

8 April 2017

From: Class President, USAFA Class of 1973

Subject: Inputs to the AOG on the Single CEO Issue

To: USAFA Association of Graduates Board of Directors

Dear Directors:

In response to your request for inputs (Attachment 1), we received 49 responses. In a nutshell, the vast majority believe the bylaws are important and any workaround would be unethical and generate great mistrust. One admitted to voting for the single-CEO proposal and now regrets it now that he knows more about the situation. Others are suspicious of the single-CEO concept being capable of improving the current arrangement. One reminded us that the approach would take us back to pre-ARC days. Others indicated the low voter turnout may be a reflection of diminishing trust in AOG's board of directors. For verbatim language on the 49 responses, see Attachment 2.

On behalf of the Class of 1973, we hope these inputs will be helpful in moving forward in a prudent manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald J. Scott, Jr.", written in a cursive style.

Ronald J. Scott, Jr., Colonel, USAF, Retired
President, Class of 1973

2 Attachments:

1. AOG Requests for Inputs
2. Responses from Members of the Class of 1973

Attachment 1: AOG Request for Inputs

Members of the CAS, Class and Chapter Presidents

Fellow AOG Members – Members of the CAS, Class and Chapter Presidents:

During the recent election, we received overwhelming support for the three proposed AOG Bylaws changes even though the required 25% quorum of AOG members voting was not reached. Ultimately, only 19.82% of members voted in the month-long election. But our objective was clear. We wanted to implement the Single CEO organization to attain the many advantages listed later in this document.

As you'll recall, one of the proposed changes was to remove the words "full time" from the AOG President and CEO's duties. The Board felt that such a modification was important to ensure member buy-in for implementing the Single CEO Agreement. For those voting on this change specifically, the 86.5% approval was noteworthy.

Under Membership Voting, our AOG Bylaws state: "All amendments to Bylaws and Articles of Incorporation must be submitted to a vote of the members. A quorum of 25% of the membership eligible to vote is required for the vote to be valid. The amendment must be approved by the majority of that quorum."

In November 2016 and well before the election, however, the Board received a legal opinion on the need for such a change to the Bylaws. As a matter of course, we seek counsel on these types of issues to ensure strict compliance with our duties under Colorado law. The legal opinion stated that the AOG Bylaws did not need to be modified to implement the Single CEO Agreement and that the Single CEO Agreement would be in accord with every requirement of the Bylaws.

Understanding that it was not a legal necessity, after much deliberation the Board still felt that having both member buy-in and initial feedback was very important. Therefore, we decided to place the proposed change on the ballot and stress the connection between this proposed Bylaws change and the Single CEO Agreement in our communications during the election. We did, in fact, then specify on the ballot and in our communications that we sought at least 25 % of the AOG membership to vote.

It is important to note, though, that the legal opinion has not changed in the intervening months and the Board still believes that it retains the ability to enter into the Single CEO Agreement on behalf of the AOG.

Your Board, the USAFA Endowment and the USAFA Superintendent continue to strongly support moving to a single CEO for the benefit of each organization and the Academy. There are, of course, many positive aspects and challenges to implementing such a change. In our view, the most important are listed below.

Positive Aspects

- Unity of effort – one individual overseeing both the alumni and development (fundraising) functions
- Harmonizes budgets to focus on missions' top priorities
- Achieves a totally integrated staff with appropriate pay scales and benefits leading to greater collaboration and more efficiencies
- Specifies several joint committees such that the two Boards must work closely together
- Mirrors the Naval Academy model that has been in existence since CY 2000 and has been very successful
- Is a logical step on the journey to one integrated board, which is the predominant university model

Challenges

- The single CEO reports to two different boards with possibly more reporting requirements
- Each Board has a different governance model – AOG more strategic, UE more hands on
- The AOG Board is elected by membership; smaller in size with 15 directors
- The USAFA Endowment Board is not elected, although more than 95% are AOG Life Members
- The USAFA Endowment Board has over 40+ directors; however, it is in practice managed by a 8-person Executive Committee
- Joint committees may lead to increased bureaucracy and take more time until processes are refined

We are writing to solicit your feedback as to whether or not the AOG should enter into a Single CEO organizational construct despite not achieving the required 25% quorum of members voting for a Bylaws change. Feel free to canvass your classmates, chapter members and any other graduates. We want to hear your thoughts – both in support and against.

We have established a webpage at [removed] for you to submit any inputs. This venue will be available from 27 March through 7 April, 2017. After the Board gets inputs from the CAS, Chapter and Class leadership, we will then poll the membership directly.

Thank you in advance for your involvement. The Board is working to get this right as it is most important to you, our membership.

AOG Board of Directors

Association of Graduates
 3116 Academy Drive | USAF Academy, CO 80840
 (719) 472-0300 | www.usafa.org | aog@aogusafa.org

Attachment 2: Responses from Members of the Class of 1973

From Bob Munson, Classmate and AOG Board Member:

The Single CEO Bylaw change failed to pass for lack of support (<25% of members voted). The Board now is trying a different tack. The Board's legal counsel told us (when I was a happy guy on the Board) that the Board could have a CEO work for both organizations in spite of the Bylaws language that requires that our CEO be a "full time, salaried employee of the AOG." He said the AOG could do this by hiring and paying the CEO, then having the AOG allow him to do contract work for the Endowment part time.

This is now a Bylaws issue, not a single CEO issue. The Bylaws reading is pretty straightforward, no one on the Board considered a different meaning until the lawyer mentioned it as an afterthought. That happened before the election was initiated, but the Board's consensus then was that a Bylaws change was required. When the vote failed, the Board altered course and is now chasing the opinion of one lawyer.

