



BOARD OF DIRECTORS MEETING

19 February 2021 Meeting Minutes

APPROVED

Board Members Present via Video Conference: Cathy McClain '82, Chair; Bob Lowe '71, Vice Chair; Ginny Caine Tonneson '80, Secretary; Glenn Strebe '87, Treasurer; Hans Mueh '66; Garry Dudley '68; Mark Volcheff '75; Frank Gorenc '79; Will Gunn '80; Diann Boyle '83; Dennis Dabney '89; John Vargas '96; Nancy Taylor '01; Andrew Hendel '09; Emma Przybyslawski '10; Randy Helms '79, President, Class Advisory Senate.

AOG Staff Present via Video Conference: Mike Gould '76, CEO; Marty Marcolongo '88, President/COO; Jennifer Harwig, CFO; Corrie Grubbs, Senior Vice President, Operations; Emma Ross, Executive Assistant; Nick Johannsen, Web Developer, Tony Capistrano, IT Support Specialist.

Guests Present via Video Conference: Mike Peterson '87, USAFA/CM; Mark Hille '97, AFA Foundation President/COO; Ruth Reichert, Executive Assistant to the CEO, AOG & AFA Foundation; Chris Brewer, AFA Foundation Vice President, Development; L. Michael Feltman '87, Chief, Strategic Engagement; Mark Kuykendall, Chief, Executive Communications.

I. Call to Order/Chairman's Welcome

Chair McClain called the meeting to order at 8:45 a.m. MST, Friday, 19 February 2021.

II. Chair's Comments

Chair McClain noted that this was the last quarterly meeting for this Board and thanked the Directors for their work over the past two years.

III. Consent Agenda

The consent agenda included the 16 October 2020 Meeting Minutes (Attachment 1), the 12 January 2021 Special Meeting Minutes (Attachment 2), the 22 January 2021 E-vote Minutes (Attachment 3), and the 31 January 2021 Special Meeting Minutes (Attachment 4). The consent agenda was unanimously approved.

IV. Agenda

The Superintendent had to cancel his attendance at the meeting due to weather conditions in Texas, so he was removed from the agenda.

MOTION: Director Tonneson moved and Director Vargas seconded to approve the agenda as modified. The motion was unanimously approved.

V. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 8:50 a.m. MST to discuss committee member motions, to vote on an honorary AOG membership, and to discuss membership termination data.

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

VI. Open Session

The Board went into open session at 9:36 a.m. MST.

MOTION: The Heritage and Traditions Committee moved to add the following individual as non-Director voting member of the Heritage and Traditions Committee through April 2021: Tom Hayden '74. The motion was unanimously approved.

MOTION: The Finance and Investment Committee moved to appoint Rustin Yerkes, Ph.D. '96 to the Investment Subcommittee. The motion was unanimously approved.

New committee members were added to the updated Committee list at Attachment 5.

MOTION: Director Dudley moved and Director Gorenc seconded that we move back into executive session. The motion was unanimously approved.

VII. Executive Session

The Board went back into executive session IAW Bylaws Article V Section 8 at 9:42 a.m. MST to further discuss the membership termination issue.

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

VIII. Open Session

The Board went into open session at 10:13 a.m. MST.

MOTION: Director Przybyslawski moved and Director Boyle seconded that the Board initiate the process to consider revoking the membership of Lt Col Larry Brock, USAFR (Ret) in accordance with our AOG Bylaws which require notification to the member and at least a 45-day evaluation process. The motion passed by a vote of 14-1 (Director Tonneson against).

IX. Executive Session

The Board went into executive session IAW Bylaws Article V Section 8 at 10:15 a.m. MST per the agenda to hear the recommendations from the Joint CEO Evaluation and Compensation Committee.

MOTION: Director Mueh moved and Director Tonneson seconded to come out of executive session.

X. Open Session

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

MOTION: The Joint CEO Evaluation and Compensation Committee moved that the AOG Board approve that the initial period of consideration for incentive compensation will be 18 months, will end on 31 December 2021, and will be based on 18 months of the CEO's salary. The motion was unanimously approved. The Chair additionally tasked the AOG's representatives to the Joint CEO Evaluation and Compensation Committee to reassess the CEO compensation bonus metrics and to bring to the Board criteria that more uniquely evaluates performance of the CEO.

