



SAME National Foundation Initial Founding Board Meeting

Wednesday, March 10, 2016 – Hilton Alexandria Mark Center, Alexandria, VA

Attendance

Attending

National Officers

Jane Penny (President)
Joe Schroedel (XD)

John Mogge (IPP)
Harold Rosen (Counsel)

Sal Nodjomian (VP)
Kurt Ubbelohde (VP)

Founding Board Members

Mike Loose
Bud Griffis

Robert Van Antwerp
Roger Wozny (virtual)

SAME Foundation Task

Force Members

Jennifer Fogg

SAME Staff

Dana Bach (Admin)

Marc Bialek (Membership) Allison Ingram (F&A)

Not Attending

National Officers

Mike Blount (Pres Elect)

Founding Board Members

Delwyn Eulberg

SAME Foundation Task

Force Members

Tony Leketa
John Peabody



Call to Order

The Executive Director, BG Joe Schroedel, USA (Ret.), called the meeting to order at 2:00 PM. He thanked everyone for attending the meeting. MG (Ret) Del Eulberg was unable to attend due to a death in the family and Capt (Ret) Mike Blount was recovering after being hospitalized with pneumonia.

The XD then introduced the meeting participants in terms of the role each has or will play in establishing the Foundation:

National Officers: Lead the effort and oversee the participation of the XC and SAME Board.

Executive Director and National Staff: Provide the staff for both SAME and the National Foundation for the foreseeable future.

Foundation Task Force: The Task Force framed the initial concepts for the Foundation. The Task Force has completed its purpose and the SAME national staff now provides all necessary support for the establishment and growth of the Foundation.

Founding Board: The Founding Board was selected based on national stature of the individuals, all of whom are licensed engineers and at the top of their fields: three former National Presidents and service engineering chiefs (Van Antwerp, Loose, Eulberg); Post representation (Griffis) to help establish rules for post participation in the Foundation (NYC Post because of their large scholarship fund and Col Griffis' stellar management of that fund since 1989); and one of the handful of civilian National Presidents of the Society prior to the national governance change and an industry leader (Wozny).

The XD pointed out that the two most critical near term functions of the Founding Board as it gets the organization off the ground are:

Establish the Foundation Board: Appoint the first board in coordination with the SAME XC and National Board of Direction.

Establish the Council of Trustees: Organize the council, consisting of Non-SAME members who are savvy investors and by their stature would engender confidence in the Foundation, especially in the early stages of development. The role of the council is to provide philanthropic and investment guidance.

Jane Penny, SAME National President commented that she is very excited to get started as she felt that there have been missed opportunities where a foundation could have done a lot of good for the Society at large. The XD echoed her comment and added that it has been a deliberately slow journey since December, 2014 when the SAME National Board approved the establishment of a Foundation.



The XD thanked Hal Rosen for his tireless work in drafting the Articles of Incorporation and the Bylaws. Hal also established local, experienced legal support for our effort. The XD also thanked the Task Force for its initial work on principles and other ideas that helped guide the development of the articles and bylaws. The XD also thanked Allison Ingram, the new SAME Finance and Administration Director, for her detailed work on the Foundation Business Plan.

Agenda

The XD established the outcomes of the initial meeting of the Founding Board; participants agreed (supporting materials had been sent out early and had been reviewed by the board):

Discuss and approve the Articles of Incorporation.

Discuss and approve the Bylaws.

Discuss the Business Plan and provide guidance if necessary.

Understand the components of the existing SAME E&M Fund, SAME's financial status, and approve establishing the E&M fund as the initial corpus for the Foundation while retaining its present investment company and IPG (Investment Planning Guidance). Migrate the E&M Fund to the Foundation at the right time.

Discuss the plan to rollout the Foundation at JETC in May.

Approve the milestones and set a virtual update meeting of the Foundation Board in late April.

Establishing the Foundation

The SAME National Board of Direction approved the establishment of a SAME National Foundation in December 2014 at the SAME National Board of Direction meeting in Kansas City, Missouri. The concept had been discussed for several years, but for many reasons such as demographics and other timing related factors, the Board determined that now is the right time to establish a National Foundation. A Task Force was established during the Board meeting with Jennifer Fogg volunteering and designated to lead it.



