



**BOARD OF DIRECTORS MEETING**

7 February 2020 Meeting Minutes

PROVISIONAL

**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; Dennis Dabney '89; John Vargas '96; Nancy Taylor '01; Andrew Hendel '09; Doug Brower '72, President, Class Advisory Senate.

**Board Members Present via Telecon:** Diann Boyle '83.

**Board Members Absent:** Emma Przybyslawski '10.

**AOG Staff Present:** Marty Marcolongo '88, President and CEO; Steve Simon '77, Executive Vice President; Jennifer Harwig, CFO; Corrie Grubbs, Senior Vice President, Operations; Michele Bergeman, Vice President, Alumni and Constituent Relations; Jeffrey Holmquist, Director of Communications; Gayle Yamazaki '83, Director of Administration; Emma Ross, Executive Assistant; Daniel Kuhn, IT Support Specialist; Nick Johannsen, Web Developer.

**Guests Present:** Lt Gen (Ret) Mike Gould '76, President and CEO, Air Force Academy Foundation; Col Art Primas '92, Director of Admissions.

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

Chair McClain called the meeting to order at 8:30 a.m. MST, Friday, 7 February 2020.

**II. Chair's Comments**

Chair McClain thanked the AOG staff for coming in early despite the weather. She discussed the absent member and introduced Jennifer Harwig as the new CFO.

**III. Consent Agenda**

The consent agenda included the 8 November 2019 Meeting Minutes (Attachment 1). The consent agenda was unanimously approved.

**IV. Agenda**

Chair McClain noted that we would reorder some items in executive session.

**MOTION:** Director Tonneson moved and Director Dudley 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 8 at 8:33 a.m. MST to review the Board's self-assessment and to appoint a Bylaws Review Task Force.

MOTION: Director Lowe moved and Director Gorenc seconded that we come out of executive session. The motion was unanimously approved.

## **VI. Open Session**

The Board went into open session at 9:30 a.m. MST.

MOTION: Chair McClain moved and Director Brower seconded that a Bylaws Review Task Force be established with Director Gunn (chair), Director Dabney, and Director Taylor. The motion was unanimously approved (Attachment 2).

MOTION: Director Tonneson moved and Director Dudley seconded that we go back into executive session.

## **VII. Executive Session**

The Board went back into executive session IAW Bylaws Article V Section 8 at 9:32 a.m. MST to hear an update on the work of the Joint Single CEO Selection Task Force.

## **VIII. Open Session**

The Board went into open session at 11:16 a.m. MST.

## **IX. Motions**

### **a. Class Advisory Senate (CAS) President Vote**

Director Dudley brought forth the issue of allowing the CAS President to vote alongside the other Directors. As currently written, Bylaws Article VII. Class Advisory Senate (CAS) Section 1. Composition states that "...The President of the CAS will be an ex-officio member of the Board, without vote." Allowing the CAS President to vote would require a Bylaws change and thus it would need to be on the 2021 election ballot. This issue received a 94% approval on a previous ballot, but because there was no quorum, the Bylaws could not be changed. It was not put on the 2019 election ballot because of the focus on the Single CEO initiative.

MOTION: Director Dudley moved and Director Mueh seconded to remove the words, "without vote" from Bylaws Article VII. Class Advisory Senate (CAS) Section 1. Composition.

Discussion: In response to a question about why the CAS President did not have a vote, Director Dudley pointed out that it had been that way since 2006 when the CAS was formed, and he did not know the reason. Chair McClain surmised that it may have been so that the AOG Board would always have an odd number (15) to vote, but that in all her time on the Board, she had never seen a vote that was close to being a tie. Director Dudley pointed out that a tie was irrelevant because a vote resulting in a tie means that the Motion did not pass. Additionally, we often have a Board member(s) absent which causes us to have an even number anyway. Director Brower strongly endorsed allowing the CAS President to have a vote as did several other Directors. The motion was unanimously approved.

**b. Travel Reimbursement for Single CEO Interviews**

Director Lowe discussed the fact that the members of the Joint Single CEO Selection Task Force will be required to travel to the Academy to conduct interviews of the candidates.

