



SAME Foundation Board Meeting Minutes

1500-1630, Friday, Aug 11, 2017

Conference Call

Present		
RADM (R) Gary Engle	Maj Gen (R) Del Eulberg	Julie Fisher
Jennifer Fogg	COL (R) Bud Griffis	COL (R) Tony Leketa
Maj Gen (R) Gene Lupia	Col (R) John Mogge	MG (R) John Peabody
Hal Rosen	Angie Goral	Col (R) Sal Nodjomian**
BG (R) Joe Schroedel**	Allison Ingram**	Kathy Off**
Excused Absences		
VADM (R) Mike Loose	LTG (R) Robert Van Antwerp	Roger Wozny

**Non-voting

Summary: The Foundation Board agreed to move forward with the Post Funds Policy. Hal will make final edits that have already been agreed to; the final draft version will be vetted with the President and select RVPs for feedback. The Foundation Board also approved the Investment Policy as presented by Gary Engle. Two committees are currently forming – the Branding Committee and Stewardship Committee will be discussed further at the next meeting.

Administrative:

- Two board members submitted their names for Vice President of the Foundation Board. The board voted a tie of 7 votes each. **Gary Engle and Jennifer Fogg will be co-Vice Presidents.**
- There was a question posed about whether Directors and Officers insurance coverage for board members should be described in the investment policy. Joe Schroedel commented that coverage is required by our bylaws. Further, we will provide a letter to board members outlining their coverage.
Action: Joe Schroedel will provide a letter to board members outlining the coverage.
- Please reference the Action Tracker (see Encl 1) to see if you are responsible for any actions originating with this meeting.
- Please reference the Contact List (see Encl 2) for committee assignments.

Financial Update:

- The initial transfer of Funds from the Society’s legacy E&M Fund was approximately \$966,000.
- Since the initial transfer, the investments have increased in value to \$984,000
- The funds were officially invested according to the investment policy guidelines in May, 2017. So far, the investments have returned 1.4%, performing close to the blended benchmark of 1.43%.

Post Funds Policy: John Mogge provided a comparison of two versions of the Post Funds Policy: Foundation acts as custodian of Post money or Foundation owns Post money (see Encl 3). There was some discussion about the differences and some clarification. For example, “ownership” still notes that Posts can control funds that are restricted. Bud Griffis presented the unofficial NYC Post perspective which is that the Post prefers the Foundation to act as custodian. There are already several Posts ready to move forward in letting the Foundation manage their funds. All agreed that simplicity is key. **The board achieved consensus to move forward with the Policy as written with some previously accepted minor changes.**

Action: Hal Rosen will submit final draft policy to Sal Nodjomian to vet with select RVPs for feedback.

Investment Committee: Gary Engle presented slides to the board on the Investment Policy (see Encl 4). Clarification was provided regarding specific investments for Posts; all earnings are reinvested in the overall Foundation account, and then will be allocated to individual Posts based on the Post's proportional share of the total portfolio. Posts will be required to follow the overall Foundation Investment Policy Guidance, they are not able to request specialized investment requirements. **The board approved the Investment Policy as presented by Gary.**

Market Research: Jennifer Fogg presented an update on market research (see Encl 5). Jennifer provided clarification on internal messaging – not to be confused with internal soliciting. The board agreed that the SAME Foundation Branding Committee would form to focus on the “differentiator” for SAME Foundation. Further committee discussion was tabled until the next meeting. Angie Goral volunteered to be on the committee with Jennifer. Additional committee members could be attained from the SAME membership.

Stewardship: Gene Lupia has already been drafting a charter for the Stewardship Committee with a mission of soliciting, receiving, and distribution of gifts. He mentioned follow-up and appreciation tied to donation brackets and targeted stewardship for restricted funds. Several people volunteered to be on his committee: Tony Leketa, Julie Fisher, John Peabody.

Next Meeting: The next face-to-face meeting will be in conjunction with the SAME Small Business Conference, 0830 – 1030, Nov. 15, 2017 in Pittsburgh, PA. Room location will be sent via Kathy Off.

