

AREA Board Meeting Minutes

27 October 2017

Overview

The Meeting was called to order at 13:00 hours, 27 October 2017 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. Chuck announced this is our last Board Meeting for the year...the next meeting is scheduled for March 2018.

Review of Minutes

Chuck Poffenbarger asked all to review the Minutes for the last meeting of 10 March 2017 in their handout. Minor changes were noted and corrections made.

At today's meeting, Chuck noted, we will have several reports and discussions as listed in the 'Read Ahead'. The content of these discussions will follow in the subsequent paragraphs.

After 'all' had reviewed the minutes and the changes made Chuck asked for approval.

1st Motion...Tom Gallagher 2nd Motion...Dick Fregoe Approved

October Newsletter

Chuck pointed out that in the 'October Newsletter', he had stated that the 'Board' was going to propose a change in the January, 2018 Newsletter to our *Constitution* to make the term for Officers of the Association in even rather than odd number years, extend the period to a 4-year cycle and schedule the four Officers election for the April Newsletter.

He pointed out that we missed the 2017 suspense for election of the four Officers of the Association and told the members in the July Newsletter that...

"OOPS! We either goofed or had a senior moment-not quite sure which. The voting process for Executive Officer positions is a 2-year cycle in odd number years. A ballot should have been inserted in this year's April's Newsletter for election of the 4 positions, with an effective date of June 1st. Our last election was in 2015 with these results: President: Chuck Poffenbarger; Vice-President: Tom Gallagher; Secretary: Don Smith and Treasurer: Terry Corley. When we realized that we had missed the suspense date, voting members agreed to serve until an election can be held in April 2018."

A copy of the Constitution was included in the 'Read Ahead...pages 7-9' showing the changes which will be documented on the website.

Scholarship Fund

Last year, Chuck pointed out, we reduced the Scholarship level from 12 to 9 Scholarships and the dollar amount of the annual program from \$40,000 to \$29,000 due to a decrease in annual donations and decrease interest income that was expected to continue for an indefinite period of time. Shortly, after, we received a \$50,000 grant through a will from George Haase, a

retired associate. His last job title was Retail Operations Manager and he had retired 30 June 1975.

It is anticipated his estate will be settled and AREA will receive the check either in December or in January 2018. Michelle has made the suggestion that we approve spreading this grant out over a five year period at \$10,000 per year; thus enabling us to return to the previous standard annual program of 12 Scholarships at \$40,000 for the next five years.

This will begin with the 2018 program, to pass on to applicants the benefits of George Hasse's generosity. Individual awards will be 2/\$5000 and 10/\$3,000 awards. All members agreed with this proposal.

On another Scholarship matter, we had discontinued the naming of a \$5,000 Scholarship last year due to the program reduction. Chuck contacted the member in whose name we made the recognition and she proposed giving an annual donation of \$1,000 to be designated in her name. He told her that he would get back to her after the Board considered it. In this same regard, Rich Sheff stated the North Texas Chapter had voted to donate \$1,000 each year and suggested this be named after the Chapter. The Board discussed the potential of adopting a program to name donations after the donors or in honor of someone or an organization.

During the discussion Rich suggested we pursue other ALA chapters, specifically some 'back east' as they are larger and have many members that may not be familiar with the program. Tom suggested we also consider contacting vendors independently. Chuck indicated that he would contact the DFW ALA at their December luncheon and see if the 'timing' was right to pursue increasing donations to the Scholarship program.

Chuck explained the publishing of the Scholarship booklet several years ago was funded by vendors who supported the program. It succeeded for several years and then ALA followed by others began to 'share' their donations with other causes, thus reducing the amounts given; ultimately also reducing the ability to publish the booklet.

After further discussion it was agreed that any award donated by a Company or an Individual should be named after them on all donations \$1,000 or higher.

1st Motion Tom Gallagher

2nd Motion Rich Sheff

All Approved

AREA Emergency Relief Fund

Chuck passed out copies of 'Committee Guidelines' he received from AAFES HR on Monday, October 2nd. It was agreed to launch an AREA Emergency Relief Fund to solicit donations to provide financial assistance to Associates impacted by hurricanes Maria (Puerto Rico) and Irma (Florida).

Details on how to make a tax-free donation and other specifics related to this Relief Fund drive were outlined in a HQ HR message to all AAFES Associates on October 3rd and reported on page 23 of the October Newsletter. We delayed printing the Newsletter for several days so we could include information about the relief fund in the edition.

The draft Emergency Relief Fund Committee (**ERFC**) **Process and Committee Guidelines** provided by John Seward HR-S are as follows:

“1. HR releases message with instructions outlining how associates request Emergency Relief Fund (ERF) assistance.

2. HR follows up to ensure message is posted at all facilities, discussed during meetings and addressed by HRM during EAP Critical Incident Sessions (if needed).

