

SITREP SPRING 2011

This email is being sent to members of the USNA Alumni Association Board of Trustees, the USNA Foundation Board of Directors, Class and Chapter Presidents. It will be sent to all Alumni Wednesday. This information was presented at your respective Spring meetings with a few updates regarding Yard activities and the Alumni 2020 draft recommendations presented to the Spring Board of Trustees.

Last fall I provided a Situation Report (SitRep) to offer an additional perspective of events at the Naval Academy, the Alumni Association and Foundation, in addition to what you read in *Shipmate*, *WaveTops* and on www.usna.com. This Spring 2011 SitRep provides an update.

Board of Trustees

Congratulations to our new trustees: Jeff Webb '95, Eastern Region; Commander Heidi Berg '91, USN, Board Selected; Captain Jerry Farrell '70, USN (Ret.), Greater Washington Chapter; Captain Glen Woods '78, USN (Ret.), 70's classes; Ples Bruce '77, Atlanta Chapter; Commander Matthew Elias '78, USN (Ret.), North Texas Chapter; Captain Royce Engler '73, USNR (Ret.), Texas Gulf Chapter; and Vice Admiral Hank Mustin '55, USN (Ret.), chair of the Council of Class Presidents.

On 28 April 2011, the Board of Trustees met and my presentation focused on: Strategic Planning, USNA Update, Organizational Update, Focus on Engagement, Program Reviews, and Financial Health. I'll use this SitRep to update all alumni on the same topics.

Strategic Planning

The senior staff of the Alumni Association and Foundation incorporated data from our Internal 2008 Survey and the 2009 Alumni Member Survey into a series of staff strategic planning goals for our enterprise Alumni Association and Foundation staff. We presented the following goals to the Board of Trustees in December 2010. Our work to date complements the efforts of the board committee for 2020 Strategic Planning.

Goal I: Build and sustain lifelong and meaningful relationships with increasing numbers of alumni, parents, families, friends and donors.

Goal II: Build and sustain strong connections across the Alumni Association and Foundation communities with robust information technology and communication.

Goal III: Enhance and preserve Enterprise fiscal health with financial integrity, strategic budgeting and cost-effective programs.

Goal IV: Grow contributions in support of the Naval Academy short-term plan, prepare for a comprehensive campaign and enhance the culture of philanthropy.

Goal V: Invest strategically in human capital to sustain the Enterprise as a high performing organization.

My senior team worked with the Alumni Association 2020 Strategic Planning Committee to help develop a plan and vision for the next decade including priorities and resource requirements. Further, the work of the committee incorporates the Naval Academy's

Strategic Plan 2020 and complements their work and effort. The committee, led by Vice Admiral Bob Dunn '51, USN (Ret.), presented [their recommendations](#) at the April 2011 Alumni Association Trustees Board meeting. The members of VADM Dunn's strategic planning committee include: Christopher S. Cooke, '81; Michael J. Collins, '84; Carlton W. Fulford, '66; Bruce E. Grooms '80; Byron F. Marchant, '78; Joseph L. Moreno, '93; Alex Plechash, '75; Jennifer L. Stillings, '96; Joshua W. Welle, '02; **Ex Officio (non-voting)**: Lawrence Heyworth III, '70; Steve Maconi; Perry J. Martini, '71; Eric Ruden; Edward C. Wallace, '72; Hank Sanford; Skip Lind '75

My sincere appreciation goes to Bob and the full committee for their hard work.

Engagement

We are already executing on our strategic goals and nowhere is this more evident than in our work in engagement, led by Skid Heyworth '70, executive vice president for engagement. We continue to look for ways to increase our engagement and networking opportunities -- not just with events in Annapolis like Class Reunions, Another Link in the Chain, Council of Class Presidents, International Chapter Officers' Forum and Parents Weekend, but also with additional meaningful engagements across the nation.



We have coordinated our approach to better serve our corporate partners, parents, families and young alumni. To that end, we have -- with the help of USNA leadership -- hit the road hard in fall 2010 and into this spring. We plan on continuing this approach through the summer and into the fall where feasible and helpful to our membership.

Programs

The enterprise continues its current programs while looking at new program to further engage members and grow membership.

Our focus areas for membership growth are with classes, chapters, parents, women, young alumni (1980 and junior), and families. We have stood up a parent steering committee consisting of parents (current and "Fleet") and Alumni Association and Foundation Staff. One of the first actions for the committee is a parents' membership survey.



We plan on getting that out to parents early this summer so that we can determine how we can better support the parents clubs and increase their membership. From our travel around the country, we have learned that there are great opportunities to coordinate alumni chapter and parents clubs efforts -- where and when it makes sense to do so. There are some wonderful examples around the country where clubs and chapters naturally come together in support of the Academy, the Brigade, and our alumni. We want to share those best practices so that we have more people engaged with each other in support of the Academy.

