



**The USNI & NIF
Minutes of the Spring Board Meeting
11 April 2013**

The Board of Directors of the Naval Institute (USNI) and the Board of Directors of the Naval Institute Foundation (NIF), with Vice Admiral Nancy E. Brown, USN (Ret.), as Vice Chairman, chairing the meeting, convened in joint session on April 11, 2013 at the Federal City Room of the Phoenix Park Hotel in Washington, DC for the Spring Board Meeting.

USNI & NIF Directors in attendance:

LCDR Claude G. Berube, USNR, Chairman, Editorial Board
RADM Dan Bowler, USN (Ret.)
VADM Nancy E. Brown, USN (Ret.), Vice Chairman, USNI Board & NIF Board
VADM Dirk Debbink, USNR (Ret.)
VADM Peter H. Daly, USN (Ret.), Chief Executive Officer
LtGen Wallace "Chip" Gregson, USMC, (Ret.)
CAPT Karl Hasslinger, USN (Ret.)
Dr. J. Phillip London (joined at 10:10 a.m.)
CAPT David M. McFarland, USN
MCPOCG Vincent W. Patton, USCG (Ret.) (joined at 11:45 a.m.)
CAPT Gordan Van Hook, USN (Ret.)
RADM Duncan C. Smith, III, USCGR (Ret.), Counsel, Blank Rome LLP (non-voting) (joined at 10:15 a.m.)

FLAG Advisors in attendance:

RADM William F. Moran, USN
RDML Joseph Servidio, USCG (joined at 12:55 p.m.)
RADM Cari B. Thomas, USCG
MajGen Robert S. Walsh, USMC

USNI Officers and staff in attendance:

Marguerite Carroll, Executive Assistant to CEO
Denis Clift, Vice President for Planning and Operations
CAPT W. Scott Gureck, USN (Ret.), Executive Vice President, Marketing & Membership
Robert G. Johnson, Chief Operating Officer & Chief Financial Officer
Kirk McAlexander, Executive Vice President for Development

William M. Miller, III, Publisher
April Parreco, Director of Conferences and Special Events

USNI Counsel in attendance:

Megan Christensen, Esq., Counsel to USNI

COMMENCE THE USNI & NIF BOARD MEETINGS- WELCOME AND INTRODUCTIONS

VADM Nancy E. Brown, USN (Ret.), in the absence of a Chairman, as Vice Chairman of the Board, called the meeting to order and asked the CEO to conduct a roll call. A quorum was present.

VADM Dirk Debbink, USNR (Ret.) and MajGen Robert S. Walsh, USMC were welcomed as new Director and Advisor, respectively.

RADM Cari B. Thomas, USCG announced that this was her last meeting as the USCG representative on the Advisory Board and that her replacement would be in attendance later in the meeting.

VADM Nancy E. Brown, USN (Ret.) announced that Admiral James G. Stavridis, USN, has accepted an appointment to the USNI Board of Directors and agreed to become its Chair following his retirement from active duty, expected in mid-summer 2013.

AGENDA ITEM 1: APPROVAL OF PREVIOUS MEETING MINUTES OF THE FEBRUARY 14, 2013 BOARD MEETINGS (READ AHEAD)

The minutes of the February 14, 2013 Board Meetings were presented by VADM Nancy E. Brown, USN (Ret.).

Motion: A motion was made by RADM Dan Bowler, USN (Ret.) to approve the February 14, 2013 Board Meeting Minutes noting one change, that VADM Herb Browne, USN (Ret.) did not present the Finance Committee Report on February 14, 2013. Seconded by CAPT Karl Hasslinger, USN (Ret.)

Board Action: The motion was passed unanimously.

AGENDA ITEM 2: CEO UPDATE AND ELECTION RESULTS

VADM Peter H. Daly, USN (Ret.), Chief Executive Officer, presented his update to the Board and provided an overview of the elections, the voting on the revised Constitution and Bylaws, and each business unit for Membership, Media, Foundation, Conferences, Press, Periodicals, Online and the Web:

- Constitution and Bylaws were passed by approval of more than 97% of the over 4,000 members who voted;
- With respect to the election, nine people were nominated and elected to each of the Board of Directors and the Editorial Board, and no outside nominations were received, even after the initial list of nominees was posted on the USNI website;
- Membership is up by approximately 1,500 members since the February Board meeting and over 3,000 so far in 2013;
- An online test was conducted for 30 days to determine members' sensitivity to the price of online membership; no particular sensitivity was discovered and thus, the price of online membership will remain at \$39;
- Between February and April, USNI has reported over 348 million media impressions worldwide, including the Economist and Drudge Report;
- In San Diego, USNI has received a request to reprint content from *Proceedings* and *Naval History* with credit to USNI;
- Conferences:
 - On April 2, 2013, USNI participated in the 2013 Asymmetric Threat Symposium in Washington, DC;
 - EAST: Joint Warfighting 2013 is coming up May 14-16, 2013 in Virginia Beach with AFCEA;
 - History Conference – Past, Present & Future Manned and Unmanned Space Operations will be October 3, 2013, which is timed to be shortly before the Navy-Air Force game, and the Wood Foundation is sponsoring the conference with a \$100,000 donation;
- Press:
 - The CPO Guide is out of date and will be updated by Rick West;
 - Ebook Program: 155 titles are available; 152 available at Amazon; another 153 are in preparation; and the program has generated approximately \$30,000 in revenue;
 - *Seal of Honor* has sold over 18,000 ebooks and more than 60,000 copies sold in total;
 - In 2013 the Press expects to publish 80 books and 140 Ebooks;
 - In the Fall, USNI will be launching "Print on Demand" allowing someone to order an out of print book that will be printed and shipped within 2 weeks of order, for a print run of one;

- Periodicals:
 - *Proceedings* is going well;
 - USNI News, a daily source, has had 441,000 visitors since its launch in February and two Drudge hits;
 - *Naval History* remains under efforts to be added to the Apple newsstand;
- The Heritage project archive preservation is a high priority, as is putting the oral histories on Ebooks;
- Web: USNI App provides worldwide access to members in a more efficient time frame and has had approximately 6,000 downloads;
- Foundation: Event held in NY with Michael Wiseman opened the door for additional large gifts with the identification of approximately 400 members capable of large gifts; those individuals will be approached; and
- Underwriting of student memberships by donors has increased, and a donor at SUNY inquired about offering memberships to the instructors through the program.

Members of the Board asked questions and discussed aspects of CEO Daly's report.

AGENDA ITEM 3: CFO/COO UPDATE (FINANCIAL RESULTS & AUDIT UPDATE)

Mr. Bob Johnson, CFO, provided an assessment overview of the March 2013 YTD Executive Summary and March 2013 YTD Financial Data (included in the BOD binder as read ahead #3) for each business group, which included an overview of the Press, Membership, Periodicals, Conferences, Heritage, and Foundation Groups. In addition, the CFO reviewed the performance of the Foundation investment portfolio. Members of the Board asked questions and discussed aspects of Mr. Johnson's report.

AGENDA ITEM 4: OVERVIEW OF IMPORTANT NEW CONSTITUTION AND BYLAWS CHANGES

Megan Christensen, counsel to USNI, of Blank Rome LLP summarized the significant changes effective in the new Constitution and Bylaws adopted by the Members. A summary of those changes was included in the BOD binder as read ahead #4. Members of the Board asked questions and discussed aspects of Ms. Christensen's review. RADM Cari B. Thomas, USCG noted one amendment to the summary regarding Board Term Limits for the new limit on a maximum of six cumulative years for Directors. That change was noted and the revised summary chart is attached herewith.

NEW USCG ADVISOR

Following the lunch break, the Board of Directors was joined by RDML Joseph Servidio, USCG. RDML Cari B. Thomas, USCG introduced him as her replacement on the Advisory Board and he was welcomed by the Board of Directors.

AGENDA ITEM 5: COMMITTEE UPDATES

Presenter: Nominating and Governance Committee Chair, VADM Nancy Brown, USN (Ret.) reported no activity on the Governance Committee since the last Board meeting.

Presenter: Finance Committee in the absence of a Finance Committee Chair, CAPT David M. McFarland, USN reported that as of April 1, 2013, the final asset allocation of the pension portfolio from bonds into diversified equities took place moving from a 40/60 mix to a 65/35 mix. He noted that he was the lone remaining member of the Finance Committee and that new members were needed. He also discussed efforts to tie the budget to Institute objectives and to pay down the pension fund.

Presenter: Compensation Committee Chair, MCPOCG Vince Patton, USCG (Ret.) reported no activity on the Compensation Committee since the last Board meeting.

Presenter: Audit Committee Chair, Dr. Jack London reported that the Audit committee activities since the last Board Meeting included submission of his report on April 10, 2013 (which was not included in the read ahead items for the meeting, but is included herewith); completed review and recommendation of the Naval Institute Foundation Form 990; and the independent outside audit report to be available soon. He shared a Timeline and Estimated Dates for the 2012 Audit and Statutory Filings for USNI and the Naval Institute Foundation, a copy of which is attached herewith.