3. Once a request is received, HRM circles back to associate telephonically or in person to gather supplemental details to include but not limited to:

- Explanation of circumstances-loss/damage
- Approximate dollar amount of loss/damage
- Whether or not associate owns property listed which has been lost/damaged
- Whether or not associate has a request for relief pending or approved thru any other agency

4. Following the session, HRM produces a memo of the conversation and has the associate sign to affirm. HRM also records details from each of these sessions in a spreadsheet for eventual review by the ERFC.

5. ERFC meets at the close of each month to review requests for assistance. ERFC will review HRM’s spreadsheet and classify requests into the follow impact categories: Catastrophic Major & Minor.

- 1) **Catastrophic Loss** associates (greater than \$10K) receive 50% of total monthly amount to be disbursed. Catastrophic: Total direct loss, home/property/vehicle (home uninhabitable, vehicle unusable, etc.) FEMA defines a catastrophe as any natural or manmade incident, including terrorism that results in extraordinary levels of mass casualties, damage or disruption severely affecting the population, infrastructure, environment, economy, national morale, and/or government functions.
- 2) **Major Loss** associates (\$2,500-\$10,000) receive 35% of total monthly amount to be disbursed: *Major 1*-20%, *Major 2*-15% *Major 1*: Partial direct loss, home inhabitable/property/vehicle repairable and indirect loss (spouse job). *Major 2*: Partial direct loss some property, vehicle repairable and indirect loss (home OK).
- 3) **Minor Loss** associates (less than \$3,500) receive 10%, *Minor 2*-5%. *Minor 1*: Minimal direct loss, some personal property loss. *Minor 2*: Indirect loss.

6. Once ERFC has completed classification of all requests at month’s end, HRM will forward results to RHRM.

7. RHRM will consolidate all requests indicating total number of associates by category from all designated ERF areas and submit to HR leadership for review.

8. HR leadership will validate/audit recommended breakout consistent with intent of program.

9. HR leadership will determine if associates requesting assistance in month #1 will be allowed to remain on the list in subsequent months or if they will be removed from consideration after receiving one payment.

10. Once distribution is validated by HR leadership, RHRM will calculate distribution percentages by location, notify ERFCs and send to AREA Treasurer so that checks can be prepared.

11. Checks will be mailed to the ERFC (HEM) monthly with a confirmation e-mail to ERFC committee members as long as contributions hold up. Checks will be deposited into locally established tax fee/disbursement only bank accounts and distributed to associates according to plan. Bank accounts should be closed ERGFC at the end of the entire program and any remaining funds returned to AREA.

12. Each ERFC (HRM) will generate a monthly report outlining the distribution of funds containing: recipient name, exchange & dollar amount and forward to RHRM. RHRM will consolidate and submit to AREA.

13. At the end of the entire process, each ERFC will produce a 'lessons learned' and forward to RHRM. RHRM will consolidate and submit to AREA with copy to HR leadership."

In a response back to HR, Chuck after consideration of several points summarized his understanding as follows:

"1. Someone in AAFES, perhaps in your office, is going to have to calculate...distribution percentages and send to our Treasurer, Terry Corley, so he can prepare and mail the checks to the ERFCs. He has no way of knowing the number of associates needing assistance in each of four ERFCs monthly.

2. He will send the monthly checks to each HRM and a confirming message to committee members, you and Andy. Please provide me with the email addresses for each of the committee members and mailing address for each of the four HRMs.

3. Monthly Reports. A consolidated monthly report is fine. As you have seen in the AREA policy on our website, we need the name, exchange and amount distributed to each recipient. We would appreciate also receiving any lessons learned so they can be incorporated into emergency relief programs activated in the future."

At the start Terry Corley set up an electronic link ... <http://www.aafes.com/about-exchange/retired-employees-association/community-programs/emercncy-relief-PR-FL.htm>

Chuck sent a message about the relief fund activation and electronic link to all retirees in his email address book and to Bob Ellis of the ALA. He asked Bob if the message could be sent to all ALA Chapters and vendors and he arranged for it to be included in their weekly Newsletter, which was done on October 12th as a 'feature'. It will be scheduled to run several times.

Each member of the AREA was included in the many messages sent to and from HQ-HR on how the program was set up. This one is somewhat different from earlier incidents in that there are four committees set up to disburse funds to needy associates. Three are in Florida (McDill AFB, Patrick AFB and Homestead AFB) and one in Puerto Rico.

As of October 20th, donations were received as follows:

You Caring web site:	\$1,814
Checks:	\$2,130
Total:	\$3,944

After discussion it was agreed it was a good start and will make a foundation for future events also.

1st...Tom Gallagher

2nd Richard Sheff

All Approved.

Financial Report

Financial reports provided by Terry Corley are at pages 1-18 in the Read Ahead. Chuck reported that on the Balance Sheet on page 12 it shows a slight increase, while on page 14 the net Income while still at a loss; the loss is less than last time.

