



BOARD OF DIRECTORS MEETING

2 August 2019 Meeting Minutes

APPROVED

Board Members Present: 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; Emma Przybyslawski '10.

Board Members Present via Telecon: Andrew Hendel '09; Doug Brower '72, President, Class Advisory Senate.

Board Members Absent: Nancy Taylor '01.

AOG Staff Present: Marty Marcolongo '88, President and CEO; Steve Simon '77, Executive Vice President; Alton Parrish, CFO and Senior Vice President for Finance; Corrie Grubbs, Senior Vice President, Operations; Michele Bergeman, Vice President, Alumni and Constituent Relations; Jeffrey Holmquist, Director of Communications; Emma Ross, Executive Assistant; Daniel Kuhn, IT Support Specialist; Nick Johannsen, Web Developer.

Guests Present: Col Gary Packard, Vice Dean for Curriculum and Strategy; Dr. Steve Jones, DFBL.

Guests Present via Telecon: Capt Joseph Bledsoe III '11, Senator, Class of 2011.

I. Call to Order/Chairman's Welcome

Chair McClain called the meeting to order at 8:30 a.m. MDT, Friday, 2 August 2019. She thanked the AOG staff for all their work.

II. Chair's Comments

Chair McClain welcomed Directors Dabney and Hendel and the AOG Staff and Directors briefly introduced themselves.

III. Consent Agenda

The consent agenda included the 10 May 2019 Meeting Minutes (Attachment 1). The consent agenda was unanimously approved.

IV. Agenda

Chair McClain reviewed the agenda and format for the strategic planning session.

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

V. Executive Session

The Board went into executive session IAW Bylaws Article V Section at 8:42 a.m. MDT to discuss the AOG CEO Contract, Evaluation, and Compensation Committee Report; non-Director and Appointed Director committee assignments; and an Honorary AOG Member motion.

VI. Open Session

The Board went into open session at 9:26 a.m. MDT.

VII. AOG CEO Compensation

MOTION: The AOG CEO Contract, Evaluation, and Compensation Committee moved that the CEO receive an \$18,000 bonus. The motion was unanimously approved.

VIII. Committee Assignments

MOTION: The Audit Committee moved to add Jack Fry '67 and Barry Blackman '65 (CPA) to the Audit Committee. The motion was unanimously approved.

MOTION: The Investment Sub-Committee moved to re-appoint the following individuals to the Investment Sub-Committee: Rod Hennek '75, Kathy Barchick '89, Jerry Bruni '70, and Bill Jennings, USAFA/ DFM. The motion was unanimously approved.

MOTION: The Awards and Recognition Committee moved to add the following individual as a non-Director voting member of the Awards and Recognition Committee through April 2021: Robin Wright '96. The motion was unanimously approved.

MOTION: The Heritage and Traditions Committee moved to add the following individual as a non-Director voting member of the Heritage and Traditions Committee through April 2021: Heidi Schlagheck '03. The motion was unanimously approved.

MOTION: Chair McClain moved that these committee assignments be made:

- Dennis Dabney: Governance Committee; AOG CEO Contracts, Evaluation and Compensation Committee
- Andrew Hendel: Finance Committee; Joint Finance Committee.

The motion was unanimously approved (Attachment 2).

IX. Honorary AOG Member

Chair McClain proposed that we consider Brig Gen Andy Armacost as an AOG Honorary Member. After reviewing his qualifications, the Board unanimously approved that Brig Gen Andy Armacost be offered an Honorary Membership in the AOG.

X. Single CEO Selection Task Force

Chair McClain briefly discussed the work of the Single CEO Selection Task Force and noted that the Single CEO requirements were very close to what was presented during the May Board meeting. She highlighted the fact that the task force broadened the CEO experience to include senior civilians as well as General Officers. The requirements have already been approved by the USAFA Endowment.

MOTION: The Single CEO Selection Task Force moved to approve the Single CEO Requirements as written (Attachment 3). The motion was unanimously approved.

Chair McClain then talked about the next steps for the selection of the CEO including our discussions with Korn Ferry and the fact that they will do the competency exercise and administer the personality assessment to our final 5-7 people pro-bono. Their psychologists will interpret the results for us at cost.

XI. Travel Reimbursement

Director Dudley brought forth a motion to modify the travel reimbursement policy to include reimbursement for travel to Board meetings from outside of El Paso County rather than outside of Colorado as currently written.

MOTION: Director Dudley moved and Director Mueh seconded that Directors traveling from a residence outside El Paso County may be reimbursed up to \$500 for Board meeting travel expenses.

Discussion: Director Volcheff noted that there may be people who live in El Paso County that actually travel further than some outside of El Paso County. Chair McClain stated that the \$500 does not totally reimburse Directors who live in other parts of the country. A discussion ensued about potentially using a mile radius or providing reimbursement for Directors based on their actual travel expenses. Director Vargas noted that we have the data and it would be easy to determine whether the \$500 should be raised to another amount.

