The goal is to raise \$270 million. Thus far, they have raised over \$150 million and project raising another \$69.6 million via other channels (e.g., annual giving, related organizations). That leaves a gap of \$44.4 million, which they hope to raise during the public phase of the campaign. The public phase will begin with a campaign launch event proposed to be held on 9-11 September 2021 in Washington DC. There also will be regional events in 2021 to follow the launch.

He then provided an update on reunions. Because there were no in-person reunions last year, several classes decided to postpone them until 2021. He noted that they are providing additional services during the “fully supported” weekends to include tours, information on the Space Force, topic-specific updates, and the opportunity for every graduate to eat in Mitchell Hall.

b. CEO Monitoring Reports

CEO Gould reported compliance with the three required monitoring reports below but provided additional information on each.

- 2.1 Treatment of Members and Other Constituents. CEO Gould has had several calls about releasing member information, particularly in relation to the recent AOG election. Colorado law requires a non-profit organization to release their member contact list for issues dealing with governance, but there are privacy concerns. He recommended that we tighten up what we considered a governance issue (“proper purpose”). The Governance Committee will review this issue. SVP Grubbs noted that AOG members have the ability to opt out of sharing any contact information with the AOG.
- 2.3 Financial Budgeting. Director Strebe and Alex Gilbert (AFA Foundation Board Vice Chair) are working together on the issue of the AOG providing the backstop to back the sale of the bonds on the North Gate project. Before our next Board meeting, the AOG will likely be transferring the funds to back up a letter of credit so they can proceed with the project.

- 2.9 Board Awareness and Support. CEO Gould noted that we send out material in '7258 and that he will notify the AOG Chair if there is an issue of concern. The AOG Chair will then determine whether the issue is something that needs to be shared with entire Board.

Director Volcheff asked if there was a way to modify the monitoring reports so that they are not so burdensome. The Governance Committee will address this during the scheduled review of Chapter 2 (Executive Limitations).

c. President's Report

SVP Grubbs provided the AOG update in the absence of President/COO Marcolongo (Attachment 4). She provided a review of the past quarter to include the successful election, ZoomieBrief/ZoomieClass sessions, and the Firstie Departure. Future engagements include the Service Academy Career Conference and additional ZoomieBrief/ZoomieClass sessions, as well as the Class of 2025 in-processing/FamFest, the Forged in Blue Ceremony, the Distinguished Graduate Service Award dinner, Parents Weekend, class and affinity group reunions, and tailgates.

She then provided an update on potential courses of action to make all graduates members of the AOG. Currently there are 50,147 living graduates of whom 30,648 are AOG members. She talked about the impact on the budget of making all graduates members, total cash flow loss, and various scenarios to address the loss. A discussion ensued concerning tiered levels, tax credits, potential changes to the family plan, investment impacts, *Checkpoints* publication, and the strategic impact of adding approximately 20,000 new members. Chair Lowe brought up the idea of implementing membership for all within 90 days, but after further discussion on the timing and risk mitigation, the Board decided to leave the implementation date to be as soon as feasible. SVP Grubbs noted that every aspect of the AOG will need to be reviewed for potential impacts. Similarly, the Investment Subcommittee will look at impacts and the Governance Committee will review the Bylaws to identify needed changes.

MOTION: Director Bledsoe moved and Director Bishop seconded that the AOG develop courses of action for membership for all graduates. The AOG staff will report back to the Board no later than 5 August 2021. The motion was approved 14-1 (Director Strebe against).

d. Quarterly Financial Update

CFO Harwig provided the quarterly financial update (Attachment 5). Investment returns have remained strong this fiscal year with YTD Realized/Unrealized gains of \$1,281,132. There were increased contributions from an estate gift, and merchandise sales remained strong, but social events were impacted by COVID-19

restrictions. Overall revenue for the quarter was up 18.34% (\$2.1 million), while expenses were down 5.71% (\$1.3 million). She then provided a restricted funds review. As of 31 December 2020, 103 campaign, donor-restricted, quasi-endowment and true endowment funds held \$16.3 million. There were 22 funds that awarded/gifted a total of \$1.7 million. Many funds did not pay as a result of COVID-19 cancellation of events and programs, but they are working with the Academy to use funds that have been unused.

XIV. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 1:48 p.m. MDT to discuss committee assignments.

XV. Open Session

The Board went into open session at 2:24 p.m. MDT.

MOTION: Director Tonneson moved and Director Mueh seconded the approval of the committee assignments and closure of the Bylaws Review Task Force (Attachment 6). The motion was unanimously approved.

MOTION: Director Dudley moved and Director Mueh seconded that we stand up a Strategic Focus Committee. The motion was unanimously approved.

Chair Lowe asked Director Gunn to assess the need for a Minority/Diversity-Inclusion Participation Task Force.

XVI. Committee Updates

a. Governance Committee

Committee Chair Gunn has the original Bylaws Review Task Force notes concerning changes to the Bylaws that will need to be made to enable membership for all graduates. The Governance Committee will review these notes by 28 May 2021. The Governance Committee also will review Governance Policy Chapter 1 for the August Board meeting.

Director Mueh brought up the requirement that there be a unanimous vote for an Honorary Membership to be approved. He was concerned that it posed a potential for black-balling a nominee. A discussion ensued about whether we needed to lower the bar or whether we wanted to change the criteria with only six vacancies left. Director Dudley suggested a limit on how many times an individual may be nominated.

MOTION: Director Dudley moved and Director Mueh seconded to change the criteria for the selection of Honorary Membership to be 80% (13 of 16 Directors)

and to limit the number of times a nominee may come before the Board to two. The motion passed 14-1 (Director Tonneson against).

Chair Lowe noted that we will change the date of the next Board meeting to Thursday, 5 August to deconflict with the events surrounding the Distinguished Graduate Award and the ground-breaking for the Madera Cyber Innovation Center. He talked about potential considerations for scheduling future Board meetings such as joint dinners with the CAS and AFA Foundation and football games. Chair Lowe reminded the group of the previous Board's decision that Directors will attend four funded events to include two Board meetings. As clarification, local Directors who do not get paid to attend Board meetings will be able to attend four away events. The AOG staff will provide suggested meeting dates and events Directors might consider attending prior to the next Board meeting.

b. Finance and Investment Committee

Committee Chair Strebe discussed that fact that the AOG received a bequest from the Pierrette Ryan Trust and Estate in the first quarter in the amount of \$289,500. The bequest identified the AOG as a recipient of 1.5 shares of the estate. In the distribution from the estate, there was no instruction for the use of the funds; therefore, the use of the funds falls within the FMIP 1.16 Bequests and Other Deferred Gifts. This reference was provided to the Directors.

MOTION: The Finance and Investment Committee moved that the distribution from the Pierrette Ryan Trust and Estate be placed in the Long Blue Line Fund, an unrestricted fund to support current operational needs of the AOG. The motion was unanimously approved.

Committee Chair Strebe then provided an update on the investment portfolio. It was \$22.4 million in 2009, and as of April 2021, it was \$58.8 million. As the portfolio gets larger, the way it is managed needs to be reviewed. The committee is looking at potentially changing some of the subgroups of investments to fine tune the portfolio to get the best returns possible.

c. Audit Committee

Chair Lowe will assign an Audit Committee Chair (included in Attachment 6). He noted that the audit is in progress and it will be reported out shortly.

d. Heritage and Traditions Committee

Former Committee Chair Dudley noted that the committee had previously provided the non-Director names to the Board. The committee members were discussed during executive session.

e. Awards and Recognition Committee

Committee Chair Taylor had nothing to report.

f. Joint Strategic Planning Committee

Joint Committee Chair Dudley reminded the Board that we had previously received the updated Joint Strategic Planning Committee charter.

g. Joint Finance Committee

Committee Co-chair Strebe noted that the committee met virtually to go through the charter. They will look at the Single CEO Agreement to ensure the committee represents the intent of that agreement.

XVII. Class Advisory Senate Update

Director Helms showed the Directors where to find the Class Advisory Senate material on the AOG website. He noted that several of the Directors were former Senators. They only have one vacancy (Class of 2011) due to Director Bledsoe joining the AOG Board. He talked about the election and how the AOG had provided clear talking points for the Senators to share with their classes. He discussed the April CAS meeting and some of the comments made by the Dean at that meeting. A short discussion ensued about the number of graduates that remain for a career, the career rate for USAFA versus ROTC graduates, and the idea of looking at active duty family units when both members are graduates, but only one stays on for a twenty-year career. CEO Gould will see what information is available.

XVIII. Chair's Comments

Chair Lowe noted that Director Gunn should count on having a Zoom meeting prior to the August meeting concerning Governance Committee issues. He asked each Director for comments and impressions. CEO Gould provided the Directors with copies of the Comprehensive Campaign Plan and the Draft Pre-decisional Joint Strategic Plan. He noted that with the recent vote, we have the opportunity to make some significant changes.

XIX. Adjournment

Chair Lowe thanked the Board for his selection as Chair. He talked about wanting a succession plan as both the Chair and Vice Chair will only be on the Board for two more years. He believes the average time since graduation for Directors on the past four Boards is approximately 35 years, which he would like to see lowered. He discussed our engagement in graduates' life cycles and encouraged us to look carefully at the list of events where it would be appropriate for Directors to attend. He noted the importance of having common talking points. He concluded by commenting that we are standing on the

shoulders of previous Boards and are providing the shoulders for subsequent Boards. He noted that we may have a couple of Zoom meetings before August. He adjourned the meeting at 4:12 p.m. MDT.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary

Atch:

1. 19 February 2021 Meeting Minutes
2. 5 April 2021 Special Meeting Minutes
3. CEO Review of AOG Performance
4. AOG Staff Update
5. Quarterly Financial Update
6. Committees of the Board



Board of Directors Meeting Agenda
5-6 August 2021

5 August 2021

7:30 – 8:10 a.m.

Breakfast – Library, Doolittle Hall

8:15 a.m.

- I. Call to Order/Chairman's Welcome
- II. Moment of Silence & Pledge of Allegiance
- III. Notified Absences & Introductions
- IV. Consent Agenda Approval
 - a. May 14, 2021, Meeting Minutes
- V. Agenda Approval
- VI. Executive Session
 - a. Membership Termination Discussion

9:45 – 10:30 a.m.

Guest Speaker: Brig. Gen. Paul Moga '95, Commandant of Cadets

10:45 a.m.

- VII. Strategic Focus Committee (*Dir. Dabney*)
- VIII. AOG Updates
 - 1. CEO Briefing (*CEO Gould*)
 - 2. CEO Monitoring Reports (*CEO Gould*)
 - a. 2.5 Asset Protection
 - b. 2.6 Investment Management
 - c. 2.14 Annual Audit
 - 3. Membership Update (*President Marcolongo*)
 - 4. Quarterly Financial Update (*Jennifer Harwig, CFO*)

Noon

Adjourn for Lunch

1:00 p.m.

- IX. Nominate non-director Committee Members
- X. Committee Updates
 - 1. Nominating Committee (*Dir. Volchbeff*)
 - 2. Governance Committee (*Dir. Gunn*)
 - a. Governance Policy, Chapter 1 Motions
 - 3. Finance and Investment Committee (*Dir. Strebe*)
 - a. Review Investment Report
 - 4. Audit Committee (*Dir. Bishop*)
 - a. Review IRS Form 990
 - 5. Heritage and Traditions Committee (*Dir. Bishop*)
 - 6. Awards and Recognition Committee (*Dir. Taylor*)
 - 7. Distinguished Graduate Award (*Dir Mueh*)
 - 8. Joint Strategic Planning Committee (*Dir. Dudley*)
 - 9. Joint Resolution Committee
 - 10. Joint Finance Committee (*Dir. Strebe*)
 - 11. Joint CEO Evaluation and Compensation Committee (*Dir. Strebe*)
- XI. Task Force Discussions
 - 1. Minority-Diversity-Inclusion Task Force (*Dir. Gunn*)
 - 2. Young Alumni Engagement (*Dir. Hendel*)
 - 3. Hotel Task Force Update (*Dir. Strebe*)
- XII. Class Advisory Senate Update (*Dir. Helms*)
- XIII. Heritage Trail Walk

6:00 p.m.

