

# U. S. COAST GUARD ACADEMY ALUMNI ASSOCIATION

## MINUTES

Alumni Center Conference Room, New London, CT

March 23–March 24, 2012

<Approved electronically April 24, 2012>

### Friday, March 23

Bob Byrd '66, Chairman of the Coast Guard Academy Board of Directors, called the meeting of the Board of Directors to order at 8:30 a.m.

#### Board Members Attending:

Robert Byrd '66  
CAPT Andrea Marcille, USCG '89  
CAPT Melissa Bert, USCG '87  
Tiffany Jones '97  
CAPT Douglas Wisniewski, USCG (Ret.) '79  
LCDR Dion Nicely, USCG '01  
LCDR Eric Masson, USCG '97  
James Ellis '66  
Kerry Watterson '78  
CDR Mikeal Staier, USCG '91  
CAPT John Maxham, USCG (Ret) '66  
CAPT Robert McKenna, USCG '89  
CAPT Joseph Phillips, USCG '85  
LT Christian Soto, USCGR '03

#### Association Staff:

CDR James Sylvester, USCG (Ret) '71  
Andrew Krupa  
David Obedzinski  
Tara King  
Eileen Foye Kelly  
Karen Licitra  
Chris Franklin, CPA  
Sue Fage  
Nancy McDonald

#### Guests:

Pat McGowan, CPA, J.H. Cohn, LLP  
Steve Popeo, Goldman Sachs  
Joseph Amsler, Goldman Sachs

Dan Holland, Goldman Sachs

CAPT Stephan Finton, USCG '81

Robert Flynn '74

## **A. Approval of Minutes**

The minutes of the November 2011 meeting of the Board of Directors were presented. Minutes were approved electronically on December 28, 2011.

## **B. Status of Pending Action Items**

Pending Items on Tasker List from November Meeting:

1. Communications: Transition from All Class meeting to a web video and article for The Bulletin – Andrea Marcille reported that this was completed.
2. Research ways to connect with targeted diverse groups – Dave Obedzinski reported that they had started with the Women's Leadership Initiative Fund but it was not complete.
3. Establish "Top 3" actions with deliverable and due date for inclusion in Three Year Plan – Doug Wisniewski said that he has them listed.
4. Articles: Dean Kurt Colella on cadet curriculum; Captain Jon Russell on STEM initiative – Doug Wisniewski said that they want to do it but just haven't had the time. He will reach out to them once more and if they are unable, this item will be dropped from the list.
5. Fundraising: Next Big Thing – Keep it on the list and it will be discussed on Saturday in Executive Session.
6. Write Bulletin article to explain shift to actively managed funds and explain building reserve and operating reserve decisions – Kerry Watterson said to keep it on the list. He will try to write it for the next issue.
7. Alumni Center Capital Needs Assessment – Has been completed.
8. Establish "Top 3" actions with deliverable and due date for inclusion in Three Year Plan – Pending.
9. "Academy House" Habitat Initiative – Jim Sylvester said that he has an article in next issue of The Bulletin. Plan calls for \$30,000 of cadet dues money and the Alumni Association will match that 2:1 using class funds. The house will cost a total of \$90,000 with contract to be signed in August and the house to be completed by cadets by April 2013.
10. Add CGAAA to Combined Federal Campaign – already discussed in committee reports.
11. Governance: Write brief article on constitutional change; provide specific language on change for vote by membership – Has been completed.
12. BOD to select Board nominating committee for 2012; Jim provided Board with draft Precept for approval per Constitution Art IV, Sec 4 – Will be done in Executive Session
13. Assign new members to committees – Has been completed but there are a couple of changes. Eric Masson has been moved to the Finance Committee and Doug Wisniewski will be the chairman of the Governance Committee.
14. Describe job descriptions for 3 simple committees – Has been completed.

15. Establish “Top 3” actions with deliverable and due date for inclusion in Three Year Plan – Will be done in committee or at large.
16. Outgoing Chair to offer Bulletin article reflections on tenure, challenges, and opportunities – Doug Wisniewski will contact Rick Larrabee.
17. Ad Hoc Committees: Board Diversity: actively recruit candidates with no promises of selection – This is an ongoing issue that will be covered in Executive Session.
18. Awards Committee – Has been formed.
19. Columbarium – Will be discussed in Saturday’s Executive Session.
20. Human Relations and Compensation: Get organized; establish Top 3 issues for discussion and proposal to Board – Will be discussed in Saturday’s Executive Session.