On page 15 Terry shows the Cost basis and market value, which also shows improvement. Then on page 16 he gives the Scholarship Fund, which remains healthy. Tom pointed out that the \$50,000 from the Haase fund is not included in the figures. The total fund is \$483,172.24 as of 30 September 2017.

An interesting recap of the Scholarship Giving from the website was handed out as a reminder of the overall success of the program from the beginning. From its origination in 1985 through 2017/2018, \$744,795.00 have been given Scholarships.

On pages 20-25 of the Read Ahead Chuck provided copies of the Scholarship program from the website showing updated changes. These changes can be reviewed on the website in November. He pointed out updated language in section VI of the Application (page 25), which gives AREA the permission to use any information provided in promotion of the program. Ron Compton provided the language for these changes.

Round Table

Dick Fregoe commented that it is 'noteworthy' to acknowledge the fact that AREA has given almost \$750,000 in Scholarships.

Richard Sheff...three different events coming up sponsored by the North Texas Chapter! First, is a free lunch at Babe's Chicken...the Chapter has 288 members with almost 90 of those attending this event. Second, is the Annual CHRISTmas dinner at the same Ranch as held last year! The third and last is Church in Plano on Sunday, which includes a buffet and featuring a CHRISTmas program. Concerning the membership subject, Rich pointed out that North Texas Chapter voted to allow the spouses to join the Chapter. This provides a larger membership base.

Ron Compton commented that AREA benefited significantly through the special giving, such as George Haase. He will continue to monitor the progress of the pending Check to AREA. He also told the Board about a little known circumstance when a sponsor retires under Social Security and there are minor children and a nonworking spouse in the home. He advised they are eligible for SS; Chuck asked him to send the information to him.

Ken Weaver advised that Marty Handel is in Presbyterian Hospital after undergoing surgery to remove his 'pacemaker'. From what is known, the wiring failed and caused damage to the body tissue in the area and resulted in them having to remove it and relocate it on his neck until the body heals. It's anticipated that he will be in the hospital another two weeks. Rich offered that North Texas Chapter posted the address of the Hospital for those who wish to contact him.

Pat Weaver reported that there are 151 receiving the Newsletter by email and 477 who continue to receive copies through the USPS. She stated this is down from about 4,000 total members when she started 14 years ago. She also reported that the computer membership program has not caused any new problems, but it is a concern; if the old laptop being used with the program fails so does the program. It is not possible to transfer the program to

another computer. Chuck asked about the progress of working on a new program. She stated that the person doing that had made some progress and plans to continue after 'things settle down' after the birth of their baby. Chuck also asked about the deposit of the checks for the Emergency Relief Fund; she stated she was waiting on Terry's return. Pat also commented that she did not know what to 'stamp' the checks for, i.e. what account. Chuck told her that it would be the Scholarship Account, but Terry would have to give the designation.

Chuck brought up the subject of the potential of relocating the future Board meetings to the AAFES HQ building. He stated that it has been suggested that we could meet in the Food Test Kitchen on the 1st Floor. He offered that it would not be as comfortable as meeting in Pat and Ken's home; but it was something to consider. Tom stated he believed we should return to HQ. When security changed the requirements for us meeting in the building it gave the appearance that we were no longer considered an AAFES organization. While, that is not the case, returning would grant 'visibility' to the active employees that AREA remains active. Rich pointed out that we could meet anywhere on the 1st Floor or the 6th floor after we 'checked in' at the entrance so long as our CAC's are update; we could also meet in conference rooms on other floors, but we would have to be escorted. After some discussion, Chuck stated as we 'got closer' to the next meeting, i.e. February, we could give input on a new location.

Close

There being no further business the meeting was adjourned.

Don Smith
Secretary

AREA Board Meeting Minutes

10 March 2017

Overview

The Meeting was called to order at 13:00 hours, 10 March 2017 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. Chuck announced this is our first Board Meeting for the year...the next meeting is scheduled for October 2017.

President's Report

Chuck Poffenbarger asked all to review the Minutes for the last meeting of 28 October 2016 in their handout. At today's meeting we will have several reports and discussions to include the minutes of our last meeting.

- ✓ Chapter Survey on Dues Proposal
- ✓ 2017 Scholarship Program Funding Parameters and Motion
- ✓ Financial Report from Terry Corley
- ✓ Scholarship Program Report, Michelle Priester
- ✓ Newsletter April Status, Marcia Kane

In reference to the Newsletter there are several recurring features in the Newsletter for your interest. Director & CEO Article: January; COO Article: April (Deputy Director this year); Scholarship Program Results, July, Michele Priester; PRM&VEBA, Terry Corley, July; Community Recognition Program Results, Dick Fregoe, October.

Chuck also raised the issue of '*moving our meetings*' back to HQ. Our decision to relocate to Pat's home came about following a significant increase in security protocol, which resulted essentially in retirees being categorized as '*visitors*'. After discussion, all agreed moving back to HQ for future meetings would now be appropriate.