6 Encl

- 1 – Action Tracker
- 2 – Contact List
- 3 – Post Funds Policy Comparison
- 4 – Investment Policy Slides
- 5 – Marketing Update Slides



Brig. Gen. Joseph Schroedel, P.E., F.SAME, USA (Ret.)
Executive Director, SAME Foundation

Minutes approved, Aug 15, 2017:



Col. John Mogge, Ph.D., RA, F.SAME, USAF (Ret.)
Chairman, SAME Foundation

Action Tracker

Meeting	Action	Responsible	Estimated Completion
1-26-17	Cost accounting procedure established	Joe Schroedel	11-15-17
1-26-17	Clarify how operating costs will remain separate from SAME BOD	Joe Schroedel	11-15-17
1-26-17	Bylaws call for a Board Vice President	John Mogge	Complete*
1-26-17	Identify actions that SAME has already taken to support the compelling purpose	Joe Schroedel	11-15-17
1-26-17	Identify Posts with separate incorporated scholarship funds	Joe Schroedel	11-15-17
3-8-17	Provide specific examples of how SAME supports National Security	Joe Schroedel	11-15-17
Monthly	Finance provides John Mogge a list of contributors.	Allison Ingram	NA
5-23-17	Post – Draft Post Funds Policy ready for distribution	Allison Ingram & Hal Rosen	8-18-17
5-23-17	Take the marketing research to the next level.	Jennifer Fogg	Complete*
5-23-17	Create job description and hire new staff member.	Joe Schroedel & John Mogge	11-15-17
5-23-17	Investment Committee progress	Gary Engle	Complete*
5-23-17	Internal Communications progress	Roger Wozny	11-15-17
8-11-17	Joe Schroedel will provide a letter to board members outlining the coverage.	Joe Schroedel	11-15-17

*Items will be marked complete for one distribution and then removed from the tracker.

Foundation Board Contacts:

It is imperative that all board members use the e-mail addresses below as opposed to using an existing e-mail chain. There has been no change in contact information since the last Board Meeting.

Name	E-mail	Phone	Position/ Committee
Col (R) John Mogge	John.mogge@ch2m.com	813-281-7746	President/ New Hire
RADM (R) Gary Engle	Gary.engle@aecom.com	206-676-2511	Vice President/ Investment Committee
Maj Gen (R) Eulberg	eulbergconsulting@gvtc.com	210-850-5590	
Julie Fisher	jfisher@f-w.com	303-519-9364	Stewardship Committee
Jennifer Fogg	jfogg@tbsokc.com	405-528-4490	Vice President/ Branding/ Internal Communications/ New Hire
COL (R) Bud Griffis	griffis@nyu.edu		Internal Communications
Angie Goral	Angie.goral@martinezservicesinc.com	321-544-3616	Branding
COL (R) Tony Leketa	chiefafl@aol.com	443-534-2717	Internal Communications/ Stewardship
VADM (R) Mike Loose	Mike.loose@parsons.com	202-469-6626	
Maj Gen (R) Gene Lupia	genelupia@gmail.com	703-608-4528	Stewardship
MG (R) John Peabody	Johnw.peabody@gmail.com	571-451-0954	Stewardship
Hal Rosen	haroldrosen@comcast.net	301-765-1828	Post-Foundation Ops Policy
LTG (R) Robert Van Antwerp	Robert.vanantwerp@flippengroup.com	979-693-7660	
Roger Wozny	wozengineer@cox.net	402-333-8497	Internal Communications
BG (R) Joe Schroedel	jschroedel@same.org	703-549-3800 x110	Executive Director
Allison Ingram	aingram@same.org	703-549-3800 x130	Treasurer
Kathy Off	koff@same.org	703-549-3800 x153	Secretary

