

2014

29 October 2014

Overview

The Meeting was called to order at 13:00 hours, 29 October 2014 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. Chuck reminded those present that this is our second and final board meeting for this calendar year. Our next projected meeting will be held during the April-May time frame.

Review of Minutes

Chuck asked all to review the Minutes for the previous meeting of 7 March 2014. A correction was noted on page five of the minutes which read in the second paragraph, 'As a reminder, AREA Board policy *implemented in 2077* established a target Scholarship Fund reserve of...' It should have read '...*implemented in 2007*...' not 2077. There were no further comments or changes to the minutes as provided.

Milt Bergman made the 1st Motion and Larry Phillips made the 2nd Motion
All Approved

President's Report

Chuck asked all to turn to page three of the 'Read Ahead' provided October 21st. On Page three he has outlined the 'order of business' for this meeting.

Web Site

Our web site is out of date and Chuck has been working with our AAFES contact. The contact is extremely busy and had asked that we send five updates at time and he will complete those and then ask for five more. By doing so, he has nearly completed updating the web site for the first time in a long period of time. The new site is <http://www.aafes.com/about-exchange/retired-employees-association/>

Vacant Positions

We have filled the four vacant positions noted during our last meeting. Recently Tom Reagor, our Legal Advisor, passed away; Ron Compton as agreed to fill this vacancy. The other vacancies were filled as follows:

- ✓ Member-at-large: Dick Fregoe
- ✓ Emergency Relief Fund Coordinator: Chuck Poffenbarger
- ✓ Financial Advisor: Ken Weaver
- ✓ Auditor: Daryl Hinshaw

Agenda Items for Review

- ✓ Review of Scholarship Fund; General Fund; 3rd Quarter Financial Statements; and Vanguard Portfolios
- ✓ VEBA Status
- ✓ Outline of 2015/2016 Scholarship Program Parameters
- ✓ Suspense for AREA Newsletter...November 15th
- ✓ Community Recognition Results
- ✓ Membership Totals

Financial Report

In the absence of Terry Corley, Chuck Poffenbarger provided an overview of the *'Financial Report'* concerning the General and Scholarship Fund. Concerning the Townson Estate, we received a call recently advising us that they found five more acres pertaining to the oil and gas lease AREA received earlier.

Terry Corley finished the audit of the AREA accounts and Chuck gave a brief overview indicating no abnormalities were identified. A copy of the email Terry sent to Chuck will be forwarded to each Board Member.

Copies of his financial reports are at pages 4 through 14 of the *'Read Ahead'*. A synopsis of his notes, follow:

General Fund

The Operating Results of the General Fund Show a substantial lower loss YTD compared to 2013 (\$863 compared to \$7,053). The overall financial position of the fund remains strong (market value of assets exceeds \$58,000). The Membership Dues Income tracks closely to 2013; though the Income Statement shows a 9.5% increase over 2013. The difference is attributed solely to the recognition of 100% of 2014 Prepaid Dues as Income in September.

Favorable Market conditions drove Investment Income higher by 10:5%. Total Expenses are down substantially compared to 2013 (\$6,106) driven by the Annual Directory Production and mailing costs incurred in 2013, but not in 2014; as well as Scholarship Fund reimbursement for its share of July's Newsletter Expense. Excluding the impact of the annual directory costs and the Scholarship Fund reimbursement, printing and mailing costs rose more than 20% compared to 2013.

Favorable Market conditions also drove 2014 YTD Investment Income higher, by 112% (\$14,032 versus \$6,612). Scholarship Donations plus Investment Income are less than Scholarships Paid. As a result, the following investments were sold to make up the shortfall.

- ✓ Vanguard ST Bond Fund - \$5,000
- ✓ Vanguard Total Market Index - \$16,000
- ✓ Vanguard Wellington Fund - \$6,000

There has been no Emergency Relief Fund activity YTD 2014.

Scholarship Fund

The Scholarship Portfolio is in '*great shape*'(see page 14 of the '*Read Ahead*')! It looks like donations are going to run about \$23,000. The Scholarship amount will remain at \$40,000. To assist with the continuing efforts to keep the Scholarship Program out front in the work place, AAFES Management set an email to the entire workforce explaining the Program.

VEBA

Ken Weaver handed out a copy of the PRM Total Fund Overview from Wilshire Consulting, dated June 30, 2014. The AAFES combined PRM and 401 (h) Plan ended the Second Quarter of 2-14 with a Market Value of \$1.670 billion: \$1.67 billion in the PRM Plan and \$7,000 in the 401 Plan. This net increase of \$48 million over the prior quarter consisted of \$60 million in net investment gains, \$2 million in investment fees and \$10 million in net distributions.

Overall the '*Retirement Program*' is extremely healthy and continues to be a rarity among other corporations. Specifically, virtually no corporation offers prepaid medical benefits. The program continues to be a valued benefit!

Scholarship Program

Tom Gallagher provided an '*overview*' of the program as a '*refresher*' and stated there are no proposed changes to the overall program. The '*overview*' of the program is at page 15 in the '*Read Ahead*'.

The only uncertain item within the program is the need to determine if we are going to continue with the Marilyn Iverson Award. Tom suggested we wait until the CHRISTmas luncheon before making a decision. While the Award began at \$5,000 it was recently reduced to \$2,000 and we are not certain as to the intent of the ALA. Our preference would be to continue to receive the \$2,000 from ALA and drop the Award in name only. Tom suggests we keep all other Awards as shown.

Chuck explained the '*Special Consideration Scholarship Award*'. While it was implemented based on a specific circumstance we have not since used this Award. However, it is likely we might receive a request from time to time; if so, then we have the criteria established.

Information Director

Larry Philipps set the deadline for the Newsletter will be 14 November. Tom Gallagher will write an article for the Scholarship Program. Pat Weaver will submit her input by the 24th November. Following the discussion of the deadlines, Chuck mentioned we need to seriously consider ultimately move to a total electronic newsletter at some point in the future. This was Larry's last meeting as he has moved and is stepping down as Information Director after 16 years. All commended Larry for the job he has done and wished success and happiness in his new home.

Community Service Director

In his absence, Dick Fregoe provided a summary of the Community Service Awards given the Fall of 2014. At page 17 and 18 are the names of each recipient along with the comments supporting their Award.

Membership Director

Pat Weaver reported that at the current time there are 1,329 Members of AREA. She tracks the membership month by month and this year there have been more new members than any of the previous ten years.

Round Table

Ken Weaver suggests we get the word out to current employees without children to remember AREA in their wills. He stated he will provide the text for a future article.

Milt Bergman suggested that we consider the steps to be taken if AREA found the need to dissolve itself as an entity. While we could have a '*banner year*' and give all the Scholarships away in that year, as suggested by Ron Compton, all agreed we need to determine the '*steps to take*' and be prepared. Chuck stated he would study the possibilities.

Other suggestions made

Tom Gallagher...Ask Chapters to add dues to AREA to Chapter dues, making them members of AREA.

Tom Gallagher...Identify and track donations given by Chapter.

Ron Compton...Put Newsletter on the website as a '*page*'

Close

There being no further business the meeting was adjourned.

2014

7 March 2014

The Meeting was called to order by the President at 13:00 hours at the home of the Membership Director, Pat Weaver. The Credit Union Conference Room was unavailable for the time a quorum was present.

General Discussion

Chuck welcomed all in attendance to Pat Weaver's home, thanking her for lending her home for our AREA Meeting. He opened the meeting stating this is the 1st Board Meeting of the year and the 2nd and the last will be in October 2014.

Chuck also introduced and thanked Ken Weaver and Daryl Hinshaw who accepted the positions of VEBA/Financial Advisor and Auditor, respectively.

Concerning, future audits of AREA, he informed Daryl that during the period we were 'in between' auditors, he contacted another non-profit organization he works with and asked them for suggestions for an 'audit approach'. They answered providing a detailed explanation of several approaches, which Chuck said he would furnish Daryl for his consideration in future audits of AREA.

Review of Minutes

The minutes for the 27 March 2014 meeting were provided for review and there were no comments or questions. Tom Gallagher made 1st motion to approve...Larry Phillips the 2nd. All approved.

President's Report

Chuck explained the purpose of our March Meeting was to review, discuss and make 'motions' where necessary on the Scholarship Program and Parameters, Emergency Relief Fund, Financial Statements and Portfolio Updates and Reports.

Overview

He also stated he would give an Update of the Emergency Relief Fund; Terry Corley would provide a Review of the 2013 General and Scholarship Fund Year End Financial Statements and Portfolio Reports; Ken Weaver would give a VEBA/Financial Advisor Update; Larry Phillips would discuss the need for input to the April Newsletter and its Schedule; Tom Gallagher would go into detail on the 2014/2015 Scholarship Program Parameters; and finally Pat Weaver will give an Update to the Membership Program and New Membership Software.

Scholarship Fund Comparisons

Chuck explained to the new Board Members that several years ago a retired Exchange Employee passed away leaving the AREA about \$200,000 for the Scholarship Fund, which we refer to as the 'Townsend Scholarship Fund'. This 'inheritance' guaranteed the Scholarship Fund for many years into the future.

On page three of the 'Read Ahead' Chuck pointed out that the Hampton Roads contribution was down from \$10,000 in FY 2012 to \$6,000 for FY 2013. He stated this reduction was because they had their 'own' fund, also.

The Marylyn Iverson Award of \$2,000 was down from \$5,000 from its initial inception by the Dallas ALA. A discussion arose over the need to continue the 'label' of this Scholarship Award in honor of Marylyn since she is not currently an AREA Member and is an Executive of the Veteran Canteen Service. It was explained that the donation was initiated by the Dallas ALA and not AREA, so it would be their decision to continue giving in her name. In addition, we need to consider that if the Dallas ALA elected to discontinue giving this award, it is not guaranteed that they would simply add the amount to their other awards. Tom Gallagher pointed out that when the Iverson Award was given it exceeded the top award given by AREA at the time, requiring us to change the amounts of other awards. Thus, if the Iverson Award were discontinued, it would allow us to reevaluate the award amounts. Tom also stated that it is likely Marylyn has simply overlooked her membership to AREA. Chuck stated he would review this award with the Dallas ALA.

Over all donations are \$10,000 less than last year. Chuck stated he believed this figure for 2013 would stabilize for future years. He also noted North Texas Chapter donates to the fund, but it is not 'highlighted'.

A general discussion followed about the potential future of the 'donations' from Dallas ALA and other vendors. Chuck and Tom explained the background and the process they followed to raise the funds, i.e. they held luncheons, auctions and other fund raisers specifically directed toward raising funds for AREA Scholarships. These organizations are not likely to grow in size or likely to expand their current efforts in fund raising, thus Chuck restated as mentioned earlier, he believed it would stay at the current level for the foreseeable future. Thus, the only increase in funds donated in the future would likely be from the individual chapters themselves, not Exchange Vendors.

Scholarship Fund Parameters

Scholarship Fund for the 2014/2015 Academic Year was \$29,003 versus \$39,437 for 2012/2013 Year. More detail on this in page four of the 'Read Ahead'.

The initial program for funding the Annual Scholarship was approved at the January 20, 2004 Board Meeting and revisited at our November 2007 meeting. (See note 1) Our intention when we voted on the funding parameters was to start using surplus to bring the award levels and investment fund goals in line over a designated period of time. This intent was to insure:

That the Reserve Contingency Fund amount to four (4) years of the Annual Scholarship Grants; (Based on the current basic program [12 Scholarships @\$40,000 X 4] or \$160,000),

That the Awards, as determined by the Scholarship Committee, be flexible in number and amounts, based on caliber of the applicants,

That a period of 8-15 years be established to bring the Award levels and Investment Fund goals in line. (See note 2)

Notes: (1) November 30, 2007 revised parameters are: {1} Reserve Contingency increased to 4 years (from 2 years); and {2} Period for bringing award levels and investment goals in line increased to 8 -15 years (from 5-10 years).

