Single President and Chief Executive Officer Agreement

between

The Association of Graduates of the USAF Academy

and

The USAFA Endowment, Inc.

This agreement outlines the Purpose, Objectives, Values and Guiding Principles for the Association of Graduates of the USAF Academy (AOG) and the USAF Endowment, Inc. (Endowment) to operate under the direction of a single President and Chief Executive Officer (CEO) reporting to two 501c3 organizations, each with its own independent board, the Board of Directors of the AOG and the Board of Directors of the Endowment

1. **Preamble:** The AOG and the Endowment enter into this agreement to improve our abilities to fulfil our missions, mindful that hard work and cooperation will be necessary to achieve our desired goals. Moving to a Single CEO is the next step, not a permanent end state, to bring two organizations and their staff personnel into a more collaborative relationship that fulfills the missions of the AOG and Endowment. This agreement outlines the processes, procedures and methods the AOG and Endowment will pursue to implement a Single CEO. An essential element of improved collaboration will be the establishment of joint committees made up of representatives from each Board and necessary key staff. This agreement does not preclude future agreements between the AOG and the Endowment nor does it require any such agreements. Both organizations agree to pursue further efforts leading to efficiencies, effectiveness and a clear chain of command. The Single CEO and the Boards will approve future initiatives. The CEO will recommend to both Boards any staff realignments and personnel policy changes, within six months after this agreement is signed or the new CEO begins work (whichever is later). The CEO will have operational control over a fully integrated staff that performs the alumni, development and stewardship, and support functions.
2. **Purpose:** The AOG and the Endowment exist to provide support to the United States Air Force Academy (Academy), Cadets, and Graduates. The AOG is responsible for creation and operation of Graduate and heritage programs and the creation and operation of Cadet Programs not operated by the Academy. For funds already under management by the AOG and future donations to the AOG, the AOG is responsible for investment and stewardship. The AOG and the Endowment are both responsible for the receipt, investment and stewardship of donor gifts to support the Academy and the AOG. The Endowment is solely responsible for solicitation of donor gifts, although it may request the AOG's assistance.

3. **Shared Objectives:** The single CEO will:
    a. Increase efficiency, effectiveness and continue to improve on aligning fundraising and alumni operations.
    b. Improve staff collaboration.
    c. Present a single face to the Academy, Cadets, Graduates, Members, Donors and Friends of the Academy.
    d. Enhance the long term financial security by increasing donations to both the AOG and Endowment.
4. **Shared Common Values:** The AOG and the Endowment share Air Force and Academy core values: "Integrity First, Service Before Self, and Excellence In All We Do". With a single CEO, the AOG and the Endowment derive these additions:
    a. Integrity First
        i. We will operate with full transparency, except when ethical business practices require confidentiality, to our constituents: the Academy, Cadets, Graduates, Members, Donors and Friends of the Academy, and our staffs.
        ii. We will be accurate in all of our communications.
        iii. We will meet our commitments.
    b. Service Before Self
        i. We will focus on service to: the Academy, Cadets, Graduates, Members, Donors and Friends of the Academy.
        ii. We will promote and enhance the teamwork at every opportunity.
        iii. We will focus on quality of service.
    c. Excellence In All We Do
        i. We strive for excellent, informative and accurate communication.
        ii. We strive for excellence in our products, services and our contributions to the Academy.
        iii. Foremost, we strive for excellence in our relationships.
5. **Shared Guiding Principles:** These are the AOG's and Endowment's Guiding Principles:
    a. The AOG and the Endowment will pursue positive and supportive relations with the Academy and its leadership. They will not make public pronouncements regarding the policy decisions of the Academy or the US Air Force.
    b. The AOG and Endowment will pursue positive and supportive relations with other private, non-profit entities supporting the Academy, Cadets, Graduates and Donors.
    c. Restricted donations will be used in accordance with the donor's intent.
    d. The investment, management and disbursement of gifts to the Endowment will be stewarded and controlled by and in accordance with Endowment Board policy and direction.

e. The investment, management and disbursement of gifts to the AOG will be stewarded and controlled by and in accordance with AOG Board policy and direction.
f. The AOG and Endowment will provide full transparency, except when ethical business practices require confidentiality, to their operations by providing each donor and each member audited annual reports and other necessary reports to fulfil the missions of the AOG and Endowment.
g. The financial positions of the AOG and the Endowment are expected to continue to improve as coordinated budgets are developed and implemented.
h. Both organizations will continue to provide important and essential services to the Academy, Cadets, Members and Donors.
i. The CEO will ensure support to the Academy, Cadets, Graduates and Donors remains strong.
j. The CEO will ensure Academy, Cadet, Graduate and Donor concerns are addressed in a timely and responsible manner.

