

**OUR HERITAGE
THE FALCON FOUNDATION**

A History of Service, Dedication and Giving

2003-2006

By

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Chronicle of our yearly updates on the Falcon Foundation History

2003

Prior to our spring meeting, Trustee Robert McDermott, the Academy's first Permanent Professor Dean of the Faculty was honored by the Academy at a ceremony in which the Academy Cadet Library was officially named the Robert F. McDermott Library. Several significant issues were considered and approved at the spring meeting. More formal interim nominating procedures were permanently approved for future nominating cycles. The proposed Strategic Plan which had been delayed from the fall meeting because of the agreement to make the significant change of "increasing the scholarship amount" the number one strategic goal of the Foundation was also approved. As part of this top priority financial goal, the Executive Committee recommended approval of the Memorandum Of Understanding between the Falcon Foundation and the Association of Graduates to participate as a partner in the AOG Capital Fund Campaign until their goal of \$100 million dollars was reached. Board approval for the Capital Fund Campaign partnership would be sought at the fall meeting. This was also the first year that the criteria for the selection of our top two Falcon and Skelly Scholars were changed to recognizing the top three Falcon Scholars with the highest GPA, MPA and PEA. At the spring meeting the Trustees were treated

to a tour of Northern Command and a reception in General Eberhart's quarters on Peterson AFB.

Also during the spring, Trustee Ben Bellis completed his History of the Falcon Foundation book. It will be presented to members of the Board at the fall meeting. Our second Prep School workshop was a success and the Prep School Administrators were asked to submit a description of their character development programs, if they had one, to the Foundation for presentation and discussion at the 2005 workshop. A slight setback was experienced by the Foundation when the Academy JAG office decided that individual names with corresponding GPA data could not be presented in our Blue Books to the Trustees, as it would be against the Privacy Act.

The fall meeting began with the distribution of the bound History of the Falcon Foundation to each Trustee and approval to use the book as a gift for each new Trustee elected to the Board in the future. Chairman Richards came to the end of his transitional three-year term and Trustee Ron Fogleman was unanimously elected to be our Chairman for a five-year term. Because of the Privacy Act ruling on the elimination of names from our Blue Book reporting, the focus of the Blue Book data shifted toward the performance of the Prep Schools, all of which appeared to be more than satisfying our minimum requirements for admission to the Academy. The McCawley Little Trust made its second distribution to the Foundation to fund scholarships for Falcon Scholars from the state of Indiana. In support of our AF Chief of Staff, General Jumper, the Foundation resurrected the Lt. General Frank Andrews Falcon Scholarship strongly endorsed by our highly respected Honorary Trustee, Russ Dougherty, and funded through the Air Force Association's Aerospace Educational Fund. The Foundation also undertook sponsoring the First Annual Chaney King Bike Ride Run. Cadet Chaney King was a Falcon Scholar who attended Northwestern Prep and was killed in a tragic automobile accident in January of 2003 when she was a sophomore at the Academy. The Foundation was pleased to sponsor the event and the President secured approval from the Academy senior staff to hold the event in memory of Chaney in mid-September. Finally, Trustee Harold Stuart resigned as Vice Chairman and Chairman Fogleman nominated an outstanding replacement in Trustee Donne Pitman. Finally, the President enlisted the assistance of Trustee Jim McCarthy, our Foundation Webmaster, and Professor Steve Hadfield to develop an Instructional Technology Plan for the Falcon Foundation's use and modernization of our day-to-day operations and administration. Due to

unforeseen circumstances the Superintendent of Marion Military Institute, Lt. Gen. Robert Foley, USA (Ret), cancelled his briefing to the Trustees for the fall meeting.

2004

At the beginning of the year we were notified by Trustee Hal Littrell that the Anna Kessling Ackerman Fund would make a \$500,000 challenge donation to the Association of Graduates on behalf of the Falcon Foundation over the next 5 years. The challenge stipulation required the annual Ackerman contribution of \$100,000 to be matched by the AOG before the Ackerman contribution would be distributed. The work of the Strategic Planning Committee continued focusing on four major issues:

- 1) Developing a process by which to evaluate the performance of our Prep Schools
- 2) Increasing the scholarship amount from \$3,000 to \$4,000 per scholarship
- 3) Revising and refining the criteria used to select Falcon Scholars
- 4) Determining the Foundation's role in funding the Superintendent's Gifts Needs List each year.

At the spring meeting Trustee Donne Pitman was unanimously elected as the new Vice Chairman of the Foundation. The President advised the Trustees that some 30 cadets from the class of 2007 were interested in being mentored by a Foundation Trustee. A few Trustees were subsequently matched with a cadet for a period of six months to a year in a familiarization phase so that mentor and cadet could get to know each other better. The Trustees were treated to a briefing by Suzanne and Dan Durbeck on Northwestern Prep, our only non-military Falcon Foundation preparatory school. Also at the spring meeting, the Superintendent announced that Lt. General Harmon, the Academy's first Superintendent, had been designated as the "Father of the Air Force Academy."