There are also some opportunities to more fully engage with corporate members in the Annapolis area, and, potentially, the Washington, DC and Baltimore areas.

Here are the numbers:

	<u>12/28/2009</u>	<u>12/27/2010</u>
<u>Alumni Assn</u>		
Total members	54,496	55,351
Alumni <u>LIFE</u>	44,711	45,669
Total <u>LIFE</u>	51,534	52,833
Widow	3,716	3,814
Assoc friend	265	270
Assoc PARENT	720	853
<u>Corporate</u>		
2010	52 corporate members	
2011	44 corporate members (6 renewals pending)	

As we've gone through extensive programs reviews and used the Alumni Member Survey results to evaluate programs, we've been able to renew our focus in a few areas – specifically memorial affairs and communications.



We have formalized recognition of our alumni Killed and Wounded in Action and how we support them and their families. Further, we've worked with volunteer leaders as advisors to help us further engage working up to an event.

You may not be aware of the Memorial Oversight Committee (MOC) that was convened in April 2010 under a USNA Instruction to review current memorial related instructions that govern the consideration of future proposals for new memorials, statutes or other installations in various areas of the Naval Academy Complex; i.e., the Yard, Navy-Marine Corps Memorial Stadium and the Naval Support Activity. The scope of jurisdiction of the committee includes both outdoor areas and the interior of some buildings. The mission of the committee is to respond to the Superintendent concerning the proposal introduction of all new memorials on the Yard and maintain vigilance on the appearance of the present memorials.

It meets twice a year to consider all memorial and Yard proposals and is chaired by ADM Bruce DeMars '57 with the following members:

GEN Michael J. Williams '67 -Vice Chair
Mr. Byron Marchant '78 - Exec Director
Gen Michael W. Hagee '68
ADM Robert J. Natter '67
Hon John H. Dalton '64
Mr. Charles A. Bowsher
VADM Robert F. Dunn '51
Mrs. Sharon L. Disher '80
Capt Peggy A. Feldman '80
Mr. Ingar A. Grev '89

Capt Wendy B. Lawrence '81
Mrs. Jennifer L. Stillings '96
Mr. Jeffrey R. Webb '95
Mrs. Sara G. Phillips
Capt Donald B. Campbell
Capt Steve Trainor
Capt Robert F. Hofford '61
Eric Ruden
Col J. Giles Keyser IV
Capt Steve Vahsen '85

Many thanks for their efforts to ensure appropriate memorials are reviewed, maintained and proposed within the Academy complex.

Communications have continued to be a strength for us, but we continue to look for ways to improve and further our communications through technology. We are happy to welcome Ken Kurz '99 aboard as Director of Information Services (See further details in Information Services Section of this Sitrep). His team along with our communications team will redesign our website and launch a new alumni mobile application. Please let us know what you recommend for our site -- we currently have a link for feedback on our homepage as we begin the efforts to redesign our alumni association website.

As we find improved and new ways to connect through our programs and services as well as communications, we look to increase our membership and our engagement outreach.

Information Services

Technology and information systems in support of the Alumni Association and Foundation has been re-energized over the last couple months. We welcomed a new Director of Information Services, Ken Kurz '99, in early April. Ken has hit the deck plates running and by energizing the IS staff, partnering with the Engagement and the Foundation development staffs has taken significant strides forward in developing and executing an aggressive technology plan to meet our strategic goals.

The Information Services team has a variety of initiatives underway to help serve our various communities better. These activities focus on ensuring a secure and robust infrastructure to protect our alumni and supporting communities, increasing operational efficiencies and reducing costs through consolidation of capabilities, and providing outstanding customer service internally and externally.

Partnering across the Enterprise and with our counterparts in the Yard, the division is leading the development of a mobile AA-NAF application supporting iOS (Apple iPhone) and the Android platforms. We expect to have this app up and running within the next year. A redesign of the USNA.com website is also underway and will seek to not only enhance communications out of Annapolis, but integrate our partners on the "tactical edge" - the chapters, classes, and parents groups.

Simply put, we're moving out. But we need your feedback and input, particularly for the web project. Stay tuned for requests coming your way to participate.

Athletic and Scholarship Programs

We have 49 candidates coming in with the Class of 2015, and we expect that they will be every bit as successful as the prep school candidates that entered the Academy before them who enjoy an excellent graduation rate of more than 89 %, including 60 graduates in this year's class.