(2) The Market Value of the Scholarship Fund (CDs, cash and checking account) as of December 31, 2013 was \$378,218. Deducting the Contingency Fund of \$160,000 leaves \$218,218 available over an 8-15 year period to bring the Award Levels and Investment Goals in line.

2. Based on these Income/Donations for 2013, \$10,997 is needed from the allocated amount to fund the 2014/2015 Academic Year basic program for 12 Scholarships for @\$40,000. Between \$14,548 and \$27,277 would be available from the 8-15 year allocation should the Scholarship Committee recommend additional scholarships, as they have done for the past several years.

Terry Corley asked what the rationale was behind the setting the Reserve Fund up for four years versus two. Chuck stated that over time the Award levels grew as more applicants became more aware of the program, thus requiring us to reevaluate our program. Combine this with the donation of the 'Townsend Fund' and our IRS Review it was suggested by Marty Handel to revise the program with these goals enabling us to grow the program as more applicants petitioned us for Awards.

Based on the above a 'motion' is made that the 2014/2015 Scholarship Program be approved at 12 Scholarships for \$40,000 and that the Scholarship Program Funding Parameters outlined above continue to apply.

With there no more questions or comments, the 'motion' was placed on the 'floor' for approval.

1st Bob Haver

2nd Milt Bergman

All Approved

For future consideration, Ken Weaver suggested that the AREA Board consider a program like the Rotary encouraging members to identify specific amounts in their 'wills' for the Scholarship Fund. Members continued to discuss the potential of increasing Scholarships, increasing giving, future parameters, etc. Tom suggested that we consider increasing the Scholarship Amounts in the future. Chuck stated we would continue to research and determine the best approach.

Treasurer Report

Terry Corley provided copies of the Financial Statements for fiscal year 2013 to be included in the 'Read Ahead'. He offered the following comments to explain 2013 results as compared to budget as well as 2012.

'General Fund results for 2013 are disappointing with a Net Loss of \$6,614. By comparison, the fund produced \$1,321 in Net Income in 2012. The Net Loss was not unexpected, but is \$1,450 (22%) worse than planned. Compared to 2012, Income was 15% lower because of the continued decline in Membership Dues. Expenses were 36% higher because of substantial increases in postage/delivery and printing/ reproduction costs. The one bright spot for 2013 was Investment Income which increased 28% compared to 2012. While the Operating Results of the General Fund show a substantial loss, the overall financial position of the fund remains in good shape with a current market of assets exceeding \$55,000. However, the funds financial strength is driven purely by invested assets and is vulnerable to uncontrollable market forces. As we look forward to 2014 and beyond, without specific strategies to increase membership dues, expenses must be reduced or the fund will continue to suffer financial losses and incur increasing levels of risk.

For 2013, 13 Scholarships have been awarded totaling \$43,000. The monies were paid in July. Ideally, scholarship donations income would equal or exceed the amount of scholarships paid. For 2013, donations amounted to \$29,003 which represents a \$9,702 (25%) decline compared to 2012. The difference between Scholarship donations and Scholarships paid results in Net Operating Loss of \$13,997 compared to 2012's Net Operating Loss of \$7,744. Offsetting the funds Net Operating Loss is Investment Income amounting to \$16,196 compared to \$11,143 in 2012 (an increase of \$5,053, 45%). As a result, a Net Income of \$2,199 was earned in 2013 compared to a Net Income of \$3,398 in 2012. The overall financial position of the fund remains very strong with current market value of assets in excess of \$455,000. As a reminder, AREA Board policy implemented in 2007 established a target Scholarship Fund reserve of \$160,000 and a goal to bring the actual fund balance in line with the target over the following 8-15 years. This policy creates flexibility in both the number and dollar value of scholarships awarded annually.

Emergency Relief donations flow through the Scholarship Fund whenever relief drives are sponsored. YTD relief donations total \$3,500 and are attributed entirely to the Ft.

Leonard Wood Flood Relief Drive. The amount collected to date has been distributed in its entirety.'

In summary, with declining membership, rising costs we must reevaluate our strategy to stop the drain or ultimately we will use up the fund with no increase in donations. Suggestions are to have at least two pages in Exchange Post, continue to move toward electronic medium for Newsletter. After substantial discussion it was agreed that we need to do a better job of relaying the importance of AREA to the retiree. We need to identify a future 'value' of AREA to retired employees.

VEBA/Financial Advisor Update

VEBA...'Volunteer Employee Benefit Association' aka the 'Retirement Fund' is doing extremely well! Terry Corley reminded the Board our retirement fund is recognized by the IRS as a 501-3c Fund. Currently, assets are in excess of \$1.5 billion. From 2009 to 2013 the assets have doubled. While there is concern over the downsizing the retirement fund is financially stable.

Information Director

There will be a special article in the next News Letter about a lady 100 years old. As a reminder the Exchange Post will be moving to electronic access only in August. There will no Q&A in this issue; but will have update on 'Benefits' and Community Service Awards. Input for the News Letter is still on a downward spiral.

Membership Program

Pat Weaver reported there are about 1,300 members of AREA. Of this figure about 280 expired notices have been sent out and 450 reminders. Depending on the response to these notices the total membership could drop to about 1,000 members. Discussion was raised again about methods to increase membership, to encourage retirees to join AREA

Emergency Relief: There was only one program this past period, in September 2013. The Fort Leonard Wood Flood Program received \$3,500, which has as Terry Corley reported been dispersed. A complete listing of the Programs since 1999 is contained on page 16 of the 'Read Ahead' for this meeting.

2014 Scholarship Program: A detail explanation of the complete program is at pages 17-18 of the 'Read Ahead'. Tom Gallagher reported there are no changes in methodology. The program 'rules' remain the same. The application period is from 1 January through 31 March, but as in past years response is slow. Jim Skibo has been added as the AAFES Member.

There being no further business the meeting was adjourned. The next meeting will be announced in October 2014. Meeting adjourned.

2013

29 October 2013

Overview

The Meeting was called to order at 09:30 hours, 29 October 2013 by Chuck Poffenbarger, President, AREA at the HQ AAFES, Federal Credit Union Conference Room. Chuck reminded those present that this would be the last meeting for this calendar year.

Review of Minutes

Chuck asked all to review the Minutes for the previous meeting 21 February 2013 listed as page two in the 'Read Ahead' provided. There were no comments or changes to the minutes as provided.

Terry Corley made the 1st Motion and Larry Phillips made the 2nd Motion

All Approved

President's Report

Board Vacancies

Before moving to the topics of the 'Read Ahead' Chuck asked if there were any other comments. The Secretary asked confirmation of the absentees, as noted above. In the conversation to follow it was noted that Tom Harmon, Emergency Relief Director had stepped down along with Gene Miller, Auditor.

Chuck stated this means that in addition to the Marty Handel, Financial Advisor, earlier this year announcing his departure from the Board, the Auditor position is also vacant. Pat Weaver suggested Chuck contact Charley Trei as a possible candidate for the Auditor position. Chuck agreed to contact him.

After discussion among the Board Members, it was agreed to take the separate positions for Emergency Relief and Scholarship Program Chairman and add to that of President and Vice President respectively. The membership discussed the need for a replacement for the independent Financial Advisor position. It was suggested that our new Treasurer, Terry Corley assume these duties. Discussion continued and determined that the Financial Advisor should remain separate. Pat Weaver suggested her husband, Ken had already agreed to be the VEBA and she would ask him if he would assume the role of Financial Advisor, as well.

Chuck suggested that due to the position mergers, we increase the number of voting members. After discussion, it was agreed to move Dick Fregoe's position to that of vacant Member-At-Large position, but incorporating the Chair, Community Service.

Chuck Poffenbarger made the 1st Motion and Larry Phillips made the 2nd Motion
All Approved.

Executive Board Meeting

The following is an extract from the changes proposed and sent to each member by Email 1/18/2013 and provided as a handout to the members of the regular AREA Board Meeting held prior to the Executive Session, 2/21/2013.

“Constitution Revisions

- Section 1: The Officers of the Association shall consist of four persons: President; ~~President-Elect~~ Vice-President, Treasurer, and Secretary. These officers shall perform the duties herein specified; those specified by the bylaws, and such other duties as are usually incident to their office. A term of office will be for two years beginning June 1st in odd-numbered years. The ~~President-Elects~~ Vice-President shall succeed to the office of the presidency ~~at the end of the President’s term and~~ whenever the President vacates the office for whatever reason. Officers of the Association shall be elected to their positions by the general membership in accordance with Section 4.
- Section 4 is unchanged.
- Section 7: Members elected to offices of President and ~~President-Elect~~ Vice-President may ~~not~~ serve for ~~more than two~~ consecutive full terms plus the unexpired term to which they may have been appointed by the Executive Board. ~~In the absence of a President-Elect incumbent, the President may serve additional terms.~~
- General: Wherever the position of AREA and/or Officers of the Association President-Elect appears, revise the title to Vice-President.

Discussion: The current requirement that the President-Elect shall succeed to the office of the presidency at the end of the President’s terms has proven to be unworkable and has resulted in the vacancy of the President-Elect’s for many years. We can’t get anyone to serve in the position because of the requirement. I don’t know if we’ll get anyone based on the proposed revision; however, at least we’ll have a better chance of doing so. This revision also changes the President- Elect’s title to Vice-President.”

Chuck reminded the membership in this meeting, 29 October 2013, that following the meeting in February 2013, we held an Executive Board Meeting to discuss the above changes to the Constitution. Based on a unanimous decision of this change among the Executive Board members, these changes were subsequently published in the Newsletter and updated on the web site. Chuck provided a copy of these changes in the ‘*Read Ahead*’ and asked for the overall Board’s acceptance.

Larry Phillips made the 1st Motion and Don Smith made the 2nd Motion to Accept
All Approved.

Audit Check List

Following the discussion from the Executive Session, Terry Corley suggested that the Board develop a Check List of the specifics an Audit should involve. Chuck agreed to

review what parameters the Auditor has been following along with suggested additions and submit a proposal to the Board.

Emergency Relief

Chuck reported that the Emergency Relief effort was activated for associates at Fort Leonard Wood on September 3, 2013. Larry Phillips reported that the program was featured on the front page of the October Newsletter. A check for \$3,150 was presented to four associates on October 3rd and as donations continue to be received, we will send the money to the local Exchange official monthly for distribution. Information on this relief effort was included in the 'Read Ahead' at pages 18-22.

Financial Report

Terry Corley provided unaudited Financial Statements for 30 September 2013 year to date. The attachments are at pages 24-32 of the 'Read Ahead'.

Terry provided the following comments:

“General Fund Membership Dues Income continues to decline (down \$828) though it's tracking very close to budget. Investment Income also declined compared to both 2012 and to budget. Total Expenses are up compared to 2012 (\$6,123) but are right on plan. Printing expense for the Membership Directory account for the increased expenses compared to 2012. While the operating results of the General Fund show a substantial loss (\$67,359), the overall financial position of the fund remains strong (market value of assets exceeds \$53,000). Without increasing Membership Dues, controlling expenses—specifically, printing/reproduction and mailing—remains the key to preserving the financial strength of the fund.”