The process for legally establishing the Foundation begins with obtaining a Certificate of Incorporation from Washington, DC (SAME is incorporated in DC) which usually takes about one week. The Certificate is then submitted with the bylaws and business plan to the IRS to obtain 501(c)3 tax status.

The XD pointed out and the participants agreed that while SAME is also a 501(c)3, a Foundation is needed to satisfy public perception by separating day to day SAME operations from the philanthropic purposes of the Foundation.

The XD pointed out that since December 2014 we have proceeded very deliberately in order to ensure success. The first task that needed to be accomplished was the development of a viable SAME Strategic Plan with the Foundation incorporated as part of the plan. The Strategic Plan was rolled out in December 2015 after a 10-month, society-wide effort with the Foundation included as an objective.

The XD further described one very important role the Strategic Plan envisions for the Foundation. The Foundation is envisioned to provide, among many valuable purposes, the resources for offering professional development opportunities as part of the recruiting of military and government members to the Society. Since the federal ethics regulations promoted the change of the national governance of SAME by essentially eliminating the opportunity for active duty service engineering chiefs to serve as the president, military and government civilian membership in SAME has declined to 22%. One of the three directions of the Strategic Plan is the rebuilding of military and government membership as well as their active participation, and in short, making SAME their professional society of choice.

One of the ways that we envision establishing this new value proposition for military and government civilian SAME members is by offering them the professional development training offerings of other societies in the A/E/C industry by funding them through the Foundation. Negotiations are underway with several societies with APPA agreed to provide a 70% discount rate and CMAA a 66% discount. PMI recently expressed interest in our plan. We envision conducting a test of this plan within the next year.

Discussion

LTG Robert Van Antwerp, USA (Ret.) asked the question whether we would be providing our continuing education programs to these other societies at reduced rates as well, as a quid pro quo arrangement.

The XD responded that yes, we are seeking to break down the walls between the engineering societies and we are seeking to be the leader and the unifier between all the engineering societies. While SAME may not provide a certification of its own, we would like to be known as the society that will facilitate all other certifications.

VADM Michael Loose, USN (Ret.) asked whether we would be focusing on primarily online classes or would we be covering in person continuing education as well.



The XD responded that we are looking at primarily online with a few local onsite. Most of the societies are converting to predominantly online training. CMAA was able to offer a greater discount as a result of their recent transition to online training.

VADM Loose asked that while the military drive is great, but how are we going to get the Sustaining Member companies engaged?

The XD responded that sustaining members generally agree that bringing the military and government civilians back in greater numbers and more active participation will sustain their support for SAME. Additionally, the new *Industry-Government Engagement Plan* which is part of the Strategic Plan will offer a better value proposition for Sustaining Members.

One of the other things that the Foundation will provide is a shelter for Posts who are having issues with the IRS for having too much money in their scholarship or E&M funds. Secondly, the Posts will be able to use the Foundation as a repository for their own scholarship funds, gaining the advantage of the guidance of the Council of Trustees with investment, while at the same time retaining control of the use of the Post funds.

COL F. H. “Bud” Griffis, USA (Ret.) who has been on the Board of the NYC Post Scholarship Fund since 1989 commented at this point that his fund has been having issues because it has only seen a 2.4% rate of return.

VADM Loose remarked that COL Griffis was a logical choice because he knows the “rocks” in running a Foundation like this because of his experience with the NYC Post Scholarship Fund.

Articles of Incorporation

Harold Rosen, SAME Counsel, led the discussion of the Articles of Incorporation.

As indicated earlier, the Foundation will be incorporated in Washington DC since SAME is incorporated there as well. Mr. Rosen pointed out that the Articles envision the Foundation as a supporting organization to SAME. A written resolution by the Founding Board will be required in order to authorize the filing of the Articles of Incorporation. Further, the Articles are ready to be filed in DC immediately following this initial meeting.