Review of Minutes

A discussion concerning the decline in '*overall*' donations in amounts given last year and potential solutions was considered. Marsha Kane, pointed out a survey taken suggesting we consider adding '*New Member AREA Membership*' as a part of Chapter Dues...Chuck provided a handout on pages 5-10 of the comments received from the individual chapters. Overall, the feedback was opposed to combining the two memberships, which will not be pursued any future. It was suggested consideration be given to including AREA Membership Applications in Retirement packages. The '*Privacy Issue*' came up indicating while the person's name is not covered in this protection, the address would be prohibited. Pat suggested we consider offering one year free membership with application. After discussion, Chuck suggested a review of the '*slide*' on the website...Marsha agreed to do so. All agreed on the minutes...

Scholarship Fund for 2017/Motion

We discussed the need to address the scholarship program financial system and annual awards at our 28th October 2016 meeting...Page 11 of the '*Read Ahead*'. It was stated that for several years, the awards have significantly exceeded the income from the previous year, which is the source of the current year's program. Annual Income is not expected to return to previous levels for various reasons and we will be severely depleting our reserves if changes are not made.

A motion was offered to re-structure the regular program consistent with option 'c', which is 1/\$5K and 8/\$3K Awards for a total of \$29K. All other program parameters remain unchanged. The motion was seconded and all voting members approved the motion. The motion read...

Motion for 2017/2018 program: That the '17/18' Scholarship Program be approved at 9 scholarships for \$29,000 with these dollar amounts:

- ✓ 1 @ \$5,000
- ✓ 8 @ \$3,000

Chuck asked Marsha to include the explanation of the program in the next Newsletter...Page 23 of the '*Read Ahead*'.

Financial Report

General Fund

The revenue source for this fund comes from members...this fund lost \$938.00 in 2016. This is an increase of 214% over last year. The General Fund's income continues to decline compared to previous years, due to continued decline in membership. With '*ordinary income*' declining, the control of expenses becomes crucial. One way to evaluate the overall management effectiveness of the General Fund, is to compare the rate of change in Total Income to the rate of change in Total Expense. This difference can be thought of as Operating Leverage. The General Fund experienced negative operating leverage in 2016 compared to 2015, which means income is decreasing at a faster rate than are expenses. Detailed notes on this fund are in pages 12 and 13 of the '*Read Ahead*'. In this regard, Terry Corley commented that this past period 656 retired and only 57 joined. The figure of those joining should be 600 joined and 56 not; it appears we still have not found the right approach or combination of approaches to reach retirees with the message of 'what AREA can do for them.' Chuck suggested he and Marsha go see HR-HQ to discuss potential avenues of achieving this.

Scholarship Fund

This fund lost money, but less than last year. For 2016 the Scholarship Fund incurred a Net Loss of \$5,642, 53.9% greater than 2015. Ordinary Income, \$14,707, continues to decline from past years because of lower scholarship donations from AREA and ALA Chapters. Compared to 2015, Scholarship Donations are 1% lower; compared to 2010, however, 59% lower, compared to 2005 42% lower. With declining Scholarship Donations, decreasing Scholarship Awards is necessary to protect the long-term viability of the Scholarship Fund. 2016 Total Expense of \$40,026 is 29% below 2015, driven mostly by lower awards. Once

again we need ideas on how to grow membership or loss will continue year after year. Chuck added that he will ask Rich Sheff to write an article for the Newsletter to all chapters asking for ideas on how to help. The details for this fund are at pages 13-14 and 20-22 of the '*Read Ahead*'. On the first page, we see that the values are up, yet Chuck pointed out the loss.

Scholarship Program 2017

Chuck handed out 'replacement' pages for pages 23-24 of the '*Read Ahead*', which updates the changes mentioned earlier. Michele Priester stated there have been seven applications and five qualify at this time. COO Dave Nelson will send out a message on the results. Page 24 (replacement) is a rewrite of the SAT changes.

Round Table

Darrell Hinshaw reported that due to health reasons he has not completed the audit, but will be able to do so soon. Dick Fregoe stated that since the Exchange pays the 1st year membership, we should pursue this as an avenue to call attention to AREA.

Close

There being no further business the meeting was adjourned.

AREA Board Meeting Minutes

28 October 2016

Overview

The Meeting was called to order at 13:00 hours, 28 October 2016 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. Chuck announced this is our last Board Meeting for the year. The next meeting is scheduled for the March–April 2017 time frame.

Review of Minutes

Chuck asked all to review the Minutes for the last meeting of 29 April 2016 in their handout. Tom Gallagher offered the motion to approve the minutes as written and Marcia Kane seconded the motion. All voting members approved the motion.

President's Report

Chuck stated that at today's meeting we will have several reports and discussions, two of which will be motions for a \$2 dues increase and a re-statement of the basic scholarship program. We then reviewed the '*Read Ahead*' handout provided where the '*order of business*' was outlined for this meeting.