XI. AOG Update

a. CEO Review of AOG Performance

CEO Gould provided an update on the water main break impacting Doolittle Hall and an update on the chapel renovations (Attachment 6). The AOG and AFA Foundation are interested in receiving the removed aluminum panels as chapel mementos. He then gave a detailed update on the North Gate Visitors Center and the associated financial structure. The Board previously had approved a \$6 million guarantee as a backstop for debt service payment on the hotel project. It is unlikely this will be needed, but the AFA Foundation has agreed to raise donor money to offset the risk the AOG has taken. President/COO Marcolongo and AFA Foundation President/COO Hille are working on an internal memorandum to that effect. At debt payoff, the AOG and AFA Foundation will receive either the hotel valued at \$200 million or \$12-\$15 million per year in revenue. CEO Gould noted that they are close to signing the agreement with Provident and hope to have the financing finalized by mid-April, which would allow construction on the Visitors Center to begin this summer.

He then provided a listing of the events hosted by the AOG and AFA Foundation from October through December 2020. All events were hosted virtually and demonstrate the effort the AOG is making to take the Academy to the graduate community. They had a total of 23 events with a total of 4,619 attendees. President/COO Marcolongo and AFA Foundation President/COO Hille are working with their respective staffs to develop a continuing schedule.

Next, CEO Gould noted that he is working to see whether the travelling members of the AOG and AFA Foundation staff can receive COVID vaccines through the 10th Medical Group. He also commented on the honor investigations related to 249 cadets during the Spring 2020 and the additional 40-45 cases that have occurred since that time. The Superintendent has been actively working with the Academy staff to address the problem and to come up with creative solutions. Directors Gorenc and Helms commented that it is important for the graduate community to stay informed on this issue.

CEO Gould concluded his remarks by discussing the strategic planning that is underway. This includes the vision and mission for the combined efforts of the AOG and AFA Foundation as well as the supporting pillars (services, stewardship, growth, finances) and foundations (workforce environment, team members, and core values). He will provide this material to the Joint Strategic Planning Committee for discussion.

b. CEO Monitoring Reports

CEO Gould reported compliance with the following monitoring reports: 2.2 Treatment of Staff Monitoring, 2.17 Emergency Executive, 2.11 Membership Dues, and 2.14 Annual Audit. As part of the discussion on the Emergency Executive, Director Volcheff proposed updating Governance Policy 2.7.

MOTION: Director Volcheff moved and Director Lowe seconded that the AOG Board modify paragraph 2.7 of the Governance Policies to create an emergency succession plan for both the AOG CEO and AOG President/COO.

Discussion: A short discussion ensued about whether it was appropriate for the Governance Policies to address the succession of the President/COO or whether it should just address the AOG CEO. Chair McClain thought it would be appropriate to address both. The motion was unanimously approved.

c. President's Report

President/COO Marcolongo noted that El Paso County has now gone to COVID level yellow for office buildings, which means that Doolittle Hall can be opened on 1 March with 50% manning. They are developing a schedule to ensure they are not exceeding capacity.

d. Election Update

SVP Grubbs provided an election update to include our progress toward reaching a 25% quorum. As of 17 February, 10.42% of AOG members had voted. She provided a comparison with the 2019 election by class year which showed that we were 200 votes ahead of where we were in the 2019 election and that there is

increased participation from the younger classes. She noted that they received 540 votes after sending a reminder email on 17 February. Chair McClain reminded the Board that the only way we met the 25% quorum during the last election was to personally email and contact classmates and other members. SVP Grubbs noted that the AOG is doing various types of communication to include social networking, email, election updates, and text reminders, but she stressed the importance of grassroots efforts. The CAS has had seven Senators send election information out to the entire class.