The Board's method of approval is to seek a limited number of members for their opinion. If a majority of selected members to say 'sure, forget the Bylaws intent' then they will seek approval from a wider membership. If they again get a majority, then they will do what the lawyer says is legal. They do not plan to make this a formal vote; they will not have this done by a firm warranted to do this, so there are no rules, no oversight, and no pass/fail criteria.

My recommendation, whether you are for or against a single CEO for both organizations, is that you speak out against the Board's action. The Bylaws are the member's constitution, their direction to the Board. In their Bylaws the membership set a fairly high standard to make changes, and the membership met those vote standards in 2006 and 2011. Doing a legal end around will set a bad precedent, one that would allow the Board to ignore the membership's direction in the future.

From Ron Scott, Class President:

In reference to the AOG announcement, there may be a bigger issue: the 25% quorum standard for bylaws changes. This past election resulted in less than 20% of the members voting. If the best the AOG can do is less than 20% for a major ballot of candidates and bylaws changes, any thing accomplished during this current drill may still fall short of the 25% quorum. Personally, this should be approached first--perhaps a special ballot that requires at least a 25% quorum and majority vote to **veto** a move to reduce the quorum to 15%. Then, pursue any other by laws changes. The single-CEO proposal could also be on this ballot. If 25% veto the quorum change and vote in favor of the single-CEO concept, then the 25% quorum remains and if more than 50% favor the single-CEO concept, then the issue would be resolved without legal tampering. If less than 25% vote to veto the change in quorum requirements, then the 15% quorum standard would be approved; and if the majority of these voters favor the single-CEO concept, then the new quorum makes it official, again without legal tampering.

Furthermore, attempts to pursue a single-CEO concept via legal maneuvering after the ballot failure is likely to be perceived negatively by the membership with the message "the board prefers its will and intent over the broader membership."

Frankly, before I would support a single-CEO concept, I would want to know what governance standards (coordinated and agreed to between the two boards) have been established for fiduciary responsibilities, transparency for any policies, assurances of deconfliction of competing interests, performance metrics, and accountability measures. What happens for instance if one of the two boards loses confidence in the CEO (often this can simply relate to personality or chemistry) when the other loves him/her?

From Trapper Carpenter, Class Vice President:

Think that the single CEO issue, as Dale states, is a critical one not only for the AOG as well as the Endowment; but also for the Institution. And we are at a very important point in the Academy's relatively short history; especially wrt the need for an effective Comprehensive Capital Campaign that benefits the Academy; as West Point and Annapolis both have so effectively accomplished, and both on more than one occasion. And not for potentially just the short term – has long term impact and implications.

Believe that the AOG Bylaws should be followed – not just in a technical sense but with intent as well. Clearly the intent of the Bylaws was reflected in the recent AOG Board's recommendation to possibly change part of the Bylaws, thru the established process. And the intent is not to have an AOG CEO that is on contract to the Endowment as their CEO. What kind of business model is that? And is that how we want our AOG and Endowment to be led?

To move our Institution forward, now more than ever requires as a foundation the confidence and faith of the AOG membership. To implement the legal opinion stated below of one lawyer undermines that confidence; some of which has taken since 2003-04 to rebuild.

From John Stefonick, Class Secretary:

In seeking inputs from the membership, what the AOG has provided may not pass the sniff test. What was the original intent in crafting the language about the CEO in the bylaws? Did this transpire before the creation of the USAFA Endowment? Since the AOG has elected directors, does the collective board have the delegated authority to change the original language about the CEO in the bylaws, when the bylaws and any changes to them must be approved by the membership? How would such a proposed change benefit the stakeholders? Who are the stakeholders? Given these questions, it seems caution and more deliberation are in order.

From Dale Birch, Class Senator:

I agree with the comments above regarding the dangers of doing this strictly because a lawyer "says" it can be done. I also agree with the idea that this opens a floodgate of possible issues, not the least of which is the invalidation of the existing bylaws. With apologies in advance to any of our class members who are lawyers, when people want to do something bad enough, they can always find a lawyer who can find a way to do it. That doesn't necessarily mean that it is the wisest or the best thing to do. I truly believe that if the AOG board goes forth with this despite the result of the voting, they will lose credibility with the membership. Once that happens, they then become ineffective in representing the membership because people will always, and I use that word advisedly, question their motives. I don't know all of the pressures being applied from different sources, and I don't know all of the financial ins and outs of the decision. I just know that it looks and feels "questionable" to move forward with something that didn't pass, especially

given the concerted effort to get out the vote. Maybe I'm missing something, and maybe the majority of AOG members simply don't care. But for those who do, IMHO this is not an insignificant matter.

From Joe Kahoe, Class Treasurer:

I agree with everything I'm reading from you, Bob, Mike, Dale, etc;

From Mike Arnett, Class Scribe:

I agree with Bob. After not securing passage of the proposal IAW established rules, they are saying: "Ha ha ha ha--fooled you! We really don't care what the results of the election were. We're going to do what we want, anyway." It's completely counter to the concept of the bard being accountable to the membership.

