



**SURFACE NAVY ASSOCIATION
BOARD OF DIRECTORS MEETING
JANUARY 13, 2014**

DRAFT MINUTES (V1)

IN ATTENDANCE

ADM James Hogg, USN (Ret) - *Chairman of the Board*
VADM Barry McCullough, USN (Ret) – *President*
VADM Timothy LaFleur, USN (Ret) - *Vice President - West Coast*
VADM Hank Giffin, USN (Ret) - *Vice President - East Coast*
CAPT David Lee, USN (Ret) - *Secretary*
VADM Bill Earner, USN (Ret) – *Finance Committee Chair*
CAPT Paul Rinn, USN (Ret) – *Award Committee Chair*
RADM Dave Hart, USN (Ret) – *Symposium Committee Chair*
CAPT Ned Lundquist, USN (Ret) – *Public Relations Committee Chair*
VADM Bill Hancock, USN (Ret) – *Corporate Relations Chair*
RADM Rob Reilly, USN (Ret) – *Membership Committee Chair*

CAPT Dave Adler, USN (Ret)	CAPT Sam Howard, USN
LCDR Jeff Benson, USN	Dr. Harry Kantrovich
VADM Terry Blake, USN (Ret)	VADM Doug Katz, USN (Ret)
CDR Matt Bonner, USN	CAPT Jim Kilby, USN
GSEC John Bradshaw, USN	LCDR Jennifer Lorio, USN
OSC Dave Brakebill, USN	RDML Michael Mahon, USN (Ret)
CAPT Richard Brown, USN	Mr. Dave McComb
RADM Mark Buzby, USN (Ret)	Mr Charlie McCullough
CAPT Bill Campbell, USN (Ret)	LCDR Robert McFarlin, USN
RADM Dennis Conley, USN (Ret)	HMCM(SW/FMF) Patrick Modglin, USN
CAPT Mike Davis, USN (Ret)	CAPT Mark Sedlacek, USN (Ret)
CAPT John Esposito, USN	CAPT Matt Sharpe, USN (Ret)
RDML Mike Frick, USN (Ret)	Mr. Thad Smith
RADM David Glenn, USCG (Ret)	CAPT Troy Stoner, USN
VADM Kevin Green, USN (Ret)	CMDCM David Twifford, USN
RADM Victor Guillory, USN (Ret)	LT Gordan Van Hook, USN (via phone)
RADM Joe Hare, USN (Ret)	CAPT Dave Welch, USN
CAPT Rick Hoffman, USN (Ret)	CAPT Bill Erickson, USN (Ret) – <i>Executive Director</i>

WELCOMING REMARKS

BOD Chairman Admiral Hogg welcomed the attendees and explained how they established the format currently used for this meeting. The meeting was then called to order. Each person in the room

provided an introduction. The Chairman then emphasized that this is the Boards' meeting and noted that we are here today to move the Association forward and create an action agenda for 2014.

TRANSITION OF THE PRESIDENCY

VADM Route, USN (Ret) stepped down as President in September after 5 years service. The Executive Committee then made a nomination of VADM Barry McCullough, USN (Ret) to the Chairman for consideration. This was then taken as an electronic vote to the Board of Directors where it passed. To confirm the electronic vote, Admiral Hogg called for a voice vote of the nomination which was carried unanimously.

PRESIDENT'S REPORT

VADM McCullough started by saying that he was proud to serve as the President of SNA. The association is doing well, is healthy and has strong participation. He went on to thank the Committee Chairs for their outstanding work. He is proud to work with them for all that they do not only for SNA but also for the people in the United States Navy and the United States Coast Guard. The Mission Statement of the Association was then reviewed.

Both the National Symposium and the West Coast Symposium in 2013 brought in revenue to the Association. Due to budget constraints the SWOFOC was not held in conjunction with the West Coast Symposium. However the event was still very successful and had great participation by the Fleet and industry. He encouraged all in attendance to participate this year.

There were a number of very successful chapter events including the Hampton Roads and San Diego Chapters' Annual Sailors of the Year events. There will be an Old Salt turnover this year as the current Old Salt, VADM Mike LeFever, USN will retire in the Spring. At this time, the next in line is ADM Sam Locklear, USN.

All the enduring areas were reviewed and committee chairs were asked to send any changes they see to him so that they can then be taken to the Executive Committee. The slide containing the current chapter activities was then reviewed. It was noted that while the chapters do a lot exciting things already we are always looking for new ideas on programs and activities.

AI: Make sure that all chapters know about Navy Live.

SECRETARY'S REPORT

CAPT Dave Lee, USN (Ret) reported that from the 2013 Board of Directors Meeting there were a number of action items. These had been discussed throughout the year at various committee meetings and all closed out. A motion made to accept minutes was carried unanimously.