MOTION: Director Lowe moved and Director Dudley seconded that travel expenses be reimbursed for out-of-state Joint Single CEO Selection Task Force members who travel to USAFA for candidate interviews. Reimbursement rules will mirror those established for Board meeting attendance.

Discussion: Chair McClain noted that this would involve two trips for two individuals (Chair McClain and Director Tonneson). The AOG and Air Force Academy Foundation will reimburse the candidates for their travel expenses. The motion was unanimously approved.

*Note: The base closed at 10:30 a.m. MST and all non-essential personnel were told to go home due to inclement weather. The Jabara Award dinner was cancelled, and the remainder of the meeting was shortened.*

**X. Committee Updates**

**a. Audit Committee**

Committee Chair Lowe displayed the recent IRS Form 99 (Return of Organization Exempt from Income Tax) and noted that net assets are \$45,648,822, which is about \$700,000 more than last year (Attachment 3). CFO Harwig commented that everything is in good order.

**b. Governance Committee**

Committee Chair Lowe discussed the pros and cons of having the membership for all graduates issue on the 2021 ballot along with the quorum issue (Attachment 4), rather than delaying it until the 2023 election. The Governance Committee, plus Director Strebe and EVP Simon worked on the pros and cons list. Gayle Yamazaki

discussed her contacts with other universities which had gone from a dues-paying membership to free membership for all. Their number one piece of advice was to plan early. She pointed out that socialization, messaging, and ensuring that financial long-term goals are going to be able to withstand the process is key. Several Directors expanded on these points. Chair McClain noted that while CEO Marcolongo sees a risk, we are looking at potential donors and we also have \$21 million in unrestricted-undesignated funds that we can potentially use to offset membership costs. CFO Harwig noted that we can un-designate some of the funds that are currently designated for a certain program. She pointed out that priorities change, and the success of a non-profit organization is measured on how they actually spend the funds to meet the mission and goals, not how they designate the funds. Chair McClain noted that although we have already voted to open AOG membership to all graduates, we have not fully decided all the details of what that membership would entail.

MOTION: Director Lowe moved and Director Volcheff seconded that we put both the membership for all and the quorum issues on the 2021 ballot.

Discussion: Chair McClain talked about whether the membership and quorum issues needed to be contingent on each other (meaning they would be combined into one yes/no question on the ballot). A danger of not connecting the issues would be that if the membership issue passes, but the quorum issue does not, we would be in the position of needing a quorum of over 50,000 graduates for future Bylaws changes, rather than the current 29,000 AOG members.

A lengthy discussion ensued with various Directors pointing out that the membership and quorum issues were not really related and it would be difficult marketing them as such; we may not have time to roll-out membership for all; there might be confusion on how to vote if a voter supported one issue, but not the other; and membership for all would require several other related Bylaws changes. Several Directors highlighted the importance and benefits of fixing the quorum issue first and wondered what the impact of holding off the membership vote would be. Chair McClain pointed out that our goal was to serve all graduates and the AOG is stepping out to do that. It does not mean that everyone is a member. After the discussion, Director Lowe withdrew the motion without vote.

MOTION: Director Lowe moved and Director Gorenc seconded that we keep the quorum issue on the 2021 election ballot and defer the membership for all issue.

Discussion: The Directors had a brief discussion on how to make the quorum issue successful. The motion passed 13-1 (Director Hendel against).

## **XI. Col Art Primas '92, Director of Admissions**

Col Art Primas provided an overview of the USAFA admissions process and outlook. He showed the USAFA Classes of 2020-2024 applicant pools versus the USAF Goals.

Of note, the USAF goal for females is 30%, which the Academy will not reach until the Class of 2022. However, the applicant pool does meet the USAF goal for race and ethnicity in all four classes. There is an approximately 80% acceptance rate for candidates who are offered a USAFA appointment. For those who turn the appointment down, the number one school they go to is USNA followed by USMA. Col Primas talked about how they use data analytics to target schools and individuals. He then showed the Class of 2023 acceptances (1,135), as well as the Class of 2020 acceptances for the Prep School (240) and Falcon Foundation (72). He concluded by discussing total force recruiting integration and the efforts to increase the diversity of the qualified candidate pool for USAFA selections. He noted that the new approach to USAFA recruiting includes having 10 Admissions Advisors stationed across the US as well as a focus on aviation and STEM. In addition, they are thinking of how they may change marketing for the Space Force.