Membership Program

A survey was included in the July Newsletter asking members for their views on converting the Newsletter to an electronic publication only. The results were:

1. Do you have a computer... YES: 20; NO: 11
2. Would you be amenable to receiving the Newsletter as an electronic document? YES: 14; NO: 17
3. If your answer is 'no' above, would you pay up to \$2 per copy: YES: 17; NO: 2

Most of the 'no' votes, i.e., not supporting an electronic edition only, were made by members who don't have a computer or feel they get too much email already. One member said, 'I hate electronic booklets.' After considerable discussion and a review of the General Fund Income Statement for the 3rd quarter, which reflects a Y-T-D loss of (\$3,090) we felt that notwithstanding the review of the means to distribute the Newsletter, that a modest membership increase of \$2.00 per year, beginning with the dues owed February 1st would be warranted. Dues were last increased on April 1, 2002. Tom Gallagher offered the motion to increase the dues and Dick Fregoe seconded the motion. All voting members approved the motion.

Financial Report

Attendees had reviewed the financials and commentary thru 30 September 2016 included in the *read-ahead* section prepared by Terry Corley, AREA Treasurer. The following comments were offered to further explain 2016 results compared to 2015.

General Fund

- The General Fund has an YTD Net Loss of \$3,090 which is less than 2015's YTD Net Loss of \$5,920.
- 2016 Membership Dues of \$7,150 is 14% below 2015.
- YTD 2016 Total Expense of \$11,535 is 26% below 2015, driven by lower Printing and Reproduction and Postage and Delivery costs.
- Cash flow to pay General Fund expenses comes from Membership Dues collected. General Fund investments act as reserves in the event Membership Dues are insufficient to cover expenses. \$3,500 of reserves has been cashed in YTD.
- Total Other Income, primarily Investment Income, is \$981, 23% below last year. Period investment income consists of dividends and interest payments on securities held, along with gains/losses when securities are sold.
- General Fund Total Assets are made up primarily of investments in stocks and bonds through Vanguard. The 30 September 2016 market value of those investments totaled \$57,810. The total 1-year rate of return is 9.4%. Three and five year rates of return are 6.2% and 8.3% respectively.

Scholarship Fund

- Scholarship Fund Income of \$5,257 is 46% below last year, driven by lower individual member donations.
- Scholarship Fund Expenses \$37,026 is 27% lower than last year, driven by reduced scholarships awarded, lower printing and mailing costs, and lower legal fees.
- As with the General Fund, Scholarship Fund Total Assets are made up primarily of investments in stocks and bonds through Vanguard. These investments act as Fund Reserves to provide a source of scholarship funding when donations are insufficient. Period investment income consists of dividends and interest payments on securities held, along with gains/losses when securities are sold.
- Total Other Income, primarily Investment Income, totaled \$13,223, 9% lower than last year. The 30 September 2016 market value of investments totaled \$434,136. The total 1-year rate of return on investment is 12%. Three and five year rates of return are 8.5% and 12.2% respectively.

Scholarship Program

A review of our scholarship financial parameters was made for the program going forward. For several years, donations covered the basic program of \$40,000 for 2/\$5M and 10/\$3M scholarships. For the last two years, these were the results:

1. 2015 for 16/17 academic year: Donations: \$14,625; from reserves: \$25,375
2. 2014 for 15/16 academic year: Donations: \$14,950; from reserves: \$25,050

Donations have fallen for several reasons:

1. Hampton Roads ALA chapter was \$10k. Program discontinued.
2. Scholarship Booklet was about \$500-\$1,000. Program discontinued.
3. Townsend Estate \$4,800 in 2014. Program finished.
4. Individual donations: Vary significantly from year to year.

In the October Newsletter, we said: Obviously, something has to give as the reserve funds will deteriorate rapidly at the current program and contribution levels. As it now stands, reserves are being used at a rate that will not allow the program to be sustained long term.

These are alternatives to the current program that more closely align awards with contributions.

1. Annual awards around \$30K;
2. One award higher than the others to distinguish the top vote-getter;
3. Options:
 - a) 10/ \$3K awards = \$30K;
 - b) 9/ \$3k and 1/4K awards = \$31K;
 - c) 1/\$5k and 8/3K awards = \$29K

A motion was offered by Marcia Kane to re-structure the regular program consistent with option “c”, i.e., 1/\$5k and 8/\$3k awards for a total of \$29k. All other program parameters remain unchanged. Tom Gallagher seconded the motion. All voting members approved the motion.

Membership Director

Pat Weaver reported that there are currently 963 members with 186 Email.

Close

There being no further business the meeting was adjourned.

AREA Board Meeting Minutes

29 April 2016

Overview

The Meeting was called to order at 13:00 hours, 29 April 2016 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. Chuck announced this is our first Board Meeting for the year...the next meeting is scheduled for October 2016.