“For 2013, 13 Scholarships have been awarded totaling \$43,000. The monies were paid in July. To maintain or strengthen the Scholarship fund financial position, scholarship donations plus investment income would equal or exceed the amount of scholarships paid. However, the AREA Board made a decision in 2007 to establish a Target Fund Reserve of \$160,000 and to bring the actual fund balance in line with the target over the following 8-15 years. This decision allows for flexibility in both the number and dollar value of scholarships awarded annually. The Fund's YTD Net Loss of \$27,535 is in line with this policy. The loss is less than 2012 because scholarships paid were lower this year. Scholarship Fund donations are up 5.6% (\$473) compared to last year totaling \$8,853.00. The increase is attributed to higher member donations. The sources of donations for 2013 are: Chapters-12%, ALS-56%, Members-32%. Fund expenses are lower compared to 2012 (\$4,000) driven entirely by reduced scholarships awarded. Investment Income increased 4.8% (\$304) compared to 2012. The overall financial position of the fund remains very strong (market value of assets exceeds \$417,000).”

“Emergency Relief donations flow through the Scholarship Fund whenever relief drives are sponsored. YTD relief donations total \$3,150 and are attributed entirely to the Fort Leonard Wood Flood Relief drive. The amount collected to date was disbursed to Ft. Leonard Wood in September.”

“Terry Corley
AREA Treasurer”

In his comments following his overview, Terry asked if we have 1,400 members X \$15 per year = \$21,000, why only budget \$11,000. His overview is at page 23 of the ‘Read Ahead’. General discussion implied that in part it is a result of the timeliness of receipt of the dues lagging behind actual due dates, plus members paying ahead. Terry stated that there were elements of the process that he did not yet understand; having said that after a full year he would have a better understanding if any changes were needed.

Pat suggested that we charge more for Newsletter for overseas versus stateside. No conclusion was reached...will review impact further.

Terry suggested we allocate a portion of Scholarship Cost for Newsletter. A good argument could be presented to transfer at least fourth of the Newsletter (five of the 20 pages) cost to the Scholarship Program since that much of the total Newsletter is devoted to the Program. This cost would be at least \$1,000. All agreed to make this allocation.

Dick suggested that we send a copy of Newsletter to Scholarship Winners since we no longer print the Scholarship Booklets...After discussion it was agreed to send a Newsletter by email to the Winners.

Scholarship Program

Chuck, in the absence of Tom Gallagher, referred the membership to pages 33-34 for a review of the Scholarship Program for Academic Year 2014/2015. There are no changes from last year. We anticipate a need for about \$5,000 additional funds to meet Scholarship needs for next year.

Community Service Director

This program is outlined on page 35 of the ‘Read Ahead’. Dick Fregoe stated that we received five candidates. All were active employees or dependents of active employees. However, he is concerned that there is too little participation from retirees. Discussion followed leading to a suggestion to put another article in the Newsletter. Larry will put an article in Newsletter, with a deadline of February 15th.

Membership Director

Pat Weaver reported that we have 1,415 members with 215 received by email. The period of November - January is the time frame when most will pay their dues.

Information Director

The deadline for input to the Newsletter is February 15th. The highest number of pages in the past has been 24-28 pages. Today we average is 20; we can go as low as 16, but must set at increments of four pages. Larry stated that we will need to review the Directory for potential changes next time.

Round Table

Chuck asked the membership for input concerning the start time of 9:30am for this meeting. After discussion, it was suggested that we move the traditional 1:00pm time to 10:00am on Friday. It was also suggested to set the 21st February 2014 as the next meeting, subject to quorum availability.

Close

There being no further business the meeting was adjourned.

2013

21 February 2013

Overview

The Meeting was called to order at 1030 hours, 21 February 2013 by Chuck Poffenbarger, President, AREA at the HQ AAFES, Federal Credit Union Conference Room. Chuck reminded those present that this would be the 1st Board Meeting this year. Our 2nd and final Board Meeting of the year will be held in October 2013. Chuck also reminded the group that we meet in February to allow the Treasurer time to ‘close out’ the ‘Books’, which usually is complete by the end of January.

Guests

Terry Corley

Review of Minutes

The Minutes for the 4 November 2011 meeting in the ‘*Read Ahead*’ were reviewed and several changes/correction were made...On Page two—1.) Pat Weaver listed as ‘*Voting Member*’ will be listed as ‘*Non-Voting*’. 2.) ‘Milt Bergman’ is listed as both present and absent—he was absent...On Page four—under ‘*Information Director*’ the sentence, ‘*The Coalition to Dave Our Military Shopping Benefits*’ should be changed to read, ‘*The Coalition to Save...*’ Also, the next to the last sentence in the same paragraph, the word ‘*lobbing*’ should be changed to read ‘*lobbying*’. Finally, the word ‘*we*’ should be included in the next phrase, ‘...*which we are not permitted to do.*’

Marty Handel asked the question concerning the \$400 check for Emergency Relief that had not cleared in the paragraph above the ‘*Information Director*’ paragraph discussed; has it cleared? Gerry Peterson stated that the check had cleared, though it took a long time to do so. Marty also asked the question concerning the statement, speaking of the ‘*Coalition Paper*’ in the paragraph following ‘*Information Director*’, ‘*A recommendation was made to ask our Attorney, Tom Reagor. Is it possible to include in Newsletter as ‘info only’ to our members.*’ Did we receive an answer? Chuck Poffenbarger stated that Tom Reagor sent him a note and said it would be ok to do so. Finally, Marty pointed out a ‘*typo*’ on page five, in the last sentence of the first paragraph of the Round Table discussion. The word ‘*lasted*’, i.e. ‘...*two different colors being issued based on the lasted dates...*’ should read... ‘...*latest dates...*’

Tom Harmon raised the question about the proper spelling of the new designation for AAFES, i.e. *Xchange* or *Exchange*. Larry Phillips confirmed that ‘*Exchange*’ is the correction designation.

Tom Gallagher raised the question about the Board being unable to hold its meetings in the HQ Building versus the Credit Union Building. Chuck stating he has not asked, but is willing to do if the Board believes it's important. After general discussion it was agreed that the use of the Credit Union facilities for the foreseeable future would meet our needs.

All changes/corrections are noted and will be made. No other comments or changes were suggested.

“Gerry Peterson made 1st Motion to Approve and Larry Phillips gave the 2nd All approved.”

President’s Report

Chuck Poffenbarger thanked Terry Corley for attending the meeting and agreeing to become the Treasurer Nominee. Marty Handel also thanked Gerry Peterson, outgoing Treasurer for his ten year service to the AREA Board. His accomplishments during this time brought us from using ‘*scratch pads*’ and three different systems not compatible with each other to the point we are at today. Chuck highlighted several areas in his report!

AREA Executive Board

The AREA’S Executive Board two-year term began on June 1, 2011 and will end on May 31, 2013. Therefore ‘*elections*’ will be held prior to that date. The four positions are President, President-Elect, Treasurer and Secretary. The effective date for elected officers is June 1st. Thus the ballots will be collected, counted and ‘*winner*s’ notified before June 1st. All current office holders, except the President are eligible for re-election as none of the positions are restricted by term-limits. The President can stand for re-election if the President elect position is vacant. We will ‘*run*’ the election process in the April Newsletter.

Topics for Today’s Meeting

Chuck Poffenbarger:

- ✓ Review the Scholarship Booklet Program...page 7
- ✓ Review Scholarship Fund 2012/2011 Income Comparisons...page 8
- ✓ Scholarship Funding Parameters and Motion for 2013/2014...page 9

Gerry Peterson:

- ✓ Review of the 2012 General and Scholarship Fund Year End Financial Statements
- ✓ Review of the Portfolio Reports and 2013 General Fund Budget

Larry Phillips:

- ✓ AREA April 2013 Newsletter Input due March 4th
- ✓ Schedule for Recurring Features
 - Commander Article—January

- COO Article—January and July
- Community Recognition Program—April and October
- Scholarship Program Results—July

Pat Weaver:

- ✓ Membership Totals
- ✓ Status of New Program

Tom Harmon...Emergency Relief Fund Update.

Tom Gallagher...Outline of 2013/2014 Scholarship Program Parameters.

Membership Program Report

Membership

Pat Weaver reported that we currently have 1,412 total members. Our email membership is growing; we now have 225 versus US Postal mail 1,100. The discrepancy between the total of these two figures and the overall total is caused from requests for renewal not being forwarded, death, etc.

Computer Program for Data Base

Pat handed out copies of the 'new' and 'old' programs showing the difference in the reports the new program will generate versus the old one we now use. In the new program the email will be listed with the address. In explaining the new program Pat emphasized that the old program had reached a point where we could no longer continue. The name of the new program is 'File Pro'. Larry pointed out that it was a Mac program made for Windows.

Larry asked if Pat needed more time before inputting the Directory. After discussion it was agreed to change from April to July. Pat stated her first priority is to input the checks. Gerry discussed the potential to allocate checks received over both current and future time periods. Tom Gallagher indicated the new program should be able to accommodate this need. Pat agreed to ask the 'tech' who is helping her to change over programs. The new program will be a learning process, but it will definitely be more functional for our needs.

Scholarship Program

Scholarship Booklet

Chuck Poffenbarger provided a chart on page seven in the 'Read Ahead' booklet that reflected a significant drop in number of sponsors and resulting income from 2008 (second year) to 2012. The number of sponsors in 2008 was 24 with income of \$12,000 versus 6 sponsors and \$3,000 income for 2012. Tom Gallagher suggested that we

consider publishing the booklet every other year instead of every year. All agreed to 'pass' on this year and take up the program in 2014.

Scholarship Fund Income Comparisons

Chuck next pointed the members to page eight of the 'Read Ahead' reminding all, that each year we show a summary of the Scholarship Donations comparing the current year with the previous. The Basic Program is 12 Scholarships for \$40,000. In 2011 we received \$45,140, while this year we received \$39,437. If you subtract the 'Townsend Estate' of \$4,800 out of this figure it will bring the figure down to \$35,000. The Scholarship Booklet income dropped from \$3,213 to \$732. Gerry pointed out that Individual Donations are also down.

Scholarship Fund Parameters and Motion

Asking the Members to turn to page nine of the 'Read Ahead' Chuck explained the 'Motion' to Approve \$40,000 for 2013.

2012 Scholarship Fund Income for the 2013/2014 Academic Year

Individual Donations.....	\$ 6,905
Hampton Roads ALA Chapter.....	10,000
Dallas ALA Golf, May 21 st	5,000
Dallas ALA Dec 14 th Luncheon.....	10,000
Dallas ALA Dec 14 th M. Iverson.....	2,000
Townsend Estate.....	4,800
Total Donations.....	\$39,705
<u>Scholarship Booklet.....</u>	<u>732</u>
Available for 2013/2014 Program.....	<u>\$39,437</u>

The Scholarship Program Funding Parameters

The program for funding the Annual Scholarship Program was approved at the January 20, 2004 Board Meeting and revised at our November 30, 2007 meeting (See Note 1). Our intention when we voted on the funding parameters was to start using the surplus to bring the award levels and investment goals in line over a designated period of time.

- That the Reserve Contingency Fund amount to four (4) years of the annual scholarship grants; (Based on the current basic program [12 Scholarships @ \$40,000 x 4], that's \$160,000.)
- That the awards, as determined by the Scholarship Committee, be flexible in both number and amounts based on caliber of the applicants.
- That a period 8-15 years be established to bring the Award Levels and Investment Fund Goals in line (See Note 2).