6. **Shared Vision:** The AOG and Endowment are the primary organizations of USAF Academy Graduates and Friends dedicated to supporting the Academy. The AOG provides services and support to the Academy, Cadets and Graduates. The Endowment develops and stewards gifts to support programs and services for the Academy, Cadets and Graduates.
7. **Shared Mission:** To pursue our vision to support the Academy, Cadets and Graduates by:
   a. Partnering with the Academy to produce and foster graduates with an enduring commitment to integrity, service and excellence.
   b. Providing leadership, communication and support to all Academy Graduates and Friends of the Academy, and promoting camaraderie among them.
   c. Promoting the heritage of the Academy, our common traditions and the accomplishments of our Graduates.
   d. Identifying and cultivating key relationships with current and potential donors to support the Academy's strategic priorities embodying all sources of income.
   e. Providing efficient and perpetual stewardship of donated gifts to ensure their permanency and efficacy in accordance with donor's intent.
8. **AOG Governance:**
   a. The AOG operates under a governance model where the Board provides strategic guidance and the CEO directs the day-to-day operations. The AOG is responsible to its membership through biannual elections.
   b. Either the individual serving as the Endowment Board Chair or another member of the Board of Directors of the Endowment selected by such Board (the "Endowment Board Liaison") will be given notice of and will be entitled to attend and to participate fully in all meetings of the Board of Directors of the AOG, but will not be counted for purposes of determining the presence of a quorum at any

meeting of the Board of Directors of the AOG and will not be entitled to vote on any matter coming before the Board of Directors of the AOG. It is the intent of this Agreement that the Endowment Board Liaison will serve in an advisory capacity only and will have no fiduciary responsibility for the general business and affairs of the AOG. By majority vote of the Board Members present, the Board of the AOG may elect to exclude the Endowment Board Liaison from all or any portion of the meeting. The Endowment Board Liaison will preserve the confidentiality of all matters discussed within meetings of the AOG Board, with the exception of sharing any such information with the Endowment Board. The AOG will amend its bylaws, if necessary, to include the provisions of this subsection.

c. The AOG will continue to follow the Strategic Policy Governance model as modified by its Board.

9. **Endowment Governance:**
   a. The Endowment operates under the direction of its Board of Directors.
   b. Either the individual serving as the AOG Board Chair or another member of the AOG Board selected by such Board (the "AOG Board Liaison") will be given notice of and will be entitled to attend and to participate fully in all meetings of the Endowment Board, but will not be counted for purposes of determining the presence of a quorum at any meeting of the Endowment Board and will not be entitled to vote on any matter coming before the Endowment Board. It is the intent of this Agreement that the AOG Board Liaison will serve in an advisory capacity only and will have no fiduciary responsibility for the general business and affairs of the Endowment. By majority vote of the Board Members present, the Endowment Board may elect to exclude the AOG Board Liaison from all or any portion of the meeting. The AOG Board Liaison will preserve the confidentiality of all matters discussed within meetings of the Endowment Board, with the exception of sharing any such information with the AOG Board. The Endowment will amend its bylaws, if necessary, to include the provisions of this subsection.
   c. The Endowment will continue to follow its Bylaws and policies as established and modified by its Board.

10. **Selection of the CEO:** The CEO will be recommended by a Boards-appointed selection committee, approved by a two-thirds vote of the entire membership of each Board and signed to a contract negotiated by both Boards or their agents (the "CEO Employment Agreement"). Contract renewal does not require a selection committee process, but must be approved by a majority of a quorum of each Board.