We would also like to give a huge thanks to '55 and '64 who have started successful scholarship class projects. Finally, Athletic and Scholarship Program (A&SP) trustees donated \$1.26M in response to the Naval Academy Athletic Association's request for athletic support. Many thanks to the A&SP trustees for their generosity and to RADM Tom Lynch '64 for his leadership as A&SP chairman. Also, many thanks to the Executive Committee of the A&SP trustees for their ongoing leadership in support of Navy Athletics. They include:

RADM Thomas C. Lynch '64, Chairman
LTCOL John A. Adams '55
LCDR Morgan P. Ames '74
Mr. Frank Brady '53
VADM E. A. Burkhalter '51
RADM Peter C. Conrad '53
RADM John E. Gordon '64
Mr. Astor Heaven '97
Mrs. Kathleen C. Johnson '89
VADM Douglas J. Katz '65

VADM Alexander J. Krekich '64
Mr. John J. Michalski '60
Mr. John Morton '67
MGEN Terrence P. Murray '68
VADM Henry C. Mustin '55
Mr. Edward A. Orr '65
VADM John M. Poindexter '58
Mr. Alan C. Ptak '71
RADM John C. Weaver '55
Mr. John K. Welch '72

Distinguished Graduates

Second only to Graduation, the Distinguished Graduates Award ceremony is an event that has to be experienced. This year before the entire Brigade in Alumni Hall, we recognized and congratulated the Class of 2011 DGAs:

- Rear Admiral Robert Shumaker '56, USN (RET).
- DR. Bradford Parkinson '57
- Lieutenant General Matthew Cooper '58, USMC (RET.)
- MR. Corbin McNeill, JR. '62

From the Yard

Much has been going on in the Yard this Spring. I've already mentioned another successful DGA event, which is covered on our [website](#).

Commissioning Week is just around the corner and 2011's caps go in the air on 27 May 2011. As part of the week's festivities, 2014 will climb a greased Herndon Monument on 23 May 2011.

The Class of 2015 is preparing to come on board after another record setting year of applications to the Academy. The Academy received over 19,000 applications for the Class of 2015 candidate pool.

We are also in the midst of spring athletics success for two teams who have completed their respective regular season's competitions. Women's Lacrosse won the Patriot League Championship in thrilling fashion with a last second goal to defeat Colgate and earn a spot for a NCAA "Play-In" against Northeast Conference Champion Quinnipiac. Navy enjoyed a resounding 20-5 victory and now meets Maryland, the number 1 Women's Lax NCAA Tournament seed, in their first game in the [NCAA tournament at Maryland](#) this Saturday, 14 May.

Meanwhile, Navy baseball won the Patriot League Regular-Season championship and hosts Bucknell in Annapolis also this Saturday, 14 May 2011, in a best of 3 series, to start the [Patriot League Conference Tournament](#).

Finally, it's not too early to make plans to buy tickets for the 2011 Army-Navy game at FedEx field, or to make plans to visit Ireland in 2012 for Navy-Notre Dame in Dublin on 1 September 2012. Visit our [web site](#) for more info and cheer Navy on to another victory over the Fighting Irish.

Go Navy!

Financial Health

Both on a consolidated basis and by individual entity - Alumni Association and Foundation - our financial health continues to improve. Net assets increased by \$18M in the first 8 months of FY11, largely driven by investment performance. The investment portfolio continues to perform well (see investment section below).

Budget performance continues to do well. Due to sound expense controls, strong support for the Annual Fund, and positive unrestricted investment income growth, we are reporting an operating budget surplus of \$1.9M for eight months into the fiscal year. We increased the operating reserve last year to \$1.7M and anticipate we will have the ability to increase it again with a budget surplus at the end of FY11 (30 June 2011).