	Foundation Acts as Custodian	Foundation Owns Funds
Overall Notes	This scenario is the one contemplated in the Post Policy Guidance.	This scenario is not contemplated in the Post Policy Guidance
Ownership of the Assets	Post	Foundation
Who does this policy favor?	This scenario is more favorable for Posts who want to retain control of their monies.	This scenario is more favorable for the Foundation's purpose and operating costs.
Brief Explanation	Posts deposit their scholarship funds with the Foundation. The foundation will record the funds as an asset and liability on the Statement of Financial Position (Balance Sheet). These funds are callable by the Post based on the terms set forth in the policy guidance.	Posts donate their funds to the Foundation as a restricted or unrestricted contribution. The Foundation then becomes owners of the funds. All earnings and expenses earned/incurred by the Foundation will be allocated to this restricted fund based on a proportional basis. These earnings and expenses will flow through the balance sheet and the income statement. On the balance sheet, the restriction is on the net assets, on the income statement, they are classified as earnings with donor imposed restrictions.
Foundation Fin Stmt Impact.	Asset and Liability	Asset and Income Statement
Regulatory Filings	990 for these funds must be completed by Post	These funds are included in the Foundation's 990
Interest Income/Change in Value	Monthly, the Post's balance will be adjusted to reflect changes in value of the investment portfolio (unrealized and realized gains and losses and interest and dividend income.) The allocation will be based on the Post's proportional value of the overall investment portfolio. Depending on market conditions, the allocation could be a loss. This portion of the market changes will only appear on the Foundation's balance sheet.	Monthly, the Post's restricted balance will be adjusted to reflect changes in value of the investment portfolio (unrealized and realized gains and losses and interest and dividend income.) The allocation will be based on the Post's proportional value of the overall investment portfolio. Depending on market conditions, the allocation may be a loss. This portion of the market changes will appear on the Foundation's income statement, and will not appear on the Post's financial statement.
Investment Management Fee	Quarterly, the Post's balance will be reduced to account for investment management fees based on their proportional percentage of the total investment portfolio. This portion of the investment mgmt fee will only be a balance sheet transaction on the Foundation's books, but posts must record these transactions on their income statement	Quarterly, the Posts restricted balances will be reduced to account for investment management fees based on their proportional percentage of the total investment portfolio. This portion of the investment mgmt fee will be an expense on the Foundation's income statement, and will not appear on the Post's financial statement.
Donor Imposed restrictions	Since the Foundation is only serving as a custodian to the fund, donor imposed restrictions are the responsibility of the Post. The Foundation should not assume the responsibility of tracking the donor restrictions, and, therefore, should only disburse money back to the Post, in order to avoid potential donor-imposed restriction violations.	If Posts opt for this scenario, and they want the funds to be used for a specific purpose, the funds will become restricted. The earnings will be restricted and can only be reduced by the mgmt fee allocation or spending that meets the donor-imposed restriction. For example, a Post can donate all their funds, and state that the funds should only be used for scholarships for first year students in an engineering degree program.
Advantage to the Post	Posts continue to own the funds. Funds are callable should they decide they don't like the investment management or returns.	The administrative burden to the Post is reduced as the Foundation will maintain the financial statements for the funds, and will report the fund on their 990. Additionally, the Foundation will track donor-imposed restrictions.
Advantage to the Foundation	This scenario is easier for the Foundation to administer as there doesn't need to be actual tracking of expenditures.	The Foundation can ensure funds are spent appropriately, and expenditures are not in violation of the stated tax exempt purpose. Funds flow through the income statement and the assets are owned by the foundation, thereby increasing the owned Investment Portfolio. Additionally, this scenario enables the Foundation to place more emphasis on spending policies

	Foundation Acts as Custodian	Foundation Owns Funds
Administrative Burden on Foundation	Both scenarios are fairly equivalent in terms of administrative burden. In this scenario, the Foundation is required to provide the Post a quarterly accounting of the account balance. Accounts are tracked in the financial management system and will appear on the balance sheet.	Both scenarios are fairly equivalent in terms of administrative burden, though this scenario will require slightly more time. In this scenario, the Foundation is required to track donor-imposed restrictions and balances of the account, which will occur through the financial management system on the income statement. The part of this scenario that makes it more complicated is tracking the donor-imposed restrictions
Communicating to Posts	<ul style="list-style-type: none"> ● Leverage our expertise and ability to engage a Foundation specialized investment advisor. ● Investment policy guidance has already been created and is actively managed by a small group of volunteers. ● Eliminates internal struggle among posts on the Foundation Funds ● Due to size of the fund, the management fees are well below the market rate. ● Funds are callable at any point, should you decide to change your mind. ● Post retains control of how and when funds are spent. 	<ul style="list-style-type: none"> ● Leverage our expertise and ability to engage a Foundation specialized investment advisor. ● Investment policy guidance has already been created and is actively managed by a small group of volunteers. ● Eliminates internal struggle among posts on the Foundation Funds ● Due to size of the fund, the management fees are well below the market rate. ● Eliminates the administrative and regulatory burden for the Post. ● Post may specify how and when funds are to be spent, and Foundation must comply.