Note 1: November 30, 2007 revised parameters are: (1) Reserved Contingency increased to 4 years (from 2 years); and (2) Period for bringing Award Levels and Investment Goals in line increased to 8 – 15 years (from 5 – 10 years).

Note 2: The MARKET VALUE of the Scholarship Fund (CDs, Cash and Checking Account) as of December 31, 2012 was \$407,127. Deducting the Contingency Fund of \$160,000 leaves \$247,127 available over an 8-15 year period to bring the Award Levels and Investment Goals in line.

Based on these parameters and the above listed Donations for 2012, \$563.00 is needed from the allocated amount to fund the 2013/2014 Academic Year Basic Program for 12 Scholarships @ \$40,000. Between \$16,475 and \$30,809 would be available from the 8-15 year allocation should the Scholarship Committee recommend additional scholarships, as they have done for the past several years.

Motion: That the 2013/2014 Scholarship Program be approved at 12 Scholarships for \$40,000 and that the Scholarship Program Funding Parameters outlined above continue to apply.

“Chuck Poffenbarger made 1st motion to Approve and Tom Harmon gave the 2nd All approved.”

Financial Report

Gerry Peterson provided an overview of dues paid from pages 11-20 of the ‘*Read Ahead*’ booklet. He said this is the first time in the nearly 10 years he has been Treasurer that our Year-End Statements show a decided downturn in revenue and net profit. His comments are below:

“General Fund

Dues were down over \$3,000 (16%) from 2011. We have been experiencing reduced levels of dues revenue since 2010, but this is the biggest reduction in both dollars and percentage. Reduced expenses from 2011 levels in printing and postage kept the Net Ordinary Income to a loss of only \$35. Although 2012 was a good year for the market, investment income was down compared to last year. The reason for reduction was realized profit in March 2011 from the rebalancing of the Portfolio. On the Balance Sheet Total Assets and Equity are nearly unchanged from last year indicating the General Fund is still strong and viable as long as we can continue to control expenses as revenues decrease. Getting more and more people on the Email Newsletter delivery system is a key to future sustainability. The included Portfolio shows the short-term bond fund is maintaining its share value and is throwing off 3 times the income that our CD at the Credit Union was yielding.

Scholarship Fund

Scholarship donations were also down in 2012, 7.7% or \$3,222. This loss coupled with a reduction of \$2,481, 77% in Scholarship Booklet Income resulted in a net reduction of income of \$5,703. This reduction in Income combined with a \$2,000 increase in Scholarships awarded caused a Net Ordinary Income loss of \$7,744. The one positive set of numbers was the increase in Investment Income of \$11,139 compared to \$8,588 last year. Even though our Income was down compared to last year, our Balance Sheet continues to show increasing strength. The only Liability was a request for Postal Expense reimbursement received after Year-End.

Despite the reduced Profits in both Funds, both are viable and in good shape. For the General Fund, declining Dues Revenue is a concern. Hopefully it will level off and not decline further. Of concern for the Scholarship Fund is increasing dependence on the Hampton Roads and Dallas ALA chapters for donations. We received the last of the Townsend Estate funds, \$4,800, so that well is now dry. Chapter and individual donations only account for 20% of donations and with the declining booklet profit; we're becoming more and more reliant on the ALA Chapters. If anything happens to the resale community that adversely affects the vendors in these chapters, drastic changes will need to be made in Scholarships awarded.

Also attached is a proposed General Fund Budget for 2013. Printing and postage are increased from 2011 and 2012 due to the Directory that we'll print this year."

In the discussion Gerry continue to emphasize concern over the decrease in individual dues. Pat Weaver commented that it is possible that some dues have not 'come in' yet; about 400 notices have been sent, but not responded to. Gerry further stated that as of last night the Scholarship Portfolio is \$382,800, which is 'looking good'!

Chuck asked the question '*Is it possible to transfer a percentage of the G&A to the Scholarship Fund for overhead expenses?*' He stated that the IRS allows a certain percentage for this purpose. After 'much' discussion it was agreed to maintain the current procedure.

"Gerry Peterson made 1st Motion to Approve and Milt Bergman gave the 2nd All approved."

Milt Bergman also stated '*As a Board Member I Thank You Gerry for Ten Years of Service to AREA!*' All agreed and applauded Gerry for his service!

Information Director

Larry Phillips stated that in the April Newsletter there will be an article outlining his, Chuck and Don Streeter's visit with the new Director/CEO Tom Shull. This meeting followed that of the North Texas Board also meeting with the CEO. There will also be a

section on '*Benefits*' and Chapter News. This is also the '*Issue*' featuring the Community Service Awards. Will go to '*Press*' in March!

Emergency Relief

Tom Harmon advised the Emergency Relief Program has been updated on the AREA Web Site. The program was coordinated with Exchange HR. The last '*Emergency*' was 2010, with no recent request to initiate an effort for Hurricane Sandy. The program was designed to increase awareness and raise donations to aid victims of major disasters.

Tom pointed out that there have been individual requests received, such as house fires, but that they are referred to the Exchange. This appears to be a result from the GC stopping local fund raiser events and instead directing the effort to AREA.

Scholarship Program

Tom Gallagher discussed the AREA 2013 Scholarship Program. The program can be considered in five areas:

Parameters

- 12 Scholarships totaling \$40,000:
 - 2 @ \$5,000
 - 10 @ \$3,000
- One \$5,000 Scholarship is designated the Marilyn Iverson Scholarship as long as DFW ALA Chapter continues to provide the funding.
- The Awards, as determined by the Scholarship Committee, remain flexible in both number and amounts based on caliber of the applicants.
- A maximum of one additional Scholarship can be considered each year based on the Special Consideration Scholarship Program.

Special Considerations Scholarship

The AREA Scholarship Program recognizes that some students have special situations that prevent them from achieving at the Sat/Act levels stipulated for regular AREA Scholarships and other students defer, by choice or circumstances, going to college right after graduation. A maximum of one additional Scholarship may be awarded each year based on the above considerations and these specific criteria. The amount of the Scholarship cannot exceed the lowest Scholarship amount granted each year.

- The Program is not advertised. Potential applicants are selected from the applications submitted.
- College Entrance delayed no more than 16 months after High School Graduation
- At least 1,600 on the SAT or 25 on the ACT
- Acceptance at an accredited College, University, or one of the U.S. Military Academies for undergraduate studies

- Meet other qualifying criteria
- Financial hardship excluded as a factor
- Scholarship must be approved by the full board

Personal Eligibility and Academic Criteria

All Personal Eligibility and Academic Criteria must be met on January 1, 2013. Applicants must be permanent U.S. residents and be less than 21 years of age. In addition:

- They must be natural, legally adopted children or custodial stepchildren of active, retired or deceased AAFES U.S. Payroll Employees or assigned Military Personnel.
- Military Retirees must have retired while on assignment with AAFES.
- A deceased parent must have died while an active or retired AAFES Employee or Military assignee.
- One the parents must have had at least twelve consecutive months of AAFES Employment on the U.S. Payroll, or in the case of Military Personnel, AAFES assignment. For a deceased parent, the twelve-month employment requirement must have been met at the time of death.
- Twelve consecutive months of AAFES U.S. Payroll Employment, if applying on their own behalf.
- Active Membership in AREA, if retired. An active member is one who is a member of the National AREA organization (not just a member of an AREA Chapter) and whose dues payments are current.

Student Academic Criteria

- Be in their Senior Year of High School and scheduled to graduate in calendar year 2013.
- Have a score of at least 1,750 on the SAT or 25 on the ACT
- Plan on attending an accredited College, University or one of the U.S. Military Academies for undergraduate studies in Calendar Year 2013. AREA Scholarships are not awarded for participation in non-academic and certificate programs.

Once Academic Eligibility is met, five factors listed on the Application for Scholarship form are scored to determine the ranking for Scholarship Awards.

The Five Factors are:

1. Scholarship Honors & Other Recognition Received
2. School Activity Participation
3. Outside Activities, Hobbies and Special Talents
4. Essay: Tell us why you feel you should be awarded a Scholarship
5. Letters of Recommendation

Note: These factors are scored on a scale of 0 to 5 by the Committee Members. The Membership Chairman, Tom Gallagher does not vote.

Committee Membership

1. Tom Gallagher, Chairperson (non-voting) email: gall.tom@verizon.net
2. Darryl Richards, godblessjohnwayne43@yahoo.com
3. Don Smith, donaldsmith7@aol.com
4. Mat A. Dromey (AAFES Rep), dromey@aafes.com
5. Maggie Burgess, burgess.margaret@aafes.com
6. Jim Sawyer, irs2486@comcast.net
7. Richard Sheff, sheffr1@aol.com
8. Vivian Skalsky, vrskalsky@aol.com

After giving the above overview, Tom pointed out, for information of the Board, that students will often take the SAT multiple times. In one test they may score higher, for example on Essay than another test. Historically, we have not allowed them to take the high score on one test and include it on another. Having said that, based on research of Universities practices we find they are allowing students to do this. Therefore, Tom recommends that we do the same. Chuck asked Tom to update the Web Site for next year's program.

The last point is that Mat Dromey has retired and will after this year no longer be the AAFES Rep, though he will participate this year. Maggie Burgess will be taking his place.

There being no further business the meeting was adjourned. Chuck Poffenbarger reminded the Executive Board of the separate meeting to follow.

2012

24 February 2012

The Meeting was called to order at 1300 hours, 24 February 2012 by Gerry Peterson, Treasurer at the HQ AAFES, Federal Credit Union Conference Room. President Chuck Poffenbarger is undergoing shoulder surgery.

Review of Minutes

The minutes for the 4 November 2011 meeting were provided by mail as a '*read ahead*' in preparation for today's meeting. It was noted that Pat Weaver, was listed as a 'voting member' and should be shown as a non-voting member. Also, Marty Handel pointed out his name was still printed as 'Mary'. Finally, page two of the Minutes (page three of Read Ahead Handout), second paragraph, last sentence now reads, "HR stated that this will impact AREA in the Emergency Relief Program." The designation 'AREA' is changed to read "...the local exchange committee at local level in dispensing funds."

Corrections are noted and will be made. No other comments or changes were suggested.

Bob Haver made 1st motion to approve...Tom Harmon 2nd All approved.

Scholarship Program

Tom Gallagher reported that the parameters of the program have not changed. To date eight applicants have been received, four of which qualify. He anticipates more through March 2012. A letter will be sent out from the Chief Operating Officer's office encouraging submissions.

There were two member changes to the committee from last year. First, Duane Walsh has 'stepped down' due to his family travel. Maggie Burgess has joined the Scholarship Team.

Based on income/donations for 2011, nothing would be needed from the allocated amount to fund the 2012 basic program for 12 scholarships @ \$40,000. Between \$14,307 and \$26,825 would be available from the 8-15 year allocation should the Scholarship Committee recommend additional scholarships, as they have done for the past several years.

Gerry Peterson referred our attention to page 14 of the '*read ahead*' booklet. Chuck Poffenbarger, President based on this report made the motion '*that the 2012 Scholarship Program be approved at 12 scholarships for \$40,000, and that the Scholarship Program Funding Parameters outlined above continue to apply*'.

Motions were made to approve parameters and amounts as submitted. 1st submitted by Chuck Poffenbarger and verbal 2nd Bob Haver.

Financial Report

Gerry Peterson directed our attention to pages 16-20 in the '*read ahead*'. He submitted the 'Treasurer's Report for 2011 4th Quarter and YE' as follows:

"Included are copies of the unaudited General and Scholarship Fund Financial reports and a proposed General Fund budget for 2012.