Board Dinner: Colorado Mountain Brewery
110 Interquest Pkwy

6 Aug 2021 Suggested schedule of Events (*Times subject to change*)

- 8:00 a.m. Board Arrives at Doolittle Hall to load vans
- 8:15 a.m. Leave for parade

9:00 a.m. A-Day parade
Dress: Business

10:30- 12:00 Brunch at Eisenhower Golf Course, Outdoor Pavilion

12:30 p.m. CCLD Tour

2:00 p.m. Groundbreaking Ceremony-Cyber Center
Dress: Business

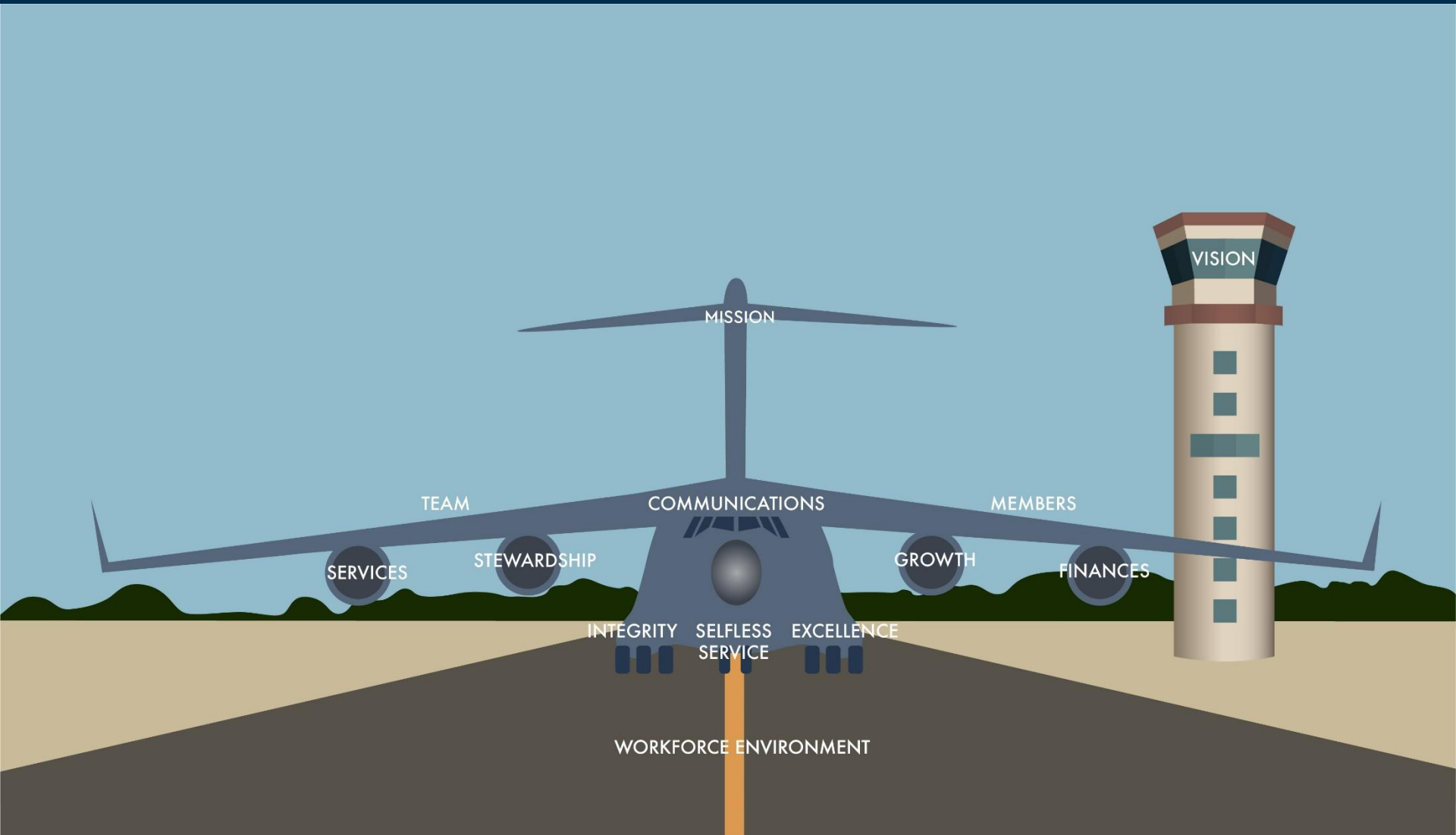
2:30 p.m. Back to Doolittle

5:30 p.m. DG Award Dinner
Park at East lost of Field House to ride buses

CEO Update

JOINT STRATEGIC PLAN

JOINT STRATEGIC PLAN



JOINT STRATEGIC PLAN

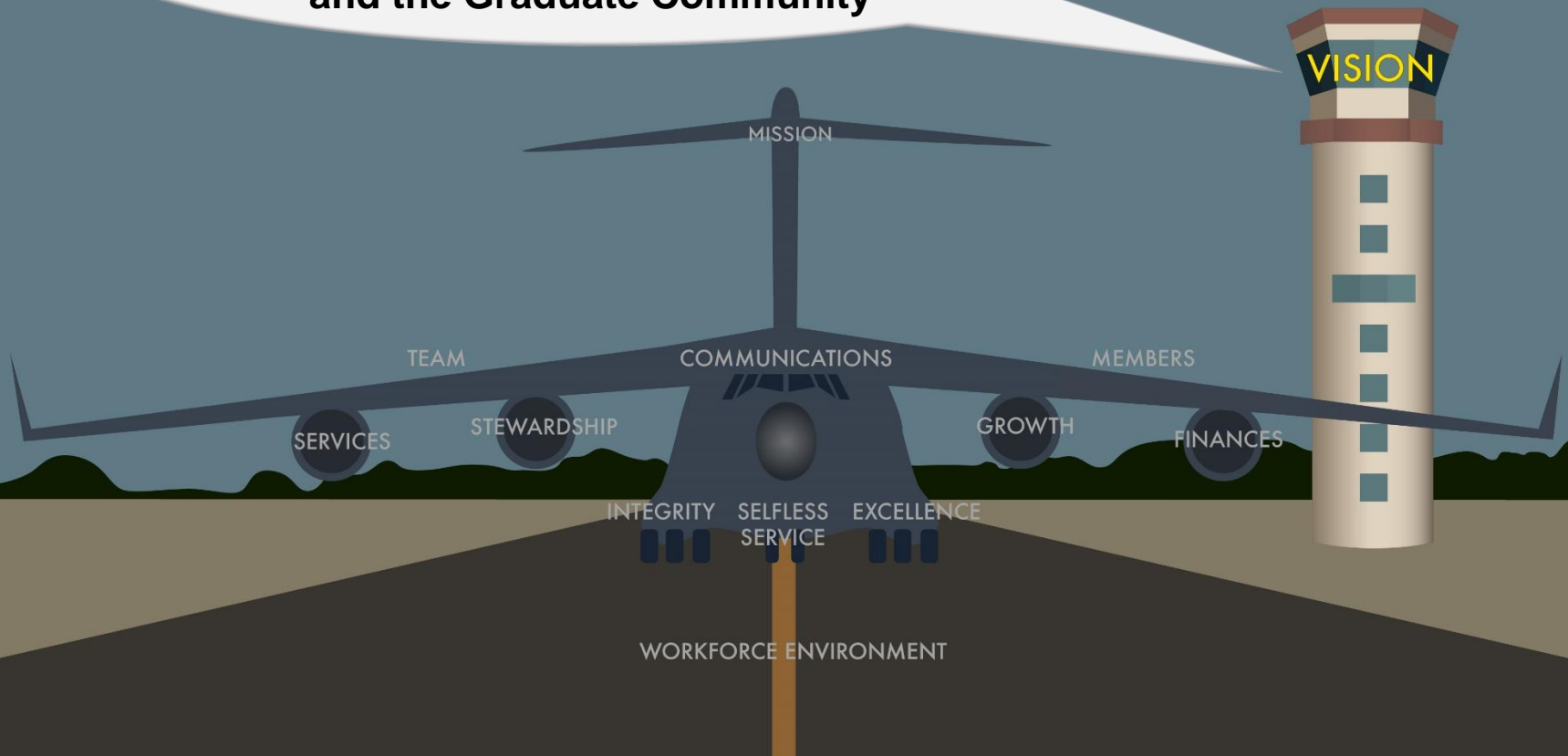
VISION



JOINT STRATEGIC PLAN

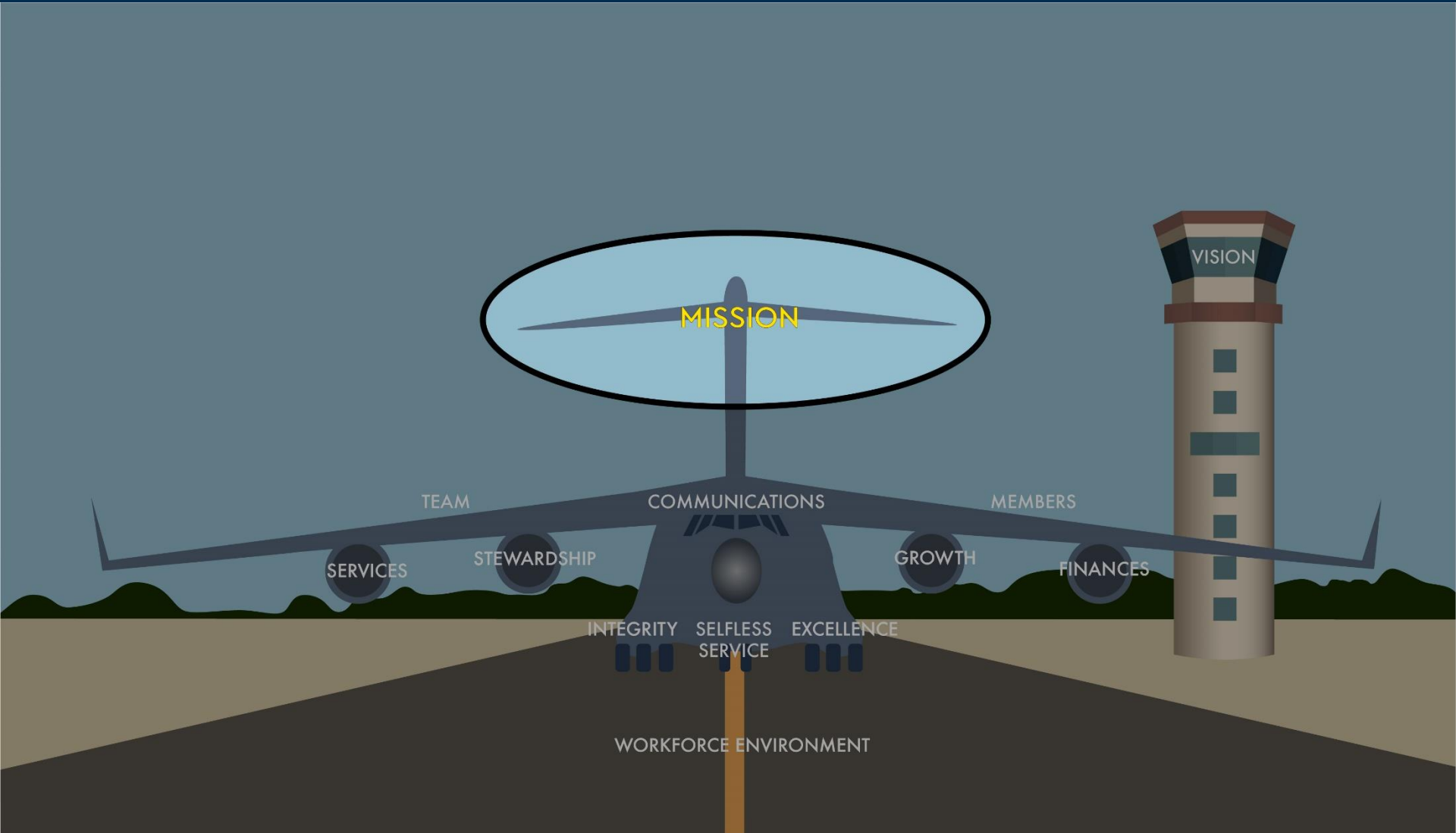
VISION

**Become the Universally Recognized Partners
Providing Support to USAFA, the Cadets
and the Graduate Community**



JOINT STRATEGIC PLAN

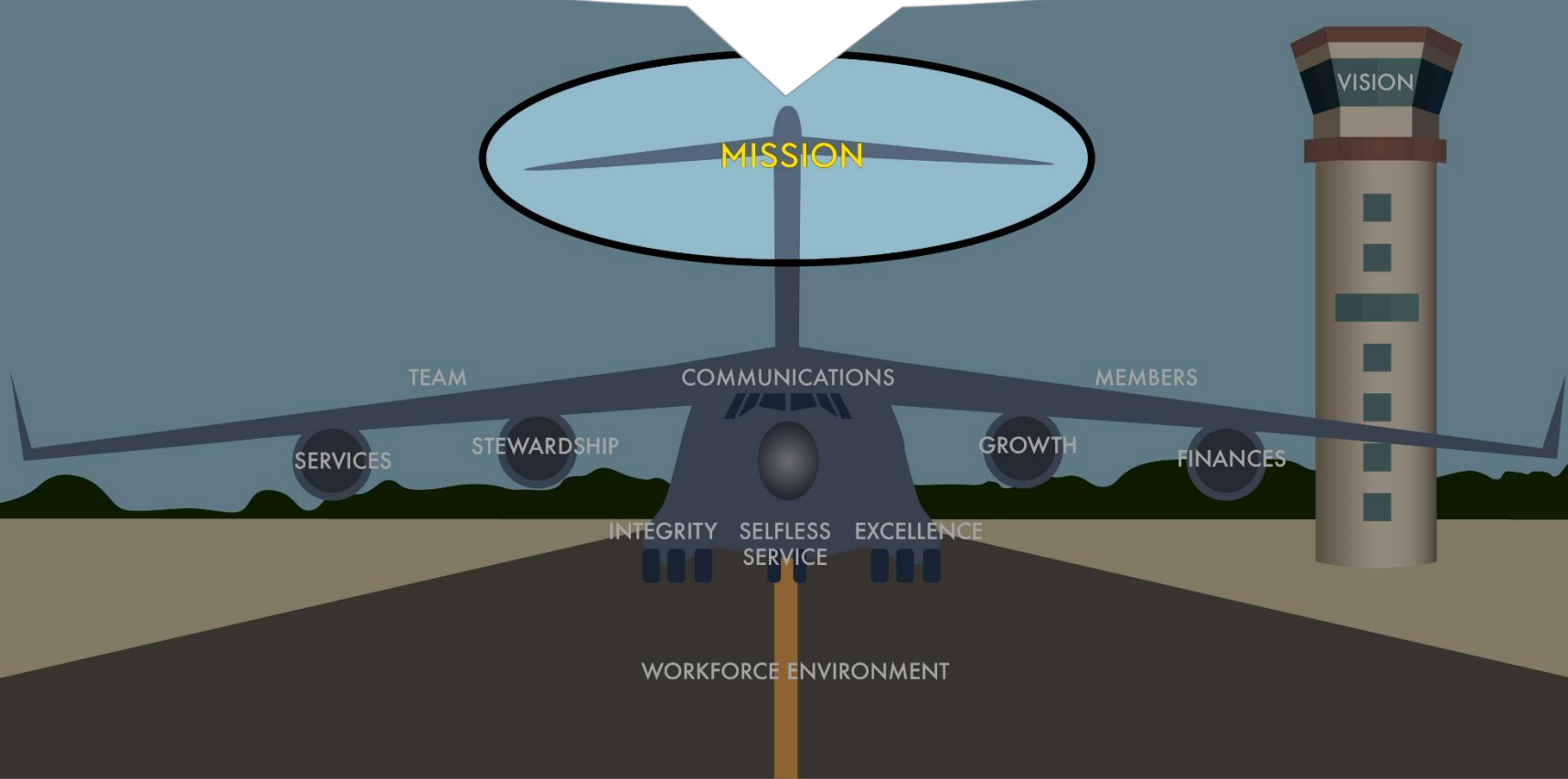
MISSION



JOINT STRATEGIC PLAN

MISSION

**Collaboratively and Collectively Serve and Support
the Air Force Academy and its Graduates**



JOINT STRATEGIC PLAN

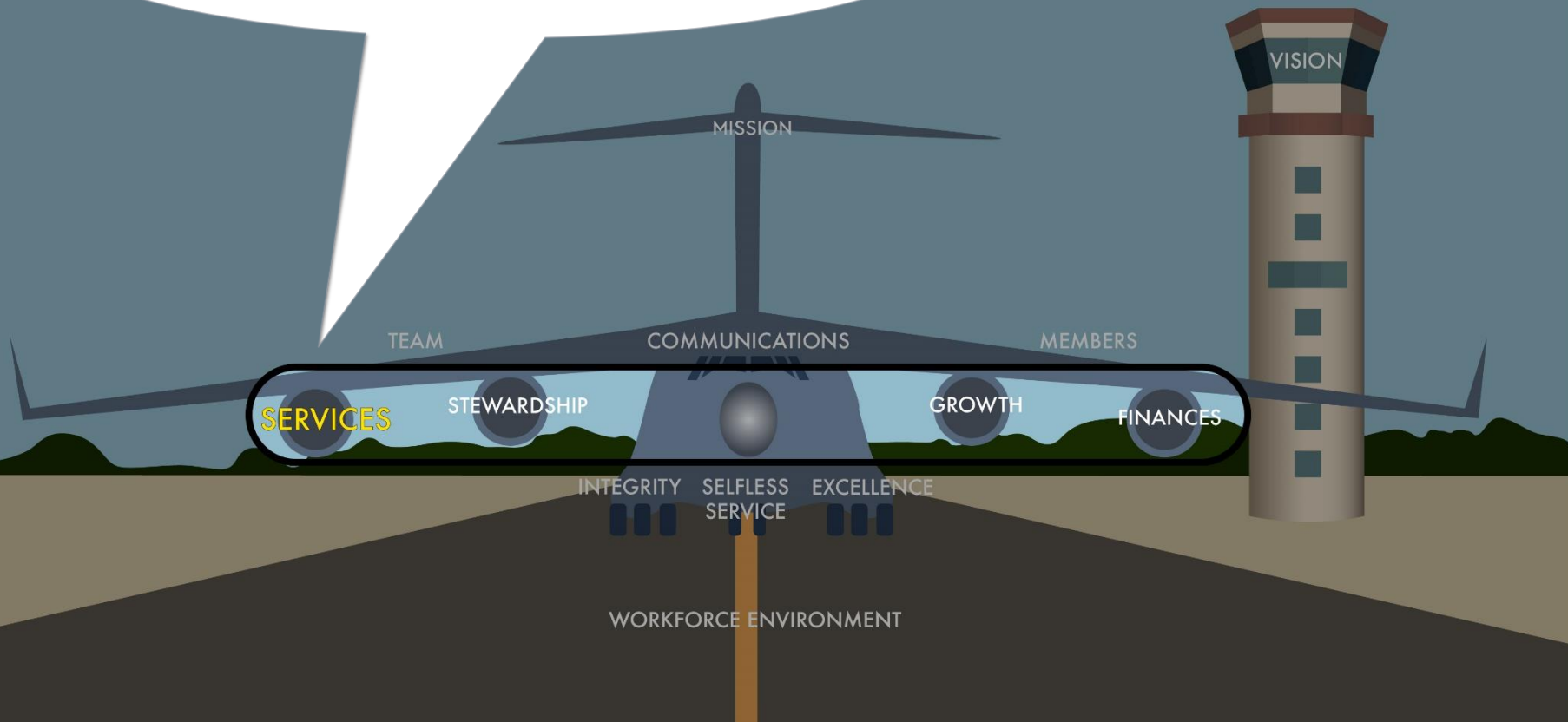
SERVICES



JOINT STRATEGIC PLAN

SERVICES

Become a Relevant, Value-Added Entity in the Lives of Graduates, Cadets, USAFA Leaders