Chair McClain then brought up the issue of graduates, including Directors, not receiving ballots. SVP Grubbs was aware of the issue and they are researching the cause, but in the meantime, they are doing an update to ensure everything is accurate. A discussion ensued about this issue and why there is an option to opt out of receiving notifications from the AOG. Chair McClain stressed the importance of Directors sending emails and posting on class Facebook pages to get to a quorum. It was decided that although the Secretary would normally certify the election, because Director Tonneson is on the ballot, Chair McClain will certify it.

e. ZoomieLink

SVP Grubbs noted that there are around 4,600 users of ZoomieLink to include 120 cadets, Falcon Scholars, and cadet candidates. She showed the number of users by class and how the numbers have been steadily increasing. There have been many promotions over the past three months, and they have been able to track the number of people who joined ZoomieLink based on these promotions. Marketing strategies have included social media pushes, giveaways, and ads in *Checkpoints*. In the future, they plan to partner with the AFA Foundation to reach a broader audience, target the graduate community at key points in their careers, have exclusive content to drive people to sign up, work with DF to educate cadets on resources, and use Young Alumni Ambassadors to lead engaging discussions.

f. Founders Day

President/COO Marcolongo noted that due to ongoing COVID restrictions, they plan to decouple Founders Day (with events at the end of March through 1 April) from the awarding of the Distinguished Graduate Award. The Distinguished Graduate Award ceremony will likely now take place between 12-14 August pending USAFA coordination, and will honor the recipients over the past two years. Chair McClain commented that the August Board meeting was scheduled for 6 August, but the new Board could vote to move the meeting date to correspond with the award ceremony.

g. Quarterly Financial Update

CFO Harwig provided the quarterly financial update (Attachment 7). She began by talking about the COVID 19 impacts. Investments returns have remained strong this fiscal year (YTD Realized/Unrealized Gains of \$5,995,936). Membership revenues

were above budget by \$16,250, and merchandise sales remained strong despite Doolittle Hall being closed to the public in November. However, advertising and sponsorships were below budget, and because the Service Academy Career Conferences remained virtual, the revenue was lower than expected. In addition, COVID restrictions have impacted reunions, tailgates, and other events. The overall revenue was down 13.03% due these COVID-related factors, but expenses were below budget by 0.72%.

CFO Harwig then provided highlights from the IRS Form 990 for this past fiscal year. Total revenues decreased by \$1.9 million from FY 2019 and total assets decreased by \$3.6 million due to an increase of grants by \$2.2 million and an increase of \$531,000 in salary and benefits. Next, she provided a review of restricted funds. There were 104 campaign, donor-restricted, quasi-endowment, and true endowment funds which held over \$15.7 million as of 30 June 2020. Fifty-five funds were awarded or gifted for a total of \$6.1 million during FY 2020.

XII. Air Force Academy Foundation Update

AFA Foundation President/COO Hille provided an update on the AFA Foundation. Last year turned out to be a strong year as the Foundation raised over \$32 million to support USAFA and supporting organizations, which was more funding than in any other year. They provided \$16.8 million for the Cyber Innovation Center and worked with the AOG to provide direct support for cadet squadrons to include outdoor fitness equipment and morale boosting packages.

AFA Foundation VP Brewer then provided a campaign update. He talked about the campaign goals, campaign priorities, fundraising efforts, and donor types. To date, they have raised \$157 million of the \$270 million campaign goal, 71% of which has come from graduates. The campaign theme is “Defining our Future” and they plan to have the public launch of the campaign on 9-11 September 2021, which is an away game versus Navy. The launch will include a golf event, an Academy showcase, donor dinner, tailgate, and watch party. Several other regional events are scheduled in the months following the launch.

XIII. Committee Updates

a. Finance and Investment Committee

Committee Chair Strebe showed a slide on the historical investment portfolio which has grown significantly (\$22.4 million in 2009 to \$55.4 million in 2020). He noted that as the portfolio gets larger, there are more opportunities and so they will be looking at more sophisticated ways to manage the portfolio over the coming months. He also stressed that as the portfolio gets larger, it behooves the committee to update the Board more frequently.

He then discussed the motion to add wording to the FMIP so that the Board would appoint individuals to the Investment Subcommittee upon a recommendation from the Finance and Investment Committee.

MOTION: The Finance and Investment Committee moved to make the following change to the Financial Management and Investment Policy 1.5 (The Finance and Investment Committee (Committee)). (Changes/explanations are noted in italics.)