As in the past, there is a very specific timeline for the nomination and voting process of the Board of Directors. The Bylaws state that 10% of the voting membership must vote for the election to be valid. This number was exceeded for this slate.

During the process we do address the demographical make up of the board as it pertains to our current membership. We had 23 valid nominations to fill the empty slots to make up a total of 25 BOD members. This year was unusual as we did have a specific slot to fill for the vacancy left when VADM McCullough assumed the Presidency. During the presentation Admiral Hogg thanked all those whose

terms expired and welcomed those who are new to the Board of Directors. A motion was made to accept the election results and it carried unanimously.

TREASURER'S REPORT

Unfortunately, CAPT Jim Tackett, USN (Ret) had to leave town this week so CAPT Bill Erickson, USN (Ret), Executive Director, gave the report. The main highlight for 2013 was that we exceeded budget expectations by about \$29,000. It was noted that all the information in the BOD books will be posted on the website.

Total income was \$593K compared to \$561,600 that was budgeted. The main sources of excess income came from corporate dues and the symposium. On the expense side we were under on the total administration costs by about \$5,000. The affiliates did come in higher than budget however we did apply \$16,000 at the end of the year to fund the 2014 Sailor of Year functions in San Diego and Hampton Roads.

It was noted that as we do not get the interest statements for the CDs before this meeting, the report shows CD interest as of 30 September. We did receive the year-end Vanguard investment statement and this fund did very well this year. The financial status of the association is very, very healthy.

Someone questioned the large amount of money that we have in reserve. It was noted that our accountants have never questioned the amount of reserves we have and we have never had questions from the IRS regarding our Form 990 filing. We are also in compliance with Sarbanes Oxley as to how it pertains to non-profits.

The chapter report was reviewed. It was questioned whether we were offering enough money to the chapters. It was noted that we have never refused a request from a chapter; although we have modified requests occasionally to ensure compliance with SNA policies. We continue to tell the chapters that we have funds available for chapter support. This will be discussed again with Chapter Presidents on Friday morning.

Proposed budget for 2014 was reviewed. There is a decrease in what we are expecting on income. Most of this is due to the reduced expectation of profit from the symposium. While costs were expected to increase slightly, income is likely to be less than for 2013. There have been some changes this year in Navy support for symposiums and forums. This year we were required to provide floor exhibit space at no cost to all our government exhibitors. These allocations were made after all our paying exhibitors were accommodated. We are also seeing a decrease in some of the corporate interest areas at the symposium, particularly in sponsorship of banquet tables and food functions.

There was nothing extraordinary on the expenditure side. We are looking to decrease in some areas. We do encourage our chapters to get involved in award programs. If a chapter wants to increase this expenditure with a new award they first submit the idea to the awards committee and after their review it then goes to the Executive Committee for a vote.

A motion made to approve the 2014 budget carried unanimously.

COMMITTEE REPORTS

The Chairman made a request to all Board Members, especially the new ones, to review the Bylaws provided to them. Copies are also available on our website. It was noted that all notices for Executive Committee meetings are sent to all Board Members and if they are not available to attend in person they can join the meeting electronically.

Each Board and Executive Committee member is required to have a completed Code of Ethics form on file. These were handed out for all to complete. There was a question regarding the DoD guidance that a major command active component Commanding Officer cannot be a Chapter President because of perceived undue influence. Question was raised on how do the chapters know this. It was pointed out that we make sure that all Chapters that it applies to know this through communication with the Executive Director. Right now this only applies to Norfolk and San Diego. It was suggested that the Executive Director reach out to all chapters. However, it was pointed out that it is how the Navy determines a major command not how we regard it. After some discussion it was suggested that we don't put language in the Code of Ethics to specifically address this as some of the determinations are affected by the individual JAGs at each location and this could change with new personnel.

EXECUTIVE COMMITTEE

The purpose of the Executive Committee was reviewed. Financial support has been provided to various activities throughout the year. A new initiative for 2014 is to become more involved in the LCS Center at the Naval Postgraduate School in Monterey. This will be done through the Monterey chapter.

MEMBERSHIP COMMITTEE

RADM Reilly, USN (Ret), the Membership Committee Chair, thanked membership committee members for their participation throughout the year. The total SNA membership has been steady over time and while these have been some interesting times for the military we still remain strong and vibrant.

We have not changed our membership categories. Membership is open to anyone and we have 1 year, 3 year and life members. We also allow non-members to participate in events and that is a very important part of what we do. There have been a number of complimentary/promotional memberships over time and we still provide these opportunities. Each one has to be activated. The OCS activations are slightly down; however, the through-put for CPOs is better this year. Another initiative is that we offer a three year for one year price at the Coast Guard Academy. There is a recruitment incentive that is on our membership form and a few people have used this. The trends were reviewed for each category of membership and over all it is fairly steady. We want to continue to emphasize that SNA is for both Officer and Enlisted.