JOINT STRATEGIC PLAN

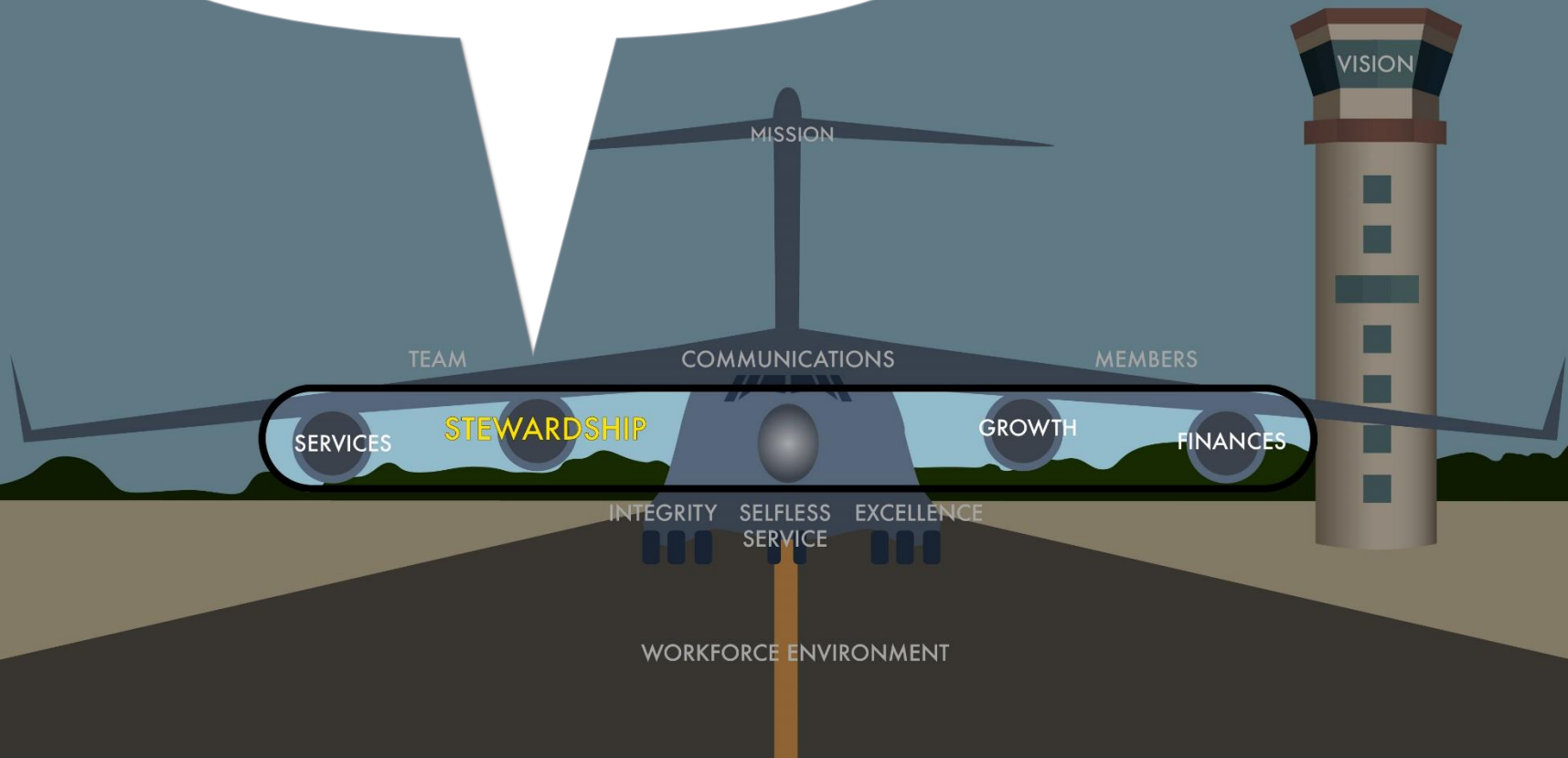
STEWARDSHIP



JOINT STRATEGIC PLAN

STEWARDSHIP

**Responsibly Manage Gifted
Time, Talent and Treasure**



JOINT STRATEGIC PLAN

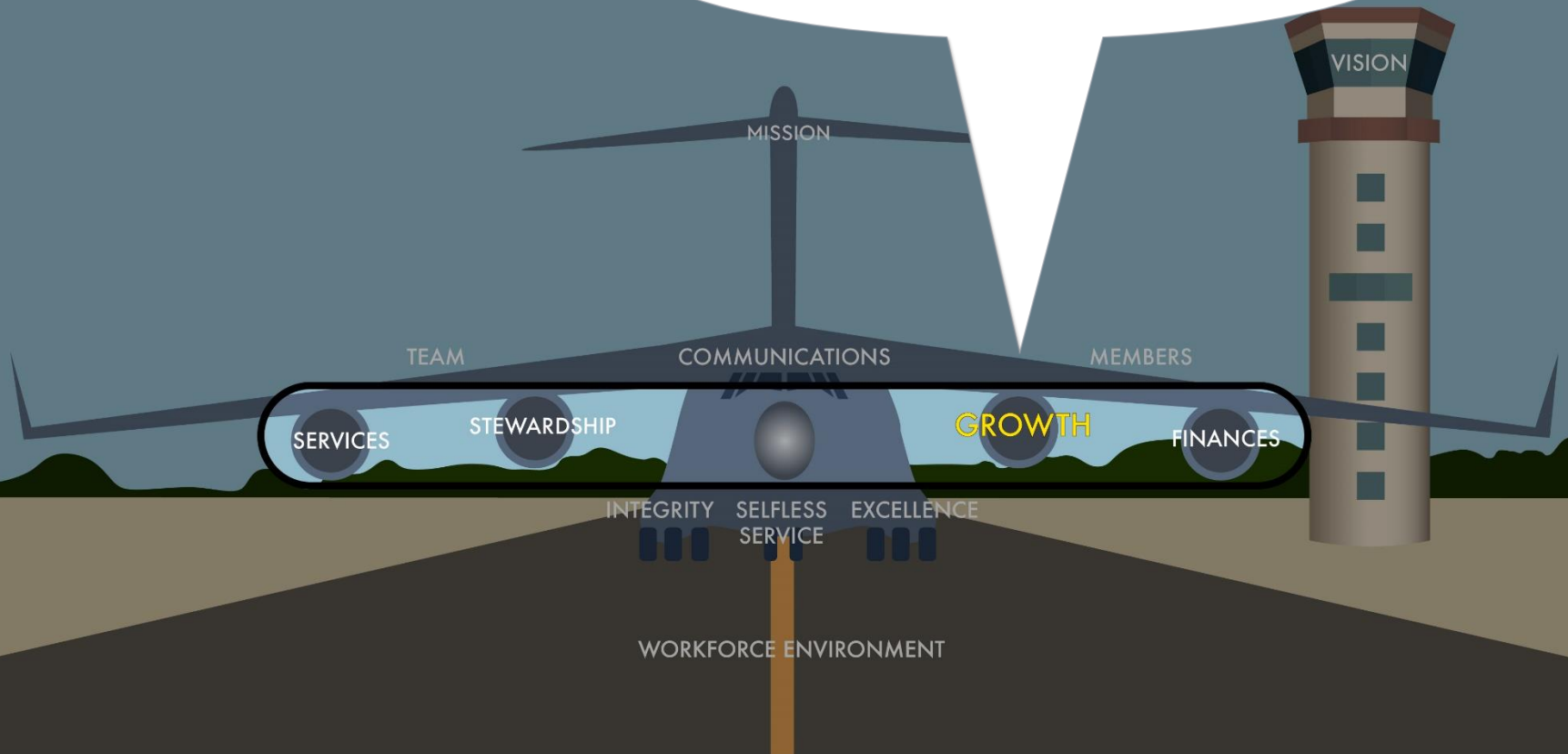
GROWTH



JOINT STRATEGIC PLAN

GROWTH

Expand AOG and AFAC Influence and Awareness Among Graduates



JOINT STRATEGIC PLAN

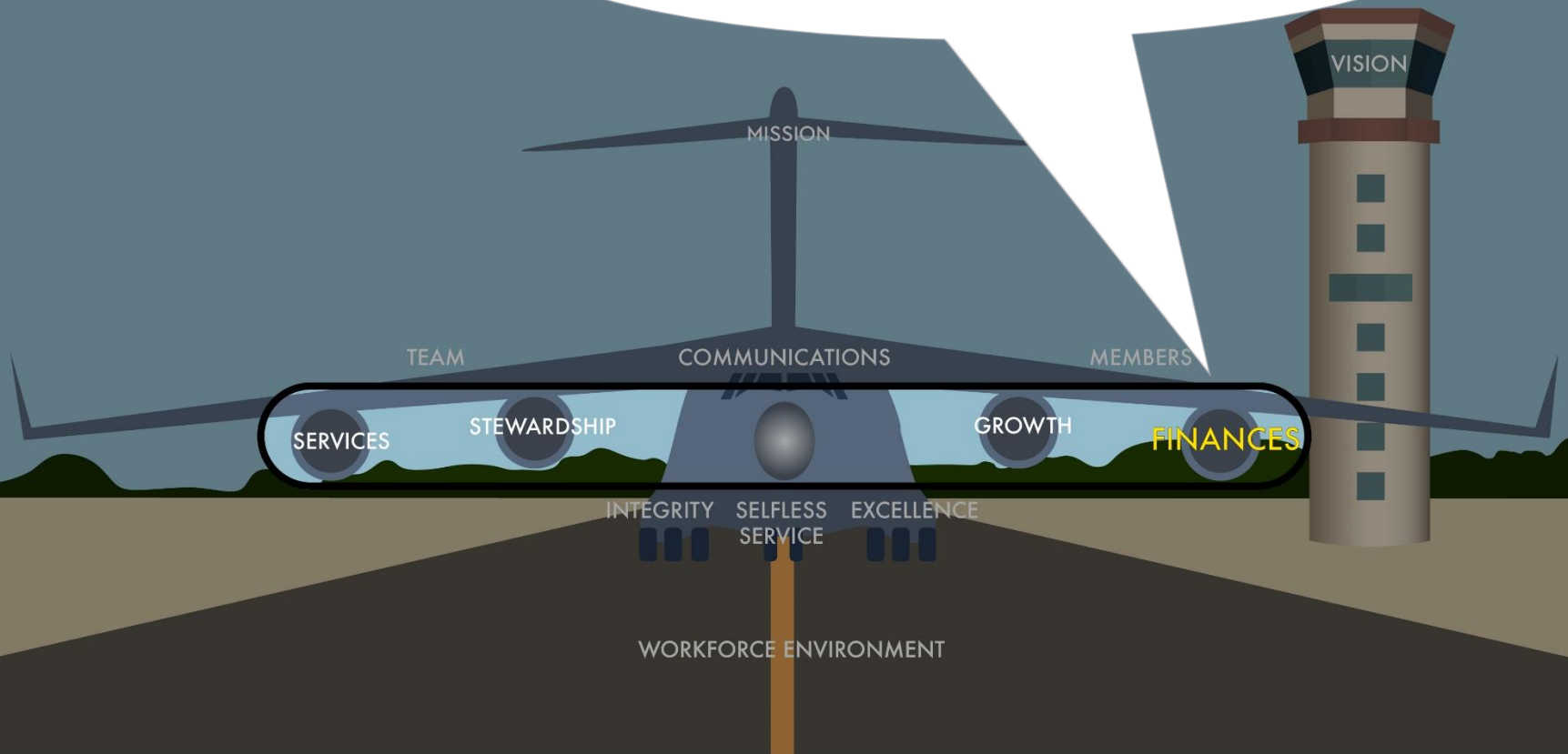
FINANCES



JOINT STRATEGIC PLAN

FINANCES

Develop Financial Structure, Strength & Stability to Support Growth & Impact

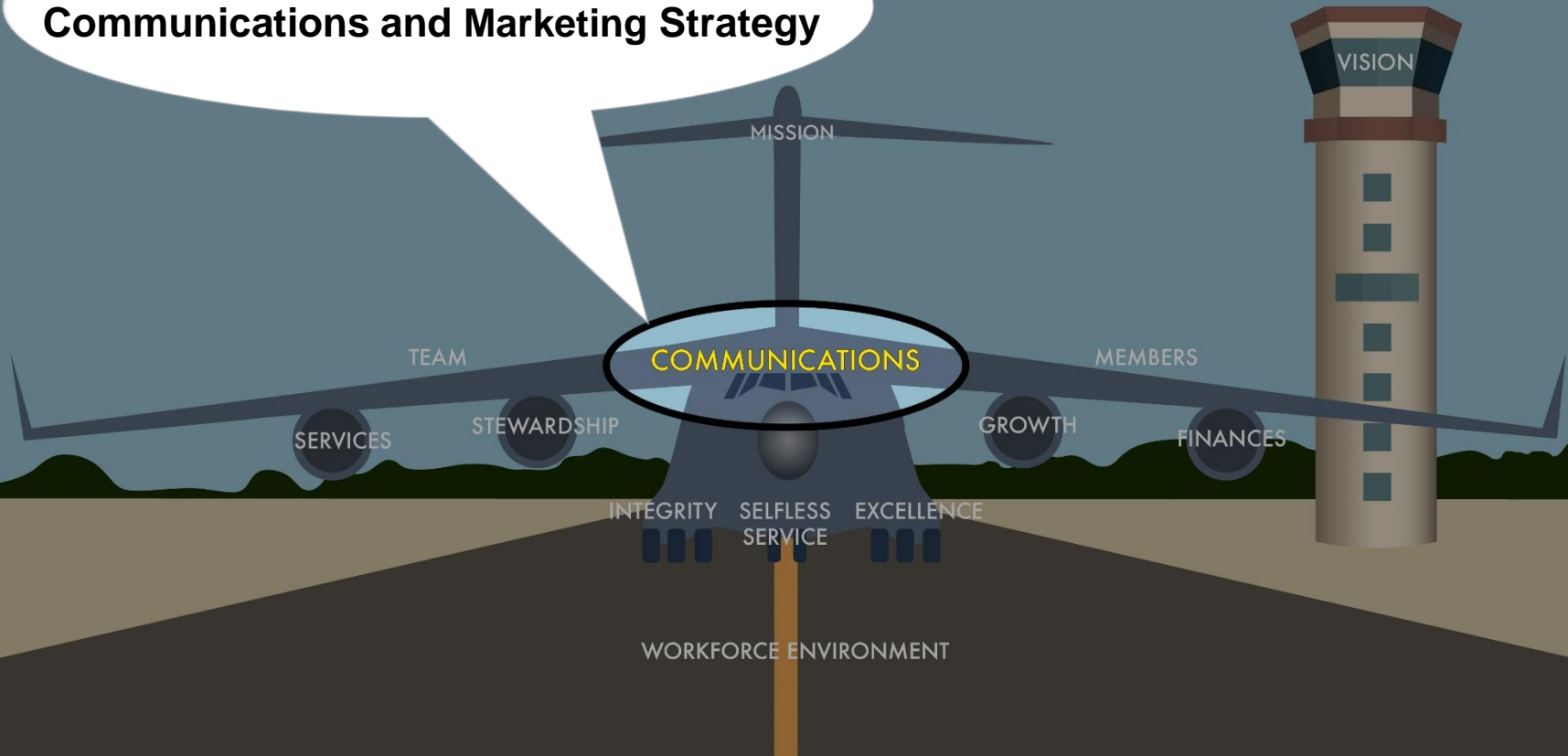


JOINT STRATEGIC PLAN COMMUNICATIONS



JOINT STRATEGIC PLAN COMMUNICATIONS

**Implement a Joint Comprehensive
Communications and Marketing Strategy**



JOINT STRATEGIC PLAN

TEAM MEMBERS



JOINT STRATEGIC PLAN

TEAM MEMBERS



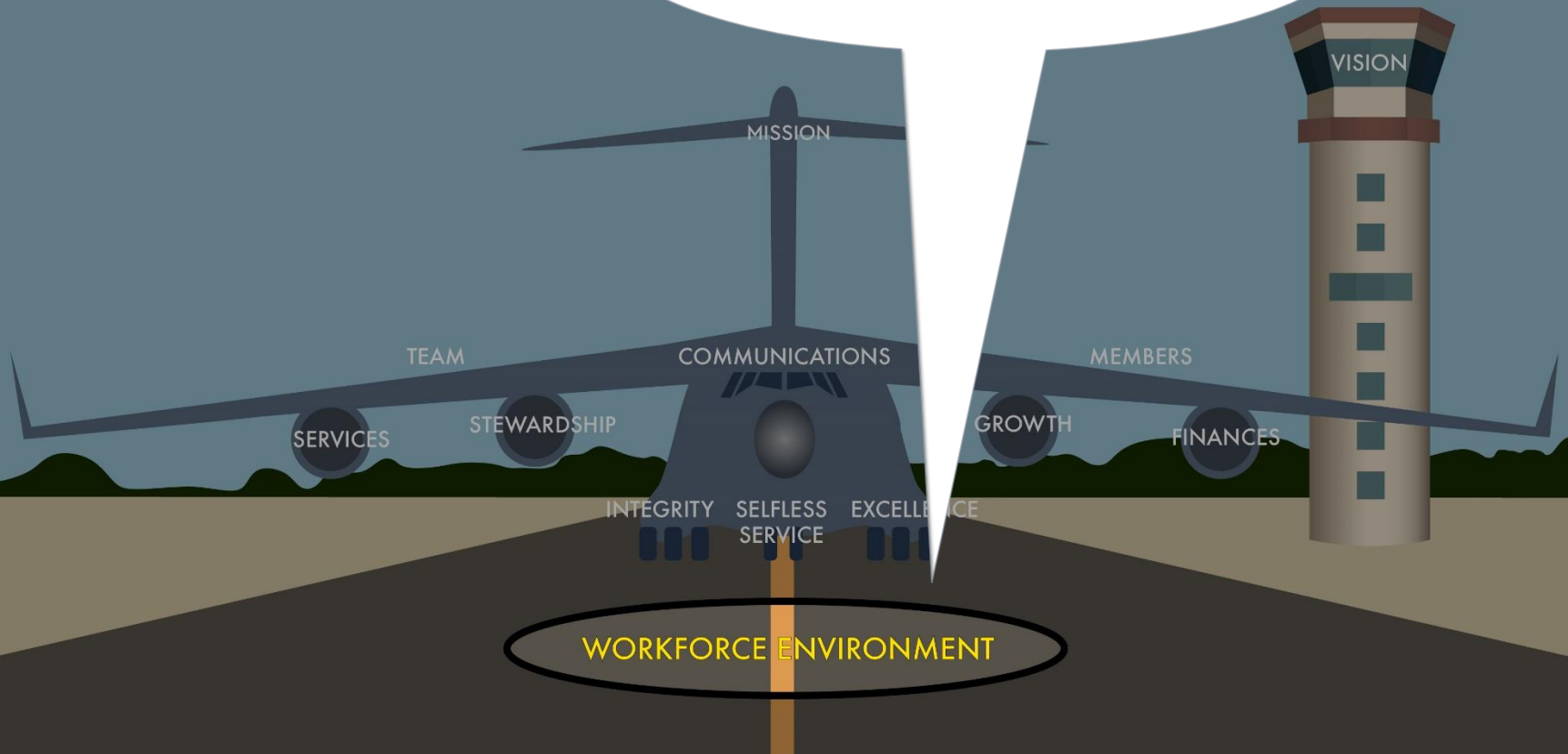
JOINT STRATEGIC PLAN

WORKFORCE ENVIRONMENT



JOINT STRATEGIC PLAN WORKFORCE ENVIRONMENT