Investment Committee Update

Gary Engle

11 August 2017 Foundation Board Session

1



Investment Committee Update Topics

- Drafted SAME Investment Policy for Final Approval
- Establishing a rotation of 1-2 new Investment Committee members per year, with a ~3 year term for a max of 5 people.
- Added a Young Member to the Investment Committee – Candis Hamilton
- Running a “Seeking Investment Committee Member” notice in RealTIME
- Participating in Draft Post Funds Policy Layout
- 2nd Quarter Results for the Foundation Investments (Allison)

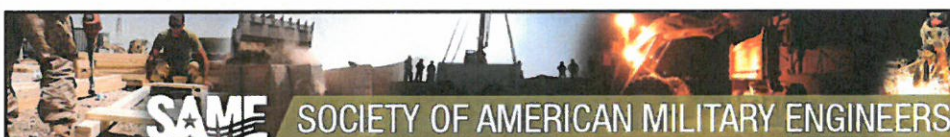
2



SAME Investment Policy Ready for Approval

- Collected and incorporated All Inputs – **Ready for Approval and Implementation!**
- Key Content Adds/Changes/Content Inputs:
 - Adding: **“SAME (vice the Foundation Board specifically) will retain annually an independent certified public accounting firm to conduct an audit of the Foundation financial activities.”**
 - Consumer Price Index is the over-arching benchmark as we look at key factors like general inflation, but we are also using a balanced benchmark that is representative of the portfolio's long term asset allocation strategy as noted in the policy.
- Directors and Officers Insurance Update:
 - Article 6.2 of the Bylaws states “Directors, Officers, and other authorized agents of the Foundation shall be indemnified by the Foundation against claims for liability arising in connection with their positions in the Foundation or activities on behalf of the Foundation to the full extent permitted by law.
 - Additional certification of policy will be provided to the Board on an annual basis.


3



Some Q&A We already Reviewed and Covered with You:

- **Are the investment horizons and risk tolerance the same?** No, they are not the same and were carefully crafted by the investment committee with the professional expertise of our current investment advisor, Orion, as laid out in detail in the attached draft policy statement. Orion specializes in management of non-profit and foundation portfolios. The horizon and risk tolerance of the two investment funds are not the same because the timeline and objectives for the two funds are different.
- **What should our expectation be for a reasonable risk based ROI?** This is detailed in the attached draft policy statement. In the attached allocation study, the Foundation investments are closest to mix 4, which means the expected rate of returns approximate 6% over a ten year term. The one year and five year rate of return are very similar.
- **Do they need to be board members operating under the same fiduciary commitment (different than the Society's meaning the Society is to its members – Foundation is to its donors)?** Not required to be Board members. It is important to recognize that the Society does have and requires a consolidated financial statement which will include Foundation finances. As stated in the question, the Foundation is responsible to its donors, and my incorporation onto the committee ensures we are being prudent stewards of donor dollars.
- **Should this be an interim role until more assets are accumulated?** Recommend to function with the current Investment Committee members and the recommendations that have been approved, and we commit to review and re-assess annually as the Foundation matures and grows.
- **Will we also commission an investment manager and if so what is the relationship of the two bodies?** An investment advisor is already established with Orion. The role of the investment manager is laid out in the investment policy guidance.
- **What is the reporting expectation to the Foundation?** Annually, as laid out in the attached draft policy. As Chair, I will provide regular liaison and report updates on Foundation Board calls and meetings as needed.