It is interesting to note that when looking at active duty by pay grade the heaviest concentration is when individuals decide that Surface Warfare is a career path for them. Typically O-3 to O-6 and more senior Enlisted begin to increase in membership numbers. Membership tracking at the chapter level is always an issue. We do send lists to chapters each month for review and ask them to scrub with people they know have moved. We have to rely on the chapters and individuals as nothing can be done with the Navy.

It was suggested that maybe we should break out the Enlisted as a separate area for development and perhaps put a task force together to focus on what meets that community's needs. It was noted that a lot of junior sailors are unable to get time off during the day to go to events and so don't see why should they participate in the Association. Some of it is command support. Chapters also need to review when

they schedule events. We give a complimentary member to CPO and it was questioned why don't we give it to E4, E5, and E6 when they become ESWS qualified. Hampton Roads instigated a Ship in the Spotlight at their monthly luncheons and they have had very good participation. Instead of focusing on the entire ESWS we could focus on the Sailors of the Year or Sailors of the Quarters. We do have to be careful of command influence when asking Commanding Officers to recommend SNA.

AI: Membership Committee will set up a task force to review some of these ideas including the complimentary memberships to SOY and Sailors of the Quarters.

The Chapter Excellence Award process was reviewed. The existing program is for up to four annual awards; at least one should be a small chapter. The Executive Committee can authorize additional recipients if warranted. During the judging phase the committee takes a look at the total program. There is a lot of innovation out there. The membership committee will review the award criteria before the 2014 award process.

We typically get eight to ten submissions from our 20+ chapters each year. It was suggested that perhaps there is a benefit to giving the chapters a financial award; i.e. most innovative program, etc. as an incentive to get more submissions. It was questioned whether the submission process is daunting for the smaller chapters. The San Diego President, VADM Tim LaFleur, USN (Ret), said from their chapter's experience it is a large task.

AWARDS COMMITTEE

CAPT Paul Rinn, USN (Ret), Awards Committee Chair reviewed the Committee membership and commented that there is a large geographical distribution as well as wide rank representation. Nearly 600 awards were given out in 2013. He then went on to highlight those awards that will be presented during the symposium. The Arleigh Burke Award Winners are the heart of the Navy. We had a number of nominations from the fleet. It was interesting to note that the nominations also show a shift in the Navy. Last year a lot of the nominations were from Expeditionary Warfare, this year three of the winners are in the TBM world. We had over 300 photos this year. The Admiral Zumwalt Award received over 50 nominations. The rest of the programs were reviewed.

FINANCE COMMITTEE

VADM Bill Earner, USN (Ret) noted that SNA did well on investments this year and that the Vanguard account gave us about \$120,000 return on our investment this year. We are in compliance with our reserve policy statement that we maintain \$1,000,000 in reserve. When we get more than that then we have an opportunity to say "what should we do this excess money." It was determined that we move \$100,000 out of Vanguard account, liquidate into cash, and move this into the Scholarship Account. As there are no guarantees that 2014 will perform as well as 2013 it was determined that we would not expend the rest of the reserve on other projects at this time. It was questioned if we have considered putting the excess money into anything else besides the scholarship and it was stated that at the last Executive Committee meeting the topic of Safe Harbor came up. There is an action item open for Captain Rinn to provide a report for consideration at the next Executive Committee meeting.

SYMPOSIUM COMMITTEE

RADM Dave Hart, USN (Ret), Symposium Committee Chair, reviewed the make-up of the committee and detailed the process for our venue selection. As stated earlier this was a very good year for the West Coast Symposium. While not held with SWOFOC, it was held in conjunction with a retired flag conference and immediately before ASNE's Fleet Maintenance Conference in San Diego. We do get a lot of waterfront people attending. Over 50% of those attending were active duty.

Turning the focus to the National Symposium, a comparison of performance over the last 7 years was reviewed. Someone questioned why the sharp downturn in corporate banquet tables. It was assumed that this was a way that corporations can cut back without drastically reducing their presence at the event. We have developed more advertising opportunities to take the focus away from the food functions. One of the metrics that corporations use to judge our event is on the active duty attendance. While we think we have a great turnout we do notice that some of our active duty dinner guests come to the reception and leave before the dinner. This becomes a disappointment to the corporations as they expect them to sit at their tables. To maintain our revenue stream it was suggested that we might have to raise the square foot cost in future years. It was noted that we still manage to fill up every exhibit space available.