## **XII. Presentation by the President and CEO, Air Force Academy Foundation, Lt Gen (Ret) Gould '76**

Lt Gen Gould provided an update on the Air Force Academy Foundation. The foundation name was enacted on 1 January 2020. The organization remains basically the same. By the end of 2019, they had raised \$30.2 million in new gifts and commitments, which was the best year on record. There were \$14.7 million in newly identified planned gifts and \$20.1 million in cash receipts, which was \$2 million more than in 2018. He noted that as of 31 December 2019, the campaign had raised \$108.98 million. He talked about gift types and sources and noted that they have raised more than \$1 million in new gifts and commitment to support the Young Alumni Program, the Firstie Departure Program, and heritage. He talked about the many cadet programs that have been impacted by gifts to include the National Character and Leadership Symposium, drone racing team, cyber competition team, and Wings of Blue to name a few.

Strategic planning this year includes the Sabre Society's 25<sup>th</sup> anniversary, their plan to grow the donor pool, the role of class officers to aid class giving, and the alumni participation rate. Approximately 30% of USMA and USNA graduates give back to their Academy, while only about 11-12% of our graduates do so. Lt Gen Gould then talked about the campaign, which is still in the silent phase. The campaign goal is \$270 million. He pointed out the many factors that need to be considered prior to launching it into the public phase. He then quickly discussed the redesign concept for Center for Cyber Innovation, Air Garden renovation, Air Warrior Combat Memorial, Institute for Future Conflict, and the Falcon Stadium renovation. He concluded by saying he could not be happier with the relationship between the Air Force Academy Foundation and AOG. In answer to a question about the donor appetite to cover the cost of membership for all graduates, he replied that several donors were excited about the idea.

## **XIII. AOG Update**

Due to the base closure, CEO Marcolongo only had time to make a few comments. However, the information on the slides at Attachment 5 had previously been made

available to the Directors and none had any questions on them. He noted that the AOG will continue with graduate engagement. They launched the Service Before Self Challenge in January and reached their goal within 20 days, so they had to increase the goal. This is part of the AOG's effort to encourage graduates to support each other, their communities, and the Academy. The AOG just launched the Service Spotlight, which can be seen on the AOG website, to highlight graduates giving back to their communities. A new person will be selected each month.

Financially, they reformatted the Management Discussion and Analysis document, making the explanation shorter and at the front of the document. Details are provided in subsequent pages.

Director Volcheff talked about the provision in the Board Governance Policies document suggesting Board members make annual financial contributions to the AOG at the Sabre Society level. Chair McClain asked which funds would be the most impactful for Board members to contribute to. CEO Marcolongo suggested donating to the Long Blue Line Fund as it goes directly to AOG operations. He pointed out that the Long Blue Line Endowment is a true endowment which can only spin off 4.5% annually, whereas the Long Blue Line Fund is truly unrestricted. If someone wants to donate to a specific program, he suggested the Firstie Reception or Young Alumni Graduate Engagement as the AOG has already committed to those. Chair McClain noted that we needed to update the Board Governance Policies document to clarify the contribution guidance.

#### **XIV. Chair's Comments**

Chair McClain explained the snow route to get off base and thanked the AOG staff members who remained throughout the meeting.

#### **XV. Adjournment**

Chair McClain adjourned the meeting at 1:36 p.m. MST.

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

Respectfully submitted,  
Virginia Caine Tonneson, Secretary

Atch:

1. [8 November 2019 Approved Meeting Minutes](#)
2. [Committees of the Board](#)
3. [IRS Form 990](#)
4. [Pros-Cons of Quorum and Membership on Ballot](#)
5. [CEO Review of AOG Performance \(including Quarterly Financial Update\)](#)