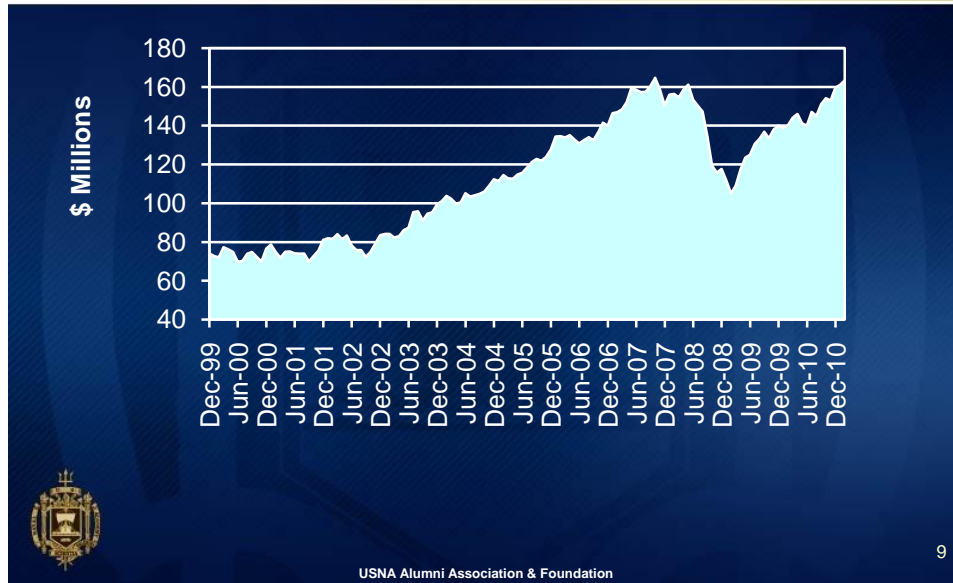
Focus on Investments

A significant reason for the improved financial position of the enterprise since the end of our 2010 fiscal year (June 30, 2010), has been the recovery in our investment portfolio. Investments are the largest asset we have on the books and performance impacts our financial health in a significant way.

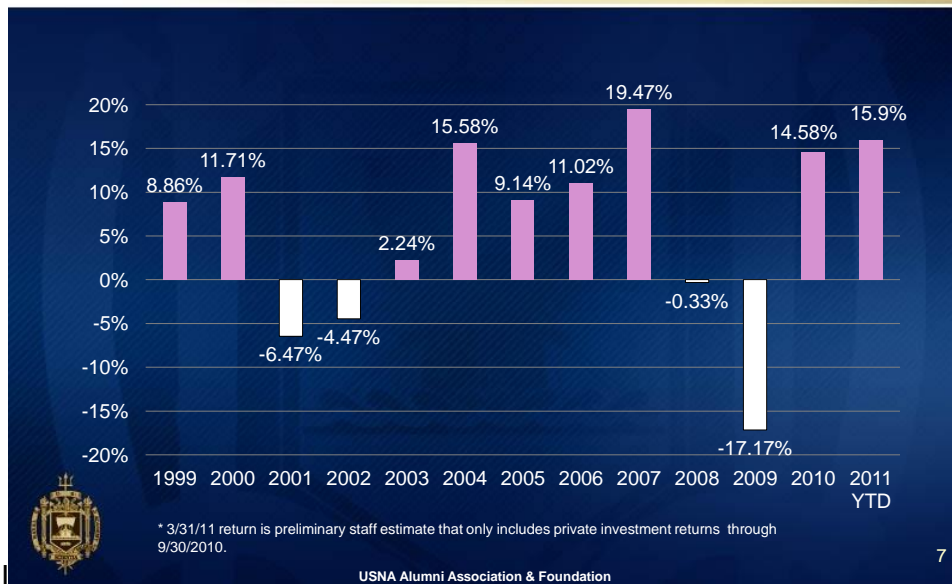
The first nine months of FY 11 have marked strong performance as the financial markets turned with an improving economy. The core portfolio participated in this market upturn in FY 2010 with an overall return of 14.6%. The positive market returns have continued during the first eight months of FY11 with a result of approximately 15.9%. Our overall investment portfolio value has returned to the levels seen in 2008 before the recession. (See charts that follow)

However, while the market upswing since the fall of last year has produced strong returns for our portfolio, our main investment advisor, The Investment Fund for Foundations (TIFF), has stressed to The Joint Investment Committee that they see risk in this environment. Given this volatile financial environment, our advisors have taken a cautious posture.

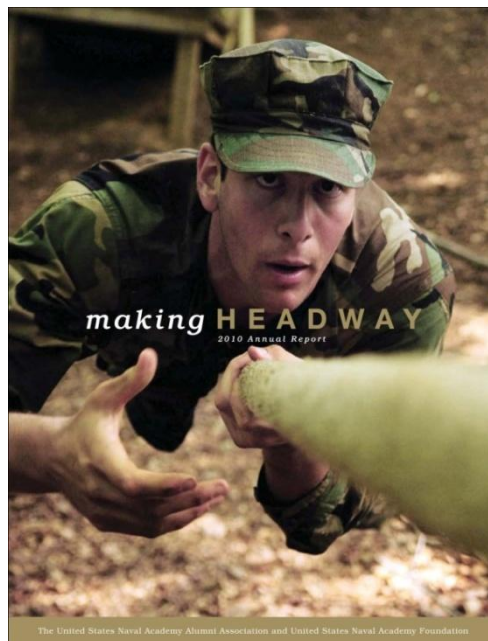
Total Portfolio Asset Value (thru 2/28/11)



Core Portfolio Return Fiscal Years 1999-2011(YTD through 3/31/11*)



For detailed financial information, review our 2010 Annual Report [online](#).



CLOSING

This has been a busy and productive time for us here in Annapolis and in our travels. I have enjoyed talking to many of you and look forward to talking to even more of you as we get around the country

See you around the Yard or in your community.

Go Navy!

Byron

Byron F. Marchant '78

President and CEO, USNA Alumni Association and Foundation