One issue was raised; the lack of diversity of the Founding Board. The issue was discussed briefly with the understanding that the first Board, once established, would be inclusive and representative of the



Society. It was also understood, as earlier referenced, the basis for selection of the Founding Board members.

Bylaws

Mr. Rosen then presented an important bylaw related issue that emerged the day prior at the SAME Executive Committee meeting. An XC member pointed out that a struggle had emerged over time between the Dallas Post and their separately incorporated E&M Fund. The Dallas Post lost some control of the direction, size, purpose and management of its own E&M Fund.

The Board identified the central issue in the Dallas case as a need to more closely link the governance of the Foundation with the SAME National Board of Direction. After a vibrant discussion during which many suggestions were made, the Founding Board agreed that:

The SAME National Board of Direction would have the authority to appoint the Chairman (President) of the Foundation Board, and

The SAME National Board of Direction Executive Committee would have the authority to appoint all other Foundation Board members.

Discussion

Some of the important points made during the discussion include:

Col John Mogge, USAF, SAME Past President affirmed that putting the nomination and selection of Foundation Board members in the Executive Committee or Board of Direction would provide a larger pool of applicants allowing for more diversity.

VADM Loose commented that using the Board of Direction to make the nominations would provide full transparency.

Mrs. Penny commented that another issue raised at the Executive Committee was to spotlight the progress the Foundation has made at JETC to all members in a large scale format. It would allow a full transparency of the process and keep the Foundation tied to the Society.



Col Griffis asked if the Board of the Foundation could be a subset of the current SAME Board of Direction.

In response to Col Griffis' suggestion, Marc Bialek, SAME Director of Membership, Sales and Business Development remarked that a large portion of the National Board are volunteers who already have responsibilities to their Board positions, such as Regional Vice Presidents and Committee and Council Chairs. The only group of people who don't have defined tasks at this point are the Elected Directors.

Col Mogge also commented that the Foundation Board needs the senior leadership that past SAME National Board members and Society officers can provide.

VADM Loose then asked whether the Executive Director of the Foundation of the Board would be the Executive Director of the Society as well. BG Schroedel responded yes.

Mr. Rosen suggested that the bylaws be clarified to indicate that the SAME Executive Director will also serve as the Executive Director of the Foundation as another way of strengthening the ties between the SAME Board and the Foundation.

Mr. Rosen also suggested that Chair of the Foundation Board (President), in coordination with the Executive Director, provide a written annual report to both the Society Board of Direction and the Society membership.

Mr. Rosen indicated that he would make the appropriate changes (Executive Director role and annual report) to the bylaws.

VADM Loose asked about privacy issues in the distribution of information to the members of the Society.

Mr. Rosen responded that we will always protect the privacy of donors or families of those who want to remain private or anonymous

Col Mogge raised a point about the necessity for a vetting process for Board members, because the Foundation board will be very differently run than our National Board.

Mr. Rosen asked Col Griffis how the NYC Post Foundation vets their Board members. Col Griffis responded that all they need to do is be current or past NYC Post Board members.

VADM Loose asked who would give the report on the Foundation at JETC, whether it would be BG Schroedel as the Executive Director, or Mrs. Penny as the President of the Society? His feeling was that it should be Mrs. Penny as the President, as it would show the connection between the Society and the Foundation.



Col Nodjoman then asked about what the next steps were.

The XD responded that the first task would be to modify the Articles of Incorporation and Bylaws as had been discussed and then immediately file the articles to obtain the Certificate of Incorporation. The second task would be to finalize the business plan which is required when filing with the IRS.

Mrs. Penny stated that we also need to discuss the rollout plan for JETC in May, so getting this started soon is essential.

Foundation Business Plan

BG Schroedel explained that the initial funds that are recommended to establish the Foundation are the existing Education and Mentoring Funds (E&M). He further explained that the “fund” is actually a complicated aggregate of several accounts that can be used by the Foundation in its current state. Once the Council of Trustees is established, the entire fund can be legally migrated to the Foundation. The significance of this “start-up fund” is that Foundation fund raising efforts can begin once the IRS filing is submitted, hence providing ample time to identify and organize a Council of Trustees while building early momentum for the Foundation.

