

**MEMORANDUM OF UNDERSTANDING**  
*Between*  
**ASSOCIATION OF GRADUATES**  
**OF THE UNITED STATES AIR FORCE ACADEMY**  
*and*  
**USAFA ENDOWMENT, INC.**

**PREAMBLE**

The Association of Graduates of the United States Air Force Academy (the “AOG”) and USAFA Endowment, Inc. (the “Endowment”) adopt the following Memorandum of Understanding (the “MOU”), superseding the previous Memorandum of Understanding dated and signed January 24, 2018 (the “2018 MOU”).

**PURPOSE**

The purpose of this MOU is to continue a collaborative, comprehensive friend-raising and fund-raising process designed to 1) raise increasing levels of charitable support for the Air Force Academy (the “Academy”); 2) better serve the graduate community; and 3) promote the heritage and value of the Academy and its graduates.

**KEY ELEMENTS**

The structure for effectively achieving our purpose has the following key elements:

1. The AOG and the Endowment are two legally independent organizations with separate Boards of Directors, working together through this MOU in a collaborative, cooperative effort and whose mutual success relies on close cooperation in fund-raising and friend-raising activities.
2. The AOG is responsible for maintaining and directing an organization of Academy alumni with the principal objectives of supporting the Academy through advocacy, financial donations, graduate and cadet services and promotion of the Academy’s heritage. The AOG maintains and retains revenues from other sources, including membership dues, merchandise sales, ticket sales, sponsorships, and services.
3. The Endowment is responsible for maintaining and directing a fund-raising organization in support of the Academy and its programs. The Endowment is further committed to assisting and supporting fundraising for the AOG and the other supporting foundations in support of its programs and operations.
4. Toward the success of the Endowment and AOG’s missions, both organizations will work together to their mutual benefit in the following ways:
  - a. The Endowment has responsibility for the solicitation, receipt, and stewardship of tax-deductible donations, including unrestricted gifts, restricted gifts and estate gifts. The Endowment commits to actively solicit for gifts that support AOG programs and operations on an equal basis with other fund-raising priorities.
  - b. The AOG retains the ability to accept, steward, and manage tax deductible donations to support AOG operations and to establish or enhance its Long Blue Line endowment. However, solicitation of gifts to and operation of the Air Force Academy Fund will be the responsibility of the Endowment as long as this MOU is in effect. Gifts to the Air Force Academy Fund which the AOG receives

directly from donors will be forwarded to the Endowment on a monthly basis. In the event this MOU is terminated, the name "Air Force Academy Fund" reverts to the AOG. When making gifts to the Academy from the Air Force Academy Fund, the Endowment will give specific recognition to the cooperation and support of the AOG.

- c. The AOG's friend-raising activities, principally in the form of member services, have a direct and indirect cost nearing 100% of its budget; that budget is supported by dues, business incomes, and investment returns. As part of its friend-raising activities, the AOG may have an opportunity to provide information which will assist the Endowment in identifying donor prospects through programs, chapters and events in support of the Academy. The AOG will encourage graduates, parents, members and chapters who wish to donate to the Academy to do so through the Endowment.
- d. In order to assist the AOG in its friend-raising activities, the Endowment will make an annual grant totaling \$800,000 to the AOG in 2019 and 2020. Each annual grant amount will be paid in twelve (12) equal monthly installments by the last business day of each month throughout 2019 and 2020. In addition, the Endowment will actively solicit donations which supports the AOG in its friend-raising activities, e.g., graduate memberships, alumni events, *Checkpoints* production.
- e. In order to assist the Endowment in stewarding its donors, and as in standard industry practice between grantors and grantees, the AOG will provide information to the Endowment as to the use and impact of the grants in the AOG's friend-raising activities.
- f. At no cost to the Endowment, the AOG will provide logistical support to the Endowment within Doolittle Hall by providing office space and infrastructure support, including information technology, communications, database management, meeting spaces, and a range of other services as set forth in the most current Operating Support Agreement.
- g. The Presidents and Chief Executive Officers of the AOG and the Endowment (together, the "CEOs") will actively collaborate with each other in achieving the goals of this MOU. The CEOs acknowledge the importance of their respective organizations being transparent to the other, and to the extent practicable and reasonable, will ensure that a necessary and appropriate level of transparency is achieved. Neither party shall negotiate nor enter into a commitment with a third party, if it impacts the data, resources or activities of the other party without their knowledge and agreement.

## **ONGOING ACTIONS**

1. The CEOs are encouraged to explore new methods of cooperation and collaboration, and may make separate agreements to that end. The CEOs may develop additional policies and procedures necessary for efficient and effective implementation of this MOU. The CEOs may choose to share staff personnel or create joint staff positions to the benefit of this MOU and/or the missions of both organizations. Any agreements will be based on the principles contained in the MOU, and what is in the mutual best business interest of both organizations.
2. To the extent that the Endowment receives gifts that are donor-designated for the AOG, but which are otherwise unrestricted, the Endowment will transfer funds available for distribution, to the AOG monthly or as agreed by the CEOs. On a monthly basis, the Endowment will also report to the AOG all pledges, bequests, and other deferred gifts that are donor-designated to the AOG, and will distribute available cash to the AOG in accordance with donor or fund agreements, or as agreed by the CEOs.

3. Bequests and other deferred gifts, such as funds received from a will or trust or a life insurance policy, will be handled as follows: Designations to an organization, such as “to the Endowment” or “to the AOG,” without additional legal documentation of a more specific intended use, either from the donor or from the donor’s personal representative/trustee, will be passed through to the respective organization. All such donations will be applied/distributed at the exclusive direction of the Board of Directors of the designated organization.

Designations to an organization, such as “to the Endowment” or “to the AOG” with additional legal documentation of a more specific intended use, either from the donor or from the donor’s personal representative/trustee, will be applied at the exclusive direction of the Board of Directors of the designated organization, with donor intent being paramount.

4. Both organizations will share responsibility for the constituent database (the “CDB”) updates and maintenance, although the ultimate responsibility for CDB integrity rests with the AOG. The AOG and Endowment staffs shall share full ownership, use of and access to the CDB. No data from the CDB may be extracted and placed in any other database other than for purposes of Endowment accounting and fundraising unless approved by the CEOs.

#### LENGTH OF MOU AND TERMINATION

This MOU is effective January 1, 2019 and will remain through December 31, 2020. Either party may terminate this MOU with sixty (60) days written notice to the other party. Unless a new MOU is negotiated, expiration of this MOU will cause the parties to revert to conditions that were in the 2018 MOU.

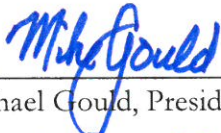
#### LEGAL CONSIDERATIONS

Nothing contained in this MOU shall be construed to create any rights of any third party that is not a signatory to this MOU. Nothing contained in this MOU shall be construed to create a joint venture, partnership or other legal status potentially giving rise to joint and several liabilities between the Endowment and the AOG.

USAFA ENDOWMENT, INC.

ASSOCIATION OF GRADUATES OF  
THE UNITED STATES AIR FORCE  
ACADEMY, INC.

By:

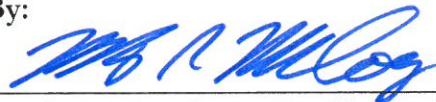


Michael Gould, President & CEO

21 Dec 2018

Date

By:



Martin R. Marcolongo, President & CEO

21 DEC 2018

Date