



## **BOARD OF DIRECTORS MEETING**

22 October 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; Randy Helms '79, President, Class Advisory Senate; Brian Bishop '83; Mark Mavity '84; Dennis Dabney '89; Nancy Taylor '01; Kendra Lowe '01; Andrew Hendel '09; Joseph Bledsoe III '11.

**Board Member Present via Videoconference:** Emma Przybyslawski '10.

**Board Members Absent:** Mark Volcheff '75.

**AOG Staff Present:** Mike Gould '76, CEO; Mark Hille '97, AOG/AFAF President; Corrie Grubbs, Interim Executive Vice President; Jennifer Harwig, CFO; Naviera Walkewicz '99, Vice President, Strategy and Business Development; Wyatt Hornsby, Vice President of Marketing and Communication (AFAF and AOG); Emma Ross, Executive Assistant; Nick Johannsen, Web Developer; Tony Capistrano, IT Support Specialist; Jillian Wood, Special Assistant to the President and Board.

### **I. Call to Order/Chairman's Welcome**

Chair Lowe called the meeting to order at 8:00 a.m. MDT, on Friday, 22 October 2021.

### **II. Chair's Comments**

Chair Lowe discussed the dinner this evening with the AFA Foundation and our goal of doing what is best for graduates and cadets.

### **III. Consent Agenda**

The consent agenda included the 5 August 2021 Meeting Minutes (Attachment 1), 19 August 2021 E-Vote Minutes (Attachment 2), 23 August 2021 E-Vote Minutes (Attachment 3), and 14 September 2021 Special Meeting Minutes (Attachment 4).

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

### **IV. Agenda**

Chair Lowe discussed the agenda and our emphasis on a strategic focus.

MOTION: Director Tonneson moved and Director Helms seconded to approve the agenda. The motion was unanimously approved. The approved agenda can be found in Attachment 5.

MOTION: Director Mueh moved and Director Bledsoe seconded to go into executive session to discuss committee assignments, expectations, interactions with cadets, and the CEO contract.

## **V. Executive Session**

The Board went into executive session IAW Bylaws Article V Section 8 at 8:07 a.m. MDT.

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

## **VI. Open Session**

The Board went into open session at 8:44 a.m. MDT.

MOTION: The Heritage and Traditions Committee moved that Lt Col Matt Robinson '03 be a non-director member of the Heritage and Traditions Committee. John Weida will no longer be on the committee. The motion was unanimously approved. The revised committee listing can be found in Attachment 6.

MOTION: Director Strebe moved and Director Helms seconded that we adjust the travel reimbursement to reasonable expenses versus \$800.

Discussion: There was a short discussion about the control mechanism for Director travel expenses. President Hille will flag any questions he has. The motion was unanimously approved.

## **VII. Committee Updates**

### **a. Strategic Focus Committee**

Committee Chair Dabney provided an update on the work of the committee by reviewing the initial strategic imperatives which had been provided by VP Walkewicz. These included the voice of alumni, Long Blue Line pride, and strong partnerships. He talked about how AOG rebranding, membership for all, and alumni engagement tie into these strategic imperatives. The focus of our Board meeting in May will be the strategic plan and it will be informed by the data from the graduate survey the AOG is conducting this spring. He highlighted the importance of providing relevant services to our graduates as well as the importance of inclusiveness across multiple types of groups.

The group discussed the fact that membership for all graduates could potentially open up avenues for interaction with cadets. Chair Lowe stressed the importance of understanding the AOG's limitations in this regard. President Hille talked about the importance of the AOG having special status under Air Force regulations and the fact that they are currently working on that issue. Director Gunn commented that it would be valuable to have a formal legal opinion from the JAG and SECAF General Counsel on the matter, and that it would make sense to give them specific questions related to this. Chair Lowe asked President Hille and Interim EVP Grubbs to work with Director Gunn on the questions. On a related note, Chair Lowe asked the Governance Committee to check into how cadet membership is treated in the Bylaws.