**Provide Employees with Safe,
Welcoming Workplace Environment
that Fosters Innovation**



JOINT STRATEGIC PLAN

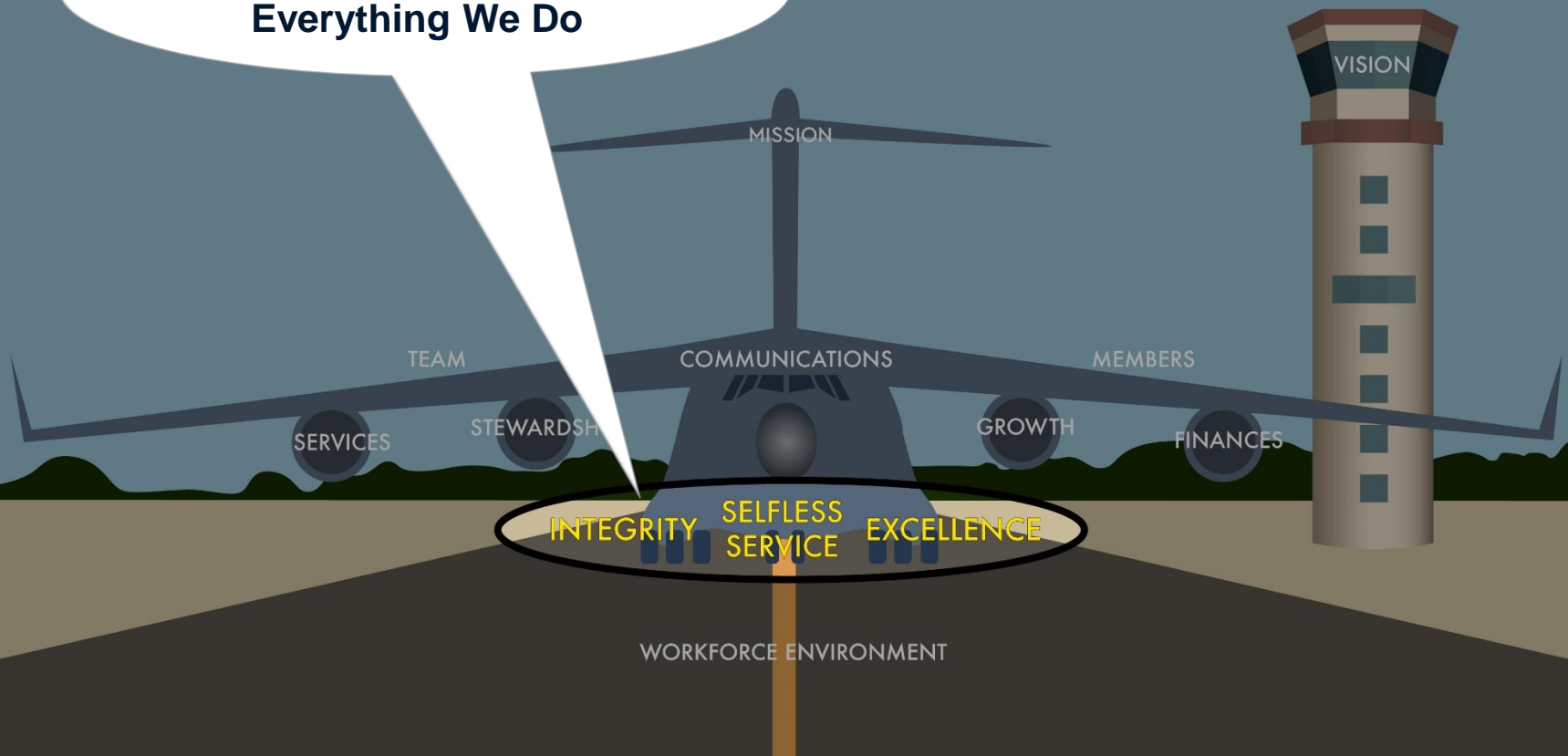
CORE VALUES



JOINT STRATEGIC PLAN

CORE VALUES

Exhibit USAF's Core Values in
Everything We Do



Discussion

Additional Topics

- **Northgate Visitors Center Update**
- **Grad Feedback – USAFA Issues (CRT, Honor, etc.)**
 - **AOG/AFAF Position**

CEO Monitoring Reports

2.5 Asset Protection

2.6 Investment Management

2.14 Annual Audit

All in Compliance



Membership for all Graduates

Courses of Action

Membership for all Graduates Courses of Action

- COA 1 - Continue to study recommendation pending resolution of hotel backstop and delta variant.
- COA 2 - Provide full membership to all graduates with equal benefits.
- COA 3 - Provide full membership to all graduates with equal benefits, and electronic Checkpoints.
- COA 4 - Provide full membership to all graduates with equal benefits, except printed Checkpoints.