The Committee's duties are to:

1. Review the AOG's financial management and investment policy (FMIP), financial condition and investment portfolio and budget, and make recommendations to the BOD for modification as appropriate.
2. Review quarterly financial reports prior to staff presentation to the BOD.
3. Review the annual budget prior to staff presentation to the BOD with emphasis on:
 - a. How the budget aligns with the Ends as outlined in BOD Governance Policies, and
 - b. How the budget supports specific friend-raising activities, for example, chapter growth and graduate outreach activities.
4. Establish the AOG's Investment Policy in coordination with its Investment Subcommittee.
5. *Recommend members of the Investment Subcommittee to the BOD.*
6. Appoint a liaison to the Audit Committee (*moves from number 5 to number 6*).

The motion was unanimously approved.

b. Heritage and Traditions Committee

Committee Chair Dudley noted the passing and contributions of Andy Biancur '60, a longtime committee member. The Board had a moment of silence for him. The Board will leave his position vacant until May. The committee approved a Long Blue Line plaque and an AC-130 plaque (Attachment 8). He noted that the committee leaves the wording up to the donor as much as possible.

c. Awards and Recognition Committee

Committee Chair Vargas discussed the Young Alumni Excellence Award. The committee received 45 packages and they were especially impressed with the level of service and giving back to the community/USAFA/nation displayed by the candidates. They selected six impressive recipients: Andrew Gray '06, Chad Reger '07, J. Mintzmyer '12, Michael McVay '09, Everette Richardson '14, and Daniel Walker '10. Chair McClain commented on the large increase in the number of candidates this year. Committee Chair Vargas then talked about the Sullenberger Award for Courage. A video announcing the creation of the award will be announced at NCLS 21 (25-26 February 2021) just prior to the keynote, with the first potential inaugural presentation taking place in 2022 during NCLS 22.

d. Distinguished Graduate Committee

Committee Chair Gunn noted that the committee selected four individuals as Distinguished Graduates: Jay Kelley '64, Hugh Williamson III '64, Ron Sega '74, and Gail Benjamin Colvin '80. Applications for the next group of Distinguished Graduates are due at the end of September. As noted earlier, Committee Chair Gunn suggested that the Board consider readjusting the August Board meeting to coincide with the Distinguished Graduate ceremony.

e. Governance Committee

Committee Chair Lowe began by discussing the future meeting schedule (Attachment 9). We will keep the February, May, August, and November quarterly schedule, with two of the quarterly Board meetings to be held virtually. Directors may attend in-person, but virtual attendance would count as attendance. We will continue to hold short virtual meetings between scheduled meetings, as needed. The committee also recommended that Directors be encouraged to attend key AOG events for outreach. Directors would be reimbursed for attending two optional events per year. He also discussed the committee's recommendation that we expand in-person meetings to be one and a half days to include an optional event on Thursday (tours and orientations) with a full day on Friday. The in-person meetings will have more of a strategic focus rather than an administrative (housekeeping) focus. The committee also recommended that we hold a separate virtual AOG member update each February as well as annual joint virtual meetings with the CAS and AFA Foundation.

MOTION: The Governance Committee moved that we change the BOD meetings to be two in-person and two virtual per year.

Discussion: There was a short discussion about the benefit of inviting CAS members and AFA Foundation staff to our meetings, and the concern that a hybrid Board meeting (some Directors in-person, some virtual) would change the meeting's dynamic. Director Helms noted that the CAS has been successfully using a hybrid model for their meetings for years. Chair McClain clarified that this motion included the items on the Governance Committee slides to include reimbursement for attending two USAFA events per year. The motion passed 14-1 (Director Boyle against).

Director Taylor then talked through the numerous changes to Governance Policy Chapter IV as outlined in Attachment 10. These changes had been provided to the Directors ahead of the meeting. The only substantive changes were under the Evaluation and Compensation Committee section where wording was removed as the Committee thought the responsibilities more appropriately fell under the Chair and Governance Committee.

MOTION: The Governance Committee moved that the changes as presented to the Board be made to Chapter IV of the AOG Governance Policies. The motion was unanimously approved.

Director Tonneson then briefed the changes to the AOG Board Calendar/Schedule (included in Attachment 9). Most of the changes were related to the change in the fiscal year. These included changes to the timing of the review of IRS Form 990 and Audit Report, providing and reviewing the Investment Report, and reviewing our endowments, the AOG budget, and AOG Business Plan. Additional changes included clarifying and renaming items as applicable (e.g., AOG committees and Joint committees), adding items that should have previously been included (e.g., the CEOS's evaluation and election communications plan), and new events (joint events with the CAS and AFA Foundation).