### **C. Financial Reports**

Jim Sylvester discussed the generation of surplus funds as shown at the bottom of page C-1. He also pointed out to the Board that the Alumni Association gave \$3.1 million dollars in support to the Academy in 2011 as shown on the chart (at the front of the conference room). Jim introduced Pat McGowan and Chris Nardone from the accounting firm of J.H. Cohn, LLP. Pat went through all the financials and described the areas the firm reviewed during the audit. She went on to report that there were no significant audit findings as nothing had really changed from the prior year. Pat indicated that her team encountered no difficulties during the audit and all items reviewed demonstrated good accounting practices and were consistent during the year. Alumni Association revenues were up 20% in 2011 and reflected in the contribution line of the Statement of Activities and Change in Net Assets. Pat noted that this was an exceptional increase for a non-profit in the past year. She indicated that her firm made some minor changes by moving some of the net assets between permanently restricted and temporarily restricted. Pat reported that our expenses have stayed in line with previous years and that we have good controls in place. She further explained the Statement of Cash Flows for the year and explained all the footnotes. John Maxham asked if the margin loan included interest and Chris Nardone indicated that the loan figure was inclusive of interest. Tiffany Jones made a motion to approve the audited financials, motion was seconded and approved.

### **D. Development Report**

Dave Obedzinski reported that the Alumni Association finished the year strong in most all categories – a unique position for a non-profit to be in during a Capital Campaign. For the year, we received a total of \$3,032,354 in gifts compared to \$2,410,089 in 2010, a difference of \$622,265. The organization received a total of \$441,375 in unrestricted cash contributions to CGA TODAY finishing slightly ahead of 2010 figures. Dave stated that this was the sixth year in a row that we have finished at or above the \$400,000 level in unrestricted cash contributions. The Association also saw strong Leadership 44 Campaign payment trends and new mini-campaigns being planned and implemented through our office that brought new commitments, pledges and lead gift payments. Some of these mini-campaigns included the Class of '61 Marine Science Research Boat, Class of '55 Honors Program Endowment and the establishment of a Women’s Leadership Initiative Fund. For the year, online transactions were up 13.5% and the amount donated on-line was up 21.3% over 2010 levels. The annual total of 787 transactions was our best ever and the \$250,971 received on-line is also a new record. It also represents 8.3% of the total dollars raised in 2011. All of the donor recognition plaques on the Alumni Center’s

first deck noting annual contribution milestones for 2011 were updated on March 12<sup>th</sup>. The board book includes a sheet showing those new plaques and a list of top classes and their giving totals. Dave reported that the cumulative giving plaque on the second deck will be updated in early April. In June, the Association will publish the list of donors by category in our Annual Report in the Bulletin as has been our tradition. During 2011, the Association received two planned gifts and issued two more gift annuity contracts.

Dave gave a brief presentation about our planned giving marketing program. They include the Association having registered in multiple states for the issuing of charitable gift annuities; new interactive web pages have been linked to our site and are maintained by Crescendo; new portfolio covers to be used when presenting copies of agreements to donors and donor families; a new Alexander Hamilton Heritage Society Challenge Coin; and a planned giving education program utilizing *The Bulletin*, email notices, brochures, and buck slip inserts which have greatly raised awareness among our alumni.

Andrew Krupa reported that the Annual Fund Campaign was conducted in a two-part manner. There was the calling program for reunion year classes and the in-house mailer for all other prospects. This effort resulted in \$244,900 for the campaign and went very smooth in comparison to 2010. This year's Otto Graham Golf Tournament will take place at Arnold Palmer's Bayhill Club in Orlando Florida on April 16<sup>th</sup>. Andrew reported that the event was sold out and that 65% of the golfers are alums and the rest are new players. He concluded by reporting that he is continuing to process state registration applications as needed.

John Maxham gave an update on the Leadership 44 project. He provided a delivery schedule that showed we are half-way complete, the first six boats have sponsors and names, two christenings have been conducted with future ceremonies planned for the others. John indicated that boats four and five will probably be here in May and boat six should be here in July. Jim Tyler is providing \$40,000 to outfit one of the boats with special racing sails. Boats seven and eight are the Coast Guard Foundation boats and they are in the beginning phases of construction. Those two boats will be here in the fall so by summer 2013, all eight boats will be in use for the Coastal Sail Training Program. John stated that the campaign has \$4.026 million in pledges, the majority to be fulfilled by the end of 2012. The biggest concern is the availability of appropriated funds to provide for government furnished equipment (GFE) which would be \$100,000 for each of the final two boats. If the Academy is unable to provide the GFE for these boats, we will still fund all eight boats and work out an arrangement that is fair to the CG Foundation. The Procurement Committee is working with the Academy staff to address the concerns and resolve the issue. Kerry Watterson mentioned that we could consider using the Operating Reserve if there is a GFE shortfall to ensure that the project is completed on time.