Membership for all Graduates

Course of Action 1

- **Continue to study recommendation pending resolution of hotel backstop and delta variant**
 - Go/No-Go on bond offering expected in next 60 days.
 - If bond offering rejected, additional \$6 million available for investment calculations.
 - Delta Variant/potential shutdowns puts reunions, parent memberships, revenue generators at risk.
- Pros
 - Will have more knowledge on AOG financial situation.
- Cons
 - Delays membership plan.

Membership for all Graduates

Course of Action 2

- **Provide full membership to all graduates with equal benefits**
 - Voting for all members.
 - All members get printed checkpoints.
- Pros
 - All graduates are treated equally/no remnants of “preferences”.
- Cons
 - Increased Checkpoints cost - \$286,400 up to \$368,100 per year (four issues/year).
 - Impacts GAAP budgeting negatively by \$258,000 per year.

Membership for all Graduates

Course of Action 3

- **Provide full membership to all graduates with equal benefits, and electronic Checkpoints**
 - Voting for all members.
 - All members get electronic Checkpoints.
- Pros
 - Members treated the same.
 - Checkpoints cost reduces operating expenses by \$286,400.
- Cons
 - Impacts GAAP budgeting negatively by \$258,000 per year.
 - Paid life members have no exclusive benefits despite paying.

Membership for all Graduates Course of Action 4

- **Provide full membership to all graduates with equal benefits, except printed Checkpoints**
 - Voting for all members.
 - All former “paid life members” get printed checkpoints as long as it is printed.
- Pros
 - Checkpoints cost remains \$286,400.
 - Maintains GAAP budgeting at \$258,000 per year.
- Cons
 - Costs more than electronic version for all.

Membership for all Graduates

Recommendation

Course of Action 4

Provide full membership to all graduates with equal benefits, except printed Checkpoints

- Voting for all members.
- All former “paid life members” get printed checkpoints as long as it is printed.
- Pros
 - Checkpoints cost remains \$286,400.
 - Maintains GAAP budgeting at \$258,000 per year.
- Cons
 - Costs more than electronic version for all.
- Announcement in September Checkpoints – Board Chair column.
 - Implementation 1 October 2021.
- If more Board time required, then announcement in December Checkpoints – Board Chair column.
 - Implementation 1 January 2022.

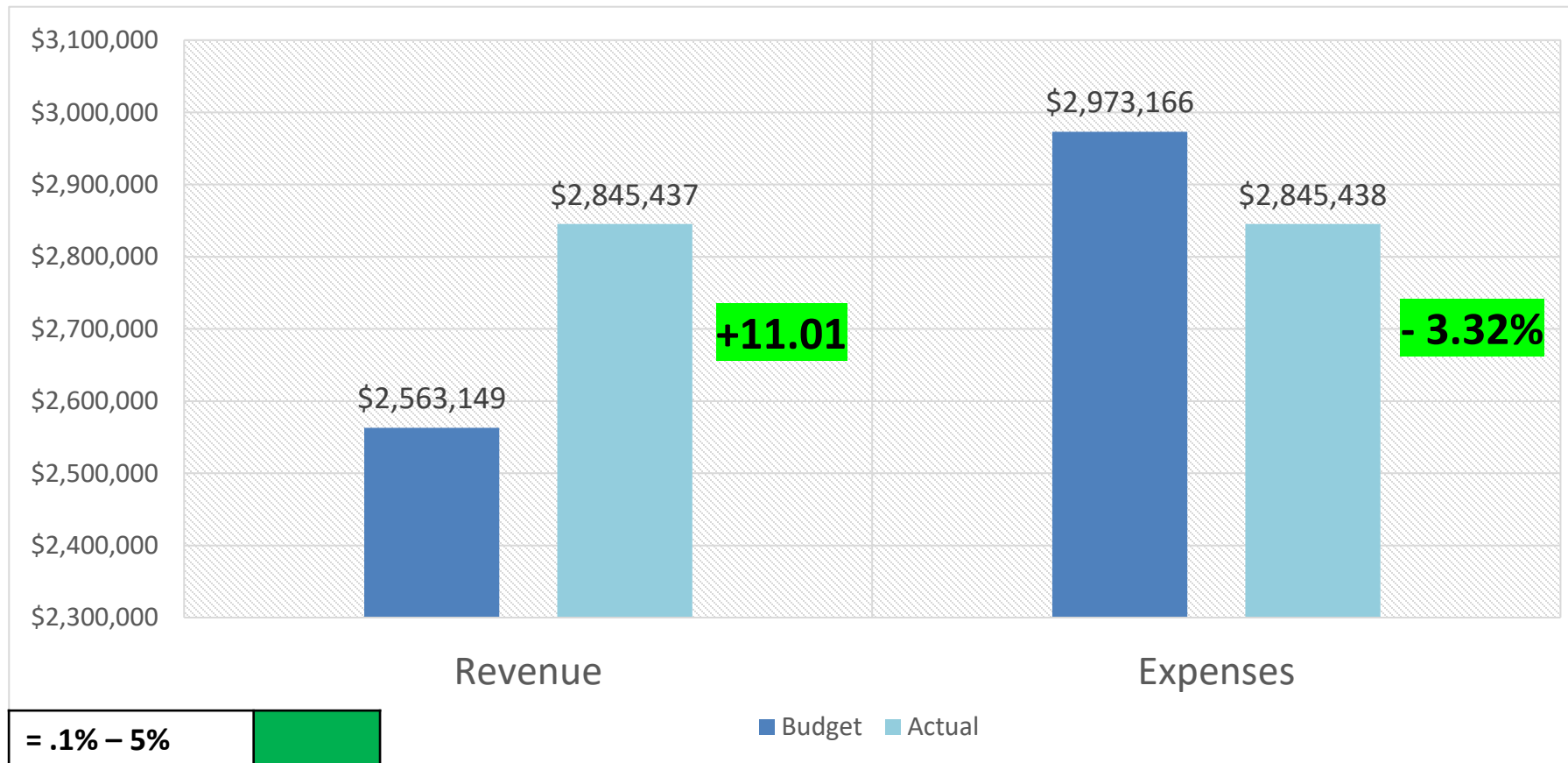
Quarterly Financial Update (*CFO Harwig*)

- There was a correction to the Current Fiscal Year and to the Prior Year to record a beneficial interest in the Moller Trust that the AOG has been the beneficiary of since 2007.
- . The prior year adjustment increased Assets under the Beneficial Interest in Trust and the beginning Unrestricted Net Assets by \$54,128,218.00 as of June 30, 2020 and to \$60,633,909 as of December 31, 2020.
- The value of the trust will be adjusted each year at year end after we receive updated values from the Trustee.
- The change in value will be reflected as revenue under a separate line item, Change in the Value of Beneficial Interest in Trust.

Quarterly Financial Update (*CFO Harwig*)

- Investment Returns have remained strong this fiscal year (YTD Realized/Unrealized Gain \$3,846,465)
- Increased Contributions from estate gift
- Merchandise sales remained strong – large increase in cadet saber sales and an increase in sales during Inprocessing
- COVID-19 restrictions led to cancellation of social gatherings impacting Activities and Social Events
- Expenses in line with budget overall
 - Many items below budget as travel & social events had not fully resumed in the 1st Quarter
 - Merchandise Cost of Sales higher resulting from increased sales
- Refunded Class of '10 fees from Class Gift donations

Quarterly Financial Update (*CFO Harwig*)



= .1% – 5%	
= 5.1% - 10%	
= Above 10.1%	

Investment Subcommittee Update

August 5, 2021

Investment Committee Report

Rod Hennek, Chairman

William Jennings, PhD

Kathleen Barchik

Glenn Strebe

Rusty Yerkes

Mike Gould, Ex-Officio

Martin Marcolongo, Ex-Officio

Jennifer Harwig, Ex-Officio

Investment Committee Report

- Rod Hennek, Class of '75, MBA
 - 35 experience in the Institutional Consulting Business
 - Founding Partner of the Atlanta Consulting Group Advisors, LLC
 - Investment Consultant with over \$17.5 billion under advisement
 - 65% of the client base are not for profit institutions
 - Sits on the Fifth Congressional District of Georgia U.S. Service Academy Selection Board for last 15 years

Investment Committee Report

- William W. Jennings, PhD, CFA, CPA
 - Member or chairman of various investment committees with assets over \$25 billion in pension and endowment funds including Air Force Aid Society, Falcon Foundation, Caring for Colorado Foundation, and Air Force Services NAD and NAF UK pension
 - Professor of Finance and Investments – U.S. Air Force Academy, overseeing instruction to over 1,000 cadets per year

Investment Committee Report

- Kathleen Barchik, Class of '89, MBA, CFA
 - Co-founder of Cliffwater LLC in 2004, a \$78 billion investment advisory firm focused on asset allocation and alternative investments
 - Investment consultant at Wilshire Associates for 10 years, focused on asset allocation, manager selection, portfolio construction, and performance analysis
 - Member of the Investment Committees at Air Force Aid Society and Falcon Foundation

Investment Committee Report

- Glenn Strebe, Class of '87, MBA
 - Air Academy Credit Union - \$700 Million in Assets
 - CEO 1998 – Present
 - COO 1995 – 1998
 - CFO 1993 – 1995
 - USAF
 - Director of Cost/Financial Analysis (USAFA 1992 – 1993)
 - Air Force Audit Agency (Peterson AFB 1987 – 1992)

Investment Committee Report

- Rusty Yerkes, PhD, CFA, FRM, CFP
 - Medical Properties Trust Fellow & Associate Professor of Finance Brock School of Business, Samford University
 - Teach various Finance courses at the undergraduate and graduate level
 - Serve on the Samford retirement committee overseeing defined benefit pension and defined contribution plan for 1,000+ employees



ACG Market Review

Second Quarter 2021

Global Highlights:

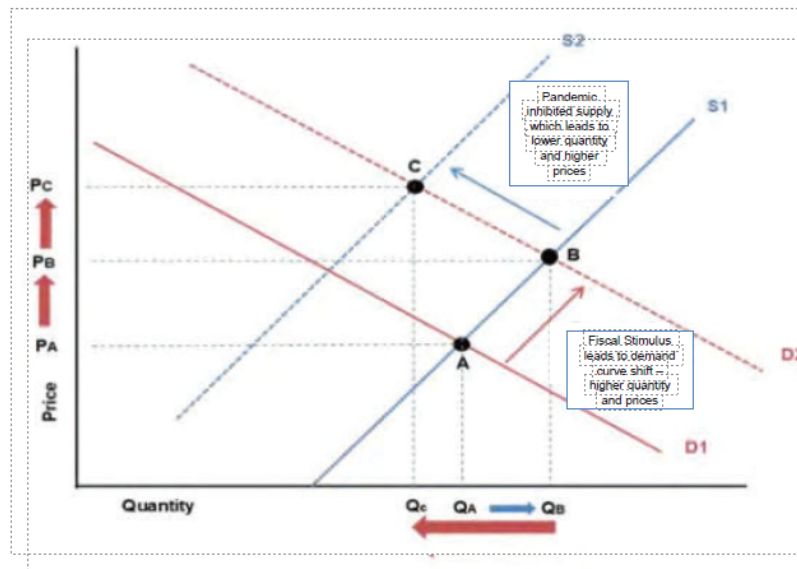
- **Economy** – Strong economic growth has led to inflationary pressures and economy wide shortages
- **Fixed Income** – The Federal Reserve has begun to communicate removal of monetary stimulus and higher interest rates as inflation surges to highest levels in more than a decade. 10-year yields remained range bound
- **Equities** – Large cap stocks reestablished their dominance as they outperformed both small-cap and international stocks. Earnings expectations are being revised higher as the economy continues to recover