MOTION TO AMEND: Director Volcheff moved and Director Gunn seconded to modify the motion to remove the caveat of El Paso County. The vote to amend the original motion passed by a vote of 11-3 (Directors McClain, Mueh, and Strebe against).

AMENDED MOTION #1: Director Volcheff moved and Director Gunn seconded that Directors traveling to an AOG Board meeting may be reimbursed up to \$500 for Board meeting travel expenses.

Discussion: Director Lowe noted that we were addressing the reimbursement of local Directors but not those outside the local area who are paying \$200-\$300 out-of-pocket to attend the Board meetings each quarter. Chair McClain suggested that we put a dollar limit on travel reimbursements. Director Bower noted that the cost for him to travel to a Board meeting from Alaska was over \$1,500. He suggested that special cases such as his could require prior approval.

MOTION TO AMEND: Director Lowe moved and Director Dudley seconded to amend the amended motion to have a limit of \$800.

Discussion: Director McClain wondered what that would do to AOG finances. CFO Parrish noted that we currently do not exceed the amount allocated in the budget. The vote to amend the amended motion passed by a vote of 12-2 (Directors McClain and Mueh against).

AMENDED MOTION #2: Director Lowe moved and Director Dudley seconded that Directors traveling to an AOG Board meeting may be reimbursed up to \$800 for Board meeting travel expenses. The motion passed by a vote of 11-3 (Directors McClain, Mueh, and Strebe against).

XII. Committee Updates

a. Distinguished Graduate Award Committee

Committee Chair Gunn noted that Distinguished Graduate nominations are due on 30 September and that announcements are going out through various means.

b. Heritage and Traditions Committee

Committee Chair Dudley discussed the fact that the Class of '70 originally wanted granite or hardscape on all the walls of the Plaza of Heroes but was constrained by funding. The plan had always been to add hardscape when funds became available. The Class of '70 received a firm fixed-price bid of \$52,128 to add hardscape to the walls and now has the ability to fully fund the project. The project will be managed by the AOG Staff.

MOTION: The Heritage and Traditions Committee moved that the project to add hardscape to the bare South and East concrete walls on the Plaza of Heroes be approved. The motion was unanimously approved.

XIII. AOG Update

a. CEO Review of AOG Performance

CEO Marcolongo provided the FY 2019 summary to include the election and the normal events and tasks that were completed (Attachment 4). He discussed the first

steps in increased graduate/constituent engagement to include the quarterly Chapter president's video teleconference, the launch of the Young Alumni Ambassadors Program, increased support to non-football engagement, AOG presence at all away football games, support of Young Alum events in Las Vegas, support of more Chapters for their CVENT event registration, support of Rugby's 50th reunion, and the inaugural Forged in Blue ring melt for Class of 2020 rings.

He then talked about the new programs for FY 2020 related to the continuation of engagement (graduate life-cycle) to include a new career services platform, "Our Grad Community" events (chance to network), ZoomieLink (connection platform), and service projects (chance to interact while serving) starting in September 2019. The AOG is also planning targeted Young Alum "welcome" events and a 15-year "gathering" (Class of 2004) in November 2019. CEO Marcolongo then showed a calendar of events through November 2019. He also talked about program and project funding to include an individual donor that funded \$235,000 for the Young Alum Support Program and the Firstie Transition Program (funding for five years).

Chair McClain noted that the AOG staff had created descriptions of the AOG programs and funding requirements. CEO Marcolongo has provided the list to the USAFA Endowment so that they know the AOG programs and rationale for support. CEO Marcolongo concluded by discussing how the AOG might engage graduates throughout their life cycle via various programs and events to include in-Service opportunities and civilian opportunities in education, business, and conference opportunities.

b. Quarterly Financial Update

CFO Parrish provided a financial update (Attachment 5). He noted that total net assets increased about \$395,800 year-over-year and that there was a net surplus for operations of \$726,200 for the fiscal year. Cash and cash-equivalents at the end of the fiscal year were \$1.409 million. There was a cash-basis break-even from operating activities. Director Strebe and CFO Parrish discussed the issue that there is not enough money from the building endowment for Doolittle Hall maintenance. Because of decreased investment returns, we weren't able to pay using the endowment, and thus they used operating funds. CFO Parrish noted that building maintenance expenses will be paid directly out of pocket for this fiscal year. Director Strebe wondered whether CEO Marcolongo could put together a description of the problem for the USAFA Endowment to help address these issues. CEO Marcolongo noted that he had discussed Doolittle Hall renovations and the potential to consolidate the USAFA Endowment staff in one building. He explained the restrictions with putting money into a true endowment and noted that it would be better to simply get a donation to address the maintenance issues.

c. CEO Monitoring Reports

CEO Marcolongo reported compliance with the following monitoring reports: 2.4 Financial Condition, 2.5 Asset Protection, and 2.6 Investment.