Review of Minutes

Chuck asked all to review the Minutes for the last meeting of 26 February 2015 in their handout. We did not have a Board Meeting in October 2015 due to the illness of the President and the unavailability of the Vice President. At today's meeting we will have several reports and discussions, one of which will be the need for an 'ad hoc' committee to review a change to retiree association membership...page 4 and pages 7-8 of the February Minutes. Upon the conclusion of the review, we will vote to approve the minutes.

President's Report

As a follow on to his comments regarding review of the minutes, Chuck asked all to turn to page two of the 'Read Ahead' handout provided where he has outlined the 'order of business' for this meeting.

AREA Directory...Page 9

Disposition of AREA Convention Files

2016 Scholarship Program Funding Parameters and Motion...Page 10

2015 Financials and Commentary...Pages 11-22

Membership Program

Agenda Items for Review

Chuck announced that Milt Bergman resigned as Member-at-Large and that Tom Gallagher agreed to take this position by resigning himself from the Scholarship Committee. Michele Priester has agreed to take Tom's place as 'Chair' of the Scholarship Committee.

Membership Program

The proposed change to the 'Membership Program' is outlined in pages 7-9 of the 'Read Ahead' written by Tom Gallagher. In essence Tom is suggesting that the requirement to choose to belong to either or both the AREA and/or local Chapters be eliminated and its' place allow the member who chooses to join only the local Chapter to automatically become a member of AREA. In this regard, it is suggested that each Chapter include an additional \$15 in its' Annual Fee Schedule in support of AREA. If a member chooses to only join AREA alone this will be possible. Details are in the pages mentioned above.

After discussion, it was agreed to leave the recommendation in the report and ask the Chapters for opinions. The minutes as written were approved.

1st Tom Gallagher

2nd Chuck Poffenbarger

Approved

Membership Directory

Chuck raised the issue that the cost to print the Membership Directory had reached a point that it was not financially viable to print it. Initially we printed new directories every year, then because of a rise in cost we changed to every other year; today the cost to print exceeds \$5,600. We must ask ourselves why spend this money when we publish changes and new additions in the Newsletters. Since we are unable to maintain and publish the Directory electronically, it has been recommended that we discontinue the Membership Directory and continue updates through the Newsletter. Since this has been an ongoing discussion, all members agreed to discontinue the printing and release of the Membership Directory.

1st Pat Weaver

2nd Bob Haver

Approved

Scholarship Report

The Scholarship Income for Fiscal Year 2015 is at page 10 of the '*hand out*', which funds the program for the 2016/2017 Academic Year. The Basic Scholarship program each year is for 12 scholarships totaling \$40,000. The Policy for funding the Annual Scholarship Program was approved on January 20, 2004 by the AREA Board with revisions made on 30 November 2007.

The Boards intention on funding parameters was to establish a funding reserve contingency and then use any surplus to fund annual Basic Scholarship program shortfalls, as well as, award additional scholarships with the goal of bringing the award levels and reserve contingency fund target in line over a designated period of time.

Specifically, this action was designed to maintain a reserve contingency fund amount at \$160,000 based on up to (4) years of the annual scholarship grants and the current basic program of 12 scholarships @ \$40,000 per year. Further, that the awards determined by the Scholarship Committee be flexible in both number and amounts based on caliber of the applicants. And that a period of 8-15 years be established to bring the award levels and investment fund goals in line. Finally, that the funding reserve is made up of Cash, Stocks and Bonds. The MARKET VALUE of these investments as of December 31, 2015 was \$424,928. Deducting the Contingency Fund of \$160,000 leaves \$264,928 available over an 8-15 year period making available reserve funds from \$33,116 (8 years) to \$17,662 (15 years).

The Motion, therefore, is that the 2016/2017 Scholarship Program be approved at 12 Scholarships for \$40,000 and that the Scholarship Parameters outlined above continue to apply.

1st Bob Haver

2nd Pat Weaver

Approved

Financial Report

General Fund

Terry Corley provided that the General Fund has a YTD Net Loss of \$299 which is less than 2014's Net Loss of \$836.

Membership Dues Income totaled \$14,504, a healthy 19.7% above last year. However, the increase is not driven by increased membership, but rather results from timing differences when dues are collected. The increased Income was mostly offset by higher cost. Total expenses are \$16,978, 14.8% higher than last years. Most of the increase is driven by the membership database software development and an upgrade to our accounting software. Printing and reproduction costs were \$9,170, 14% above last year. Add to that postage and delivery, the total cost to produce and distribute the AREA Newsletter is close to \$12,000.