11. **CEO Compensation**: For administrative purposes, including employee benefits and payroll taxes, the CEO will enter into the CEO Employment Agreement with the AOG and deemed an AOG employee. However, he/she will work for the benefit of and will devote approximately equal time to both organizations. The Endowment will agree to reimburse the AOG for one half the cost of all the CEO's compensation, employee benefits, expenses (i.e. lodging, travel, food) and employer portion of all applicable payroll taxes. Such reimbursement may be made in accordance with a shared services and shared facilities agreement to be negotiated between the AOG and the Endowment.
12. **Removal of the CEO:** The CEO Employment Agreement can be terminated without cause with a two-thirds majority vote of the entire membership of each Board. The CEO Employment Agreement will provide that it may be terminated for such cause as may be set forth in the CEO Employment Agreement by a majority vote of each Board.
13. **Duties of the CEO:** The CEO will, subject to the direction and supervision of the respective Board of each organization, be the CEO of each organization; have general and active control of each organization's affairs and business; and general supervision of each organization's officers, agents and employees. He/she will present to the Joint Finance Committee, annually, an Annual Operating Budget to cover the needs and programs of each organization and present the JFC approved portion of the budget of each organization to the respective Board for approval.
14. **CEO Board Participation:** The CEO will be given notice of and will be entitled to attend and to participate fully in all meetings of the Board of Directors of both the AOG and the Endowment, but will not be counted for purposes of determining the presence of a quorum at any meeting of either Board of Directors and will not be entitled to vote on any matter coming before either Board of Directors. By a majority vote of the Board Members present, either Board may elect to exclude the CEO from all or any portion of any of its meetings.
15. **CEO Confidentiality Obligations:** While the AOG and the Endowment both acknowledge that the potential for conflicts exists and that their interests with respect to the conduct of the CEO may diverge, both organizations agree that the CEO will have no obligation to keep any information that the CEO may gain in the course of performing his/her duties by one of them confidential from the other organization, and both organizations expect that the CEO will fully disclose all such information freely to each organization. To the extent described in the CEO Employment Agreement or as directed by either Board, the CEO will preserve the confidentiality of all such information for purposes of preventing its unauthorized disclosure to third parties.
16. **AOG Board Relationship with the CEO:** The AOG Board is responsible for providing policy guidance and oversight to the CEO on: AOG services and support to the Academy, Cadets and Graduates; AOG property and facilities, communication, business activities; and the investment and stewardship of funds currently held by the AOG and future donations to the AOG. Except as otherwise required by law, the AOG Articles of

Incorporation or the AOG Bylaws, the governing body for all these matters will be the AOG Board and all governance powers will be exercised by, under the authority of, and will be overseen by the AOG Board. With respect to matters described in this section, the AOG Board and the CEO will abide by all AOG Board Governance Policies.

17. **Endowment Board Relationship with the President/CEO:** The Endowment Board is responsible for providing policy guidance and oversight to the CEO on all fundraising, stewardship, and gift administration activities; and all Endowment services and Endowment support to the Academy and Cadets. Except as otherwise required by law, the Endowment Articles of Incorporation or the Endowment Bylaws, the governing body for all these matters will be the Endowment Board and all governance powers will be exercised by, under the authority of, and will be overseen by, the Endowment Board. With respect to matters described in this section, the Endowment Board and the CEO will abide by all Endowment Board Governance Policies.
18. **Board Interface with the CEO/Staff:** The AOG and the Endowment commit with this agreement to move to a single CEO. It is important to remember that each organization has a different mission, different bylaws and different Boards. For those reasons each organization will interact with the CEO and Staff in somewhat different ways in accordance with its own bylaws and policy guidance. We do not anticipate that this will cause conflict, but if conflict arises, we have set up, in this agreement, the process for conflict resolution. Neither organization is, by this agreement, attempting to control the way the other organization operates. Each organization has the ability to establish its own guidance and limitations statement for the CEO, that will enable the CEO to properly manage and lead both organizations, provided it is in compliance with this agreement.
In addressing how each Board will direct the CEO, the important principle is simply that each Board will deal with the CEO in a similar manner, as described below. Both the AOG Board and the Endowment Board acknowledge that boards of directors of nonprofit organizations are authorized to act only as collective bodies and that individual board members have no authority to act individually on behalf of the organization which they serve. Therefore, only those officially passed motions by a quorum of the Board are binding on the CEO. However, if the AOG Board or Endowment Board delegates specific authorities to any Committee of the Board or Board Member(s), that policy or direction is binding.
    a. Board direction to the CEO, as well as any new policy, or change in policy, will be in writing and provided, as a courtesy, to the other Board.
    b. The CEO may propose inputs to the development of Board policies to the appropriate Board.
    c. Each Board may develop and maintain policies that provide its own guidance/limitations to the CEO. Either Board may expand or reduce its own guidance/limitations at any time.