Other Inputs

I agree the runaround attempt not only smells, it stinks. Stu Willis, M.D. (aka H.S.K. Willis III)

My desires are:

1. That the AOG Board does not change its Bylaws or implement a dual-hatted CEO (Single CEO Agreement) without approval by a majority of the membership voting in a special election that meets the current 25% quorum requirement.
2. That the special election include a proposed amendment changing the 25% quorum requirement to 15% in the Bylaws. This would also require a majority of the membership voting in the same special election meeting the current 25% quorum to reduce the quorum requirement to 15%.
3. That the other recently proposed Bylaw amendments be included in this special election.
4. That this special election be conducted by mail out notification with:
 - a. A simple return address on the mailed out envelope reading . . .
Class of xxxx Reunion Committee
c/o USAFA Association of Graduates
3116 Academy Drive
USAF Academy, CO 80840-4475
 - b. A one page legal size 8.5" x 14" sheet of paper that has on one side a short letter to the recipient from the class president (also signed by one or more other class officers if possible) of the recipient's USAFA class year asking that the recipient take a few minutes and complete the special election ballot lower on that page and the class reunion survey on the opposite side of the page, and return that one sheet of paper in the enclosed envelope.

The voting ballot should use the bottom half of the front page, below the class president's greeting, and simply state each proposal with "For" and "Against" boxes to mark followed by "Your class officers recommend a vote "xxxx" " (for or against). Near the bottom of the page add "More information about these proposals can be read at <https://xxxxx.aog.org>". Below that

a space for the recipient to sign and date his or her ballot, whatever the "legal" requirements are for it to be valid.

c. A self-addressed return envelope. I don't think it has to be pre-paid.

d. The reverse side of the legal sized sheet is going to need an informative couple paragraphs about the last reunion and its successes, some information and ideas about the next reunion, and a survey about class members preferences constructed however they want -- rank order preferences, check all you like, or whatever. And lastly a comment/suggestion section with blank lines to write on. If the recipient's name isn't pre-printed on this side of the page, a spot for them to enter their name is needed.

Whether there is an alternative online voting and survey location, I don't care. That's your call.

I imagine the AOG has an auto-feed scanner that will turn every class reunion survey into a pdf for review by the appropriate class' committee and/or officers.

I reckon the AOG can keep all the hard copy responses until the appropriate disposition time.

For this proposal to work, it requires:

- Advance coordination with the officers for each class, explaining the concept to them, providing a recommended framework for the preface letter their signature will be attached to, and explaining and "selling" the election proposals to them and documenting their "for" or "against" recommendations.
- Database software and equipment to auto-create personalized envelopes and letters to AOG members
- Staff to compile and disseminate the hard copy responses
- A window about 3 months long for the special election

This proposal is based on my personal belief that among AOG members allegiance is 75 to 90 percent to their class, and 10 to 25 percent to the Academy and its institutions. A letter directly from the AOG is far more likely to travel post-haste to the circular filing bin than one from a grad's classmates.

I look at this proposal as a one-time "big push" to effect several important changes, after which a return to recurring online voting with a new 15% quorum requirement will be successful.

No doubt there are other considerations those intimate with AOG matters will weigh when considering this proposal.

I blindly voted yes on the proposed changes and sent it in. After I did that I heard that Bob Munson was not in favor of the changes (the one about the Single CEO thing at least).

I don't know diddly about the AOG board or the Endowment and I don't have time to look into it. I do know Bob Munson and whatever he says goes. I trust him completely. Bob doesn't like it? I don't like it or want it.

In the future I will consult with Bob before I blindly vote on anything related to the AOG or Endowment.

I agree with the position stated by you both. No need for further comment; the responses below are accurate and succinct.

I prefer that the AOG and USAFA Endowment boards remain as totally separate entities. A single CEO is unnecessary, violates AOG bylaws, and reminds me of an attempt to mix oil and water. As others, I also sense an end run here. Add me to the No list.

I agree that the legal opinion the AOG Board has received is not the way to implement the single CEO plan. The intent of the bylaws was to have a quorum of 25%, and that should be the goal to achieve any change.

It is surprising and disappointing that we could not reach a quorum on this decision. Rather than say that the majority of the membership did not care enough to vote, I suspect that the campaign to derail the change occurred as a result of the urging of some to not vote.

If the single CEO concept is so much better than what we have now, then the Board has not done a good enough job of convincing us of it. Rather than try a legal end run to get its way, let it provide a more cogent argument for the change.

Just my two cents - the bylaws are the rules by which the AOG operates. Any attempt to circumvent the rules and set new precedent without first changing the bylaws/rules is akin to opening Pandora's Box. Who can predict how many other changes could then be implemented citing this case as precedent. Seems like a very slippery slope to me.

I agree with all the officer comments provided in Mike Arnett's email.

I support the Single CEO organization concept.

It's unfortunate we did not get a quorum to formally change the bylaws, but I think we take 85%+ approval, add the legal opinion, and implement the change.

Thank you for the chance to comment. I value your friendship and want to thank you for all the hard work that you do on behalf of our class and the Academy. Thinking of each of you brings back many fond memories.

I was very close to making a significant (from my perspective) to the endowment. I am suspending that contribution until such time that the AOG Board and Endowment have regained my trust. I belong to the AOG because I am proud of what the Academy and its graduates stand for--integrity, selflessness, duty come to mind. What ever character traits we might add to this short list would only help point out that any action taken by the AOG Board on this single CEO question, that is not in keeping with such a list, isn't is an action that should be taken by anyone entrusted with the stewardship of our graduate body, the AOG membership or the institution we idealize.

In my view, the AOG Board decision to put the single CEO concept to a vote eliminated any argument that the results could later be considered optional. It failed to pass and one must consider the possibility that the low number of votes may well indicate distrust or concern rather than disinterest or apathy. Having started down the path of obtaining membership approval, there is no honorable path to determining the outcome short of gaining the consensus of 25% or more of the membership. Pursuing a legal opinion that may pass a legal test, but doesn't have clear support of the AOG membership is ill advised and if taken would do more harm than any gain in efficiency could ever justify.