## **E. Member Services Report**

Eileen Kelly gave an update about the Link-in-the-Chain (LITC) program and indicated that both alumni and cadets are excited and engaged with events such as the class dances, Golden Legacy Ring Gifting Ceremony and Billet Night. She also reported a few changes being made to Homecoming, namely that the medallion ceremony will now be held in Roland Hall on Friday afternoon and a review will be held on Saturday morning, weather permitting. This change will be evaluated from both an alumni attendance and cadet participation perspective due to the

number of excusals related to Homecoming sporting events. The other significant change will be the Luncheon with Cadets. It used to be held in the O'Club where it has always been difficult to arrange for the cadets so it has been shifted to the Cadet Wardroom. Eileen indicated that these changes will make things easier on the staff and all concerned.

## **F. Communications Report**

Tara King Clark pointed out in her report on page F-1, that Bulletin advertising revenues for 2011 were up and expenses down compared to 2010 resulting in a surplus of \$54,931 vs. \$28,335 for the same period. Online communication numbers are up largely due to the Parent's Association Web site is now located on our site positively resulting in increased sharing between both organizations. Tara indicated the Alumni Association continually ranks in the top 10 with iModules when comparing our website traffic to 63 other schools similar of size. We have ranked number one with the number of online donations, but Tara stated that the additional use of email could grow the number even larger. Melissa Bert asked if people could pay through PayPal and Tara stated that it was unavailable at the present time but she will look into it. Tara then discussed some new initiatives she is working on such as sharing with Twitter and Facebook on the website, launching a Twitter account and adding links to our social media(s). Tara stated that she is going to push Homecoming and all the new online forms out through Facebook. She stated that she is presently cleaning up some things on the website and but would like to start some online contests in the next few months. Tara concluded by noting that Melissa Royce developed a social media strategic plan that was passed out to all board members.

## **G. Investment Report**

Jim introduced Dan Holland, Steve Popeo and Joe Amsler from Goldman Sachs. Joe provided an overall outlook for the economy and indicated that gasoline prices might be a damper going forward, the inflation rate will remain about 2% and the ten year treasury bonds will close the year a little bit higher. Steve talked about the USCGA Allocation page that breaks down how all of our funds are allocated. He indicated that while our portfolio may not have outperformed traditional benchmarks such as the Dow Jones Industrial Average or the S & P 500 in 2011, he felt that every asset class is well within the bands that were set. The B-Funds which are fixed income are internally managed by the teams at Goldman Sachs. The A-Funds and D-Funds are under the management of money managers outside of the firm but whose performance is regularly reviewed by Steve and his team to ensure they are meeting the requirements set forth in our Investment Policy Statement (IPS). Goldman Sachs provided a complete detailed report and is included in Section G.

## **Committee Reports**

Finance/Investment – Kerry Watterson reported that we had a surplus of \$149,440 for the year ended 2011. This is the money that we have available to do things with and this is after we have covered depreciation for 2011. The recommendation of the committee is that \$60,000 be used to landscape the columbarium in Crown Park. This will be done regardless of whether the columbarium goes in or not and will benefit the Academy. Melissa Bert asked if this included the fence. Jim Sylvester didn't know but stated that the landscaping bids will come in under \$60,000

and there should be sufficient funds for a fence. If not, as columbarium niches are reserved, these funds include an amount for maintenance and can be applied for fencing, landscaping and upkeep of the grounds going forward. With annuities being sold to alumni, the Association is required to set aside sufficient reserves to ensure that funds will be available to meet the contractual commitments. The committee recommended that \$38,500 of the \$149,440 surplus be put into an Annuity Reserve to satisfy that requirement. The remainder, \$50,940 will go to the L44's to cover any potential GFE shortfalls or could be applied to the finger pier for the boats. John Maxham asked to have a discussion about putting the depreciation expensed total for 2011 into the Alumni Center endowment to build up a reserve. Bob Byrd stated that this issue had been discussed at a board meeting in 2011. Kerry explained that it was a board decision to continue to keep transferring the annual depreciation amount to the endowment until such time it was able to generate the current \$80,000 building maintenance costs. John said that he has a problem with the fact that people are giving money to the Corps of Cadets and the money is not being spent. Melissa Bert said that she does not want to discuss this at every meeting and that it was decided that this is how we are going to proceed as long as the Association can do so and Bob Byrd concurred.