Presenter: Development Committee Chair, RADM Dan Bowler, USN (Ret.) reported that a list of people has been developed to be approached to serve on the Naval Institute Foundation Board of Directors (the list was included in the BOD Binder for the meeting as Read Ahead #5). RADM Dan Bowler, USN (ret.) asked Kirk McAlexander, Executive Vice President for Development to summarize the goal to raise \$1.8 million by the end of the year, the list (hope to have 4-5 people from the list agreed to serve on the NIF Board by end of summer), the approach, and requested additional suggestions. RADM Dan Bowler, USN (ret.) agreed to serve as liaison member of the NIF Board, and the CEO and CFO would be ex-officio members. RADM William F. Moran, USN inquired about the criteria for developing the list of individuals to be approached. RADM Dan Bowler, USN (Ret.) noted that they looked for commitment to USNI, philanthropic tendencies, and an ability to contribute funds. Dr. J. Phillip London noted that practical considerations should be taken into account, that a goal is to have an NIF board of hard works, and suggested approaching individuals frankly and candidly about the “give or

get” requirement. RADM Cari B. Thomas, USCG asked the group to look at the list from a diversity standpoint, seeing no women on the list, and suggested additional diversity. LCDR Claude G. Berube, USNR, Chairman, Editorial Board inquired about how the first criteria of commitment was determined. Kirk McAlexander, Executive Vice President for Development responded that it was based on involvement with the Institute, not necessarily money donated.

RADM Dan Bowler, USN (Ret.) proposed the following resolution:

RESOLVED, that, upon the recommendation of the Development Committee, the proposed list of individuals shall be approached to serve on the Naval Institute Foundation’s Board of Directors. Dr. J. Phillip London seconded the motion.

Board Action: The motion was passed with all voting in favor, except LCDR Claude G. Berube, USNR, Chairman, Editorial Board, who abstained.

RADM Dan Bowler, USN (Ret.) requested additional names for consideration if any Director has any thoughts for others who might be approached.

AGENDA ITEM 6: REBALANCE COMMITTEE ASSIGNMENTS

Vice Chairman, VADM Nancy E. Brown, USN (Ret.) discussed that the Finance Committee has been reduced to a single member and the Nominating and Governance Committee’s recommendation to ask VADM Dirk Debbink, USNR (Ret.) to join the Finance Committee and serve as its Chair. She then asked for additional volunteers other than those currently serving on the Audit Committee. Nobody volunteered.

Vice Chairman, VADM Nancy E. Brown, USN (Ret.) proposed the following resolution:

RESOLVED, that, upon the recommendation of the Nominating and Governance Committee, VADM Dirk Debbink, USNR (Ret.) shall join the Finance Committee and serve as its Chair. CAPT David M. McFarland, USN seconded the motion.

Board Action: The motion was passed unanimously.

CONCLUSION OF MEETING:

Vice Chairman, VADM Nancy E. Brown, USN (Ret.) thanked and commended RADM Duncan C. Smith, III, USCGR (Ret.) and RADM Cari Thomas, USCG for their dedicated service and contributions to the Institute.

Motion: VADM Nancy E. Brown, USN (Ret.) entertained a motion by LtGen Wallace “Chip” Gregson, USMC, (Ret.), there being no further business to come before the Boards, to adjourn. The motion was seconded by RADM Dan Bowler, USN (Ret.).

Board Action: The motion was passed unanimously.

RECONVENING OF BOARD IN EXECUTIVE SESSION

Approximately 30 minutes following the conclusion of the Board of Directors Meeting, VADM Nancy E. Brown, USN (Ret.) reconvened the Board in Executive Session.

USNI & NIF Directors in attendance:

RADM Dan Bowler, USN (Ret.)
VADM Nancy E. Brown, USN (Ret.), Vice Chairman, USNI Board & NIF Board
VADM Dirk Debbink, USNR (Ret.)
LtGen Wallace “Chip” Gregson, USMC, (Ret.)
CAPT Karl Hasslinger, USN (Ret.)
Dr. J. Phillip London
MCPOCG Vincent W. Patton, USCG (Ret.)
CAPT Gordan Van Hook, USN (Ret.)

USNI Counsel in attendance:

Megan Christensen, Esq., Counsel to USNI

VADM Nancy E. Brown, USN (Ret.), in the absence of a Chairman, as Vice Chairman of the Board, called the executive session to order and determined that a quorum was present. VADM Nancy E. Brown, USN (Ret.) held a closed session in which the Board discussed the expiration of the CEO’s contract at the end of July and the contract requirement to provide the CEO with at least 60 days written notice if the Board of Directors will offer to extend or not extend the CEO’s employment. The Executive Session, and action taken by the Board at the Executive Session, was documented separately.

There being no further business to come before the Board, the Executive Session of the USNI Board was adjourned by a motion by VADM Nancy E. Brown, USN (Ret.) that was seconded by LtGen Wallace “Chip” Gregson, USMC, (Ret.) and unanimously approved.