Prior to the fall meeting, Trustee Tom Aldrich announced that he would resign as the Chair of the Finance Committee and, unfortunately, also had to resign from

the Board for personal reasons. The fall meeting would be his last as a Trustee. At that meeting, we recognized Trustee Aldrich's distinguished service by awarding him "Honorary" status as a Trustee of the Foundation. Trustee Jim Johnston was selected as the new Chair of the Finance Committee and announced the Committee's support to increase the scholarship amount to \$4,000, to increase the Trustees' dues to \$300 per year, to divest the portfolio of its Exxon Mobil stock down to approximately 10% with the concurrence of the donor, and to begin evaluating our current portfolio managers, Bank of America, to see if they should be continued for the near term. The Strategic Planning Committee constituted two subcommittees for developing a process to evaluate the Prep Schools and for revising and refining the criteria for the selection of our Falcon Scholars that would emphasize leadership and good character traits of the candidates. These two topics were the major issues discussed at the first Strategic Planning Session after lunch during our Fall Meeting

2005

In February the Foundation hired Donna Porter as an Administrative Assistant and understudy for the Executive Assistant's position. It was at this time that the Foundation's Executive Assistant, Trustee Pearl Swofford, contracted a serious bacterial infection in her left arm. After four delicate surgeries and approximately a month and a half of medical leave, she fully recovered and was back on the job. At the Chairman's request, all Trustees were sent a survey which focused on potential conflicts associated with the Spring Meeting time and how these might be resolved, if needed. The Foundation sent a formal letter signed by the Chairman to Valley Forge stating that their policy of not allowing women to attend Valley Forge was inconsistent with the Foundation's current commitment to gender equity. The letter requested that Valley Forge inform the Falcon Foundation as soon as possible if they were going to continue with their "exclusion of women" policy as that would impact our scholarship program relationship. The Strategic Planning Committee pushed forward with their subcommittee projects and, at the spring meeting, recommended that these two projects of evaluating the Prep Schools and revising and refining the criteria for the selection of our Falcon Scholars be added to the Strategic Plan as new initiatives. After evaluating the performance of Bank of America, the Finance Committee decided to change our portfolio manager and they began to seek out a new portfolio manager who could enlist and evaluate a number of sub-

managers in their financial management of our endowment. After interviewing 10 Financial Institutions who used a “multi-manager” approach, the Finance Committee recommended that the Foundation select Legg Mason as our new portfolio manager. After an extensive discussion at their spring meeting, the Executive Committee and the Board approved the change in the Foundation’s financial manager. The second annual Chaney King Bike Ride Run was again approved by the Academy Senior Staff for mid-September.

In the second half of the year Trustee Bill Lyon became the third Trustee to be presented the Academy’s Distinguished Service Award. In response to the Foundation’s letter, Valley Forge announced that they would be admitting women to their college as early as the fall 2006. Based on the Academy’s decision to increase the number of pilot qualified direct entry cadets for the incoming class, the Falcon Foundation could only fund 48 Falcon Scholars to send to preparatory schools for the following year. This decision on the part of the Academy had the additional negative impact of placing our sub-committee work for revising and refining the criteria for the selection of Falcon Scholars on temporary hold. At the fall meeting, President Randy Cubero was re-elected for a second five-year term. The new Trustees nominating procedures were fine-tuned to not require the candidate’s knowledge or permission to be nominated, and to allow automatic re-nominations with the consent of the nominating Trustee. The Board received the first briefing from our Legg Mason team leader, Mr. Mike Egan, and found out that the entire Legg Mason Financial Advising Service was being absorbed by Citigroup/Smith Barney. Furthermore, Mr. Egan announced that he and his team would be leaving Smith Barney and our accounts would be taken over and managed by Mr. John Chesney and his Smith Barney team. Once we were transferred to Mr. John Chesney’s Smith Barney team it became apparent that Mr. Mike Egan made a number of unique and difficult administrative promises to the Foundation that Mr. John Chesney now had to implement. Moreover, the Legg Mason selected financial sub-managers that were used for some of our new Foundation accounts of Lateef, Snow and Thornburg had to be re-confirmed as they were not normally sub-managers used by Smith Barney. The Strategic Planning Committee continued to emphasize its work on evaluating the Prep Schools and critically reviewed the Falcon Scholar performance data for inclusion in our Blue Book. New performance data were now sought for Falcon Scholars at their Prep Schools, at the Academy as cadets, and even after graduation as officers in the Air Force. The President of Marion Military Institute, Colonel James

Benson, USMC (Ret), concluded the Fall Meeting with an informative briefing on our fourth Foundation Prep School situated in Marion, Alabama.