At this juncture, there are two paths forward to resolving the question at hand. Only one of those paths is truly honorable when measured by the principles that are the bedrock of our beloved USAFA. I have more of a vested interest in our doing things right than I have in the ultimate outcome. Where we end up in this case, though important, is not nearly as important as the path we take to get there.

I am against the Board's action.

The voting participation rate was disappointing but once the issue was put to a vote and it failed to obtain the requisite quorum, it should not go forward via legal maneuvering. I'm sure there are lawyers out there who will give an opinion that it cannot be done as well.

I really can't add anything much more to the credible inputs from the others as far as perception and reinterpreting the rules.

The Board had a choice in Nov, and to use the legal opinion and change the structure without a vote or take a vote to amend the bylaws.

They choose the vote under the rules of the bylaws, so to not accept that and revert back to me reflects on their character and integrity going forward.

If they want to say they can change the bylaws because 86.5% of the 19% that voted supported it or 16% of the overall membership. The counter argument is 84% did not vote to support it. Neither one is really relevant to the case at hand or the outcome.

“The Board” wants or supports this move. Who on the board? I have meet a couple of folks from the Endowment and they are really pressing for this. Are the AOG board members supporting the change also active as part of the unelected Endowment board?

AOG board is elected as representatives of our membership. We have By-Laws for a reason and they should be followed as intended. Sounds like we have an invalid vote and no changes should occur until a new vote is conducted.

Without getting into the pros and cons of a single CEO, I chose to not to vote because I thought that not voting, in the hope of not reaching a quorum, held the best possibility of halting what was happening. As it turns out this was the correct thing to do. This election appeared to be a jam-down by the board and I didn't like the smell of it. I didn't like the tactics they were employing, which were very heavy handed.

The board has not changed their thuggish demeanor with their attempt to bring in a lawyer as cover in order to ignore the quorum rule. This is a matter for members to decide, not lawyers. If they can ignore the quorum requirement of the bylaws they can ignore any other part of the bylaws when it suits their purpose. The bylaws will not be worth the paper they are written on. If the board continues on their present course, employing the type of tactics they have recently used, I will reluctantly resign from the AOG.

I have a simple view of all of this. The AOG Board should look at the Academy's core values and ask themselves does this new Board tact reflect the INTEGRITY of the institution—when you get a result you did not expect, instead of working the issue of not meeting quorum to instead try to change the calculus for a quorum or just do it regardless of the mere 19% vote—does that match our values? Maybe that thinking sits well in some circles of our government in Wash DC...but it should not at 80840 and among our graduates.

Bottom line, I'm opposed to the board's proposal to nullify the vote results.

The AOG board is stealing a page from the Obama administration's playbook. When Scott Brown was elected to the senate from Massachusetts, it looked like Obamacare would go down in defeat. In fact, Scott ran and won on a platform of opposing it in a very liberal state. But Harry Reid and Nancy Pelosi conspired to get it passed by end-running normal voting procedures. I won't bore you with the details, but their plan worked (or not, depending on your point of view).

I'll never trust our board again. You don't ask me to vote in good faith and then pull an "Obama" if the results don't agree with what you wanted. The quorum issue is certainly a concern. If we

can't get at least 25% of the membership to vote on important matters, what does that say about us as graduates? But this vote was held under existing rules and procedures, and those must be followed to the letter to maintain credibility in the system. We can't change rules after-the-fact and expect anyone to faithfully follow them in the future.

It disgusts me that there are people on the board who actually suggested this end-run of what we were told before and during the election process. All of them should be removed from the board immediately. You can quote me on that.

I am a life member of the AOG. To begin with, I am totally ashamed that our Board would even consider bypassing the established Bylaws. I would consider this action borderline criminal.

Admittedly, I voted to allow the change to a single-CEO concept when I cast my ballot. However, with this latest information about the language stating "full time CEO" for the AOG board, the question arises as to how a "full time" employee can devote any time at all as a "part time contractor" to another organization (despite any relationship to the other organization).

At the time of the vote I really didn't think this issue would be very critical to me. But to hear now that there is such legal tampering with the technical wording, and the attempt to disregard the quorum requirement, makes me suspect of the intent of those elected to support our organization.

Please pass my strong negative feelings to the board.

Interesting politics and correspondence regarding board actions after the recent AOG election. Thank you, Mike, for passing it on to us.

I am in agreement with Bob and others that the board should not try to make an end run around our bylaws...like the US Constitution, it is a sacred document governing how we operate as an organization. I know the board is frustrated that their carefully laid plans to unify the AOG and endowment under single leadership failed to muster the required quorum.

Perhaps now is time for the board, class(s) leadership, and our CEO to reflect on how to generate interest in an apparently apathetic AOG membership! Is it that over 80% of our brethren could care less, in spite of numerous reminders for members to cast their votes? Or has the AOG lost contact with a large number of our membership? Both, or some other factor? I don't know how to bring in more interest...I experienced a similar apathy myself a few years ago when I tried to start up a chapter in England. Despite having an active duty and retired population of over 100 graduates from two major RAF bases / USAF Wings), I was never able muster more than five members...this in three attempts at ice-breaker kinds of organizational meetings (where there was a bar and food)! I even have personal contact several times a year with nearly half of this population as the contracted site manager and instructor pilot for their KC-135 flight simulator training...I talked chapter formation up at every opportunity! The problem with commitment to

an active chapter are different in a high operations tempo overseas environment during middle east wars. People deploy, are jealous of their time at home, and rightly so. Sadly we gave up on activating a chapter.

However, the apathy for voting on key issues of how our organization is operated is hard for me to understand.

BTW, I am no longer in the UK...retired in western North Carolina. Two of my former simulator teammates, classes of '83 and '99, (copied above) might be interesting reengaging a chapter start-up.