General Fund Net Income is \$3,619 compared to a plan of \$674. Improved results are attributed to an increase of \$1,530 more in dues income, a reduction of \$2,236 below plan for our largest expense categories, postage and printing, and \$471 more investment income than planned. On the negative side we experienced expenses in our Community Service Awards of \$519 this year compared to \$0.00 last year. The General Fund Balance Sheet is also improved over last year. Total assets are up \$4,651 compared to last year, prepaid dues are \$1,005 or 15% higher than last year, and our investment portfolio has a market value greater than our cost.

Results for the Scholarship Fund are equally impressive. Although the net income from the scholarship booklet was down \$935 compared to last year, total income was \$4,727 higher than last year. Investment income was also higher than last year, \$8,588 compared to \$3,209. On the negative side, the value of member donations to the scholarship fund was down \$838 or 8%. We are very reliant upon the Dallas and Hampton Roads ALA for our donations. The Scholarship Balance Sheet is also improved over last year. Total Assets are \$8,971 higher than last year, and the only liabilities are \$400 in Emergency Relief donations that weren't disbursed until January 2012, and \$7.28 in FY2011 postal expenses submitted by Pat Weaver that weren't paid until 2012.

In summary, 2011 was a very good year and both funds are in excellent shape.”

The proposed budget for 2012 was submitted on page 21. There were no recommended changes.

1st Bob Haver 2nd Larry Phillips Approved

Next Gerry directed our attention to page 22 and 23, AREA Scholarship/Emergency Relief Fund Income and Expense...October through December 2011. There were not questions on the reports. On page 24 the Balance Sheet Gerry pointed out the \$400 check not cleared for Emergency Relief. Tom Harmon sent a follow up on 22 January 2012. The check was for a specific individual, but sent to the Exchange Office. On page 25, the Portfolio for the Scholarship Fund was explained to the group also. No questions were raised.

Information Director

The Coalition to Save Our Military Shopping Benefits paper was discussed. Larry Phillips stated the initiative was started by the ALA. Apparently as a part of a proposal submitted by Sen. Tom Colburn's deficit reduction plan there is a reference to reduce shopping benefits. ALA wants us to put their fact sheet into the AREA Newsletter. Generally the opinion of the Board is that to do so would be considered lobbying, which are not permitted to do. On the other hand to not do so, might 'hurt' our relationship with ALA.

A recommendation was made to ask our Attorney, Tom Reagor. It is possible it may be permitted in our Newsletter as 'info only' to our members. In the interim will circulate among board members. Dick Fregoe suggested that we also obtain the Washington Office's opinion. After discussion it was agreed to consult the lawyer.

Larry also advised the April Newsletter would present the story of Gisela Demarco receiving a medal from Germany. She had to go to the Consulate to receive the medal.

Membership Report

There are 1,246 members at present...email 128 names...it is growing. Marty asked if she had contacted the man about building and Access data base program. She said no, but would in the near future.

Emergency Relief

The coordination of the ERF with HQ Xchange is complete. Basically there were no changes, but clarity was indicated for the AAFES side.

Community Service

April Newsletter will contain an update to the program. Discussion was initiated about the recipients of the community service awards not being members of AREA. The submission continues to be 'lopsided' with two retirees and 11 active employees.

Round Table

From an earlier discussion, Marty Handel asked why we were not having our meetings in the AAFES HQ. Tom Harmon stated that new security procedures prohibit access to all but those assigned to the floors above the first floor. It was discussed that we should review the possibility of either requesting an exception be made for AREA or to locate a meeting room on the first floor. The subject was tabled until our next meeting.

The new color of the name tags was also discussed. It appeared that there were at least two different colors being issued based on the lasted dates of name tags received.

Finally, Tom Gallagher asked if based the name change from AAFES to *Xchange* should AREA consider changing its name. Gerry Peterson cautioned that if we did change our name it would require changing our data with IRS. All agreed that more information was needed and these subjects would be discussed in the future.

Gerry asked that we review the Directory for possible changes. There were changes offered and there being no further business the meeting was adjourned.

Don Smith
Secretary

2011

4 November 2011

The Meeting was called to order at 1300 hours, 4 November 2011, by the AREA President Chuck Poffenbarger in the HQ AAFES, 4th Floor FA Conference Room.

President's Report

Chuck advised he received a letter from a representative of the AAFES Retiree New York/New Jersey Chapter advising that it is '*disbanding*' due to its inability to maintain interest in leadership. The association's account balance will be sent to AREA Scholarship Fund.

The Commander and Chief Operating Officer will both write articles for both January and July issues of the AREA Newsletter. Chuck specifically asked the Commander to discuss the change from Commander to Senior Executive Service Civilian, which will occur in April 2012. There is no information as to whether the selection process will come from '*within*' or include candidates external to AAFES.

HR announced that the President has directed federal agencies extend a range of benefits allowed by law to same sex domestic partners. In accordance with the Presidential Directive AAFES has expanded the definition of '*family dependent*' to include spouses from same sex domestic partners. HR stated that this will impact AREA in the Emergency Relief Program.

Review of Minutes

The minutes for the 28 January 2011 meeting were provided by mail as a '*read ahead*' in preparation for today's meeting. In the absence of the Secretary for the January meeting, President Chuck Poffenbarger recorded the minutes. Tom Gallagher drew attention to a change on page four; under Scholarship Report...*January 2011 should read January 2012*. Marty Handel cited on page one, under Appointees Present...*Mary Handel should read Marty Handel*.

Tom Gallagher made 1st motion to approve...Larry Phillips 2nd All approved.

Emergency Relief Program Potential Change

Recent tragedies covered by our Emergency Relief Program highlighted some serious weaknesses. We have received several requests to set up a fund in these past six months impacting individual AAFES employees and virtually no funds were received for the identified persons. The program appears to be out of date in several areas. Gerry Peterson has developed an update on pages 7-9 of the '*read ahead*' sent out to all board members prior to the meeting date. The number of events since the program began, coupled with the amounts raised are listed on page ten.

Chuck asked Tom Harmon, Program Director to give an overview of the program. The program was designed based on the determination that AAFES active employees are not allowed to raise money to provide relief during disasters. So, AAFES asked AREA to be a '*depository*' and collect the money. Tom drew attention to the difference between the amounts given for wide reaching events versus those that affected only one of two individual employees. The program, Tom says, was designed for the wide reaching events and that these events are those people as a whole are attracted toward in giving assistance. It has been promoted as such over the time of its existence.

Tom stated that the GC's position that AAFES employees cannot hold a fund raising event such as a bake sale to assist a fellow employee is not right in his opinion. So, when you try to apply a program that is designed for wide reaching events to individuals, the system does not respond in the same magnitude.

Chuck stated that AREA has been asked by HR to consider expanding the program to single individuals. He stated there is nothing conceptually wrong with this suggestion. However, there are two '*problem points*':

- 1.) The overall '*giving*' toward the wide reaching program is down during the current economic times we are going through at present.
- 2.) The numbers of individual tragedies overwhelmingly outnumber the wide reaching events and thus could become so repetitive it would be impossible to respond to each one.

General discussion followed highlighting the various additional problems board members could conceive to include the inability to establish checking accounts, the risk if personal accounts are used, the potential workload on the AREA board who meets only twice per year, etc.

Chuck stated based on email traffic from HR in October 2011 and included in the '*read ahead*' it would appear HQ AAFES believes the program is only for groups and not individuals. In that light, AREA should not have accepted the request to receive donations for the last two events as they involved only individuals.

Overall, the opinion of the board was that when you reach beyond the local area of the event trying to raise donations for individuals the interest wanes. On the other hand raising donations for Hurricane Katrina was a tremendous success, as it was an event that affected a large number of people over a wide reaching area.

All of the discussion came back to the point the program was not designed for individuals, but rather wide spread events. In the final analysis, several members suggested that since AREA does not implement the Disaster Relief program until AAFES asks us to, the decision to include individuals versus wide spread events is really an AAFES decision not one AREA would make.

After the general discussion, at Chuck's suggestion Tom Harmon agreed to review the 1.) Web site page listed at page seven on the 'read ahead', 2.) the policy listed on pages 9-11 to include the changes proposed by Gerry Peterson and rewrite as necessary. Once complete, coordinate with the board members and after receiving a majority agreement 3.) prepare a proposed email response to the HR email asking us to change the policy to include individuals.

Financial Report

General Fund

Gerry Peterson reported that the General Fund YTD income is \$4,852 above plan and stated it has been a long time since the results have been this good. Dues are \$3,355 above plan and \$2,054 above last year.

Gerry made the comment that we are not receiving many first time dues paid by HQ AAFES retirees, so we must be receiving substantial revenue from the life members who have chosen to begin paying dues this year.

Also, Gerry stated, helping the bottom line are expenses which are \$1,018 below plan. Finally, investments income is \$478 above plan, which accounts for the good results for the first nine months.

If this trend continues through year end, we will have a good start towards building a reserve to pay for the Directory we will publish again in 2013.

Balance Sheet

The Balance Sheet looks good also. Prepaid dues for 2012 are 20% above last year and longer term prepaid dues are 55% above last year.

Gerry stated that earlier this year we used the proceeds from the 12 month CD issued from the Credit Union to buy shares in a short-term investment grade bond mutual fund. Due to interest rate changes the market value of our investment is down \$218. It would appear on the surface that we made a bad decision.

However, while this is still possible, as of yesterday, we are still ahead of the alternative of renewing the CD. We had \$21,000 to invest. The Credit Union was only offering 0.75% for a 12 month CD instead of 1.00% last year, which was the reason we looked for an alternative.

For eight full months the bond fund has earned \$394. The CD would have earned \$105 for a difference of \$289. If we subtract the loss of \$218 from \$289, we are still ahead by \$71.

If interest rates remain stable and we suffer no further reductions in share market prices, each month we are \$36 better off with the bond fund. Of course, if the share market continues to decline, we risk further losses. We do, however, have the ability to get out of the bond fund anytime we choose.

Scholarship Fund

The Scholarship Fund YTD income is \$12,875 better than last year due to receipt of a \$10,000 from the Dallas ALA earlier this year that we did not receive until the 4th Quarter last year.

Scholarship Booklet net income was down \$935 this year due to a \$1,000 reduction in ad revenue. Still, the \$3,213 income will fund one of our smaller scholarships.

Investment income is up \$2,025 or 47% above last year. Hopefully, the Dallas ALA will contribute the remainder of funds they have given us in past years.

Scholarship Balance Sheet

The Scholarship Fund Balance Sheet is in excellent condition with total equity up nearly \$9,400 above last year. If we liquidate our investments now we would realize \$20,000, whereas last year at this time we would have sustained a \$16,000 loss; so the actual value of liquidated assets is only \$5,400 above last year.

The same comments apply to the short-term bond fund in the Scholarship portfolio as stated above for the General Fund portfolio.

Marty Handel commented that the Market Trends for this period were overall somewhat favorable, until today. This is in part because the job market continues to reflect high unemployment. It is a *'roller coaster'* day-by-day. Gerry Peterson stated that overall we have recovered about one third of our short fall from last year.

On a final note Gerry advised that he had made an *'executive decision'* and charged off a \$15 check to expense resulting from a member's check who had stopped payment on it due to it not being deposited in a timely fashion.

Financial Audit

As required by AREA Charter a periodic audit will be requested and such was performed by AREA Auditor Eugene E. Miller, CIA.