Member Services/Communications – Andrea Marcille reported that the committee spent the majority of the time discussing social media. Tara King Clark stated that the addition of Melissa Royce to the staff has been a big help as Melissa has a great deal of expertise in this area. The committee wants to continue the momentum in using all forms of media to keep alums informed of significant events taking place at the Academy and in the Coast Guard. Andrea reported that 2013 marks the 75<sup>th</sup> anniversary of *The Bulletin* which provides a great opportunity for exposure. The members of the committee reviewed the video of the interview with Bob Byrd and the Superintendent. The committee was satisfied that this interview and future interviews with key Academy staff personnel is a very positive replacement for the former "all class" meeting. In addition and Tara will transcribe these interviews and turn them into Q & A articles in *The Bulletin*.

Governance – Melissa Bert reported that board member, Bill Woityra submitted his resignation due to his impending transfer. The governance committee recommended not to fill his spot as his term ends on December 31, 2012. The committee discussed the skill sets most needed for the four board openings in 2013 to be conveyed to the nominating committee. The greatest need would be to find a least one alumnus who is working in the securities or financial services industries as Kerry Watterson and Tom Lucey rotate off in December 2012. In addition, the committee also stressed the need to achieve diversity with both gender and under-represented minority considerations. Andrea Marcille and Chris Soto said that they have already started and have a list of names of alums that if interested in applying, could fill these needs. The next issue discussed was the present number of standing and Ad Hoc committees. With the exception of having Eric Masson move to the finance committee, it was agreed that there would be no change in number or structure. The committee felt that enabling all committees sufficient time to discuss items, for which they have oversight, as was achieved at this meeting, was key to long term success and output.

Fundraising– Bob McKenna reported that the committee reviewed the new annual donor recognition levels which will effectively reduce the number from the present seven to six (page D-18). The names would be the Mainsail Club, Eagle Club, the Superintendent's Club, the Spirit of 1879 Society, the Henriques Society, and the Yeaton Society (for donations of \$10,000 and

above). This structure is to help motivate members and move them into a higher level. Melissa Bert moved to accept the new levels as presented and the motion was seconded and approved by all. Bob then reported that the development staff has been working with Tim Fitzpatrick on introducing The Bear Club for athletic recognition. This would be a mechanism to form an athletic booster club of sorts to reach people who would like to support athletics and their donations would go to the general athletic program. There will be two levels to start (Cub \$250-\$499 and Objee \$500+ year) with the opportunity to add more levels in the future. Dave Obedzinski stated that the committee would like to move forward and launch it with a golf tournament in June and heavily publicize it at the beginning of the 2012 football season. Bob McKenna requested the board's approval to move forward; Dion Nicely made a motion to proceed, seconded by Andrea Marcille and approved by all. Bob also reported that the committee had previously agreed to changes with respect to the gift acceptance and planned gift policy statement changes as noted in page D-17. A motion to approve was made by Melissa Bert, seconded by Eric Masson and approved by all. Bob concluded by indicating that the Alumni Association staff will continue to move forward to get our organization to be included in the Combined Federal Campaign on a national basis.

## **H. Investment Policy Statement (IPS)**

Kerry Watterson asked everyone to review our current IPS. He explained that this was adopted when we moved our portfolio to Goldman Sachs. As was reported in the finance committee, the association will need to create a new account to identify and invest the reserves to satisfy states requirements for annuities. Kerry recommended holding off on voting on the IPS until July because it will have to be revised to include the allocations for the new account.

## **I. Director of Admissions**

Director of Admissions, Captain Steve Finton reported out the statistics regarding early action with respect to scores, class standing, under-represented minorities and the like. This year the major change incorporated was that there were only 50 applicants on the waiting list vs. 850 in 2010 making it a true waiting list. He also stated the new application was all electronic and a bit more complicated than previous forms.