Ms. Allison Ingram, SAME Director of Finance and Administration then briefed the E&M fund portion of the Draft Foundation Business Plan.

She explained that the net assets in the Education and Mentoring Fund (E&M Fund) are split into three parts, permanently restricted net assets, temporarily restricted net assets and unrestricted net assets.

Permanently restricted net assets make up \$274,000 of the fund and can never be spent, they will remain a corpus for investment and when they move over to the Foundation, we will send a letter to the donors informing them of the transfer.

Temporarily restricted net assets usually make up about \$8,000 of the fund and can only be spend when the donor’s restrictions have been met. These funds are usually spent on stipends and scholarships. These funds will be easily moved into the Foundation.

Unrestricted net assets make up \$611,000 of the fund and are Board designated funds. They have no restrictions and come from profit from the Golden Eagle Dinner, a percentage of profit from JETC every year, and the Board will vote on moving these funds into the Foundation.

Col Griffis asked Ms. Ingram how the permanently restricted net assets are invested. She directed him to slide 12 of the handout where it lists all the Society’s investment accounts. Primarily it’s in two accounts, one managed by Baird, another Pentagon Federal savings account. However, it’s impossible



to account for every dollar being in those accounts as there could be deposits in the other accounts listed.

Ms. Ingram then directed everyone back to slide 9 where she showed two graphs showing the financial health of the Society, one with the E&M Fund Balance and one without it. The one with the E&M Fund has 10 months of reserve, the one without the E&M Fund has only 9 months of reserve.

Ms. Fogg asked what expenses represent in these graphs. Ms. Ingram replied that it's just what it costs to keep the Society open, to keep the lights on so to speak.

VADM Loose asked why there was a dip in assets from 2014 to 2015.

The XD responded that it was for a few different reasons; there was a significant drop in Sustaining Memberships and there was a significant loss in advertising as well. However, Meetings and Events did very well at JETC and SBC which allowed for the year to end essentially flat.

Ms. Ingram added that this graph also shows market pressures and last year was a particularly difficult year for the stock market.

The XD then drew everyone's attention to the handout behind the Foundation Business Plan titled 2016-2017 Programs (enclosure 4). He stressed that to help identify the purposes of and lend credibility to any external fundraising efforts we developed an initial list of purposes for consideration later by the Foundation Board.

Ms. Ingram raised the point that anyone that donates before we get the Foundation completely stood up needs to be told that SAME is the custodian.

Col Mogge posited an idea that if we are going to announce the Foundation at JETC, perhaps we could turn it into a "launch" by getting some large donations that we could do onstage. Make it as visible and have people see it and want to get involved as well.

LTG Van Antwerp asked what kinds of funds we would be soliciting from donors. Ms. Ingram responded that we would be soliciting largely unrestricted funds as they would provide the most freedom. However, if and as restricted funds became too unmanageable by Society headquarters staff, there are companies that could deal with the administration of specialized scholarships and other restricted donations.

Col Griffis commented that with all the uproar surrounding Wounded Warrior Project, no one wants their money going to pay for administration; so that as little outside management of funds as possible would be ideal.



Col Mogge responded that instead of allowing people to choose what they want their scholarship or endowment to be for, to have generic causes that they can pick from. That way it would allow for some specialization without having an excess of it. He also asked about how the first Foundation donors would be recognized, if they want that recognition.

Mrs. Penny asked if instead of doing the big recognition event at JETC, instead doing the announcement at JETC and doing the collection and recognition at SBC.

LTG Van Antwerp commented that the corpus that is in the E&M Fund alone is the best start to a Foundation that he's ever seen.

No further discussion of the remainder of the Draft Business Plan ensued.

Next Steps

1. The Articles of Incorporation and Bylaws will be modified as agreed.
2. The Articles of Incorporation will be filed in DC next week.
3. The SAME staff would develop a Foundation Rollout Plan for JETC and consider the suggestions made during and after the meeting.
4. The Founding Board will convene virtually at the end of April for an update.

The XD called for and the Initial Founding Board voted to adjourn the meeting at 4:00 PM.