A question was raised regarding the likelihood of SNA hosting a Waterfront conference in Norfolk similar to the one in San Diego. A number of years ago there was one in the Fall. This became challenging to host and as it was close to the National Symposium attendance dwindled. It was suggested that as Surface Navy Line Week is being held in May this might be a good tie-in. Experience on the West Coast however has shown that events held in conjunction with line week are not successful in turning out attendees as they are all busy on their respective ships. The ASNE conference is in Norfolk this year and that might be a better tie in. If we were to do one it would be important to think through the waterfront rhythm and do it in lieu of a luncheon and perhaps stimulate participation. It would need to be attractive to the waterfront to attend. Many corporate budgets are already locked in for 2014 so we should be looking at 2015 as the earliest timeframe for adding new events.

AI: Hampton Roads to survey the feasibility to do a waterfront event.

PUBLIC RELATIONS COMMITTEE

The committee didn't function very much as a committee and the Chair, CAPT Ned Lundquist, USN (Ret), is looking for ways they can help chapters or other committees promote what they are doing.

The contents of *Surface Sitrep* were reviewed. It is refreshing to note that very rarely do those we approach for an interview decline. A request was made to get more submissions from the Fleet. We don't just want specific 'just finished this exercise' type of content but also some that place the emphasis on what is being done, the challenges they face, etc. Things like this are of interest to all Surface Warriors. The committee continues to support media outreach at our events both nationally and in at the chapter level.

CORPORATE REPORT

We have nearly 90 corporate members. As is the case most years we dropped a few and then gained a few including a couple of new ones this week mainly for the symposium benefits. The Chairman, VADM Bill Hancock, USN (Ret) was questioned how a corporation might feel about an increase to the cost per square foot at the Symposium. He wasn't sure if it would be a good thing right now as it might just be the thing that would squeeze out some corporations. We do compare favorably with the cost of the Sea Air Space and being in the DC area helps. It was noted that as AFCEA is outside of Washington DC they have had to consolidate some of their events. It was noted also that when looking at pricing we should be looking two years in advance as most budgets are set already and advance notice should be provided to the corporations.

SCHOLARSHIP REPORT

VADM Lee Gunn, USN (Ret), the committee chair was unable to attend due to illness. The report was given by CAPT Paul Rinn, USN (Ret), a long-time committee member. First, the committee structure was reviewed. We had 51 new scholarship applicants this year; all with very high quality academic and extra-curricular activities. We also have a 98.4% renewal rate. It is a "blind" selection process based on merit of applicant. There have been discussions in the past to merge the Anchor Scholarship Program with SNA; however, it still makes more sense to maintain both as separate scholarships. We have also started to solicit more donations from corporations and individuals. We brought in about \$3,028 from these individual donations at the end of 2013. A comment was made that as we look at the "whole person", we should stress that it is a "merit" based scholarship.

NEW BUSINESS / DISCUSSION

A question was raised about the money that the Newport Chapter donates to the Wounded Warrior Fund as to whether we should keep donations of this type at the chapter level or make it a national program. Currently, SNA is looking at Navy Safe Harbor for a potential National contribution. However, we find that the chapters like to work with local level initiatives. SNA needs to be cautious of distribution of funds that we bring in under our charter to other non-profits. It was noted that most chapters do events specifically in the name of the cause, i.e. fun run, golf tournament, etc. A few years ago the Washington Chapter collected DVDs for Bethesda and then used money collected specifically to buy DVD players. After that the chapter did a campaign to raise donations through Second Chance to get a conversion van. None of the money for these initiatives was National SNA money. The only thing supplied was administrative support. It was determined that for right now these should be local initiatives only.

The Hampton Roads President, CAPT Sam Howard, USN noted that the staff have helped the chapter tremendously with invigorating the Hampton Roads website. He noted that it does take a bit of investment of time to make it happen. Chapter websites are important to have so the membership base can be communicated with easily. He suggested that all chapters be encouraged to work with staff to create their websites. It was noted that we offer web service along with other admin support to all our chapters equally.

CLOSING REMARKS

Before the Chairman ended the meeting VADM McCullough reviewed some of the notes he had taken during the meeting of items to be looked at in 2014:

- Review what we can do increase Enlisted memberships
- ExCom review of potential Norfolk Symposium. Earliest 2015 or 2016
- What is right price per square foot of exhibit space
- Wounded Warrior and potential donations. Chapters will remain independent in their support of such activities
- Discussion on IT support and chapter websites
- Major command acting as chapter presidents

ACTION ITEMS

1. *Make sure that all chapters know about Navy Live.*
2. *Membership Committee will set up a task force to review some of these ideas including the complimentary memberships to SOY and Sailors of the Quarters.*
3. *Hampton Roads to survey the feasibility to do a waterfront event.*