Cash flow to pay General Fund expenses comes from Membership Dues collected. General Fund Investments act as reserves in the event Membership Dues are insufficient to cover expenses. In November, \$2,000 in investments was sold to provide cash. Investment Income is \$2,176, 18 % above last year. General Fund Total Assets are made up primarily of investments in stocks and bonds through Vanguard. Interest and dividends earned are immediately reinvested in each of the funds and are recognized as investment income on the Income Statement. The 31 December 2015 market value of those investments totaled \$57,837. The total 1 year return on these investments was .9%

AREA Membership has been in a state of decline since the early 2000's. Absent any strategies for increasing membership, the future AREA as a going concern is certainly in doubt.

Scholarship Fund

Scholarship Fund donations totaled \$14,857, slightly lower than 2014 (\$14,950). While Chapter and ALA donations were down, individual member donations were substantially higher in 2015. Scholarship Fund expenses (\$50,620) are 9.5% lower than 2014, driven by reduced scholarships awarded, lower printing and mailing costs and lower legal fees.

As with the General Fund, Scholarship Fund Total Assets are made up primarily of investments in stocks and bonds through Vanguard. These investments act as Fund Reserves to provide a source of scholarship funding when donations are insufficient. Interest and dividends earned are immediately reinvested in each of the funds and are recognized as investment income on the Income Statement. Investment Income totaled \$23,534, 10% lower than earned in 2014. The 31 December 2015 market value of investments totaled \$424,928. The total 1 year return on investment was (1.1%).

In 2007 the AREA Board made a decision to establish a target Fund Reserve of \$160,000 (4 years, 12 scholarships per year @ \$40,000) and to bring the actual fund balance in line with the target over the following 8-15 years. Following this policy, the Fund reserve payout range is from \$20,149 (15 years) to \$37,780 (8 years). For 2015, there were 18 scholarships awarded totaling \$49,000. The Fund Reserve payout totaled \$34,143 which is in the policy payout range.

For the 2016 Scholarship Program, the Fund Reserve payout range is \$17,662 (15 years) to \$33,116 (8 years).

Details are at pages 13-24 of the '*read ahead*' handout given to members prior to the meeting.

Terry also summarized by offering the suggestion that we might research the possibility of developing our website outside the Exchange site, to give greater freedom in dispensing information. Chuck asked all to think about it and give suggestions.

Membership Director

Pat reported that there are currently 1,390 members with 656 by regular mail and 211 Email.

Round Table

Ron Compton reported that the '*Townson Estate*' disbursement is now complete.

Ken Weaver advised that the '*retirement fund*' was flat last year, but the good news is that is compared against a loss for the previous year.

Close

There being no further business the meeting was adjourned.

AREA Board Meeting Minutes

26 February 2015

Overview

The Meeting was called to order at 13:00 hours, 26 February 2015 by Chuck Poffenbarger, President, AREA at the home of Ken and Pat Weaver. This is our first board meeting for this calendar year. The second and final meeting in 2015 will be held in the October time frame.

Review of Minutes

Chuck asked all to review the Minutes for the previous meeting of 29 October 2014. There were no 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 began the meeting by asking for a vote for Marcia Kane to join the board as the Information Director, effective June 1st. The motion was made by Tom Gallagher and seconded by Milt Bergman. All approved.

He next asked Tom Gallagher to review his paper on Proposed Change to AAFES Retirees Association Membership. (A copy is attached to these minutes.) A considerable discussion ensued and was expanded to include several ideas for alternatives to the Membership Directory. Tom proposed the formation of an adhoc committee to study these proposals and prepare an email to chapter presidents asking for the views on these and other items of concern. Tom agreed to be the adhoc chairman and Chuck Poffenbarger and Milt Bergman agreed to be members of the study group. The email will be coordinated with board members before it's sent.

Chuck then asked all to turn to page three of the '*Read Ahead*', which outlines the '*order of business*' for this meeting.

He first reviewed proposed replies to three items he asked members to respond to in the January Newsletter.

- The first item had to do with the need for more general fund income. Two members responded that a \$5 increase in annual dues would be a reasonable way to sustain the income level needed for operations.
- The second item had to do with a replacement for Larry Phillips as the Information Director. Marcia Kane agreed to assume that responsibility and was voted in, effective June 1st, as previously mentioned.

- The third item related to the need for more members to sign up for receipt of the Newsletter via email, saving us considerable printing and mailing costs. This item will be addressed by the adhoc group.

Scholarship Program Funding

Chuck reviewed the parameters for funding the scholarship program and offered a motion for the 2015/16 academic year of 12 scholarships for \$40,000. Bob Haver seconded the motion. All approved.

Web Site

Our web site is now current for the first time in a long period of time. The site is at <http://www.aafes.com/about-exchange/retired-employees-association/>

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...March 3rd.
- ✓ Community Recognition Results
- ✓ Membership Totals

Financial Report

Terry Corley provided an overview of the '*Financial Report*' concerning the General and Scholarship Fund. He provided EOY and other documents to Daryl Hinshaw, Auditor, so he can begin the 2914 audit.