I voted for the Single CEO change. I think it is a worthwhile "change" to the way the AOG does business. It would have definite growing pains. Having the AOG Board dictate this change is not a very good solution, but, they could do it on a temporary basis for 3-4 years and then have the AOG members vote on it again. What needs to be asked is why 4 out of 5 AOG members didn't vote. It is SIGNIFICANT, VERY SIGNIFICANT. It needs to be addressed.

I think the issue goes much deeper than the question of whether or not to move to a single CEO model. I think the deeper issue is the general lack of support for the AOG. I watched the past few year as the AOG focused on governance models and defining their differences with the Endowment and asked myself what is it about the Rocky Mountain air that turns well-meaning folks into what appears from a far as a bureaucracy so inwardly focused that all they see are their own navels? About a year ago a young guy (non-grad) from the Endowment showed up in Tampa to meet with grads one on one to solicit feedback on the Endowment, and of course ask for more money. I got the sense, I may have been one of only two or three guys to give him my time - I think that says a lot right there. I offered to buy him lunch and told him all of my donations to the Academy go to the 73 class fund because I put my trust in my classmates to do what is best for the Academy. I got a stunned mullet looked in return. It was an interesting lunch to say the least. I asked him about the working relationship between the AOG and Endowment and it became clear to me that even at the worker level, there is still friction and misunderstanding between the AOG and Endowment. I can only imagine what it's like between the Boards.

So as for the vote on one CEO, the bylaws say a quorum is 25%. The vote did not meet the quorum requirement. The one CEO proposal thus did not pass.

Having they Endowment "contract" for support from the AOG CEO, you have to be kidding me.

My recommendation - put the one CEO question back up for a vote. But in this case, go beyond the email blitz to get the word out. I'd much rather have a squadron mate give me a call or send me a note explaining the situation and asking me to vote so we can reach the 25% quorum. I don't think I'm alone when I say that my first allegiance is to my squadron mates. If you can't get enough grad volunteers to work the phones for an issue as important as this one, then we

have some real problems that need to be addressed within the AOG before we consider the single CEO question.

It seems to me that if the board wanted support from AOG membership for the single CEO model, they did the right thing by asking. The fact that they didn't get it (IAW AOG by-laws) shouldn't change their desire to get support from the membership. Otherwise...why ask? I am strongly suspect of any future action the board(s) take. For an AOG of an institution that should cultivate a high level of integrity, this "technical" legal interpretation isn't in line.

I almost didn't renew my membership this last year over the WAY the board was railroading this change thru regardless of its merits!

Does anyone in the current debate recall the use of the term "Quibbling"? Maybe time to invoke the "nor tolerate among us anyone who does" part of The Code!

Not hard.....just abide by the By-Laws or change them using the established procedure.

ANYONE who can look at a response rate of less than 20%, and then make the preposterous assertion that there was "overwhelming support" is at best quibbling, and at worst auditioning for a position on the DNC!

I voted in the recent election. I would have accepted any outcome from the election process itself to include no action or a quorum and majority to approve the Single CEO. I was not prepared for the Board's latest opinion to press ahead despite a lack of quorum.

In all transparency, the Board knew that its desired Single CEO path might not pass, either because there was not a quorum, or the quorum majority voted against it. Given this latest traffic from the AOB Brd citing legal review and a desire to do the CEO action unilaterally despite a failed quorum, I would have preferred that they had put a note on the ballot that indicated they intended to proceed with legal opinion regardless of the outcome and let their true intentions be known.

At this point, in my mind, the AOG Brd traffic this week is not even about the CEO issue, it's about how the board operates and how and what it really communicates to the membership about how it governs. I find it striking that the leadership would believe that 17.1% (% voting multiplied by % of yes votes) of membership voting for an issue represents a mandate. Why did 80+ % not vote? Introspection into why the election couldn't attract 25% of the membership is in order, as well as honoring the standards I thought the Board was operating under when they submitted this to a vote.

To me, the Board is quibbling.

Before the vote I had a number of my squadron-mates from '73 voice their disenchantment with the Board in general, and as a result they most likely were not going to vote during the election. Lack of AOG Membership engagement could've been the issue to which the Board dove into, but it wasn't. Instead, it embarked on a path to do something for which it sought membership approval of, and when it didn't get a quorum said, **** you, we want to press ahead anyway. The Board can certainly reaffirm any negative membership perceptions of how it operates and further impress an apparent un-engaged AOG membership.

Here are some thoughts for the AOG Board.

1. There were probably many options open to the AOG and Endowment to create a single CEO and staff prior to the election. Once the AOG Board decided to put it forward to the membership for a vote, the opportunity for unilateral action comes at the expense of engagement and integrity. Based on the election results, the number one problem facing the AOG and Endowment appears to be the lack of engagement by the membership. 81% decided not to vote for some reason. This decline in engagement is alarming as it affects the ability for the Endowment to raise the money's needed to support the Academy mission. While unilateral action might still be possible, the Board must make a serious assessment of the impact of taking unilateral action on the engagement of the membership. To me, this seems like a very large risk with a relatively small near-term potential cost savings. The AOG Bylaws require Directors to act in the best interest of the organization. I doubt that any action which drives engagement lower is in the best interest of the AOG or the Endowment.
2. The next question is one of integrity. Once the AOG Board decided to put this initiative to a vote, it seems they became bound to the Bylaw requirement of gaining a 25% participation rate. If this rate is not achieved, the Bylaws are very clear that the initiative is dead. Taking unilateral action requires the Board to set aside the results of the vote on the initiative. I see no mechanism in the Bylaws to do this. I also see nothing in the Bylaws that permits the kind of caucus discussion and potential action that this situation presents. This entire process potentially creates a trust issue for the membership. If the Board is not going to adhere to the Bylaws in this instance, why should the membership trust them to adhere to the Bylaws in other instances. Are the near-term cost savings worth the loss of integrity? What does the loss of trust in the Board and the integrity of the Bylaws do to engagement and future fund raising efforts?
3. The last impact that must be assessed, before action is taken, is the effect of this situation on new classes and future graduates. Many cadets leave the Academy with strong cynicism believing that there is a double standard at the Academy, with some being held to a higher standard than others. In many, this attitude drives many to have little to do with the Academy and its supporting organizations. What is the impact on these groups as they watch the AOG Board discussing vacating a valid vote and taking unilateral action? It seems to me that this sets the stage for even lower engagement and worse recruitment of young members and reinforces their sense of cynicism.
4. The Board is supposed to act in the best interest of the AOG. Short term financial savings rarely offset the long-term impacts of low engagement and loss of trust. I hope the AOG Board