MOTION: The Governance Committee moved that the Board accept the changes to the Board Calendar/Schedule as presented. The motion was unanimously approved.

f. Joint Strategic Planning Committee

Joint Committee Chair Dudley had provided the Joint Strategic Planning Committee meeting minutes to the Board ahead of the meeting. The committee will define their deliverables and then look at their charter to see if it needs to be modified at the 6-month point. They also may come back to both Boards if they need to modify the original guidance for the committee. The next meeting is on 10 March.

g. Joint Finance Committee

Committee Co-chair Strebe provided a proposed Joint Finance Committee charter, which ties to the Single CEO Agreement. Both the AOG and AFA Foundation members of the committee have reviewed the charter and recommend the AOG approve it.

MOTION: The Joint Finance Committee (JFC) recommended the BOD approve the JFC Charter. The motion was unanimously approved.

XIV. Class Advisory Senate Update

CAS President Helms discussed the CAS meeting which was held on 12 January. The newly elected CAS Officers and Executive Committee members include:

- President: Randy Helms '79
- Vice President: Jason Harris '01
- Secretary: Tom Hayden '74
- Executive Committee Members: Dick Sexton '60; Tom Berry '71; Dan Beatty '76; Turk Hess '80; Heidi Schlagheck '03; Forrest Underwood '09; Richie Sapp '15, and Kristen McKinney '20

Lt Gen Richard Clark was the guest speaker at the last CAS meeting and most of the questions centered on the honor issues from last spring. He commented on the positive impact the Squadron Professional Ethics Advisors had on Honor Code instruction. The Academy is taking a hard look at the Honor Code and trying to determine if the Honor Code is serving the cadets as it should.

The CAS has put out an AOG election update twice since the 12 January CAS meeting (on 25 January and 11 February). CAS President Helms will send out additional updates for the Senators to send to their classes throughout the election. The next CAS meeting is on 13 April, and they expect to have the USAFA Dean as their guest speaker.

XV. New Board Chair Selection Process

Chair McClain began by commenting that this is the first time the Board will follow the new Board Chair selection process. Any current or newly-elected or appointed Director may nominate an elected Director to be Chair. She went through the Bylaws and Governance Policy as they related to the appointment of the Chair. After 22 March, she will email all Directors and explain that we are soliciting nominations and self-nominations for the Chair. Nominations will be submitted to the Nominating Committee by 16 April, and the first order of business at the 14 May meeting will be to select a new Chair. She noted that we are an active and engaged Board until 14 May. The orientation for new Directors will be on 13 May (morning) with the optional Board activity in the afternoon.

XVI. Chair's Comments

Chair McClain again stressed the importance of working to achieve the 25% quorum in the ongoing election. She thanked the following Directors who are completing their terms: Directors Mueh, Gorenc, Tonneson, Strebe, Vargas, and Pryzbyslawski and provided them with a pen and card to thank them for their work. She also commented on the excellent work of the AOG staff.

Director Lowe virtually presented Chair McClain with a piece of terrazzo commemorating her work as the Board Chair. He thanked her for her calm, visionary, and insightful leadership and commented that her legacy will live on. He noted that she had changed and educated all of us. CEO Gould then virtually presented her with a paver that will be placed in a prominent location on the AOG grounds. He commented on how she had led the Board through a pivotal time and that we were grateful for her leadership. President/COO Marcolongo presented her with a *Checkpoints* cover and commented on how she had been a mentor to the AOG staff. These items will be presented to Chair McClain personally at the 14 May Board meeting.

XVII. Adjournment

Chair McClain again thanked the Board. She adjourned the meeting at 2:05 p.m. MST.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary

Atch:

1. [16 October 2020 Approved Meeting Minutes](#)
2. [12 January 2021 Approved Special Meeting Minutes](#)
3. [22 January 2021 Approved E-vote Minutes](#)
4. [31 January 2021 Approved Special Meeting Minutes](#)
5. [Committees of the Board](#)
6. [Single CEO Update](#)
7. [Quarterly Financial Update](#)
8. [Heritage and Traditions Committee Plaques](#)
9. [Governance Committee Meeting Changes](#)
10. [Governance Policy Chapter IV Changes](#)