Committee Chair Dabney noted that we did not need to wait for the results of the survey to begin working on the strategic initiatives. For example, we already have feedback from other sources concerning the importance of rebranding and engagement, and we can use those as starting points. VP Hornsby explained that we will have information from focus groups prior to May.

The conversation then turned to the long-term direction of the AOG and AFA Foundation Boards as far as whether the intent was to eventually move toward a single Board. A lengthy discussion ensued about the difference in governance models, organizational structures, and responsibilities of each Board, as well as the idea of having a joint executive committee. The discussion surrounding a joint executive committee included what impact it would have on the current joint committees and the difficulty in getting the existing committees to meet, as well as the need to update the Single CEO Agreement. Several Directors expressed their thoughts on whether the chairs of the two Boards should meet to discuss this issue, whether we should direct that an executive committee be formed now and folded into the revised document, or whether CEO Gould should propose changes first and we work from there. The end state we are trying to reach is that the two Boards work closely together. The discussion continued as to whether we wanted to make a resolution, garner a sense of the Board, or make a motion on this issue.

MOTION: Director Dudley moved and Director Helms seconded that we have an executive committee.

Discussion: Director Mueh noted that we needed a purpose and direction for the committee and that this needed to be a joint motion.

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

AMENDED MOTION: Director Dudley moved and Director Helms seconded that we form an executive committee with the intent to become a joint executive committee with the AFA Foundation to enhance the relationship between the two Boards.

Discussion: Several Directors discussed the purpose of the committee, what impact it would have on the other joint committees, and the fact that this might be a good first step toward a closer relation with the Boards of the other non-profits. President Hille showed a slide with the wording that came out of the AFA Foundation meeting talking about the relationship between the two Boards and guidance to rewrite the Single CEO Agreement. The motion was withdrawn and the discussion continued on how to ensure that the joint committees are accountable.

MOTION: Director Mavity moved and Director Bishop seconded that the AOG Board adopt the following statement: *The objective of the AOG Board is a closer relationship with the Foundation Board. [We] direct the CEO to provide a recommended update to [the] CEO Agreement with clear joint committee expectations and deliverables, to be approved by both Boards.*” The motion was unanimously approved.

The Directors then provided individual input on strategic imperatives. Chair Lowe noted that these ideas would be valuable as the AOG staff continues to discuss the way ahead and prepare for the focus groups and survey. Committee Chair Dabney then showed the group the USNA Alumni Association’s strategic plan with objectives, measures, and initiatives addressing diversity, organizational development and alumni services, physical plant and facilities, equipment and technology, engagement relevance and support, and financial security. The Strategic Focus Committee will take our ideas and overlay this template in preparation for the May Board meeting.

#### **b. Governance Committee**

Committee Chair Gunn discussed the proposed Bylaws changes related to membership for all graduates.

MOTION: The Committee moved that the Board amend Article II, Section 3 and Article III, Sections 1, 2, 3, 4, 8 and 9b of the Bylaws as shown in Attachment 7.

Discussion: In response to a question, Interim EVP Grubbs noted that families fall under Affiliate membership. Director Mavity was concerned with the elimination of the statement in the Bylaws discussing cadets, who are only mentioned in relation to the Life Membership at Graduation program. The group decided to retain the wording about cadets, but for the Governance Committee to re-examine this issue. The motion passed unanimously.

Chair Lowe assigned Governance Policy Chapter 2 for review.

**c. Finance and Investment Committee**

At the 5 August 2021 Board meeting Committee Chair Strebe provided the conceptual framework for changes in the Financial Management & Investment Policy (FMIP) to give it a more macro perspective. Based on that discussion, the committee updated the FMIP.

MOTION: The Finance and Investment Committee moved that the Board approve the changes to the Financial Management & Investment Policy as provided in Attachment 8. The motion was unanimously approved.