will move very cautiously on this matter. I suggest the single CEO be tabled until engagement can be raised and the initiative resubmitted with a stronger marketing effort well in advance of the election.

Seems to me that 86.5% of the 19.2% that cared enough to vote is a pretty strong indicator that the membership that cares is OK with the 1 CEO/2 Board solution. Understand the Bylaws issue but if the membership does not care enough to vote then that says something about the organization that should be addressed!

Class Officers,

The reason you did not get a quorum, is that people are tired of the posturing and apparent ineffectiveness of AOG. I did not join the AOG until after my retirement, based on the ineffectiveness and infighting that plagued the organization during the years of my active service. Upon retirement, I joined as a life member, a decision I now question.

The Academy is an institution that is supported by appropriated funds. It has an active duty staff, and hand-selected senior officers who reflect the decisions of USAF leadership in the execution of their duties. The AOG should speak when spoken to by the Academy leaders, and provide input only when requested. The Academy leadership does not require nor probably appreciate the input from those who have not been in their shoes. When it comes to the decision at hand...do what the Superintendent wants, but get buy-in from the AOG members.

It is amazing to me that so many of those who state they are so committed to the Academy and the AOG, left the Service at the earliest possible moment at the end of their brief service commitment. How do we think that a graduate who departed as a junior Captain, has any idea of what course of action the Superintendent should pursue regarding the Academy's stated mission to produce career officers in the USAF?

The unconfirmed reports of excessive salaries and benefits enjoyed by AOG employees who have been there for too long, and possibly for the wrong reasons indicate that the organization might not be working for the best interests of the institution, but rather for the best interests of themselves.

My suggestions:

- 1) Reduce the salary of paid members of the AOG staff. If it is truly a labor of love for the institution, they will stay. If not, others will serve.
- 2) Establish term limits for AOG employees. We require senior military officers retire at about age 60...that is a good number.
- 3) If you do execute this end-around with the single CEO to serve whoever's interest all this maneuvering is about, without the concurrence of the AOG members, you only prove that this is not "our" organization...it is "their" organization. And, from what little I see, you should sweep out the lot of them.
- 4) The fact that AOG members did not vote, does not mean they are not paying attention. I suspect they are and they distrust the decision makers.

5) Key Point: To credibly review the proposal to merge the senior position and/or staff of the AOG and Endowment organizations, I would suggest that the AOG assemble graduates, nominated independently by their respective class officers, to study and recommend a solution, as an independent panel. They would report out to the AOG staff and members at large. When their unbiased recommendations are implemented, it would significantly improve the flagging perceptions of integrity held by the membership.

My input, for what it's worth is to agree with you and Bob and Trapper. I think the low vote percentage was more a question of not letting folks know there even was a vote, rather than apathy. That notwithstanding, I sure don't think one "lawyer" should be directing the future of the AOG. Someone's salary or total compensation may be the real motivation here! Anyway, I side with you guys!

I definitely DO NOT support the AOG Board's attempt to bypass the 25% voting requirement to change the bylaws. That requirement is paramount to ensuring that the Board doesn't start unilaterally making decisions w/o member input/approval. Please advise if you need any more input from me. Keep the blue side up.

Low turnout for the recent vote is a symptom. The disease is AOG indifference. There is little doubt that the AOG board will get what it wants regardless of how the members vote. Both funds under a single CEO is ripe for personal agendas and waste. 40 people on the endowment board? That will grow to 80, all funded by grads who mistakenly believe they are contributing to the school. I believe it was Bob Munson who used the term "sniff test". Good term. Simple truth. Many don't trust the AOG board.

73 grad here. I'd like to go on record as objecting to the latest efforts to subvert the bylaws process. The appropriate quorum requirements should be followed for all board decisions. Thank you for the opportunity to respond.

Here's the message I sent to Bob Munson when I first heard about combining the Boards.

Bob,

I don't know if you've ever read Malcolm Gladwell's book, *Blink*, but the second I read the idea I thought it was a bad idea. My first thought was that the Chief Fundraiser has to think fundraising morning, noon and night. When he or she walks in to the room or calls on the phone, everyone needs to immediately know why...get out your checkbooks.

I've known a number of Directors of Development and none of them were involved with the day-to-day operation of the organization.

I think we should stick to the 25% rule, regardless of legal counsel.

I also believe there were numerous grads like myself, although I voted, that were confused by the issues and the bantering of different points of view on the subject through the emails. I am guessing some people chose not to vote and to let "more informed" grads decide, which led to less than the required participation.