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 substantially lower loss YTD compared to 2013 (\$870 compared to \$6,614).
- The overall financial position of the fund remains strong (market value of assets exceeds \$59,000).
- Membership dues Income declined in 2014 nearly 14% (\$1,920) continuing the unfavorable trend of declining membership.
- Favorable market conditions drove Investment Income higher by 4.1%.
- Total expenses are down substantially compared to 2013 (\$5,744) driven by the Annual Directory production and mailing costs incurred in 2013 but not 2014.

Scholarship Fund

- The operating results for the Scholarship fund YTD 2014 show a New Loss of \$16,216, \$18,415 greater than in 2013.
- The overall financial position of the Fund remains strong (market value of assets exceeds \$462,000).
- Scholarship Donations are \$14,053 (49%) lower in 2014 compared to 2013. Hampton Roads ALA (\$6,000), DFW ALA (\$5,000) and Member donations (\$3,053) make up the shortfall.
- For 2014, 21 Scholarships have been paid totaling \$53,500 compared to 13 Scholarships totaling \$43,000 in 2013. The monies were paid in July.
- In 2014, the Scholarship Fund paid a portion of printing and reproduction costs associated with the July Newsletter since that Newsletter effectively takes the place of the Scholarship Booklet produced in past years.
- The Fund incurred legal expenses (\$688) in 2014 associated with the Townsend Estate Mineral Rights Lease that the Fund entered into. The mineral rights lease produced \$50 in income YTD 2014, but is unlikely to produce any additional income for 2014.
- Favorable market conditions drove 2014 YTD investment income higher by 47% (\$23,847 vs. \$16,196).
- 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.

VEBA

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 pages 15-16 in the '*Read Ahead*'.

Information Director

Larry Philipps set the deadline for the Newsletter at March 3rd. This was Larry's last meeting as he has stepped down as Information Director after 15 years. All commended Larry for the job he has done and wished success and happiness in his new home and endeavors.

Membership Director

Pat Weaver reported that at the current time there are about 1,400 members of AREA. Pat tracks the membership month by month and this year there have been more new members than any of the previous ten years.

Close

There being no further business the meeting was adjourned.

Visit our web site at
[HTTP://WWW.AAFES.COM/ABOUT-EXCHANGE/RETIRED-EMPLOYEES-ASSOCIATION/](http://www.aafes.com/about-exchange/retired-employees-association/)
AREA...JUST FOR YOU

**PROPOSED CHANGE TO
AAFES RETIREES
ASSOCIATION MEMBERSHIP**

Statement of Condition:

AAFES retirees may join an association by becoming a dues paying member of a local chapter... In order to participate fully however, members must also become associated with and pay additional dues to AREA, the national head of the employees' association...

Discussion:

By estimate there are about 3,600 members and spouses under the AFFES retiree association umbrella, AREA, but only 36% (Approximately 1,300) are members of AREA... AREA membership is made up of both chapter members and non-chapter members...

=====(Email from President of AREA
10/29/2014)=====

AREA/CHAPTER MEMBERSHIP CALCULATION

	<u>AREA</u>	<u>Chapters (18+7)</u>
AREA membership (members only):	1,329	850
Spouse Factor -165% (for spouses):	<u>x165%</u>	<u>x 165%</u>
Members & spouses:	2,192	1,402

Estimated AREA reach: 3,594

Pat reported 1,329 on Oct 29, '14: 182-mailed & 1,200 regular mail.

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There exists confusion amongst retirees relative to membership status... Many believe that if they are members at a local chapter where dues are paid, it makes little sense to have to duplicate membership at AREA in order to be eligible for all retiree benefits, e.g., sibling scholarship eligibility... Further, few members see little additional benefit AREA membership...

AREA annual dues are modest at \$15.00: Local chapter dues vary but too are nominal...

Purposed Change:

Over the years AREA membership has shrunk and continues to shrink yearly... In order to improve the effectiveness of the "Retiree Bloc", there should be no requirement to have retirees separately join both a local chapters and AREA: When a retiree is a member of a local chapter, the retiree is a member of AREA... If a retiree opts to not be a member of a local chapter however, the retiree can join AREA alone... In either case, retirees are unified and membership confusion eliminated...

Regarding dues, we can ask each local chapter to include an additional \$15.00 in its' annual fee schedule in support of AREA... Chapters can provide a list of members for inclusion in the AREA rolls and at the same time process the corresponding \$15.00 fee to AREA... By doing so all local members are eligible for all retiree association benefits...

Suggested Process:

Appoint an adhoc committee from within the AREA BOD to:

- Poll local chapters:
 - Get membership count
 - Solicit comment on
 - Including a \$15.00 AREA assessment in local chapter annual dues schedules
 - Eliminating the need for dual memberships both in local chapter and AREA
 - Solicit additional comments about structure

Implement change by:

- Evaluating chapters' inputs and including them to the extent practical in a final proposal
- Preparing final proposal to AREA BOD
- Based on BOD's approval, prepare a change to AREA's charter