Authority and accountability of the Staff is the responsibility of the CEO. Neither Board will give instructions to persons who report directly or indirectly to the CEO. This in no way prohibits Committees or Board Members from interacting with Staff Members as part of their Board-directed duties. Board Members can seek information pertinent to their responsibilities from these individuals.

19. **Existing Agreements**: Agreements, governance policies, and procedures currently in place (MOU, Operating Support Agreement, CPA contracts, etc.) will remain in effect until such time the Single CEO creates the operating framework for both organizations in compliance with applicable paragraphs within this document. The timeline will not exceed 12 months from employment start date.
20. **Issue Resolution:** In the case of an issue regarding the relationship between the two organizations, the first point for issue resolution is the CEO and the organizations' staffs. If not satisfactorily resolved, the issue should go to the appropriate Joint Committee e.g. the Joint Finance Committee. If not resolved, the issue will go to the CEO and both Board Chairs. If not resolved, the issue will be resolved by the Joint Resolution Committee (JRC).
21. **Joint Resolution Committee:** The JRC will consist of six voting Board Members, the two Board Chairs plus two additional Members from each Board. JRC Chairmanship will rotate between the Board Chairs every two years, starting with the Endowment. Additional non-voting experts may be brought in at the discretion of the JRC. The CEO will serve as a non-voting member. If there is a tie vote, a third-party mediator, agreed upon by both Board Chairs, will be brought in to resolve the difference. In accordance with good governance, it is expected that any JRC Member will recuse him/herself, or be directed to recuse him/herself by the JRC, if there is a potential conflict of interest. If a member is recused, an alternate member will be appointed by the respective Board Chair.
    Duties: The JRC is charged with resolving issues with respect to the policies or guidance of either Board or the actions of the CEO. The Committee cannot provide direction to the CEO, make policy on its own, execute oversight or assume responsibilities not delegated by both Boards.
    Procedures:
    a. The JRC will meet as required. Meetings can be called by either Board, the CEO or any two JRC Members.
    b. Agenda items can be considered only at the request of the Chair of either Board, the CEO or any two JRC Members. Agenda items will not be considered without two week notice. Agenda items will be voted on at that meeting, unless there is a two-thirds vote to postpone a vote until the next meeting.
    c. When an issue is presented to the JRC for resolution, the JRC must meet within 30 days, if possible.

d. Issue resolution recommendations from the JRC will be brought to both Boards for a vote by each Board. Votes must take place NLT the next scheduled Board meeting.

e. Issue resolution recommendations from the JRC will be binding on both the AOG and the Endowment, unless a 2/3 majority of the entirety of each Board votes to disapprove of such recommendation.

22. **Joint Finance Committee (JFC):** The JFC will consist of six voting Board Members, two from each Board and be co-chaired by the Treasurers of each Board. The Chief Financial Officer(s) (CFO) will act as advisor(s) to the JFC. The CEO will serve as a non-voting member. If there is a tie vote, the issue will be referred to the JRC for resolution. To maintain objectivity, the JFC will spend some time meeting without the CEO during each meeting, as necessary. The CEO will present an Annual Cash Operating Budget and Balance Sheets/Statement of Financial Position to the JFC.

Duties: The JFC is charged with the following:

a. Resolving budgetary issues.

b. Ensuring that the CEO, annually, presents an Annual Cash Operating Budget and Balance Sheets/Statement of Financial Position for each organization that covers the needs and programs of each organization.

c. Identifying risks and proposing alternatives.

d. Once approved by the CEO, recommending budgets to each Board for approval, to include the level of funding support from the Endowment to the AOG.

e. The Committee cannot provide direction to the CEO, make policy on its own, execute oversight or assume responsibilities not delegated by both Boards.

f. Providing the schedule and procedures for the approval of the Annual budget.

