

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 The program appears to be out of date in several areas.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.