4



SOCIETY OF AMERICAN MILITARY ENGINEERS

ORION
INVESTMENT ADVISORS

SAME Foundation

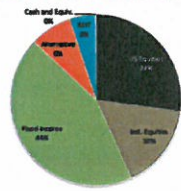
Investment Report as of 06/30/2017 to 06/30/2017

Opening Market Value	0
Net Cash Flow	967,000
Appreciation	13,515
Closing Market Value	980,515
Portfolio Return	1.40

PORTFOLIO SNAPSHOT
06/30/2017 to 06/30/2017

Portfolio Description	Market Value	Weight %
Schwab S&P 500 Index	207,200	21.13
Janus Enterprise Mid Cap Growth	15,172	1.55
Vanguard Mid Cap ETF	14,537	1.48
Harbor Small Cap Value	14,563	1.49
Vanguard Small Cap ETF	14,503	1.48
Harving Looper Int'l Gr	42,006	4.28
Harbor Int'l Value	42,064	4.29
DEUTSCHE INVESTORS MSCI EUR	34,793	3.55
Leopard Emerging Mics	38,779	3.96
JP Morgan Strategic Income	53,490	5.46
Leornis Saylor Invest Grade	54,189	5.53
Metropolitan West Total Ret	160,422	16.36
Western Asset Core Bond	180,947	18.45
Blackstone Alternative Multi Strategy Fund	38,714	3.95
Eaton Vance Absolute Return	38,901	3.97
Vanguard REIT ETF	48,406	4.96
Money Market	1,605	0.16
Total	980,515	100.00

Asset Allocation



Asset Class

US Equities	27.13
Int'l. Equities	30.00
Fixed Income	43.76
Alternative	7.92
REIT	4.96
Cash and Equiv.	0.16

Past performance is not indicative of future results. Please see important information at the end of this report. Mutual Fund returns are net of fees. SAME returns are net of fees paid 2016.

Page 13 of 17 5

Marketing Research

- Simplify Our Initial Messaging
 - Don't confuse start-up communications with on-going marketing
 - EVERY State has a STEM related non-profit
 - There are more than 385 STEM related non-profits
 - 22 SAME Sustaining Members have their own foundation

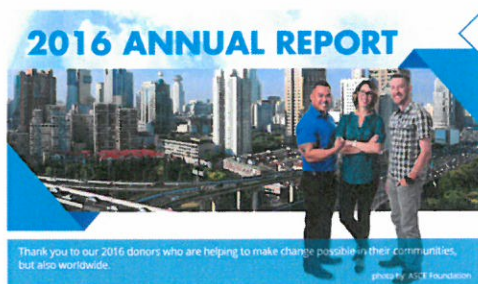
Marketing Research

Need a Distinct Differentiator

ORGANIZATION	KEY MESSAGING POINTS
ASCE FOUNDATION	LIFELONG LEARNING, LEADERSHIP, SUSTAINABLE INFRASTRUTURE
UNITED ENGINEERING FOUNDATION	ADVANCE ENGINEERING ARTS AND SCIENCES FOR HUMANITY. MAKING GRANTS
PIONEERS IN ENGINEERING FOUNDATION	PROMOTE STEM AND MENTORING

Marketing Research

- Register with Guidestar
 - <https://www.guidestar.org/profile/52-1891243>
- Develop Our Own Data/Content Related to Our Mission



READ THE 2016 ANNUAL REPORT
Our Annual Report highlights the programs, events, and members that give to the Foundation impact in 2016.
[LEARN MORE >](#)

SUPPORT OUTREACH FOR THE 2017 REPORT CARD

SUPPORT CI STUDENT DAYS

HELP CREATE CHANGE WITH YOUR GIFT!

2016 UEF Annual Report



In 2016, the United Engineering Foundation (UEF) celebrated its 112th year of operations. The UEF continued the robust tradition as a significant leader in the engineering community. The UEF maintained an endowment that closed the year with funds in excess of \$17,750,000. This is up slightly from 2015. This portfolio provided resources for the funding of additional grants in 2016 that demonstrated the Foundation's continued commitment to its vision of advancing the engineering arts and sciences for the welfare of humanity.

[Read the Report >>](#)

Recommendations

- Develop Brand Promise/Differentiator
 - Is It SAME?
 - What Data Will We Own?
- Simplify Messaging
 - Initial Target – Posts
 - Create Post Level Foundation Liaisons
 - Secondary Target - SAME Sustaining Members
 - Tertiary Target – Individual Members