I have to agree with Bob Munson and the others. It would be a mistake to cram the Single CEO proposal down our throats and lay waste to the bylaws. Perhaps the reason there was so little interest in the election is because the CEO issue is not well explained or understood. Get the membership engaged with the real facts and alternatives. Were these on the web site? Why was the web address "removed" from the letter?

Drew

On this one I'm with Bob Munson and Ron Scott, both of whom I highly respect. Not sure how to post my comment so please feel free to disseminate as you see fit. Thank you.

Seems black and white to me--with a less than 25% voter turn-out, the vote failed and the organization should remain unchanged. A change of this magnitude, should only be in-acted in accordance with the by-laws of the AOG. If the board believes that one CEO, two boards is that important, then the board needs to bring it back before the membership, with a different approach to getting voter turnout.

The by-laws should not be changed to require only a 15% voter turn-out. I would not the board to even bring that change to a vote of the membership.

Finally, why go through an intermediate step of one CEO and two boards? The AOG Board says one CEO, two boards is "a logical step on the journey to one integrated board, which is the predominant university model." Most of the "positive aspects" and "challenges" in the board's email point to moving to the single CEO and one integrated board without the confusing middle step. My guess is that the un-elected Endowment Board would have a problem with that. There may need to be a small increase in AOG board members, but certainly not by 40. I've seen other non-profits put people on their boards based on their donations and continuing donations. Don't know if that is the case with the Endowment, but I don't think that would be appropriate for the AOG or Endowment. The board(s) should always be elected by the membership.

I offer a number of comments about the most current AOG Board proposal:

1. Ethically, they committed to follow the results of voting by the AOG Members. The fact that insufficient members participated clearly tells me that this initiative, of combining the CEO

positions, did not create sufficient interest by the members. Given that the Board said they would follow the results of the election, they they should consider themselves ethically bound by it.

2. Both the AOG and the Endowment were created to help the Academy create our future USAF Leaders. What message does it send to the Cadets and Active Duty Officers if they see the AOG and Endowment implementing an "End Around" to force the issue after losing a democratic vote.

3. In this initiative, both the AOG and Endowment are effectively violating the USAF Core Values:

- Integrity First. They effectively promised the members to follow the results of this vote. By doing this end around, they are abandoning all sense of Integrity - both institutionally and personally. Did they lie in the beginning or are they lying now?

- Service before Self. Who are they serving when they go against the wishes of the AOG membership? In my mind, themselves and not the greater cause of supporting USAFA.

- Excellence in all we do. Using a questionable legal interpretation clearly violates this value and diminishes the character of both institutions.

As a SPEA, I have seen too many examples of today's cultural rot invading the Academy. Changing the rules to get your way, after the vote is in, is clearly not in keeping with what we want taught or used as an example for character development at USAFA.

Anyone pushing this is working counter to the goals and objective of the Academy. I strongly suggest the Board members who are pushing this to review and study, sincerely, the values and traits of living honorably as taught to the Cadets.

I could continue but, I think you get the jist of my feelings. This is wrong. Feel free to use my comments as you need to.

Do not agree and voted against the single CEO concept. Also believe the 25% quorum is a valid requirement and should remain in place.

A lot of this discussion I'm not familiar with -- but the one thing I would agree strongly on is if you've established a "quorum" and you don't achieve that, whether it's an actual meeting or an online vote of the members, etc., it's very shaky and scary for your credibility and long-term loyalty among the members if you decide to go ahead with some vote level less than the "minimum." I don't know the answer to AOG's low voting turnout, but I would certainly encourage them to not blow of the required quorum level of participation.

I have been an AOG Life Member for many years now. I have always supported the AOG and their fund raisers and also the Endowment Fund. I was against the single CEO concept and I still

am. I was upset about the action the Board took against Bob over his request to us for input and nearly quit the AOG over it. Thank goodness we elected him to the Board. However, if the Board continues on their path to create a single CEO WITHOUT a Bylaws change, I will no longer support the AOG or the Endowment Fund in any form. I know I may sound like I am whining, but that is my right. I feel strongly that the action the Board is taking - to ramrod a change that didn't receive the necessary quorum - is wrong!

One more thing...just because it may be "legal" doesn't make it right. Didn't we all learn that in Ethics classes we took at the Academy...and during our careers. New Mexico requires me to take so many continuing ed hours each year to maintain my PE License - and Ethics is a required subject!!!!

I have not been involved in many years but am a lifetime member of the AOG. I have seen this many times in corporate governance and it always leads to problems. Substituting the opinion of a single attorney for a clear reading of the Bylaws will destroy confidence in the AOG governance and is an extremely bad precedent for resolution of future bylaw issues. The board needs to focus on why they did not get the appropriate response and not the results they did not want.

Here are some comments from another source (highlighted in gray shade). Not our classmate but thought I would pass on.

Ladies and Gentlemen,

You may wish to read comments below explaining opposition to the single AOG CEO proposal.

"We report. You decide."

Mike Rose

President, Charleston Chapter, AOG

Tel 843 871 1821

PSAOG Board Members,

I agree with Robert S. Dotson's assessment [see below] for the vote to change the bylaws by putting both boards under one CEO. I voted against the one CEO. Art Kerr was a member of the ARC over 10 years ago and kept us informed on the issues. Same issues today. A few unelected board members want control without being accountable to the rest of the USAFA Grads. Having attended the Chapter Presidents Conference the last two years I don't get a good feeling about the one CEO. The Superintendent and top echelon seem focused on the cadets and academy with minimal concern for the grads. As Robert states a single CEO will be pressured by the Endowment Board and the Sup to see it their way. Information was not given how this single CEO of both boards would work which inclines me to agree with Robert's statement, "Proponents of the single CEO are making it up on the fly as they go along."