Enclosed as page 24 of the *'read ahead'* material, the audit found no material irregularities. Eugene Miller did note two discrepancies:

“The monthly disbursements made to Pat Weaver are unsupported. While the Board members are fully aware of the service she provides, it is my opinion the disbursements should be supported by an invoice. (Repeat of 2009 financial statement audit)

The 2010 income statement for the General Fund was overstated by \$0.46. Difference is interest income booked from the AAFES CU (\$131.09) versus what was reported on the 1099 (\$130.63). This is an insignificant error amount.”

Gerry Peterson stated that he misclassified the July-December Vanguard Money Market Interest as Interest Income instead of ‘*Investment—Money Market*’. The totals of each of the two categories are under and conversely over by \$0.46, but the total is correct.

Concerning the monthly disbursements by Pat Weaver, the Board discussed the comment from the 2009 Audit in which Eugene Miller stated the disbursements to Pat Weaver should be supported by invoices. The Board decided since her work is open-ended with the same monthly contract labor payment and everyone on the Board knows what the monthly disbursement amount is, we would not require her to submit a monthly invoice.

Gerry stated Eugene was in agreement with his response.

Information Director

Larry Phillips stated the Newsletter will be published in December. The deadline is the 22nd of November for input. Larry commented that we have 133 retirees receiving their Newsletters ‘*on line*’ and this aspect of the program is working very well. We are sending 1,200 to 1,500 by mail; so, as the ‘*on line*’ program continues to grow, it will reduce mailing costs.

Membership Report

There are a total of 1,470 members with, as mentioned 133 receiving emails for Newsletter availability on line.

Pat stated she has a man who is willing to review the data base for possible update to ‘*Access*’. She does not at this point know what the cost will be. Tom Gallagher asked if he would review the feasibility of using ‘*Excel*’ versus ‘*Access*’ as there are new features in ‘*Access*’ that are friendly toward the type of data we operate.

Community Service

Dick Fregoe stated that the last nominating period resulted in 18 total awards being given. Of this total, 16 are active employees; one was a spouse of an employee and one a retiree. The program has shifted to active employees and it is working well. Changing from quarterly to twice a year has been well received. A detail listing of the recipients is at pages 27-30 of the ‘*read ahead*’ provided.

Scholarship Program Update

Tom Gallagher stated there are no changes to last year's program recommended. The committee member '*make up*' will be the same, also. Tom stated that after the meeting he will post the scholarship application program on line and also send out the annual email to the committee members outlining the time line to be followed.

Program Parameters

The basic program consists of 12 scholarships for a total of \$40,000 with these dollar amounts:

- 2 @ \$5,000
- 10 @ \$3,000

These program parameters were approved at the February 5, 2010 board meeting.

- One \$5,000 scholarship designated the Marilyn Iverson Scholarship as long as the DFW ALA Chapter continues to provide the funding.
- The awards, as determined by the Scholarship Committee, remain flexible in both number and amounts based on caliber of the applicants.
- A maximum of one additional scholarship can be considered each year based on the Special Considerations Scholarship Program, as approved by the January, 2008 Board.

Special Considerations Scholarship Program

The AREA Scholarship Program recognizes that some students have special needs that prevent them from achieving at the SAT/ACT levels stipulated for regular AREA scholarships and other students defer, by choice or circumstances, going to college right after graduation. A maximum of one additional scholarship may be awarded each year based on the above considerations and these specific criteria. The amount of the scholarship cannot exceed the lowest scholarship amount granted each year.

- The program is not advertised. Potential applicants are selected from the applications submitted.
- College entrance delayed no more than 16 months after high school graduation.
- At least 1,600 on the SAT and 21 on the ACT.
- Acceptance at an accredited college, university, or one of the U.S. Military Academies for undergraduate studies.
- Meet other qualifying criteria.
- Financial hardship excluded as a factor.
- Scholarship must be approved by the full board.

Personal Eligibility Criteria
(Must be met on January 1, 2012)

Applicants must be permanent U.S. residents and be less than 21 years of age. Other requirements are:

- They must be natural, legally adopted children or custodial stepchildren of active, retired or deceased AAFES U.S. payroll employees or assigned military
- Military retirees must have retired while on assignment with AAFES.
- A deceased parent must have died while an active or retired AAFES employee or military assignee.
- One of the parents must have had at least twelve consecutive months of AAFES employment on the U.S. payroll, or in the case of military personnel, AAFES assignment. For a deceased parent, the twelve-month employment requirement must have been met at the time of death.
- Twelve consecutive months of AAFES U.S. payroll employment, if applying on their own behalf.
- Active membership in AREA, if retired. An active member is one who is a member of the national AREA organization (not just a member of an AREA Chapter) and whose dues payments are current.

Student Academic Criteria

Students must:

- Be in their senior year of high school and scheduled to graduate in calendar year 2012.
- Have a score of at least 1,750 on the SAT and 25 on the ACT.
- Plan on attending an accredited college, university, or one of the U.S. Military Academies for undergraduate studies in calendar year 2012. AREA scholarships are not awarded for participation in non-academic and certificate programs.

Once academic eligibility is met, five facts listed on the Application for Scholarship form are scored to determine the ranking for scholarship awards.

The five factors are:

- Scholastic Honors & Other Recognition Received.
- School Activity Participation.
- Outside Activities, Hobbies and Special Talents.
- Essay: Tell us why you feel you should be awarded a scholarship.
- Letters of Recommendation.

Note: These factors are scored on a scale of 0 to 5 by the committee members. Tom Gallagher does not vote.

Committee Membership

Tom Gallagher, Chairperson (non-voting), email: gall.tom@verizon.net

Daryl Richards – godblessjohnwayne43@yahoo.com

Don Smith – donaldsmith7@aol.com

Mat A. Dromey (AAFES Rep) – dromey@aafes.com

Duane Walsh – pammacl@sbcglobal.net

Jim Sawyer – irs2486@comcast.net

Richard Sheff – sheffri@aol.com

Vivian Skalsky – vrskalsky@aol.com

Milt Bergman stated he would like to offer some ‘*constructive criticism*’ concerning the five paragraphs stating the edibility criteria. He believes the semantics are confusing and not clear. Tom Gallagher stated the wording emanates from the beginning of the program and was actually written by the AREA legal advisor. He stated that the wording over time had been added to and modified to the point that an overall review is necessary.

Chuck asked that he coordinate with the AREA legal advisor. It was also noted that within the web site where the legal title AAFES is used it must be changed to **X** Exchange.

Round Table

Chuck asked all to review the AAFES Executive Board listing. He asked for all to advise him of any changes.

Following the review of the directory Chuck adjourned the meeting.

2011

January 28th Board Meeting

The Meeting was called to order at 1300 hours, 28 January 2011, HQ AAFES, 4th Floor FA Directorate, Army Conference Room.

General Discussion/Review of Minutes

Opening the meeting Chuck asked all to review the minutes from the 29 October 2010 meeting provided in his board booklet distributed to all members at the meeting. Copies were mailed to absent voting members and appointees.

This is the first meeting for the year since changing our frequency to twice annually. The second and final meeting of the year will be held in October.

Chuck asked if there were any specific changes or comments to the minutes provided. There were none.

Pat Weaver gave a 'First' motion to take this action...Larry Phillips gave the 'Second' ...all Approved.

President's Report

AREA...Contract Labor Fee

Chuck began by bringing up an issue from last year's audit. Gene Miller, AREA Auditor, commented that Pat Weaver, Membership Director doesn't submit a monthly invoice to support the \$300 contract labor fee we pay her. We believe that the way for us to avoid this extra paperwork is for the BOD to acknowledge that her work is on-going at a set monthly fee of \$300 and therefore submission of a monthly invoice is not required.

Tom Harmon gave a 'First' motion to take this action...Bob Haver gave the 'Second' ...all Approved.

Scholarship Program Funding and Motion

Chuck reviewed a summary of the Scholarship Fund donations and other income for 2010 and presented a motion on the funding available for the '11/'12 Scholarship Program Year. Copies of the documents outlining the donation and program are at attachments #1 and #2.

Tom Harmon gave a 'First' motion to take this action...Pat Weaver gave the 'Second' ...all Approved

Newsletter Feature Articles

Chuck informed the Board that for several years he had tried different schedules to gain input from the AAFES leadership for feature articles. As a result of this effort he has formulated the following schedule:

Commander Article...January
COO Articles...January and July
Community Recognition Program...April and October
Inside AAFES Today...April and October
Scholarship Program Results...July

Finance Report

Gerry Peterson prepared 6 pdf files for the board booklet: the year-end General Fund and Scholarship Fund financial reports, the General Fund and Scholarship Fund portfolio status, the proposed FY 2011 GF budget, and the Scholarship Fund source of income for 2009-10.

He stated that the unaudited FY 2010 financial results are a mixed bag. For the General Fund improvements in the stock market, a realized gain from our switch to the Total Market Index, and lower than projected printing and mailing costs helped offset a loss of membership revenue. The General Fund net income is a loss of \$3,723 compared to a budgeted loss of \$6,104. Dues revenue was down \$2,864 from the previous year which I hope is not part of a trend. Pat says she's mailed out a lot of postcards for past-due dues. Hopefully most will respond and we'll see the income this year. Investment income was up \$982 from the prior year but \$981 of that was the realized gain when we sold our Vanguard 500 Index to buy the Vanguard Total Market Index fund. If dues income stays even with last year coupled with reduced printing and mailing costs (no Directory printed in 2011) we should break even for 2011. Although not a projected loss, it doesn't allow us to set any funds aside for the 2013 Directory. Given the net income loss, the balance sheet doesn't look quite as good as last year but it's still healthy and in good shape.

The scholarship fund net income was disappointing as donations were down 12% or nearly \$5000. The Dallas ALA contributed a total of \$15,000 this year's compared to \$20,000 last year. Member and chapter donations were also down approximately \$1,500. The Scholarship Booklet net income is also down \$876 from last year. The one bright spot was an increase of \$1,000 by the Hampton Roads ALA. Also a contributing factor to the loss was a increase of \$4,500 more disbursed for scholarships. Whereas the General Fund realized a can of \$981 when the portfolio was switched from the 500 Index to the Total Market Index, the Scholarship Fund suffered a \$2,774 loss due to the higher cost basis at the time of purchase. All these factors contributed to the Net Income loss of \$3,486 for the year. Despite the income loss in 2010 the Balance Sheet is in excellent shape.

Gerry then review an Investment Recommendation paper he prepared to review our General and Scholarship investment and to recommend changed to increase income without incurring unnecessary risk. A copy of the paper is at attachment #3.

Gerry Peterson gave the 1st Motion for the Finance Report...Bob Haver gave the 2nd Motion...All Approved!

Information Director

Larry Phillips stated that the deadline for input for the April Newsletter is 15 February. He informed the board that we have about 24 pages. The print shop is able to complete the job in about six days versus three weeks in the past, which reduces the lead-time should articles and other information not arrive by the input suspense date.

Membership Report

Pat Weaver reported that membership is down to 1,564 in the data base. Several hundred dues from the December, 2010 dues cycle are outstanding. She will send out reminder postcards in the next week or so.

Emergency Relief

Tom Harmon closed out the Emergency Relief Fund for the AAFES Associate affected during the Tropical Storm Hermine's impact on Arlington.

He stated that on September 9, 2010 there was a tropical storm "Herman" that inundated Arlington, Texas with 10 inches of rain in a very short period of time. As a result of this storm, an employee of the Sales Directorate lost everything she had on the first floor of her home. The AAFES General Counsel would not allow AAFES employees to raise funds to help her, or allow employees to give her money directly. So, the Senior Vice President, Human Resources requested that the AREA Emergency Relief Fund be activated. The SVP, HR sent an email to AAFES employees worldwide with this information and soliciting donations. A short article was also placed in the AREA Newsletter. \$275 was raised. HQ AAFES, for some reason, couldn't establish an account at a local financial institution or establish a local committee to take charge. So, in December, 2010, a check in the amount of \$275 was sent by AREA directly to the affected employee.