Next Captain Finton talked about the Admissions Partners Program which is made up of Alumni, Parents and Auxiliaries. The partners support the following areas: college fairs, applicant interviews, high school visits, Congressional events and appointment presentations. They have established formalized training for the partners and have three sessions planned for this year. Steve noted that Patty Giannattasio's salary was paid for in full by the Alumni Association and he thanked us for same. Kerry Watterson said that he attended the second training and found it to be extremely worthwhile and he learned a lot. He reported that it gave all the partners a much better feel for what goes on within the Admissions office as well.

Captain Finton indicated that he was very pleased to report that Admissions used to do a lot of in-house stuffing and mailing of marketing materials. They have recently contracted with a fulfillment center located in Savage, Maryland where all Admissions Partners order their materials direct which has enabled them to be better equipped to work at the above events and free up the Academy Admissions staff.

Captain Finton concluded by talking about the new Campus Programs and Events brochure of which he provided a copy to all. He mentioned programs or events to create a greater awareness and understanding of the Academy are admissions briefs every Monday, Friday and Saturday followed by a cadet tour, the AIM program that has more than 530 participants annually, the Genesis Invitational is held four times a year, and open houses and "cadet for a day" program.

## **J. Chairman, Coast Guard Foundation**

Robert "Bob" Flynn '74 is the current chairman of the Coast Guard Foundation and he opened by providing the board with his personal background. The Foundation currently has 85 Trustees spread around the country but is authorized to have up to 100. They have a 30 person Board of Directors of which 12 comprises the Executive Committee. The Foundation raises the majority of its funds by hosting a number of dinner and golf outings around the country. They have four board meetings a year and employ a 15 member staff in North Stonington. They lease a large portion of the land they own to the Stonington Country Golf club. Bob stated that the dinners are a great fundraiser but are a lot of work and are maxed out from a revenue perspective. The Foundation has established a mandate called 10-10-10, the goals of which are to raise \$10 million a year, increase their endowments to \$10 million and raise their number of donors to 10,000. Bob indicated that they would like to achieve this goal in two years as they increase the number of personal contacts to raise money from rather than relying so heavily on dinner events. Their staff is constantly on the road and recently opened up an office in Washington, DC staffed by Patti Gross. The L-44 campaign has been a good example of how well the Foundation and the Alumni Association work together. Bob concluded by signing the updated Memorandum of Understanding (MOU) with Bob Byrd.

Meeting adjourned at 5:35 p.m.

## **Saturday Executive Session**

- Board unanimously approved signing a contract with Publishing Concepts, Inc (PCI) to publish a hard cover directory in 2013. Alumni would be notified and data collection would begin in April 2012. The Association would receive royalty payments starting out at \$10 per book sold with a progressive incentive structure after each 500 units.
- Board discussed Women's Leadership Initiative Fund (WLIF) with a goal to develop programs, seminars and the like to benefit cadets and active duty officers. Plans will be developed to for the Alumni Association to host a kick-off event in July 2012.
- Board unanimously approved affinity credit card program with USAA to be launched in mid 2012. Association would receive signing bonus of \$10,000 and guaranteed royalties of \$10,000 for each of the first five years.
- Discussed formulation of and ideas for next campaign, feasibility study, case statements and the like. Tasked Jim Sylvester to investigate/develop position description for Superintendent's present #1 item on Needs List that of a Grant Writer.
- Discussed Institute for Leadership and need to raise profile among cadets.

- Board requested Doug Wisniewski/Jim Sylvester to speak with Commandant of Cadets regarding Hall of Heroes Instruction and present ambiguity of selection made by the Corps of Cadets.
- Discussed Admissions Partners Program and desired need to decrease Auxiliary support due to age and appearance but understanding that numbers of alums that would be needed and political realities with CG hierarchy may prevent any immediate changes.
- Reviewed Draft Precept Letter for 2012 Nominating Committee with focus on skill sets and diversity factors to be considered in same.
- Discussed Columbarium and next step(s) with the hiring of a landscape architect and resolution of jurisdiction for structure i.e. State of Connecticut vs. federal exemption. Price per niche for 2012-2013 would be \$2,000 if paid in full; \$2,500 if paid by multiple payments (pledge) or at time of passing if payment had not been made prior.
- Board approved allocation of 2011 surplus as follows: \$60,000 for columbarium landscaping and enhancing Crown Park, \$50,940 for the L-44 campaign and \$38,500 to establish an Annuity Reserve.

Meeting adjourned at 11:25a.m.

The next Board of Directors meeting will be held July 20-21, 2012 at the Alumni Center.