**d. Hotel Task Force**

This information was included in the CEO Update.

**e. Nominating Committee**

Director K. Lowe discussed the fact that they currently have a pool of about 50 individuals who are interested in serving on committees. They are looking at ways to identify the attributes of each individual so that they have a better way to match them to a committee. She then discussed the rationale behind the recommended changes to the Nominating Committee section of the Governance Policies.

MOTION: The Nominating Committee moved that the Board approve the following changes to the AOG Governance Policies (changes identified in red).

4.9.c.1.b.: “b. The members shall be AOG graduate members: **at least two** ~~one~~ additional Directors **s** and five non-Directors.”

4.9.c.1.c.: “c. A member who is a candidate **for AOG Board Director** may not serve on the Committee.”

The motion was unanimously approved.

**f. Other Committees**

The following committees provided their reports in advance of the meeting: Heritage and Traditions Committee, Awards and Recognition Committee, Joint Strategic Planning Committee, Joint Finance Committee, and Joint CEO Evaluation and Compensation Committee.

**VIII. Class Advisory Senate Update**

Director Helms thanked the AOG staff for setting up the CAS meeting last week. He summarized the points made by the Vice Commandant (guest speaker) concerning the focus on the fourth-class system by all upper-class cadets, the honor system, bringing

back traditions, and the excellent physical fitness of the cadets. He also talked about the AOG presentation on membership for all graduates. The CAS is well-informed on what is going on at the Academy and is getting the word out to classmates. Interim EVP Grubbs will put together a short update prior to the end of the year concerning membership for all so that we can be informed on how they are implementing it. Additionally, the AOG will forward the video that is being shown at reunions so that all Directors can see the messaging concerning membership for all.

## **IX. AOG Update**

### **a. CEO Review of AOG Performance**

CEO Gould talked about the current interim AOG structure and the Joint Strategic Plan that he previously had presented to the Board (Attachment 9). He highlighted the overarching goals of services, stewardship, growth, finances, and communications and showed stoplight charts on various aspects under each element. There was a brief discussion about the stoplight scoring and the idea of using it every quarter.

### **b. CEO Monitoring Reports**

CEO Gould reported compliance with the three required monitoring reports: 2.8 Compensation and Benefits, 2.10 Programs/Events/Services, and 2.12 Official Opinions or Recommendations. He noted the importance of 2.12 especially with the division within the country today.

### **c. North Gate Visitor Center**

CEO Gould provided the group with a reminder of the background and current status on the \$6 million backstop. He noted that five or six parties were very interested in buying bonds and that they expected the bonds would receive a BB Standard and Poor's rating, which should happen next week. Once the rating is in, the bond houses have 36 hours to finish offers to purchase. Closing of the bonds is set for 11 November. He anticipates that the earth movers should start by 15 November with a ribbon cutting sometime in May-June 2024.

### **d. Survey Process**

VP Walkewicz talked through the survey process which will involve senior stakeholder sessions (October 2021), focus groups (qualitative; December 2021-January 2022), a special AOG Board session (February 2022), and the survey (quantitative; March 2022). The AOG Board will use the results of this process during their May 2022 strategic planning session. There will be communication and marketing involved throughout the entire process, both internally and externally. The AOG has conveyed two non-negotiables to Marking Perceptions, the company that

will be conducting this research. The first is to ensure we understand our graduates in a diverse way, and the second is to ensure we do not divide the Long Blue Line. In response to a question about whether the survey should be expanded to include family members and USAFA friends, VP Walkewicz noted that this would be discussed during the upcoming senior stakeholder session. The senior stakeholder session and the focus groups will help refine the messaging as to why the survey is being conducted.