Procedures:

a. The JFC will meet as required, but must meet in a timely manner to recommend approval of both budgets to both Boards. Meetings can be called by the CEO, either CFO or any two JFC Members.

b. Agenda items can be considered only at the request of the CEO, either Board or any two JFC Members.

c. Recommendations to the Boards require approval by a majority of a quorum of each Board. Votes must take place NLT the next scheduled Board meeting.

d. If either Board disapproves its budget, the budgets of both Boards will go back to the JFC for resolution.

e. If the JFC and both Boards cannot resolve issue(s), the issue(s) will be submitted to the JRC for resolution IAW Par 22 above.

f. If the JFC and both Boards have not resolved the issue(s) 30 days prior to the beginning of the fiscal year, the previous year's budgets will be temporarily applied until both Boards approve their budgets.

g. Purely budgetary issues outside the FY budget build should first attempt to be resolved by CEO, in consultation with the CFOs, then the Treasurers, then the JFC, then the CEO and Board Chairs, and finally by the JRC.

23. **Joint CEO Evaluation & Compensation Committee (JCECC):** The JCECC will consist of six voting Board Members, three from each Board. Chairmanship will rotate between the Boards every two years, starting with the AOG. If there is a tie vote, the issue will be referred to the JRC for resolution.
Duties: The JCECC will evaluate the CEO based on the goals and objectives agreed upon by both Boards and the CEO annually; recommend the evaluation and compensation changes to both Boards for their approval and review the compensation of the CEO Direct Reports, annually. The Committee will work with the CEO on compensation policy and decisions consistent with each organization's respective governance policies.
24. **Joint Strategic Planning Committee (JSPC):** The JSPC will consist of four voting members, two from each Board. Chairmanship will rotate between the Boards every two years, starting with the AOG. The CEO will serve as a non-voting member. If there is a tie vote, the issue will be referred to the JRC for resolution.
Duties: The JSPC is charged with the following:
    a. Periodically meeting with Academy representatives e.g. Superintendent, Vice Superintendent, USAFA/CMA, for the purpose of understanding the Academy's needs and priorities for the next year and 2-5 years in the future.
    b. Report to the Boards on these priorities.
    c. Discuss the AOG and Endowment broad strategies to determine where and how the AOG and Endowment can better support each other and thus better support the Academy, Cadets, Graduates and Donors.

    Procedures: The JSPC will meet as required, but, as a minimum, will meet annually and provide a report to the Boards.
25. **Board Committees:** Each Board may maintain its own committees.
26. **Termination Protocol:** Either organization can terminate this agreement by providing 90 days written notice to the other Board.
    a. Should the agreement be terminated by the Endowment, the Endowment will provide funding for two subsequent calendar years to the AOG, equal to the average funding level for the previous two calendar years, less the funds available from The Long Blue Line Endowment Gift Fund in accordance with Endowment disbursement policy.
    b. Should the agreement be terminated by the AOG, the Endowment will provide funding for one subsequent calendar year to the AOG, equal to the average funding level for the previous two calendar years, less the funds available from The Long Blue Line Endowment Gift Fund in accordance with Endowment disbursement policy.

c. If desired, a new MOU and Annual Operating Contract may be negotiated between the organizations.

27. **Inclusion of New Organizations**: Nothing in this agreement precludes the inclusion, in whole or in part, of other organizations supporting the Academy, e.g. Falcon Foundation, Air Force Academy Athletic Corporation, Friends of the Library, Academy Research Development Institution, Air Force Academy Foundation. Additional organization inclusion in this agreement, will be approved by both Boards.
28. **Term of Agreement:** This agreement will remain in effect unless amended by the agreement of both Boards, or terminated in accordance with Section 26.
29. **Lessons Learned:** This agreement will be reviewed by both Boards and recommendations made, as required, for improvements.
30. **Conditional Signing:** This agreement is signed conditionally pending the approval of required AOG Bylaws changes by the AOG Membership.

Effective Date: 3 August 2018

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