2006

In the beginning of 2006 it was agreed that Pearl Swofford, the Foundation's Executive Assistant, would change employment status from full time to part time at the end of the calendar year. At that time, Donna Porter, would take over all primary duties of the Executive Assistant and Pearl Swofford would fill-in on an "as needed" basis. At our Spring Meeting the Nominating Committee proposed that new Trustee nominations for the coming election in the Fall would be conducted "in the blind" without the knowledge of the nominee. The Executive Committee proposed that because of the high quality of Trustee candidates and the corresponding scarcity of vacancies, the upper limit of Trustees be raised to 200 from the current level of 150. The Executive Committee also proposed a new category of "Associate Trustee" for those members who were unable to participate or attend meetings but who fully supported the Foundation in its mission and purpose.

The Finance Committee recommended that the new financial managers of the portfolio be retained until the Fall Meeting at which time they would be continued without a time limitation or be disapproved. After years of only a cursory review of the annual Audit Report, the President decided to have a more comprehensive review by an impartial third party to determine if there were any irregularities in our front office financial management and administration. The Strategic Planning Committee continued progress on its three sub-committees. Unfortunately, the Refined Criteria Sub-committee was placed on hold pending Superintendent approval. The Sub-committee on increasing minority applicants was formally launched with Trustee Chris Howard as Chair. Finally, the Sub-committee on the evaluation of our five Prep Schools accomplished two notable goals for this year. First, new Prep School performance data was collected for presentation in our annual Blue Book. Second, three surveys were developed to evaluate the Falcon Scholars' performance from three different perspectives; as seen through the eyes of the Falcon Scholars' parents, at the completion of the Prep School's preparatory program, and at the completion of the Falcon Scholars' freshman year at the Academy. The plan was to administer these first two surveys at Northwestern Prep as their preparatory program ends in December 2006. The survey test program worked very well at Northwestern Prep. These

two surveys were then scheduled to be reviewed by the other Prep Schools during the 2007 Prep School Workshop held at the USAF Academy for implementation in the Spring semester of 2007.

At the Fall Meeting 2006 the Board of Trustees approved five significant changes to the Falcon Foundation's Bylaws. First, the upper limit of Trustees was increased to 200. Second, a new category of "Associate Trustee" was created for those non-active members who desire to remain affiliated with the Foundation but cannot attend our meetings. Third, the Vice President was designated a standing member of the Executive Committee. Fourth, with the addition of the Vice President the number of Executive Committee members was increased to 14. Fifth, the nine "at large" members of the Executive Committee were limited to two terms as had been stipulated in our Policy and Procedures Manual for the previous two years. At this time we also accepted the resignation of our current Vice President, Trustee John Alison, and unanimously selected him as an Honorary Trustee. The Nominating Committee was asked to start a search immediately for a new Vice President. Our Assistant Treasurer, Trustee George Miller resigned due to illness and Trustee John Kelly was selected by the Chairman to fill the position of Assistant Treasurer.

The Board made two additional suggestions to the Nominating Committee for consideration at our Spring Meeting. One suggestion was to ensure that the nominating Trustee is part of the notification process when their nominee is selected to become a Trustee. The second suggestion was that a nomination time-table might be considered where the Fall Meeting, rather than the Spring Meeting, would be the first meeting to be attended by the selected new Trustees. At the Fall Meeting the Strategic Planning Committee formulated the next phases of Blue Book data collection for our Falcon Scholars. First, we would need to incorporate all survey data into the Blue Book for review by the Board of Trustees. Second, we would need to initiate queries into officer performance of our Falcon Scholars after they graduated from the Academy and were serving in the Air Force. Finally, in our after-lunch strategic session, the Chairman called for the creation of two "white papers" for discussions at our Spring 2007 Meeting. One white paper would deal with a clarification of the Falcon Foundation mission and purpose. The Chairman was also interested in reviewing the mission and purpose of other non-profit organizations, like the Academy Foundation, the Air Force Academy Athletic Association, and the Association of Graduates, for redundancies and synergies in supporting the Air Force Academy. The second

white paper would compare the Falcon Foundation at the Air Force Academy with similar organizations at both West Point and Annapolis.

At the end of our Fall Meeting the Falcon Foundation presented the Director of the USAFA McDermott Library with a series of six original books authored by the legendary General "Hap" Arnold when he was a Major in the United States Air Force. These books were prized possessions of deceased Trustee Don Malvern who bequeathed them to the Falcon Foundation in his will. We were also delighted that General "Hap" Arnold's grandson, Robert Arnold, a Trustee of the Falcon Foundation, was in attendance when this gift was presented to the Superintendent, Lt Gen John Regni.