XIV. Class Advisory Senate Update

Chair McClain noted the excellent work done by the Class Advisory Committee to consolidate the information on how the AOG is perceived by graduates. Capt Joseph Bledsoe III '11, Senator, Class of 2011, provided a presentation on *Serving the Long Blue Line: A Way Forward* (Attachment 6). His committee focusing mainly on graduates from 2005-19 to determine problems of the past, current wins and glaring losses, and avenues for exploration. They looked at the 2006 Corona Research Survey, Facebook, and other social media to get the pulse of the graduate community and received over 400 pieces of feedback. He noted that the evidence was anecdotal.

Problems of the past included communication, the perception that the AOG was not meeting graduate needs in areas such as job searching or networking, confusion over the AOG versus the USAFA Endowment, a concern over whether there is a focus on all graduates equally, the cost of the AOG Life Membership versus the benefit received, and that cadet engagement with the AOG was poor.

Current wins included the Service Academy Career Conference, *Checkpoints*, the alumni book club, Forged in Blue ceremony, and the renewed focus on younger graduates. However, he noted that the number one feedback item was that graduates have no idea what the AOG does. Other losses included networking, information dissemination, soliciting donations (who does what), and AOG "task" saturation (whether the AOG is spread too thin).

Graduate ideas for avenues of exploration included regional directors to sponsor and host events for graduates, starting a new "USAFA Grad only" type of LinkedIn/ Facebook group platform, pursuing "employing" casual lieutenant awaiting assignments to work with USAFA and the AOG to help give a "fresh look," and making a change to diminish the emphasis/effort on current cadet activities in favor of more emphasis on graduate services. Other avenues of exploration included specifically linking up graduates with professional degrees, leveraging graduates who have post-bachelor degrees to see what their institutions do to keep them involved, a "*Checkpoints 2.0*" ("lite" version), and messaging and communication. Capt Bledsoe concluded by noting that the time is right to rebrand the AOG and that messaging, and communication will be key. Because the report is anecdotal, he recommended we survey younger graduates.

Chair McClain commented that most feedback was "What do I get?" rather than "What do I give?" She noted that communication is key, but it's difficult when graduates will not give the AOG email or phone numbers. A discussion ensued about the fact that we need to find a way to emphasize to cadets the fact that they are benefiting from those who

have gone before, and they need to think about giving back to the institution that made them.

XV. Facilitated Strategic Planning Session

Col Gary Packard, Vice Dean for Curriculum and Strategy, and Dr. Steve Jones, DFBL, facilitated a strategic planning session to create a new Governance Policy 1.0. They used the Backward Design Model including outcome(s), assessment, and activities. The Board members broke out into groups to discuss the four questions the Board Chair had sent in advance:

- 1) What is our purpose?
- 2) Who should we serve?
- 3) What are the results we should achieve?
- 4) What is the worth of these results for our constituents?

Once the session was complete, they combined all the information to serve as a guideline for the sub-committee to come up with the “Ends.” Chair McClain then asked Directors Gunn, Przybyslawski, and Hendel to take the information discussed in the strategy session notes and come up with a draft a Governance Policy 1.0. We will review the draft policy during a virtual Board meeting on 26 August.

XVI. Chair’s Comments

Chair McClain thanked the facilitators for their work. She asked CEO Marcolongo to discuss the potential financial implications if membership money was no longer coming in. On an annual basis, between \$410,000-\$430,000 comes in from parents purchasing memberships for their cadets. Another \$60,000-\$70,000 would be lost each year from annual graduate memberships. A discussion ensued about the potential of plussing up the \$8.4 million in the Long Blue Line Endowment and taking out 4.5% annually if there are positive earnings as allowed for under the FMIP. However, we could not take out the 4.5% if the market decreased too much. Thus, the potential offset money would need to be in a fund that would allow us to take out 4.5% each year regardless of the market. CEO Marcolongo also mentioned the money coming in through the Affiliate Membership program.

Chair McClain asked CEO Marcolongo to get with the AOG attorney, Peter Nagel, to discuss the impact on the Bylaws and whether there was a way to implement all-graduate membership in the AOG without a Bylaws change. She also asked CFO Parrish and Director Strebe to think through financial options to allow the membership change. We will discuss these items at the November Board meeting. In the meantime, we will continue pursuing the areas of focus we discussed in the strategy session: engagement of graduates, service, leadership experiences for cadets, and heritage activities.

XVII. Adjournment

Chair McClain adjourned the meeting at 4:51 p.m. MDT.

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

Respectfully submitted,
Virginia Caine Tonneson, Secretary
Emma Ross, Executive Assistant

Atch:

1. 10 May 19 Approved Meeting Minutes
2. Committees of the Board
3. Single CEO Requirements
4. CEO Review of AOG Performance
5. Quarterly Financial Update
6. CAS Presentation