Community Recognition

The program will be featured in the April, 2011 Newsletter. E-mail notices for input will be sent to AAFES Associates and retirees on Monday, 31 January.

Scholarship Report

Tom Gallagher provided a detail report explaining the Program Parameters and the Student Academic Criteria.

He stated the only proposed change was that voted on earlier to restrict scholarships to U.S. Dollar payroll employees. At this point Tom states he assumes the number of awards will be the same, but the board will vote on this number in January 2011.

Meeting Adjourned

The next meeting will be announced in early October, 2011. There being no further business or comment the meeting was adjourned at 2:30pm.

Chuck Poffenbarger
Acting AREA Board Secretary

2010

October 29th Board Meeting

The Meeting was called to order at 1300 hours, 29 October 2010, HQ AAFES, 4th Floor FA Directorate, Army Conference Room.

General Discussion/Review of Minutes

Opening the meeting Chuck asked all to review the minutes from the 5 February 2010 meeting provided in his *'read ahead'* booklet mailed to all members October 18, 2010.

This is the second and final meeting for they year since changing our frequency to twice annually.

Chuck asked if there were any specific changes or comments to the minutes provided. There were none.

Pat Weaver gave a 'First' motion to take this action...Gerry Peterson gave the 'Second' ...all Approved.

President's Report

AREA...Welfare versus Fraternal Organization

Since the shooting at Fort Bliss, various individuals have inquired about AREA's ability to provide assistance in establishing a *'memorial fund'* for the victims and their families. In this tragedy at Fort Bliss an AAFES associate died and another was wounded.

AAFES-GC stated that government ethics rules prohibit the use of government resources for this type of fund raising activity; AAFES employees may not raise funds during official time or use AAFES communications systems or other resources to help raise funds to assist victims or their families. Any efforts to raise funds to benefit the victims or their families can only be done during an individual's own time, in their personal capacity and without using government resources.

A later suggestion was made that the North Texas AREA Chapter post something on their Facebook page requesting donations for a Memorial Fund. There are 91 Facebook Friends on the North Texas Chapter page and it was thought many might donate. Chuck asked Tom Reager if he was aware of any restriction on AREA or its chapters from posting such a solicitation. Tom's reply was that *'I am not sure that we ought to be doing anything with Facebook just because it may be popular.'* He did not know if it would be considered illegal, but suggested Chuck ask the AREA Board its position.

'On the heels' of this discussion, Chuck received another call asking for help from a retired employee facing extreme financial difficulty. Chuck stated that it is his understanding that this is not a part of our charter. In essence to establish such fund would require at least an amendment changing our charter.

AREA was not established as a ‘*welfare*’ organization to help people facing tragic circumstances. Instead we are a ‘*fraternal*’ organization established under the IRS guidelines permitting such organizations. While the *Emergency Relief Fund Program* is a part of our charter it is clearly for initiation during circumstances of natural disaster.

Further discussion brought up many issues, which would require resources the AREA Board simply did not possess. Some areas of concern discussed: the volunteers to pursue such a fund and maintain it; how to define such a broad program without sacrificing our original charter; how to determine such a program would affect our tax exempt status, etc. Chuck stated his recommendation was that given our very limited resources and the numerous unanswered questions we should adhere closely to our charter.

Chuck stated that there were numerous agencies established with specific charters to assist in these areas. I suggested that we develop a list of agencies, so that we could refer those people who inquired to them. He stated that he had access to such a list.

Tom Harmon stated that each of individually could do something to help in the various needs our colleagues and their families face in difficult times. Tom Gallagher stated that he agreed, but that AREA simply not chartered to meet ‘*welfare*’ needs. Chuck, too, agreed, but as tragic as these two circumstances are that brought this discussion to the AREA Board, we are not organized to meet their needs. In short, all agreed that given our very limited resources and the numerous unanswered questions we should continue to follow our established charter and not pursue adding such welfare programs to our agenda.

Scholarship

An unusual set of circumstances arose in this year’s program. A summary of the events follows:

“Vanessa Whatley submitted an application and would have been rated #6 in the ranking for a \$3,000 scholarship award. Her mother is on the LN payroll at the school feeding facility in Wiesbaden and our belief was that this disqualified Vanessa as we have always (as best we know) only granted scholarships to students whose qualifying parent was on the U.S. Dollar payroll. Upon further review, we realized that our Personal Eligibility Criteria doesn’t specifically state that; further that LNs in Germany are considered AAFES employees. (That’s not true in Japan, for example, as all LNs there are employees of the Government of Japan (GOJ). Vanessa, through her mother and the Tri-Border Consolidated Human Resources Manager, questioned our initial assessment, causing us to review the Personal Eligibility Criteria in more detail. We revised our assessment and awarded Vanessa a \$3,000 Scholarship. All of this was reviewed by the board before the award to Vanessa was made.”

Because of this circumstance, Chuck recommended that our program be clarified to state that scholarship can only be awarded to employees on the US Dollar payroll. Discussion

of the members centered on the how LN employees were '*defined*' in various countries plus the differences in foreign college requirements versus what AREA has established. All agreed that our relatively modest program would quickly become *watered down* if it were extended to all overseas AAFES employees on the LN payroll system. The recommendation was made to restrict the program being open only to those employees U.S. Dollar payroll.

Tom Harmon gave the 'First', while Bob Haver gave the 'Second' with all Approved.

As a follow on comment, Tom Harmon stated we needed to make sure that when we did the advertising we made this restriction clear. Chuck stated he would change the web site and insure that all future publications included this restriction.

Newsletter Feature Articles

Chuck informed the Board that for several years he had tried different schedules to gain input from the AAFES leadership for feature articles. As a result of this effort he has formulated the following schedule:

Commander Article...January
COO Articles...January and July
Community Recognition Program...April and October
Inside AAFES Today...April and October
Scholarship Program Results...July

Finance Report

Gerry Peterson reported that dues income to the *General Fund* for most of the year has lagged 2009 levels. While it is now \$2,000.00 behind last year and the 2010 budget figure, we are hopeful we will make up some of the shortfall during the 4th quarter.

On a brighter note, expenses are almost \$3,600.00 below budget due to lower costs of printing and mailing of the newsletters. Publishing the directory in the 3rd quarter is the reason our printing and mailing costs are above last year's levels. Investment income is above budget but slightly below last year.

Recall we transferred all but \$1,000.00 of the *Vanguard Money Market* fund to the AAFES Federal Credit Union to buy a 1-year CD to increase our return. Looking at the comparison of Money Market interest last year (\$134), to the CD income this year (\$85), it would appear we made a bad decision. Two factors account for the difference.

First, the 3rd quarter interest is not credited to our account until 1 October, so approximately \$37.00 in CD interest is not reflected on the financial reports. The second factor is the steady decline in Money Market income last year. With a fairly consistent level of funds in the account, the interest income declined from \$39.85 in January 2009 to \$4.68 in September. By December 2009 income was \$1.42. Therefore most of the 2009

Money Market interest income was earned during the 1st quarter while rates were still good.

The *General Fund Balance Sheet* is still strong. Although our General Fund equity is down \$4,500 from a year ago it is still strong.

The *General Fund Vanguard Portfolio* is finally in the 'black' and we have a gain of \$130.00 as of September 30. The Market has continued to improve in October and our gain as of last night is \$748.00.

The *Scholarship* donations are down over 50% compared to last year. This is primarily because we have not received donations from the Dallas ALA this year, whereas we had received \$7,500.00 by 30 September last year. Chuck stated that he expects we will \$15,000.00 from Hampton Roads and DFW ALA. Marty Handel reminded the board that last year based on an error in the amount received for the M. Iverson Award, we discussed continuing versus not continuing a designated award if no donations were received. In this regard, we agreed that if we did not receive the M. Iverson Award (designated), that year we would not offer the Award.

Scholarship Booklet net income is down 17% compared to last year, but the \$4,148.00 net earned was still a welcome contribution to the fund. The *Scholarship Balance Sheet* is down slightly from last year and that, too, is due to the timing of the Dallas ALA donations. Chuck stated that scholarship 'ads' have decreased and he has noticed that there were few repeats. Since all businesses will compare the investment versus the return, if they determine the return is insufficient it is likely we can expect few repeat advertisers.

The same comments above regarding the *Vanguard Money Market* interest compared to the Credit Union CD apply to the *Scholarship Fund*, as well. Although the *General Fund Vanguard Portfolio* is now in the 'black', the *Scholarship Fund's Portfolio* as of 30 September still had a \$16,000.00 loss. As of last night the loss is only \$10,900.00.

The reason the *General Fund Portfolio* is in the 'black' and the *Scholarship* is not is due to the price of the securities when they were purchased. We purchased 500 Index funds at \$133/share when we received the Townsend Estate money in the spring of 2007. The shares are now trading at values less than \$110. Unfortunately, we purchased a large chunk of our portfolio when the market was near the top and we have not fully recovered yet.

Gerry asked if we had ever considered using the Vanguard Total Market Index versus the 500 Index. Marty stated he did not recall that we ever discussed it as at the time we had little history to make a comparison. He stated that he had switched his personal funds and Gerry stated he had done so, too. Gerry stated he makes a motion that we switch our money from the 500 Index into the Vanguard Total Market Index.

Gerry Peterson Provided the 1st Motion...Bob Haver gave the 2nd Motion...All Approved!

Information Director

Larry Phillips stated that the deadline for input for the Newsletter is 22 November. He informed the board that we receive fewer and fewer items from the Chapters and 'Benefits' has gone from ten pages to two, therefore, at this point the next issue will be about twenty pages, which will save some money. The print shop is able to complete the job in about six days versus three weeks in the past, which will reduce the lead-time.

Membership Report

Pat Weaver reported that membership is down to 1,564 in the data base...1,412 regular mail...101 email...51 are chapters, deceased or hand carried. Today, Pat states she has dues for 1011 due in December, with 111 of those paid. A total of 757 will come due in December (many from lifetime members)...expect further decline from this renewal.

Emergency Relief

Tom Harmon reported only one person was affected during the Tropical Storm Hermine's impact on Arlington and that to date \$275.00 has been received. The following email was sent:

As a result of flooding caused by 10 inches of rain from Tropical Storm Hermine in North Texas. AAFES has activated the Emergency Relief Fund. Your Voluntary tax-free contributions will assist an associate whose condo was flooded to a height of 3 feet in the September storm that damaged many homes in her area of Arlington, Texas. Everything on the bottom floor of her condo is unsalvageable. You may help by sending your check to the 'ERF-Arlington Fund' to:

*Emergency Relief Fund—Arlington
P.O. Box 380614
Duncanville, TX 75138-0614*

Tom stated he did not expect much more would be received. Perhaps, because it was just one person little was donated, but also due to the restrictions of raising funds in HQ. Discussion continued as to 'what we could and could not do since it is one person' within the legal restrictions. It seems local exchanges have more success at raising funds on a more personable level. One problem is the inability of setting up an account without an EIN. Gerry is trying to research a way of doing this without giving out AREA's EIN.

Community Recognition

On behalf of Dick Fregoe who is out of town Chuck drew everyone's attention to pages 25-26 of the 'read ahead' outlining the Community Service Awards—Fall 2010.