Q2 2021: Economic Recovery Continues



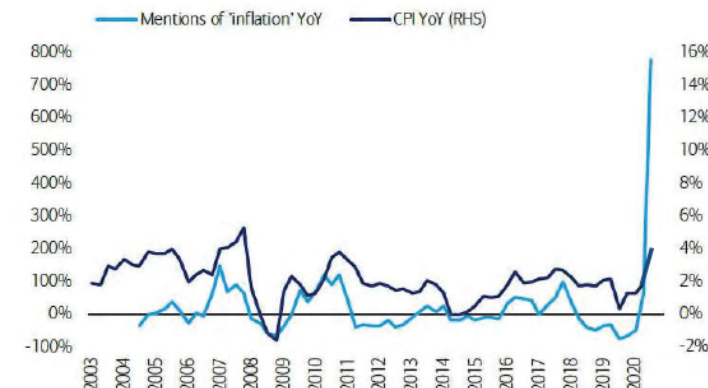
Prices on the Rise

Supply vs. Demand



- Massive fiscal stimulus and a re-opening of the economy increased demand (point A to point B) while factory shutdowns and supply chain disruptions shifted the supply curve (point B to point C). The combined effect of these two shifts resulted in a new equilibrium level with higher prices

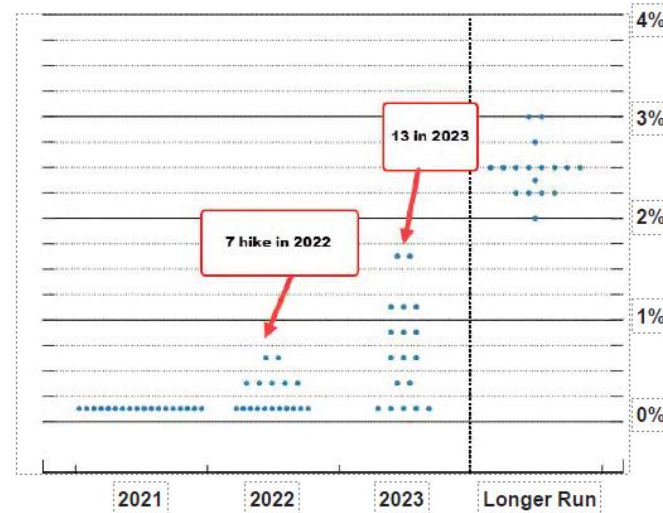
Mentions of "Inflation" on Earnings Calls
(S&P 500 Companies, Year-over-year Change)



- Corporations have expressed increased concern for inflation. The number of mentions of "inflation" during S&P 500 company earnings calls last quarter jumped 800% vs. a year ago. Many strategists worry that if inflation continues to increase it could cut into profits by reducing margins and eventually cause companies to raise prices

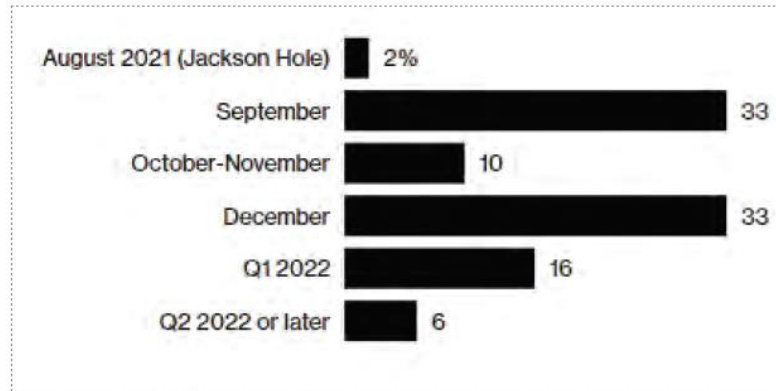
The Fed Starts to “Talk About Talking About Tapering”

Federal Reserve “Dot Plot” June 2021
(FOMC Member Expectations for Fed Funds Rate)



- The views of each FOMC member in regard to future Fed Funds rate levels, show little consensus. Seven expect rate hikes in 2022, an additional six see hikes in 2023 while some see rates near zero through 2023. Chairman Powell even pointed to the poor track record of the dot plot in his recent commentary

When Do You Expect Fed to Announce Tapering?
(Bloomberg Poll of Economists)



- At their most recent meeting the Federal Reserve also gave no indication as to when it will begin to taper its bond buying program. Chairman Powell did, however, admit that the Fed is beginning to discuss the issue at meetings

Strong Earnings Expected to Bring Valuations Down

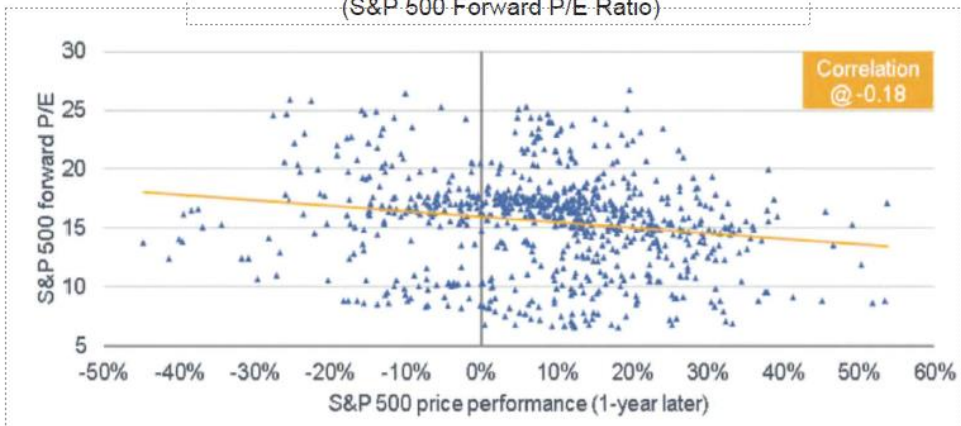
- S&P 500 operating earnings fell significantly following the pandemic in 2020. More recently earnings have stabilized and improved on a year-over-year basis. Consensus expectations is for significant earnings growth in 2021 and 2022 which is expected to bring currently elevated P/E ratios down to levels more in-line with historical averages

S&P 500 Forward P/E Ratio & Operating Earnings



- Some strategists have pointed to the high current P/E ratios as a reason to be nervous about future return prospects from U.S. equities. History, however, shows a distinct lack of a relationship between forward P/E ratios and 1 year forward returns. This data highlights the difficulty in timing markets

S&P 500 P/E Ratio vs. Subsequent Year Performance
(S&P 500 Forward P/E Ratio)



Short Term Account

Fund ID: 1001
Report Period: 01/31/2021 to 06/30/2021
Fiscal Year Ends: December

Page 1

Account Activity Summary: Total Fund

	Latest Month	Latest Quarter	From 01/31/21
Beginning Market Value	7,304,424	7,497,229	7,528,395
Contributions	0	5,448	5,448
Withdrawals	150,000	400,000	400,000
Net Flows	-150,000	-394,552	-394,552
Interest/Dividend Income	8,140	26,145	46,216
Gains/Losses	-16,662	17,080	-34,157
Total Earnings	-8,522	43,225	12,059

As of 06/30/21

Ending Market Value	7,145,902	7,145,902	7,145,902
Time Weighted Return	-0.12	0.59	0.17
Balanced Index	0.70	1.83	-0.89

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

07/26/21

Fund returns are gross of management fees

All returns include the effects of all principal change and income, and returns for longer than one year are annualized

Total Fund Balanced Index: Monthly average asset mix allocations, Report period average asset mix allocation detailed below

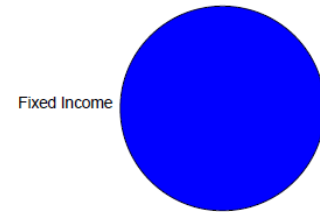
01/31/21 - 06/30/21 100% BB Aggregate

Short Term Account

Fund ID: 1001
Report Period: 01/31/2021 to 06/30/2021
Fiscal Year Ends: December

Page 2

Portfolio Composition



Account Activity Summary

	Latest Month
Beginning Market Value	7,304,424
Contributions	0
Withdrawals	(150,000)
Net Flows	(150,000)
Earned Income	8,140
Gains/Losses	(16,662)
Total Earnings	(8,522)
Ending Market Value	7,145,902

Performance Summary

	Inception Date	Market Value	% of Total	Target	Latest Month	Latest Quarter	Since Inception
Total Fund	01/31/21	7,145,902	100.00		-0.12	0.59	0.17
Balanced Index					0.70	1.83	-0.89
Fixed Income	01/31/21	7,145,902	100.00		-0.12	0.59	0.17
BB Aggregate					0.70	1.83	-0.89

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis
Fund returns are gross of management fees
All returns include the effects of all principal change and income, and returns for longer than one year are annualized
Current Policy Mix is based upon report period average asset mix allocations
Total Fund Balanced Index: Monthly average asset mix allocations, Report period average asset mix allocation detailed below
01/31/21 - 06/30/21 100% BB Aggregate

07/26/21

Short Term Account

Fund ID: 1001
Report Period: 01/31/2021 to 06/30/2021
Fiscal Year Ends: December

Page 4

Time Weighted Returns with Allocation Summary: Total Fund

	Market Value	% of Total	Latest Month	Latest Quarter	Since Inception
Total Fund (01/31/21)	7,145,902	100.00	-0.12	0.59	0.17
Balanced Index			0.70	1.83	-0.89
Fixed Income (01/31/21)	7,145,902	100.00	-0.12	0.59	0.17
BB Aggregate			0.70	1.83	-0.89
Vanguard ST Bond (01/31/21)	5,801,019	81.18	-0.14	0.69	0.16
Vanguard UST Bnd (01/31/21)	1,344,883	18.82	0.00	0.15	0.25

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

Fund returns are gross of management fees

All returns include the effects of all principal change and income, and returns for longer than one year are annualized

Total Fund Balanced Index: Monthly average asset mix allocations, Report period average asset mix allocation detailed below

01/31/21 - 06/30/21 100% BB Aggregate

07/26/21

Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
Fiscal Year Ends: December

Page 1

Account Activity Summary: Total Fund

	Latest Month	Latest Quarter	Fiscal Yr to Date	Cal Yr to Date	Latest 1 Year	Latest 3 Years	Latest 5 Years	From 10/31/03
Beginning Market Value	52,082,841	49,286,696	44,979,584	44,979,584	37,280,591	40,061,556	38,856,593	8,198,683
Contributions	0	4,616,475	6,922,487	6,922,487	8,102,485	15,234,308	43,204,313	228,576,938
Withdrawals	0	4,549,407	4,549,407	4,549,407	6,448,662	18,832,411	56,318,050	226,196,014
Net Flows	0	67,068	2,373,080	2,373,080	1,653,823	-3,598,103	-13,113,737	2,380,924
Interest/Dividend Income	93,153	113,397	270,547	270,547	1,750,104	5,354,349	8,307,732	18,884,893
Gains/Losses	795,221	3,504,054	5,348,004	5,348,004	12,286,697	11,153,413	18,920,627	23,506,715
Total Earnings	888,374	3,617,451	5,618,551	5,618,551	14,036,801	16,507,762	27,228,359	42,391,608

As of 06/30/21

Ending Market Value	52,971,215	52,971,215	52,971,215	52,971,215	52,971,215	52,971,215	52,971,215	52,971,215
Time Weighted Return	1.71	7.47	12.01	12.01	37.62	13.57	14.09	7.79
Balanced Index	0.89	6.48	10.85	10.85	29.64	10.50	10.31	7.04

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

Fund returns are gross of management fees

All returns include the effects of all principal change and income, and returns for longer than one year are annualized

Total Fund Balanced Index: Policy allocations

10/31/03 - 12/31/14 35% S&P 500, 30% MSCI EAFE -Net, 3% MSCI EM - Gross, 21% BB Aggregate, 11% HFRI Fnd of Fnds

12/31/14 - 06/30/21 30% S&P 500, 5% Alerian MLP, 30% MSCI EAFE -Net, 5% MSCI EM - Gross, 15% BB Aggregate, 10% HFRI Fnd of Fnds, 5% NAREIT All REIT

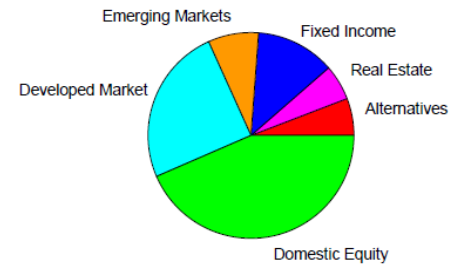
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Portfolio Composition



Account Activity Summary

	Latest Month	Fiscal Yr to Date
Beginning Market Value	52,082,841	44,979,584
Contributions	0	6,922,487
Withdrawals	0	(4,549,407)
Net Flows	0	2,373,080
Earned Income	93,153	270,547
Gains/Losses	795,221	5,348,004
Total Earnings	888,374	5,618,551
Ending Market Value	52,971,215	52,971,215

Performance Summary

	Inception Date	Market Value	% of Total	Target	Latest Month	Latest Quarter	Fiscal Yr to Date	Cal Yr to Date	Latest 1 Year	Latest 3 Years	Latest 5 Years	Since Inception
Total Fund	10/31/03	52,971,215	100.00		1.71	7.47	12.01	12.01	37.62	13.57	14.09	7.79
Policy Allocation Index					0.89	6.48	10.85	10.85	29.64	10.50	10.31	7.04
Average Allocation Index					0.99	6.36	10.32	10.32	31.53	12.78	13.08	8.21
Domestic Equity	10/31/03	23,032,652	43.48		3.48	10.60	17.83	17.83	50.19	20.78	21.57	11.53
S&P 500					2.33	8.55	15.25	15.25	40.80	18.68	17.65	10.51
Developed Market	10/31/03	13,114,935	24.76		-0.04	6.79	11.39	11.39	45.30	11.89	14.17	7.71
MSCI EAFE - Net					-1.12	5.17	8.83	8.83	32.35	8.26	10.27	6.73
Emerging Markets	01/31/11	4,207,795	7.94		0.22	4.53	7.45	7.45	43.72	15.16	16.87	5.13
MSCI EM - Gross					0.21	5.12	7.58	7.58	41.37	11.66	13.43	4.84
Fixed Income	12/31/05	6,574,618	12.41		0.38	1.47	-1.16	-1.16	0.01	4.28	2.81	4.25
BB Aggregate					0.70	1.83	-1.60	-1.60	-0.33	5.34	3.03	4.23
Real Estate	10/31/03	2,949,298	5.57		2.48	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NAREIT All REIT					2.74	11.71	21.19	21.19	34.24	11.49	8.04	9.50
Alternatives	11/30/03	3,091,917	5.84		0.40	3.42	5.20	5.20	13.48	4.38	N/A	N/A
HFRI Fnd of Fnds					0.30	2.68	4.76	4.76	18.07	6.25	6.08	3.75