Dear Chapter President:

In evolving an organization from one structure to another, it's axiomatic that the chief problem hindering the current organizational structure must be accurately diagnosed before proposing a new structure. During my two years at the Harvard Business School pursuing my M.B.A. degree, by far the most interesting course I took was one called Behavioral Approaches to Organizational Design in my second year. I am applying what I learned there to the Single-CEO proposal.

Problem diagnosis must come before structural change. And history is the handmaiden of diagnosis in identifying the chief problem besetting any organization. I'll try to be brief in recounting the history of the AOG and its travails. In 2005, nearly 30 graduates, but supported by many, many others, formed the AOG Reorganization Committee, ARC for short. Among their chief complaints was that the then-board members of the AOG were overemphasizing fundraising to the detriment of providing services to AOG members. ARC was successful in replacing many of those directors in the election of 2007. Those directors formed the Endowment after leaving the AOG Board. The minutes of AOG Board meetings in late 2006 and early 2007 make for fascinating reading. In the election two years later, in 2009, a slate of grads who ran on a unity platform, one more favorable to fundraising, were elected as the political pendulum swung in an opposite direction. Eight years later, they have achieved unity only in an abstract sense. Many of those same directors, having been reelected, still have great influence on the AOG Board today.

What has the main problem been then? Quite simply, it has been a clash between those who believe that fundraising should predominate among graduates of the Academy and those who believe that services for graduates should be at least as important in an organization, the AOG, having grads as its main focus.

So, what must the evolution of the AOG accomplish to deal with that specific problem? And, does the Single CEO idea support or detract from a solution that will work? To stop the clash of interests among grads, any new structure of the AOG must give equal prominence to services for grads and fundraising. That's why in the proposal I've shown you, equal numbers of AOG Board members would be designated for each of those two tasks - to make certain that they would have equal representation on the AOG Board. Does the single CEO advance equal representation of those tasks? No, it does not. The real-world effect of the single CEO will be to put services for grads in a lower priority than that of fundraising. And the historical clash will continue. Why will it continue? It's because the alliance of the Superintendent and the Academy staff in league with those grads for whom fundraising matters most will inevitably lead to a co-option of the single CEO. We would be asking a human being to be impervious to the enormous pressure that that alliance would exert, and that's just not a reasonable expectation. Right now, the single CEO has many things going against it. The worst thing is that It really doesn't address the conflict that's been going on for 12 years and roiling the grad community. In fact, it's very likely to make that conflict worse. Do we want another cycle

of dissention that features something like the ARC movement of old? I hope not. Another major weakness of the single CEO proposal is that the AOG Board, having failed to rally grads to the single-CEO idea in an election, when they really could have -- if they had been creative, imaginative and focused -- are now in their mysterious desperation attempting a high-handed end run around the AOG's bylaws. That end run, if actually carried out, will no doubt create great bitterness and even more division among the grad community. Lastly, the proponents of the single CEO idea haven't shown us the merged organization the single CEO idea is supposedly a step toward. Would they be consistent and congruent? We have no idea. Proponents of the single CEO are making it up on the fly as they go along. There is no end organization envisioned and no roadmap to getting to one. Is the next evolution of the AOG supposed to happen on its own? Will a merged organization deal with the problem of a clash of interests among grads? Again, there's nothing now to indicate that it will.

What we have in the single-CEO proposal is a badly-flawed, poorly-thought-out idea for supposedly uniting the graduate community.

Pease contact me at ste4andots@aol.com if you'd like to discuss the single CEO issue further.

Thank you for your kind attention,

Robert S. Dotson
Brig. Gen., USAFR (Ret.)

I oppose this because it puts too much power (and responsibility) in the hands of one person while trying to combine two disparate operations. I also think if AOG members had really thought it was a good idea, more of them would have voted in the election.

In addition, let's not change the quorum rules to fit the number of voters. We don't want a small number of members to control the AOG. It would be much better for those advocating changes to better educate and motivate the AOG membership to express their views.

I read the news about making a unilateral decision to move to a model where the AOG and UE have a single CEO. That may be a good choice, but the way it was done is infuriating a lot of my classmates, because it flies in the face of our lifelong commitment to ethics and integrity. The issue was brought to a head because a quorum was not achieved for the vote.

I am a BOD member in private industry and have served as a CEO, so I understand the need to act for both the BOD and the officers. On one hand, I would like to see you find a way to achieve the quorum because it is the right thing to do. On the other hand, I would support an initiative that changes the by-laws so that a quorum would not be needed in a similar situation in

the future, because it also is not right that nothing can be done if so many grads refuse to vote. Those who do not vote should not get the privilege of actually making a decision by default.

I believe you have some bridges that need fixing, and I hope you approach your constituency with the respect they deserve. I would encourage you to present a reasoned case to the grads, what you learned (with humility) and what needs to be done to effectively tend to the business that is in all of our best interests.

I wish you all the best in helping the community close ranks.

Ron, Mike, Bob, Trapper, & Other USAFA '73 Class Leaders...

I concur with much of what has already been stated. I don't think a single CEO should be pursued until board governance is clearly defined & determined for AOG & Endowment boards in a coordinated & efficient manner by each org. for functional success. What I have read about the function of a single CEO thus far is confusing & somewhat disturbing. Working for "2 bosses (boards)" with different governance & confusing contractual guidance of operation will breed potential distrust & overall possible dysfunction.

I definitely feel that a "legal interpretation for a work around" of current By-Law guidance is ill-advised. As already stated by many of you, the credibility of the AOG & Endowment would suffer "if legal work-arounds are employed". Please follow established By-Laws for quorums and any rules guidance or operational changes.