AREA recognizes retirees and AAFES Associates who volunteer their time and devote other resources, such as personal knowledge and expertise, to help improve the economic, civic and social health of the communities where they live and work.

The Community Service Review Committee, Richard Fregoe, Chairman and members Chuck Poffenbarger, Jerry Cloud and Don Streeter reviewed the nominations and along with the entire AREA membership are pleased to recognize AREA retirees and AAFES Associates for their commitment to their communities' well being.

Community Award Recipients, October 2010

Tito Villanueva, Retiree, Tacoma, Washington
Tony Scanapico, Retiree, Round Top, Texas
Deo Nabar, AAFES Associate, HQ, AAFES
Jorge A. Calandria, AAFES Associate, HQ, AAFES
Lois Garza, AAFES Associate, Lackland AFB, Texas
Pam Thompson, AAFES Associate, HQ, AAFES

Scholarship Report

Tom Gallagher provided a detail report on page 27 of the *'read ahead'* explaining the Program Parameters and the Student Academic Criteria.

He stated the only proposed change was that voted on earlier to restrict scholarships to U.S. Dollar payroll employees. At this point Tom states he assumes the number of awards will be the same, but the board will vote on this number in January 2011.

Tom further stated that he was formalizing a detail procedural guide for the program to be used by *'whoever'* replaces him. Such a guide will be helpful for someone stepping in and continuing the program as designed and approve by the board.

In essence there is not change for next year...he continues to use the *'you send it'* software and it works well with the large files. There are not changes to the committee membership.

Round Table

Pat Weaver stated she had received a note from Larry Phillips concerning a lady requesting a copy of the newsletter. The lady is not a member and therefore Pat will tell her it will be necessary for her to join AREA to receive the Newsletter.

Pat further reported that she is going on line to build a data base on *'access'* and will take out Social Security numbers. Marty suggested that we take this requirement off the application.

The next meeting will be announced in early January 2011. There being no further business or comment the meeting was adjourned at 2:30pm.

Don Smith
AREA Board Secretary

Milestones History of AREA

2010 to the current period

(See our accompanying files for earlier periods)

2010

February 5th Board Meeting

The Meeting was called to order at 1300 hours, 5 February 2010, HQ AAFES, 3rd Floor Real Estate Directorate Conference Room #2 by Chuck Poffenbarger, President

General Discussion/Review of Minutes

Opening the meeting Chuck asked all to review the minutes from the 30 October 2009 meeting provided in his 'read ahead' booklet given to all members in advance.

The meeting was changed from the originally scheduled date of 29 January 2010 to this date due to inclement weather on the 29th January.

Chuck informed the board that he 'removed' the personal names cited in the draft minutes submitted by the Secretary discussing the error in scholarship donations given in the memory of two members 'very much alive' in the October 2009 meeting, due to privacy issues.

In this regard, Marty Handel commented that he had just read the January 2010 Exchange Post and noticed that a retiree listed in the 'In Memory of...' column had died last November and no prior notification was given to AREA.

He suggested that since Pat had the best database for AAFES Retirees, if someone in AAFES would send her the names of EMP's specifically, she could alert all on our database. Pat Weaver stated she receives the notification from the Exchange Post Editor and lists the names of deceased exactly as they are to be listed.

Chuck stated that he does receive information on 'all' deaths from the Exchanges individually, but the way he receives it requires him to 'sort through them' not knowing at times if they are hourly paid employees at that exchange or UA's known only within a specific chapter. Once he identifies their association he then sends the information out on EMP's to AREA members and the remaining names to the respective chapters.

In this same area of discussion, i.e. receiving information from AAFES, Chuck stated he contacted the person who handled retirements and that she informed him that she gave the application and information about AREA and North Texas Chapter to all retirees, but since she did not receive any feed back she does not know what action they take. Pat stated that she exchanged emails with this same person and that she informed her that she did not give any information out; so there seems to be at least some confusion. Chuck stated that he would review all that is being done once again and determine if any changes could be implemented.

Chuck asked if there were any specific changes or comments to the minutes provided. There were none.

Pat Weaver gave a 'First' motion to take this action...Gerry Peterson gave the 'Second' ...all Approved.

President's Report

This is the first Board Meeting for the year 2010, with the final meeting to be scheduled in late October 2010. The year 2010 marks the start of conducting only two meetings a year.

Scholarship

Chuck directed everyone's attention to the 'read ahead', page eight, where he provided Scholarship fund donations and other income comparisons for the Scholarship Program. This review indicated \$41,260 was donated for the 2010/2011 Academic years. The comparison with the 2009/2010 Academic year reflected a similar amount, but with some differences. We do not have the 'Townsend Trust' this year and Chuck reminded all that the Dan Daniel Golf Tournament has been discontinued.

Marty asked Gerry about the footnote for \$4,500 donated for M. Iverson, i.e. the program is funded at \$5,000. Chuck explained that over all sufficient money is given; yet that specific check was for \$4,500. Marty stated that while that was true the M. Iverson Scholarship was established for the specific amount of \$5,000 and to avoid future questions he suggests that we ask the ALA to at least confirm that they agree to us taking the first from all their donations \$5,000 for this award.

Chuck stated he would do that, but Tom Gallagher disagreed because it may indirectly result in the total amount being reduced once the designated scholarships are funded. After discussion Chuck stated he would tell them it would help them simplify their records if they would specifically identify the scholarships by the amount and that we would take the first \$5,000 for the M. Iverson award.

Continuing his review of the 'read ahead' Chuck advised the cost to develop the Scholarship Booklet increased from \$5,000 to \$7,672 due to increased costs in printing and mailing. We receive about \$9,500 from advertising and the costs are deducted from this total.

The board was reminded by Chuck that we voted on changing the parameters of the Scholarship Program at our November 30, 2007 meeting. Our intention when we voted on the funding parameters was to start using the surplus to bring the award levels and investment fund goals in line over a designated period of time.

- That the reserve contingency fund amount to four (4) years of the annual scholarship grants; (Based on the current basic program {12 scholarships @\$36,500 x 4}, that's \$146,000).
- That the awards, as determined by the Scholarship Committee, be flexible in both number and amounts based on caliber of the applicants.
- That the period of 8-15 years be established to bring the award levels and investment fund goals in line. (\$340,904 [see Note 2] - \$146,000=\$194,904 for augmenting annual program amounts over an 8-15 year period). The augmentation amounts for this year's program range from a low of \$12,993 to a high of \$24,363. (These amounts, when added to the \$41,260 collected in 2009, result in a 2010/2011 program range of \$54,253 to \$65,623).

Notes: (1) November 30, 2007 revised parameters are: (1) Reserve Contingency increased to 4 years (from 2 years); and (2) Period for bringing award levels and investment goals in line increased to 8-15 years (from 5-10 years).

(2) The total value (at cost) of the Scholarship Fund (AAFES-FCU checking savings and Vanguard) as of December 31, 2009 was \$362,182. At market value, the amount is \$340,904.

After presenting the above proposal Chuck suggested the 2010/2011 Scholarship Program be approved at 12 Scholarships for \$36,500 and that the Scholarship Program Funding Parameters outlined above continue to apply.

Gerry Peterson stated that he would like to see us increase the 'top' award level. He said '\$5,000 does not buy today what it did ten years ago'. Chuck stated that there are only two \$5,000 awards and one is the M. Iverson award.

Marty reminded the board that the M. Iverson award was given to us at \$5,000 to match our highest award at that time. Therefore, we can't arbitrarily increase the award since it is donated at that amount.

Chuck suggested that instead of increasing the 'top' award why not consider increasing the bottom to \$3,000. This would increase the majority of the awards individually and the total slightly.

Tom said he favored the idea, but the promotion data on the web site would need to be changed. Chuck stated that could easily be accomplished and that the email sent out by the COO to every AAFES employee could reflect the change.

Gerry expressed concern that the spread between the 'top' and 'bottom' awards is not significant and asked if we could consider at a future time to increase the 'top'. Chuck stated that he would talk with the representative who developed the award and suggest changing the award to a higher level. After discussion Church suggested we vote on the following:

Current	Suggested
2 @ \$5,000 (One designated M. Iverson)	2 @ \$5,000

1 @ \$4,000 undesignated
9 @ \$2,500 undesignated
Total.....\$36,500

10 @ \$3,000
Total.....\$40,000

Tom Harmon gave the 'First', while Bob Haver gave the 'Second' with all Approved.

Finance Report

Gerry Peterson asked all to review pages 9-18 of the 'read ahead'. On page 11, **General Fund** he pointed out that AREA had a bottom line of \$2,120. On the Balance Sheet (page 12) he emphasized this would be the last year of the Life Time Memberships.

On page 13, **Proposed Budget** he pointed out there will be a loss of \$6,197. While we had income in the previous year this has been 'off set' by income earlier years. Marty confirmed this to be the case. We are solvent due to the equity on the Balance Sheet.

Gerry asked if there were any questions and there were none so he proposed a 'First' motion to approve the budget for 2010 and Bob Haver provided a 'Second'. All Approved.

Gerry continued by asking the board to review page 15. Income is down this year versus last year due to the Townsend Fund and Investment income decline. However, we are still healthy with a good Balance Sheet.

The **Portfolio General Fund** on page 17 was the next topic. Gerry said looking at the **Vanguard** site he noticed the Money Market rate is only .02%. Gerry pointed out that the Credit Union is higher and that he recommends we move the cash back to the Credit Union. Gerry said the Credit Union regular checking is .1%, Savings is .4%, 6 month CD 1%, 12 month CD 1.24%.

Tom Gallagher suggested he contact the Credit Union to gain a favorable rate. Gerry said he did talk with a representative, who quoted him the rates he mentioned, but he did not talk with an officer of the Credit Union, but he did mention that we might move \$50,000.

Bob Haver asked if Frank Cedenno was still on the Credit Union Board; perhaps he could help us gain a favorable rate with the amount. Discussion continued centered on moving the cash from Vanguard to the Credit Union, possibly part savings and part CD. Marty suggested Gerry talk with an officer at the Credit Union to determine what we can do.

Gerry Peterson proposed the 'First' to approve moving the cash from Vanguard to the Credit Union, Bob Haver provided the 'Second' with all Approved.

As a last thought Gerry informed the board that he will be asking Gene Miller to conduct an audit of the 'books' for the year.

Information Director

Larry Phillips stated that the deadline for input for the Newsletter is March 1st, with the intent of sending it to the printer in mid March and mail out near the end of March. The Directory will be released in July 2010.

Membership Report

Pat Weaver reported she mailed out 1,454 initial membership due notices plus 40 with a total of 1,494. In December she will mail out 533 reminders. As of last September there were still 23 out who have not paid. In March 2010 there will be 97 due. She estimates a total membership of 1,600.

Community Service

Dick Fregoe informed the board the program continues to survive. We changed the program from annual to quarterly, adding active duty personnel with little improvement. He believes the move from annual to quarterly was to 'big' a drop and recommends we consider semi-annual, i.e. July and April. Larry Philips suggested we put this change in the next Newsletter.

Scholarship Report

Tom Gallagher submitted input is on page 19-20 of the 'read ahead' and much of it was discussed earlier during the President's Report. He reminded the board from the earlier discussion that the information on the web site would be changed to reflect the vote of this meeting.

To date we have only received on application for scholarship; however, historically most are received in the last weeks of the application period. The COO will send out a letter reminding all AAFES employees of the program and this will help raise the interest level. This year all applications received will be automated. Tom provided a review of the Scholarship Committee Members.

Round Table

There were no 'round table' discussions and the meeting adjourned at 2:30 p.m.