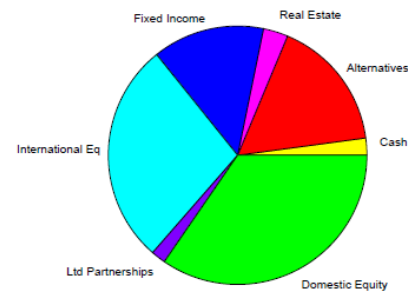
Total Account

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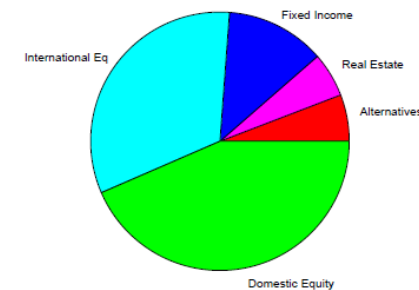
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Policy Versus Actual Asset Allocation Comparison

Current Policy Allocation



Current Asset Allocation



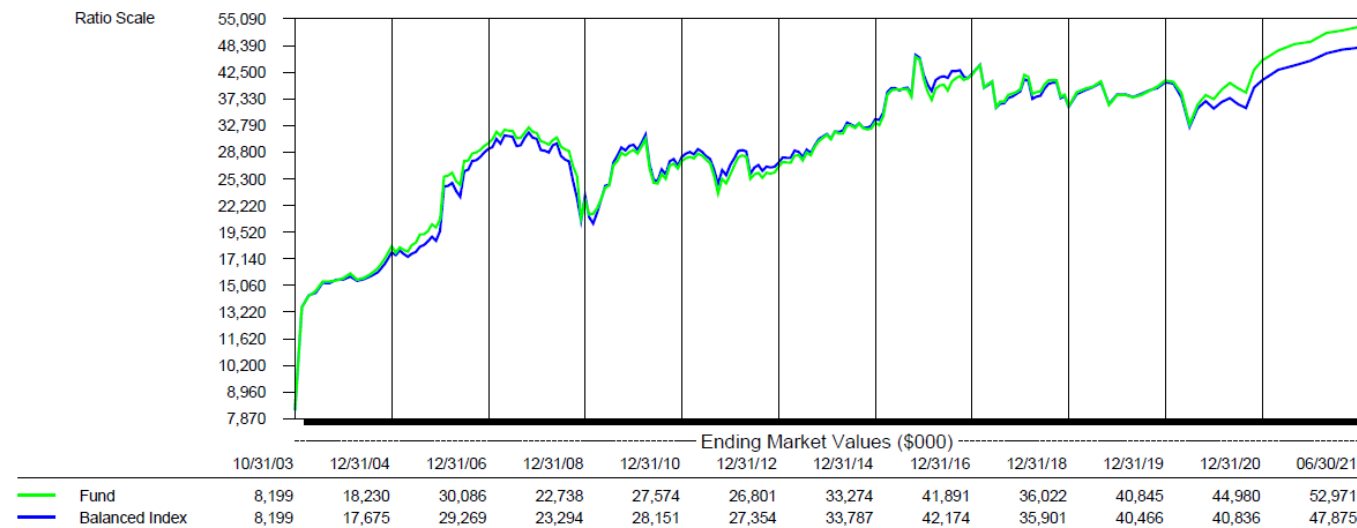
	Market Value	% of Total		Market Value	% of Total	Policy MV - Current MV	Policy Allocation - Current Allocation
Domestic Equity	18,322,743	34.59	Domestic Equity	23,032,652	43.48	-4,709,909	-8.89
Ltd Partnerships	964,076	1.82	Ltd Partnerships	0	0.00	964,076	1.82
International Eq	14,731,295	27.81	International Eq	17,322,730	32.70	-2,591,435	-4.89
Fixed Income	7,410,673	13.99	Fixed Income	6,574,618	12.41	836,055	1.58
Real Estate	1,642,108	3.10	Real Estate	2,949,298	5.57	-1,307,190	-2.47
Alternatives	8,766,736	16.55	Alternatives	3,091,917	5.84	5,674,819	10.71
Cash	1,133,584	2.14	Cash	0	0.00	1,133,584	2.14
Total Fund	52,971,215	100.00	Total Fund	52,971,215	100.00		

Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
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Portfolio Growth Comparison: Total Fund



Fund data is on a trade date basis and income is included in the data presented on an accrual basis

07/26/21

Fund data is gross of management fees

Index Market Value growth represents monthly fund market values if the fund had grown at the Index rate of return

Total Fund Balanced Index: Policy allocations

10/31/03 - 12/31/14 35% S&P 500, 30% MSCI EAFE -Net, 3% MSCI EM - Gross, 21% BB Aggregate, 11% HFRI Fnd of Fnds

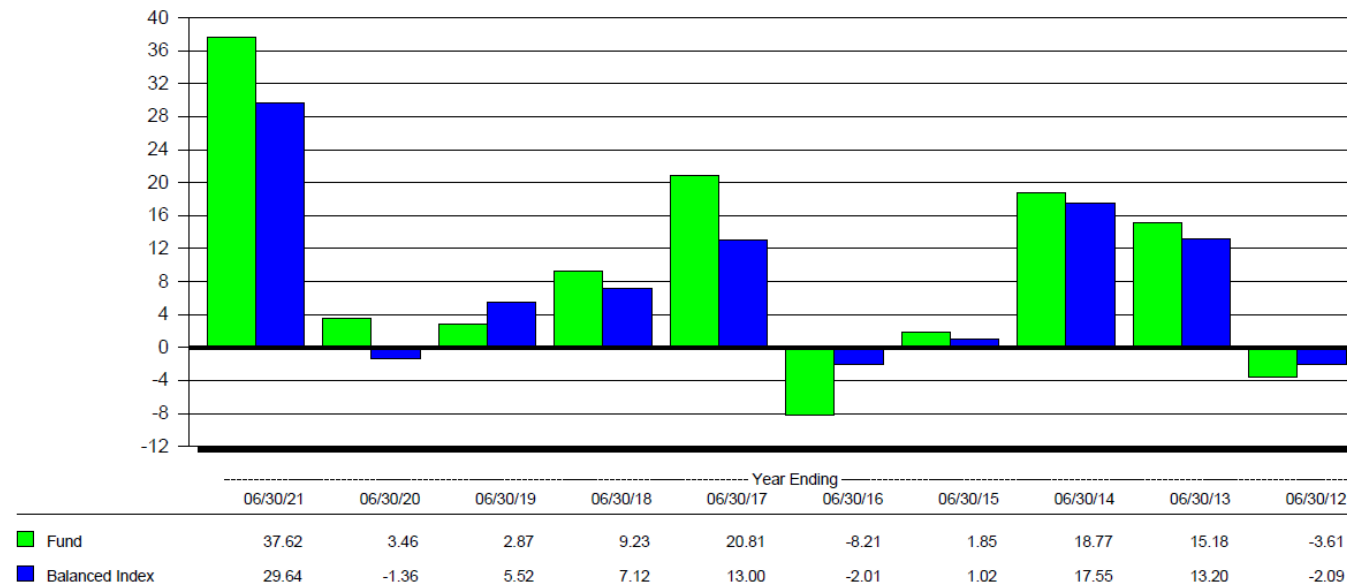
12/31/14 - 06/30/21 30% S&P 500, 5% Alerian MLP, 30% MSCI EAFE -Net, 5% MSCI EM - Gross, 15% BB Aggregate, 10% HFRI Fnd of Fnds, 5% NAREIT All REIT

Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
Fiscal Year Ends: December

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Annual Time-Weighted Returns: Total Fund



Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

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Fund returns are gross of management fees

Rates of returns include the effects of all principal change and income

Total Fund Balanced Index: Policy allocations

10/31/03 - 12/31/14 35% S&P 500, 30% MSCI EAFE -Net, 3% MSCI EM - Gross, 21% BB Aggregate, 11% HFRI Fnd of Fnds

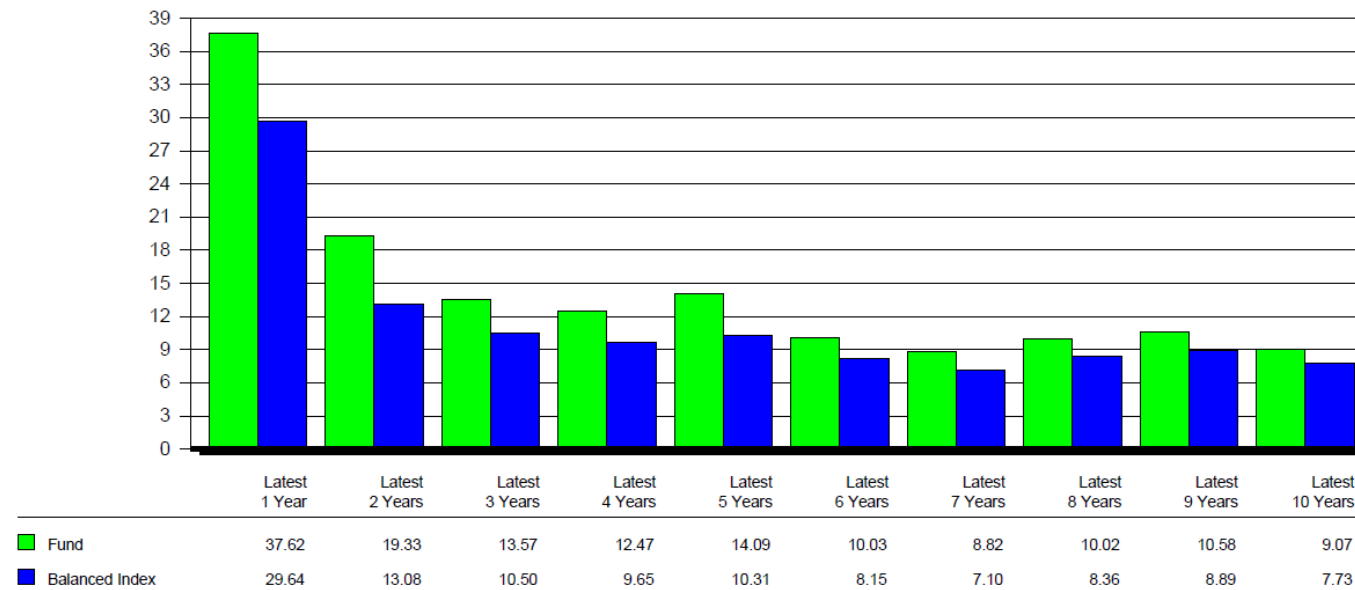
12/31/14 - 06/30/21 30% S&P 500, 5% Alerian MLP, 30% MSCI EAFE -Net, 5% MSCI EM - Gross, 15% BB Aggregate, 10% HFRI Fnd of Fnds, 5% NAREIT All REIT

Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
Fiscal Year Ends: December

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Cumulative Time-Weighted Returns: Total Fund



Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

Fund returns are gross of management fees

Returns for longer than one year are annualized

Rates of returns include the effects of all principal change and income

Total Fund Balanced Index: Policy allocations

10/31/03 - 12/31/14 35% S&P 500, 30% MSCI EAFE -Net, 3% MSCI EM - Gross, 21% BB Aggregate, 11% HFRI Fnd of Fnds

12/31/14 - 06/30/21 30% S&P 500, 5% Alerian MLP, 30% MSCI EAFE -Net, 5% MSCI EM - Gross, 15% BB Aggregate, 10% HFRI Fnd of Fnds, 5% NAREIT All REIT

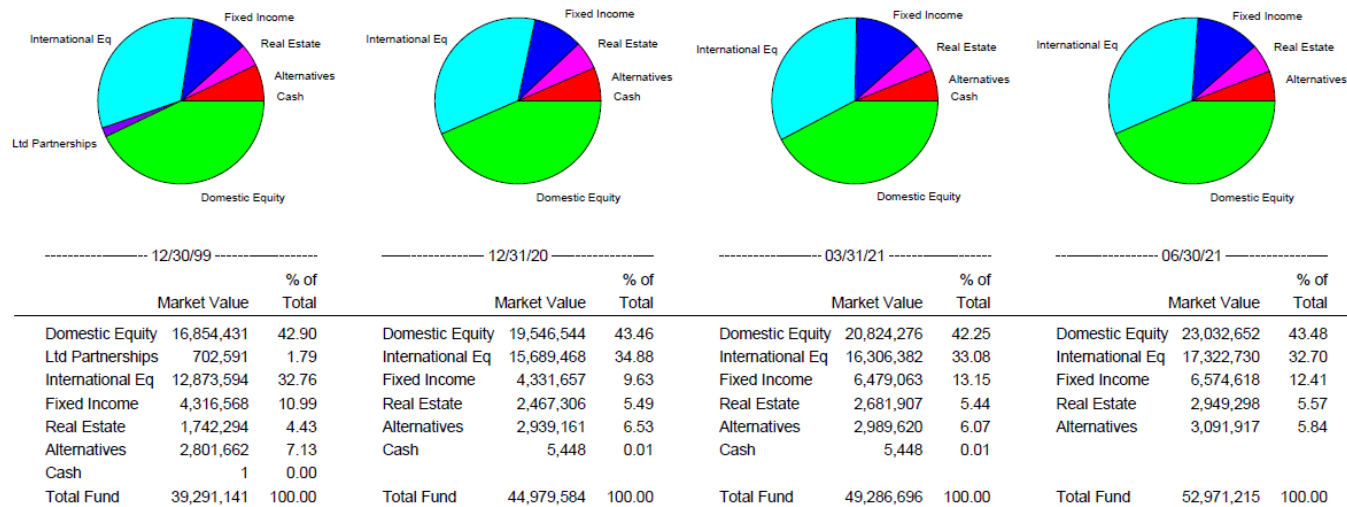
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Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
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Changes in Asset Composition: Total Fund