**e. President's Report**

President Hille began by acknowledging the good work of Marty Marcolongo, the former AOG President/COO, and thanking Interim EVP Grubbs and CFO Harwig for their efforts during the transition. Under the new joint president model, there has been accelerating coordination of staff functions between the AOG and AFA Foundation, which we can expect to see result in better performance and more efficient use of resources. He noted that the budget was built in alignment with the operating plan for both organizations, and while it was a coordinated process, at this point, it is not yet a combined one. He commented on the fact that it has been 15 years since the last graduate survey was conducted and the importance of being mindful of the results of that process if we are serious about the future and transformation. Additionally, he discussed the fact that the search for an Executive Vice President is underway. They already have semi-finalists identified and plan to interview the finalists in person.

President Hille then discussed membership for all, commenting that the rollout can go in many positive directions. They have a group that meets weekly to map out what membership for all will look like, how to effectively communicate this change, and the intended outcomes. He noted that the team has done a remarkable job under challenging conditions to include the fact that the number of reunions was doubled this year. They have used the AFA Foundation staff and volunteers to help with the reunions and have discovered that they can host more reunion classes in a single weekend than they previously thought. Feedback from graduates has been positive, with comments that the reunions are energetic and have better hosting from the Academy than in the past. They will be considering whether they can host future reunions on one or two weekends. CEO Gould commented that at some future point, they may address a five-year reunion. President Hille concluded his remarks by providing a campaign update to include money raised so far and events that have taken place in 2021 and are upcoming in 2022.

**f. Quarterly Financial Update**

CFO Harwig provided the quarterly financial update (Attachment 10). Investment returns have remained strong this financial year with YTD realized/unrealized gain of \$4.68 million). Merchandise sales remain strong with sales at in-processing at a record high. Expenses are in line with the budget overall. Many items are below budget as travel and social events did not fully resume until late in the second

quarter. They accelerated the replacement of computers, subscriptions for event registrations, sales tax processing, and charitable solicitation registrations, which increased office expenses. The AOG revenue was 7.39% over budget, while expenses were 2.78% over budget.

She then talked about the proposed budget. The proposed FY 2022 revenue is expected to increase to \$4.58 million, which is 4.61% above FY 2021. Operating expenses are expected to be \$6.63 million, while investment income is expected to increase to \$2.22 million. The proposed net surplus for FY 2022 is \$171,524 compared to the FY 2021 net surplus of \$171,758 (a 0.45% difference). CFO Harwig concluded by discussing the operating expense highlights to include increases in salaries and wages, benefits, professional fees, insurance, employee travel, social events, and advertising.

MOTION: Director Strebe moved and Director Bishop seconded to approve the budget as presented. The motion was unanimously approved.

## **X. Quorum Discussion**

In response to a previous discussion about the appropriate percentage for a quorum during an election, Interim EVP Grubbs showed a slide with quorum statistics based on the membership. With our current AOG membership of 30,697, a quorum of 25% would require 7,675 people to vote. With membership for all graduates, membership would increase to 53,706 people. A quorum of 10% would require 5,370 people, so it will be a little easier to achieve a quorum. It was noted that the recently-approved ballot measure made it possible for the Board to make changes to the Bylaws; in return, we wanted to make it easier for membership-proposed changes to the Bylaws, which lowering the percentage to a 10% quorum does.

## **XI. Chair's Comments**

Chair Lowe walked through the schedule of upcoming meetings. The May 2022 meeting likely will be a day and a half or two-day event. The October 2022 date is still in flux as he would like to coordinate it with the AFA Foundation meeting.

## **XII. Adjournment**

Chair Lowe adjourned the meeting at 1:51 p.m. MDT for the Multi-Domain Lab 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. 5 August 2021 Approved Meeting Minutes
2. 19 August 2021 Approved E-Vote Minutes
3. 23 August 2021 Approved E-Vote Minutes
4. 14 September 2021 Approved Special Meeting Minutes
5. 22 October 2021 Board Meeting Agenda
6. Committees of the Board
7. Bylaws Changes
8. Financial Management & Investment Policy Changes
9. CEO Update
10. Quarterly Financial Update