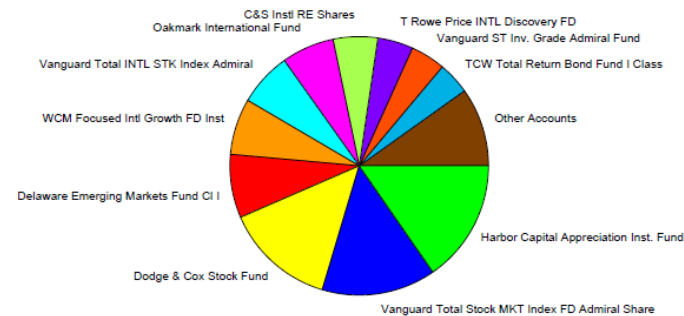
Total Account

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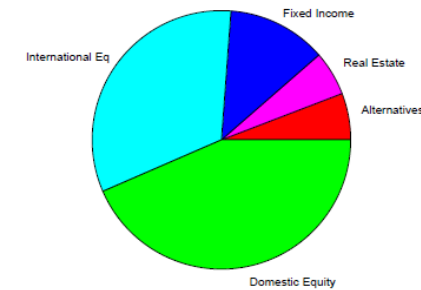
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Asset Composition By Account and Asset Segment

By Account



By Asset Segment



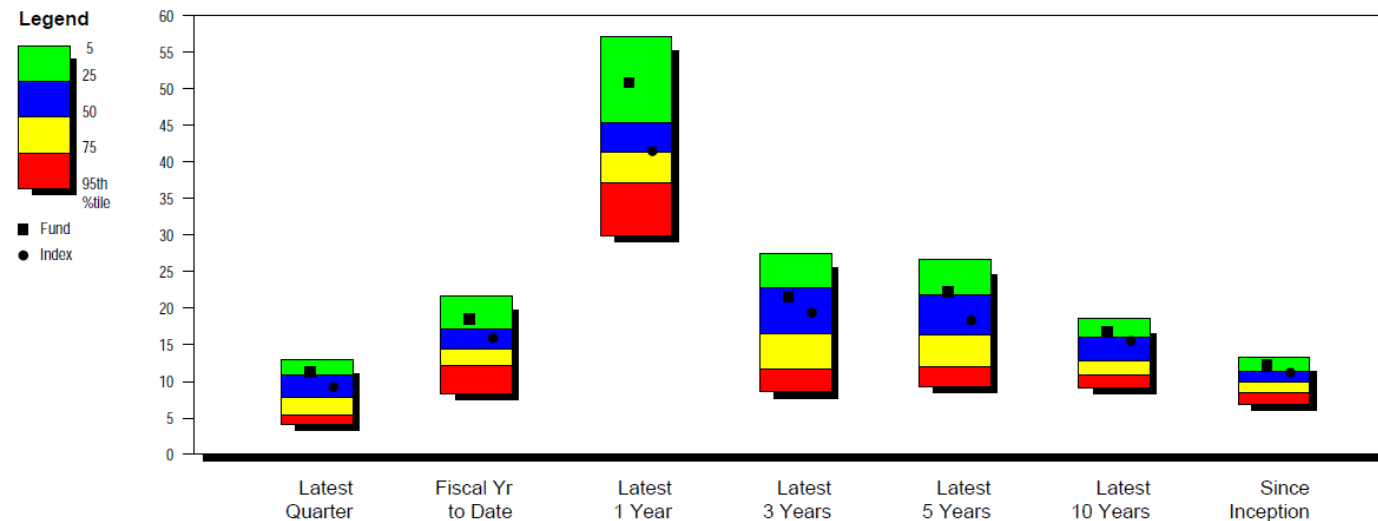
	Market Value	% of Total		Market Value	% of Total
Harbor Capital Appreciation Inst. Fund	8,133,611	15.35	Domestic Equity	23,032,652	43.48
Vanguard Total Stock MKT Index FD Admira	7,554,215	14.26	International Eq	17,322,730	32.70
Dodge & Cox Stock Fund	7,344,826	13.87	Fixed Income	6,574,618	12.41
Delaware Emerging Markets Fund CI I	4,207,795	7.94	Real Estate	2,949,298	5.57
WCM Focused Intl Growth FD Inst	3,723,991	7.03	Alternatives	3,091,917	5.84
Vanguard Total INTL STK Index Admiral	3,554,540	6.71			
Oakmark International Fund	3,485,105	6.58			
C&S Intl RE Shares	2,949,298	5.57			
T Rowe Price INTL Discovery FD	2,351,299	4.44			
Vanguard ST Inv. Grade Admiral Fund	2,309,552	4.36			
TCW Total Return Bond Fund I Class	2,134,882	4.03			
Other Accounts	5,222,101	9.86			
Composite Account	52,971,215	100.00	Total Fund	52,971,215	100.00

Total Account

Fund ID: 1000
Report Period: 10/31/2003 to 06/30/2021
Fiscal Year Ends: December

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Universe Comparison for Fiscal Periods: Domestic Equity Equity Returns: 100% Equity



Domestic Equity

Rate of Return	10.60	17.83	50.19	20.78	21.57	16.16	11.53
Percentile	28	22	13	36	28	25	23

S&P 500

Rate of Return	8.55	15.25	40.80	18.68	17.65	14.84	10.51
Percentile	44	42	53	45	47	38	41

Fund data is on a trade date basis and income is included in the fund returns on an accrual basis

Fund returns are gross of management fees

Returns for longer than one year are annualized

Rates of returns include the effects of all principal change and income

GreenHill Universe Comparisons use fund data provided by Morningstar. Universe calculations performed by GreenHill.

Selected GreenHill Universe: Large Cap Growth/Value

The Universe components are Large Cap Growth, Large Cap Value.

The number of equity funds ranges from 832 to 2325

07/26/21

COMMITTEES OF THE BOARD

The AOG Board of Directors has approved the following list of Committees of the Board and their membership for the 2021-2023 Board terms. Colorado law requires that committee membership be approved by the Board of Directors and membership may be modified throughout the term. Members are actively encouraged to volunteer.

Audit Committee *(Bylaws-directed Standing Committee; chair must be a director; normally includes an additional director and other AOG members; may have non-grad member with Board approval; size determined by Board; one member should be CPA)*

Voting Members

Brian Bishop '83 (Chair)

Mark Mavity '84

Barry Blackman '65 (Non-Director; CPA)

Jack Fry '67 (Non-Director)

Non-Voting Members

Jennifer Harwig, CFO

Finance and Investment Committee *(Bylaws-directed Standing Committee; Board Treasurer is chair; must have at least one more director; members must be AOG members; size determined by Board)*

Voting Members

Glenn Strebe '87 (Chair)

Garry Dudley '68

Andrew Hendel '09

Non-Voting Member

Jennifer Harwig, CFO

Investment Subcommittee *(At least one board member and no more than four others approved by Finance & Investment Committee)*

Voting Members

Rod Hennek '75 (Chair)

Glenn Strebe '87

Kathleen Barchick '89 (Non-Director)

Rustin Yerkes '96 (Non-Director)

Bill Jennings, USAFA/DFM (Non-Director)

Non-Voting Member

Mike Gould '76, CEO

Jennifer Harwig, CFO

Nominating Committee *(Bylaws-directed Standing Committee; must have 2 directors, one of whom will chair; must have 5 non-directors who are graduate AOG members)*

Voting Members

Mark Volcheff '75 (Chair)
Hans Mueh '66
Kendra Lowe '01
Emma Przybyslawski '10
Betsy Pimentel '80 (Non-Director)
Tara Nolan '94 (Non-Director)
Chris Mulder '01 (Non-Director)
Michelle Ruehl '03 (Non-Director)
Santos Miller '13 (Non-Director)

Governance Committee *(Bylaws-directed Standing Committee; must be chaired by Board vice chair; have at least 2 additional directors; members must be graduate AOG members; size and composition determined by Board)*

Voting Members

Will Gunn '80 (Chair)
Mark Volcheff '75
Ginny Tonneson '80
Dennis Dabney '89
Nancy Taylor '01
Joseph Bledsoe '11

Heritage and Traditions Committee *(Bylaws-directed Standing Committee; must have at least 2 directors, one of whom is the chair; size and composition determined by Board; other members must be graduates, ideally from each decade)*

Voting Members

Brian Bishop '83 (Chair)
Hans Mueh '66
Kendra Lowe '01
Nancy Taylor '01
Mark Ewig, '70 (Non-Director)
Tom Hayden '74 (Non-Director)
John Weida '78 (Non-Director)
Steve Mueller '79 (Non-Director)
Heidi Schlagheck '03 (Non-Director)

Awards and Recognition Committee *(Other Standing Committee; Chair and 4 members must be directors; 2 other members from graduate community)*

Voting Members

Nancy Taylor '01 (Chair)
Randy Helms '79
Mark Mavity '84
Kendra Lowe '01
Joseph Bledsoe '11
Robin Wright '96 (Non-Director)
Kathleen Rock '98 (Non-Director)

Distinguished Graduate Award *(Other Standing Committee; Board appoints chairman; AOG identifies other members in conjunction with USAFA)*

Hans Mueh '66 (Chair)
Emma Przybyslawski '10

Strategic Focus Committee

Dennis Dabney '89 (Chair)
Garry Dudley '68
Will Gunn '80
Brian Bishop '83
Andrew Hendel '09
Emma Przybyslawski '10
Joseph Bledsoe '11

AOG Board Liaison

Bob Lowe '71

Joint Strategic Planning Committee *(2 members from each Board; AOG initially chairs)*

Voting Members

Garry Dudley '68 (Chair)
Dennis Dabney '89
Cheryl Shavers, (AFAF)
Sarah Marshall '93 (AFAF)

Non-Voting Member

Mike Gould '76, CEO

Joint Resolution Committee *(2 Board chairs + 2 members from each Board; AFAF initially chairs)*

Voting Members

Bob Lowe '71

Hans Much '66

Ginny Tonneson '80

Jack Kucera '78 (AFAF)

Bart Holaday '65 (AFAF)

Dick Schlossberg '65 (AFAF)

Non-Voting Member

Mike Gould '76, CEO

Joint Finance Committee *(2 Board treasurers + 2 members from each Board; co-chaired)*

Voting Members

Glenn Strebe '87 (Co-Chair)

Mark Volcheff '75

Andrew Hendel '09

Jerry Bruni '70 (AFAF)

Ted Legasey '67 (AFAF)

Tanner Doss '09 (AFAF)

Non-Voting Member

Mike Gould '76, CEO

Joint CEO Evaluation and Compensation Committee *(3 members from each Board; AOG initially chairs)*

Voting Members

Glenn Strebe '87 (Chair)

Dennis Dabney '89

Nancy Taylor '01

Steve MacLeod '91 (AFAF)

Bill Clohan '70 (AFAF)

Alex Gilbert '87 (AFAF)

Hotel Task Force

Glenn Strebe '87 (Chair)

Randy Helms '79

Andrew Hendel '09

Marty Marcolongo '88, President/COO

FYI from the Finance and Investment Committee

Financial Management and Investment Policy Possible Change

Existing Policy Allocations			
	Minimum	Strategic Target	Maximum
US Equities	10%	30.00%	50.00%
Commodities	0.00%	0.00%	10.00%
International Equities	10.00%	30.00%	50.00%
Emerging Markets Equities	0.00%	5.00%	10.00%
REITs/Real Estate	0.00%	5.00%	15.00%
US Fixed Income	5.00%	10.00%	20.00%
Alternatives	0.00%	15.00%	20.00%
MLPs	0.00%	5.00%	10.00%
Other/Cash Equivalents	0.00%	0.00%	10.00%

Proposed Policy Allocations					
	Minimum	Strategic Target	Maximum	Delta Strat. Tgt.	Delta Maximum
Domestic Equity	N/A	42.50%	50.00%	12.5%	0.0%
International Equity	N/A	27.50%	50.00%	-2.5%	0.0%
Emerging Markets	N/A	5.00%	10.00%	0.0%	0.0%
REITs/Real Estate	N/A	5.00%	15.00%	0.0%	0.0%
Fixed Income	N/A	10.00%	25.00%	0.0%	5.0%
Absolute Return	N/A	5.00%	15.00%	-10.0%	-5.0%
Cash/Short term/Reserve	N/A	5.00%	20.00%	5.0%	10.0%

FYI from the Finance and Investment Committee

Financial Management and Investment Policy Possible Change

HIGHLIGHTS	• Commodities and Master Limited Partnerships (MLPs think energy) are eliminated			
	• Cash/Short-term/Reserve will combine the short-term portfolio and AOG reserve into one category			
	• All minimums are dropped in proposed			
NARRATIVE	• US Equities (Domestic Equity) target goes from 30% to 42.5%, max is same			
	• Commodities removed			
	• International Equities (International Equity) target goes from 30% to 27.5%, max is same			
	• Emerging Markets Equities (Emerging Markets) target is same, max is same			
	• REIT/Real Estate target is same, max is same			
	• US Fixed Income (Fixed Income) target is same, max increases from 20% to 25%			
	• Alternatives (Absolute Return) target drops from 15% to 5%, max drops from 20% to 15%			
	• Master Limited Partnerships removed			
	• Other/Cash Equivalents (Cash/Short term/Reserve) target goes from 0% to 5%, max goes from 10% to 20%			